

# 2022-2023 ANNUAL REPORT



**Western Health**

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## OUR VISION

Together, we deliver the healthcare of the future

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## OUR PURPOSE

Providing the Best Care for the people of the West, in the right place and at the right time

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## OUR VALUES

### Compassion

Consistently acting with empathy and integrity

### Accountability

Taking responsibility for our decisions and actions

### Respect

Respect for the rights, beliefs and choice of every individual

### Excellence

Inspiring and motivating, innovation and excellence

### Safety

Prioritising safety as an essential part of everyday practice

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## OUR STRATEGIC AIMS

We partner with patients and families

We care for our people

We deliver services for the future

We are better together

We discover and learn

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### Acknowledgement of Traditional Owners

Western Health acknowledges the Traditional Custodians of the land on which our sites stand. The Wurundjeri Woi-Wurrung, Boon Wurrung and Bunurong peoples of the greater Kulin Nation. We pay respects to Elders past, present and emerging. We are committed to the healing of country, working towards equity in health outcomes, and the ongoing journey of reconciliation. Western Health is committed to respectfully listening and learning from Aboriginal and Torres Strait Islander people and wholeheartedly supports their journey to self-determination.

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# Board Chair and CEO Message

## *A message from the Board Chair and the Chief Executive*

We have continued a significant agenda of growth, activity and change at Western Health over the past 12 months but despite all of this, it is important to remember first and foremost we are an organisation of people that are here to care for people in their greatest time of need.

Healthcare is challenging but also immensely rewarding. Providing Best Care is what we do, and we do it well! Every day we make a tangible difference to many lives. Our continuing thanks to all the incredible staff at Western Health for their hard work, passion and focus on delivering Best Care to our community over the past year.

The following information provides an overview of how this focus has translated to significant development and improvement of care and services at Western Health.

This activity is aligned with and guided by Western Health's current Strategic Directions 2021-23, developed in the midst of our response to the COVID-19 pandemic. This plan is reflective of a time when imperatives to do things differently drove a rapid period of change in how we deliver many services. A process to update Western Health's Strategic Directions is currently underway, with the aim to develop a new plan (Strategic Directions 2024-27) by the end of the 2023 calendar year.

## **WE PARTNER WITH PATIENTS AND FAMILIES**

**Our patients and families are actively involved in their care and connected to the right services.**

*We are one community of patients, carers and healthcare professionals working together to improve the experience, health and wellbeing of the diverse people of the West. People of all cultures, identities and abilities—through all stages of their lives - have a voice and are listened to at Western Health.*

## **Mental Health comes to Western**



The past year has seen continued high numbers of mental health patients waiting more than 24 hours in our emergency departments. Construction is well progressed to deliver 52 new hospital-based mental health beds and services on the Sunshine Hospital site.

On Saturday 1 July, Western Health became a designated Mental Health Service and a number of mental health services previously run by NorthWestern Mental Health and some of the Mercy Health services to our catchment officially became part of our health service.

Over 670 staff spread across 16 mental health services joined Western Health on 1 July 2023. Behind the scenes, a Mental Health Transition and Integration team have worked hard to ensure the transition of staff and services to Western Health has been as seamless as possible.

In addition, Western Health's Drug Health Services have been appointed as partner providers of the Statewide Service for People with Co-occurring Mental Illness and Substance Use or Addiction. Led by Turning Point, this service will support the development of capability for mental health services to deliver integrated care to people with co-occurring mental health and substance use disorders.

## **Supporting health care in the Custodial setting**



From 1 July, Western Health also began providing primary health care at Victoria's only maximum-security women's prison, located in Ravenhall.

Our new Custodial Health team of more than 80 staff, recruited from late February 2023, are involved in delivering this new service at the Dame Phyllis Frost Centre. Among them are General Practitioners, registered and enrolled nurses, Aboriginal liaison officers and allied health professionals.

A Custodial Health transition team has worked hard to prepare for this new model of service provision for Western Health, including members of our team shadowing the previous health provider at the prison to be fully prepared for handover.

## **Recognising Best Care**



Staff at our residential care facility Grant Lodge participated in an Aged Care Accreditation survey during February 2023. The survey team provided very positive feedback, complementing the Grant Lodge

team on the excellent resident-centred care provided. The assessors found Grant Lodge met all requirements of the 8 aged care quality standards.

Lactation Services at Western Health have been awarded the Hospital-Based, International Board-Certified Lactation Consultants Care Award. This is awarded for 2 years, and globally recognises the work and commitment our Lactation Service demonstrates to promote, protect and support our breastfeeding families. Sunshine Hospital is the only Victorian hospital to have this Award.

From 1 July 2023, accreditation against the National Safety and Quality Health Service (NSQHS) Standards will be a short-notice assessment rather than a scheduled event. For Western Health this means any time from 1 July 2023 to 31 December 2023 just 24 hours' notice will be given before surveyors will be on site for a week of survey. Over the past 6 months, a communications and engagement campaign has been run to ensure staff are aware of the change to accreditation and the existing and newly developed business as usual processes that support ongoing compliance with the NSQHS Standards.

## Board Chair and CEO Message (continued)

### Communication when things go wrong



Amendments to the Health Services Act 1988 (Vic)(Act) include new legal obligations that require Victorian health services to ensure consumers of health care and their families are apologised to, and communicated with, openly and honestly when things have gone seriously wrong with their care.

Western Health has refined workflows and processes to support staff in understanding and meeting obligations under these new Statutory Duty of Candour (SDC) requirements taking effect from 30 November 2022. These have been successfully applied at Western Health and have enhanced communications with patients and families and follow up of serious adverse events.

### Culturally Safe Care for Aboriginal and Torres Strait Islander Patients



Western Health is committed to delivering culturally safe care to our Aboriginal and Torres Strait Islander patients and families.

At the request of the Western Health Board of Directors, Western Health introduced a new Acknowledgement of Country that builds on respect for Traditional Owners by confirming our health service's shared commitment to listening and learning from First Nations people, achieving equity in health outcomes, and the ongoing journey of reconciliation.

Western Health's Aboriginal Health Cultural Safety Plan 2022-25 was launched in November 2022, following consultation with our staff, stakeholders and Aboriginal and Torres Strait Islander community. The Plan builds on successful implementation of our past Aboriginal Health Cultural Safety Plans and Employment Plans.

The Baggarrook Yurrongi program, which revealed maternity care for First Nations mothers and babies can be improved through access to culturally safe continuity of midwifery care has won an Award for Excellence in Indigenous Engagement. The project was led by Latrobe University in partnership with Western Health via our Galinjera program, the Victorian Aboriginal Community Controlled Health Organisation (VACCHO), the Royal Women's Hospital and the Mercy Hospital for Women. As part of the project, continuity of midwifery care was offered to First Nations women having a baby, with remarkable program uptake. Over 700 First Nations women having a baby received the innovative program, compared with only 34 prior to the study.

### Strengthening Response to Family Violence



We have been running a Strengthening Hospitals Responses to Family Violence (SHRFV) program for several years and a new opportunity will see Western Health as regional lead continue to progress Family Violence initiatives both locally and across partner services within the Western Metropolitan region. Our SHRFV program has produced a range of podcasts over 2023 focusing on family violence related topics to further inform and educate across the service and community. The podcasts have been well received by both internal staff and external services.

Western Health's Perpetrator Responses Family Violence services at Melton and Caroline Springs underwent a successful Human Services Standards (HSS) accreditation audit in March 2023. Assessors highlighted the positive impact of the program for participants who completed Behaviour Change Programs, and the leadership and support within the Family Violence Program.

### Supporting Inclusivity, Diversity & Equity



Western Health has formed a Gender and Sexuality Working Group to support and inform decisions relating to inclusivity, diversity and equity. Western Health's Gender Equality Action Plan was identified as an example of good practice by the Commission for Gender Equality in the Public Sector (CGEPS). Active work and research is underway to implement Unconscious Bias training in 2023 as well as the development of further e-learning offerings and a suite of resources and campaigns to continue educating in the field of gender equality.

# Board Chair and CEO Message (continued)

## WE CARE FOR OUR PEOPLE

**Our staff and volunteers are supported, engaged and equipped to embrace a dynamic future.**

*Best People deliver Best Care. At Western Health we value the diversity, authenticity, leadership, 'can-do' attitude, talent and compassion that our staff and volunteers bring to their work every day. We develop and attract best talent and support our people to continue their great work by fostering a culture of innovation, inclusion, wellbeing and safety.*

### Growing our Workforce



Western Health is a rapidly growing health service and proactive workforce management, maintaining a positive workplace culture and ensuring we are an employer of choice is central to meeting current and ongoing workforce demand.

Following on from last year, we fully filled our nursing & midwifery graduate programs. The efforts of everyone at Western Health in nurturing our positive culture and our commitment to Best Care has helped us to continue to be a popular employer of choice.

With the increasing supply of health care professionals who are prepared and equipped to migrate post pandemic, and Victorian Government Immigration support package access, recruitment of Internationally Qualified healthcare staff across Western Health has been a focus over the past 12 months. A healthy number of international recruits have joined WH and the development of Western Health International Recruitment Guides and linking in with health services and recruiters overseas is supporting us to enhance our international recruitment programs.

### Developing & Retaining our Workforce



In order to develop and retain our talented workforce, we have expanded the leadership program for emerging, newly appointed and experienced leaders across all disciplines. This includes launching the Emerging Leaders program which aims to boost the capabilities and confidence of upcoming leaders and the 'Stepping in' Senior Leadership Program aimed at senior managers from all employee cohorts.

In May 2023, Western Health launched a new Professional Practice Framework for our nurses and midwives. The Framework includes an achievement model of skill acquisition to support career planning and progression and outlines the support and opportunities available to assist both the development of individuals and teams. It also offers career pathway guidance for those wishing to advance, provides consistent professional advice and assists workforce planning.

### Supporting First Nations Employees



The community we serve is home to more than 7000 people who identify as Aboriginal or Torres Strait Islander. One of the ways we can enhance employment outcomes is by supporting First Nations employees to thrive in their roles. We have held our first Community of Practice for staff who identify as Aboriginal and/or Torres Strait Islander, to ensure they can provide meaningful input into areas such as recruitment, retention, organisational policy, cultural events and cultural support. In the second half of 2023, we will also launch our new Employee Assistance Program (EAP) for Aboriginal and Torres Strait Islander staff, as well as their managers.

### Enhancing Workforce Management



To support workforce management at Western Health, we have developed a People and Culture Technology Strategy which includes implementation of two technology solutions: a fully integrated HR Information System and a new time and attendance solution. These will be implemented under the project 'PeopleConnect' to transform the way we work, enabling Western Health systems to connect with each other to provide a more seamless experience, expanding self-service, improving efficiency and giving employees and manager's time back to focus on patient care and experience.

### Breaking the Cycle of Occupational Violence & Aggression



It's never been more critical to protect healthcare workers and maintain a productive health workforce – it's fundamental for resilient health services and the provision of Best Care.

Over the past year, we have planned our inaugural Occupational Violence and Aggression (OVA) International Conference. Industry leaders joined us for a full day conference uncovering effective interventions to break the cycle of OVA in healthcare. The conference shared insights into Western Health's multi-award-winning staff safety program 'Predict, Prevent, Priority: Safety' which has informed a significant change in unplanned incidents of OVA.

# Board Chair and CEO Message (continued)

## WE DELIVER SERVICES FOR THE FUTURE

**Our services are expanding within and beyond hospital walls, advancing high-quality and connected care.**

*We are acting now for the future so we continue to meet the needs of the rapidly growing, multicultural and socio-economically diverse community of the West. By strengthening our care options, and building a virtually connected health system, we can deliver equitable and timely access to our services and provide patients with greater choice.*

### New Footscray Hospital



We have taken important steps toward the development of our new \$1.5 billion Footscray Hospital, with schematic design completed and construction well progressed. Co-design of the new hospital environment

with patients, carers, staff and the community is a key feature of the new hospital build.

The new Footscray Hospital will have more than 500 beds, treating almost 15,000 extra patients and allowing almost 20,000 extra people to be seen by the emergency department each year. There will also be more outpatient, mental health, palliative care and surgical services.

### New Melton Hospital



The 2022-2023 Victorian Government Budget included an investment of \$981 million in a new Melton Hospital to be run by Western Health. Once completed, the new hospital will have capacity to treat 130,000 patients

each year and see almost 60,000 patients in the emergency department.

The Victoria Government has announced two shortlisted consortia invited to develop proposals to design, construct, and maintain the new Melton Hospital. A final consortium is expected to be selected next year with design development and construction to begin shortly after.

Community feedback will help shape the development of the new hospital, with input from online surveys, information sessions and targeted workshops with key community groups.

### Change to Pathology Provider



In line with Government priorities, Western Health issued a selective public tender for pathology services for our sites.

Western Health is currently planning on transitioning pathology services to Shared Pathology Service (Monash Health / Alfred Health) in mid-2025. In the interim, the provision of pathology services at all Western Health sites will not change. We will work closely with Shared Pathology Service and our current pathology providers to deliver a smooth transition and safe and high quality services for Western Health patients.

### Responding to Demand for Emergency Care



Western Health continues to implement models of care in response to unprecedented demand for emergency care.

Improvement projects to support patient flow and enhance quality currently underway include alignment of a senior clinical decision maker upfront to commence treatment earlier, revised daily operating and data management systems to promote visibility and escalation of patient flow, enhanced transit lounge capacity, enhanced bed capacity and targeted weekend discharge teams to support increased numbers of patients ready to go home do so earlier.

Involvement of Western Health in the State-wide Timely Emergency Care Collaborative has supported the identification and progression of these types of initiatives, with a positive impact on ambulance transfer times and emergency department wait times.

### Meeting Planned Surgery Targets



A number of initiatives have supported the achievement of Western Health's planned surgery target for 2022-2023 of over 13,000 patients. These include an Enhanced Recovery After Surgery (ERAS) program, allocation of endoscopy sessions at the new Mercy Health Rapid Access Hub in Werribee, and 'The Waitlist Project', a collaboration with Victoria University and supported by \$2.2 million State Government funding. Work completed as part of this project resulted in a reduction to the number of patients awaiting surgery, with its success driving a major boost to the relationship between Western Health and Victoria University.

The 'Public in Private' initiative of providing planned surgery for public patients in private hospitals has had approximately 700 cases undertaken using this model. We have finalised arrangements to continue this initiative in 2023-2024.

## Board Chair and CEO Message (continued)

### Supporting Maternity Demand



Over 6,400 babies have been delivered over the past year, an 8% increase from when the Joan Kirner Women's & Children's facility opened in 2019. As a Level 6 (Tertiary) Service, we are the second largest single site maternity service in Australia.

To support activity and decrease the number of very unwell newborns needing to be transferred for the highest level of care, the number of intensive care (Level 6) cots increased at the Joan Kirner facility from 4 to 6 in May 2023.

### Developing Community Connected Services



Western Health's community based care services have continued to evolve under our Western@Home program. We have expanded our Hospital in the Home Programs, with flexible models to allow services to expand further on demand.

In addition, community based services are reducing avoidable emergency department / hospital presentations.

Sunshine and Maribyrnong Priority Care Centres have opened and are supporting the demand for emergency patient care in the west. Priority Primary Care Centres partner with nearby hospital emergency departments to provide free care for people with conditions that require urgent attention but not an emergency response. This includes conditions like mild infections and burns, suspected fractures or broken bones. They also offer pathology and imaging services.

Western Health launched a clinical decision support tool (Odyssey) in November 2022 as part of our Residential in Reach program. The tool supports nurses when triaging calls from patients and residential aged care facilities to ensure optimal patient care and avoid the need for emergency department/hospital presentations.

### Enhancing the Quality of Healthcare Information



Following significant design, development and testing, Western Health went live with Phase 2 of our Electronic Medical Record (EMR) in July 2023. The EMR enhances the quality of healthcare information, creates process efficiencies, improves communication between departments and provides greater visibility of the patient throughout their care journey.

### WE ARE BETTER TOGETHER

**Our respectful relationships with our community, system-wide partners and each other drive collaboration and better outcomes.**

*Every day, we engage and collaborate with healthcare providers, academic partners and colleagues to improve the health and wellbeing of our communities. Together, we listen, learn and act to achieve better patient outcomes and drive system reform.*

### Developing Community Hospitals



Major milestones have been met for design and construction of the Point Cook and Sunbury Community Hospitals to deliver Western Health services as part of a broader and seamless patient journey within the community. This includes completion of the detailed design process for Sunbury Community Hospital and early works at Sunbury completed at the end of July 2023.

### Recognising our Volunteers



Our volunteers are an important component of our workforce and play an important and valued role in supporting patients, staff and visitors in many and varied activities across Western Health. From knitting and supporting the Auxiliary and Opportunity Shops, guiding patients and visitors around our sites, and driving patients to appointments, to name but a few of their many hats, our volunteers add so much to the spirit of Western Health. It has been wonderful to see many of our volunteers return to our sites over the past year, often being the first friendly face on arrival for patients, visitors and staff alike.

### Future Health Today



The Future Health Today (FHT) Program is a partnership between the University of Melbourne (UoM) and Western Health to build and implement an evidence-based clinical decision support and quality improvement platform co-designed and implemented in primary care.

Now in its sustainability phase, over 50+ general practices across the eastern sea-board are implemented with FHT on an ongoing basis. By late 2023 this will extend to over 120 practices including Western Australia locations. Modules include chronic kidney disease, cardiovascular disease, type 2 diabetes, and cancer risk with others in the pipeline including asthma, chronic obstructive pulmonary disease (COPD), gestational diabetes mellitus, hearing loss, menopause, mental health and sexually transmitted infections.



## Board Chair and CEO Message (continued)

### Supporting Public Health



Western Health is one of three local Public Health Units (LPHUs) established in Metropolitan Melbourne. The Victorian Government announced a further two-year funding commitment for LPHUs in the 2023/2024 State Budget. This affirms the government's commitment to a decentralised public health model, the transition of communicable disease control to LPHUs and ongoing scope in population health promotion.

The Western Public Health Unit (WPHU) is co-chair of the LPHU network collaborative and has led the submission of a Principles for Communicable Disease Integration paper to the Department of Health to guide the outcomes of the transition process.

The inaugural WPHU Health Promotion and Planning forum was held on 30 March 2023 bringing together in person over 74 attendees representing all WPHU eight local government areas, three community health services, and other stakeholders including the Department of Health. The forum provided the opportunity to update on the WPHU Population Health Catchment plan and launch the Health Promotion Network to support collective action targeting the three WPHU Health Promotion priority areas of healthy eating and food systems, vaping and climate change.

### WE DISCOVER AND LEARN

**Our innovation, research and education inspires and benefits our patients, staff and communities, to deliver a better future.**

*We are curious, forward-thinking, life-long learners. We question, investigate, evaluate, adapt and innovate as we share, mentor, encourage and learn. Inspired by the community of the West, our aspiration is to deliver a global impact and excel as a centre of expertise for translational and health service research.*

### A Sustainable Health Service



Guided by Western Health's 2022-2025 Sustainability Plan, work has commenced to implement the Global Reporting Initiative (GRI) international standard. This will facilitate more transparency around Environmental, Social and Governance performance reporting and will serve to standardise operational and compliance requirements, enabling the implementation of our guiding principles of a sustainable health service.

### Supporting Best Care through Research



Western Health continues to secure funding grants and develop partnerships to support the important research that can benefit our patients and community.

Over the past 12 months, Western Health has secured over 3 million dollars in funding grants relating to prevention of neonatal respiratory distress with antenatal corticosteroids prior to Elective Caesarean section in women with Diabetes.

We have also secured a major research funding grant relating to implementation of a co-designed exercise and fall prevention program for older people from culturally and linguistically diverse backgrounds.

A research collaboration between Western Health and Deakin University has resulted in the Pump Access for Mothers (Project PAM), an Australian first low cost breast pump hire program. The goal was to remove financial barriers for families in the Neonatal Intensive Care Unit so they could access a breast pump. The results were very positive, with increased breastfeeding at hospital discharge and very high maternal satisfaction. This research has acquired global attention.

Western Health has also strengthened collaboration with universities, including successful funding and publications with Southern Denmark University, Odense University Hospital (COVID-19 research), and Aarhus University, Denmark, where Western Health recently added a joint PhD scholarship.

In addition, Western Health has signed the 'Torch Recruit agreement' and confirmed Western Health representation on the Board. Torch Recruit will utilise algorithms to identify suitable patients within GP practices that may be eligible for participation in a Western Health clinical trial, increasing our ability to identify eligible patients beyond outpatient clinics.

### Improving Quality & Access to Data



We know a lot of valuable staff time is expended on manual reporting. This can lead to inconsistencies in data visualisation across the organisation, and also limit the available time for staff to use this data to develop actions to improve. Over the past 12 months significant consultation and work has been undertaken to plan, develop and refine new online dashboards to alleviate these issues. These new dashboards include Access & Flow, Delirium, Blood Management and Infection Prevention, Clinical Incident Management and more. They are full of excellent information, and are proving a great support for ward to board reporting.

## Board Chair and CEO Message (continued)

### Supporting Best Care through Innovative Education



Western Health has partnered with the Victorian Managed Insurance Authority (VMIA) to create the Best Care Excellence & Improvement Project, including development of 7 interactive We-Learn modules focused on improvement, innovation, and the role of 'human factors' in healthcare errors. The project aims to demonstrate how each staff member can contribute to creating a culture of continuous improvement.

Western Health has also rolled out a Patient Assessment Program, which aims to improve nurse knowledge, skills and self-confidence in conducting head-to-toe assessments within the clinical environment. This on-line and blended learning program has already been highly effective in helping nurses identify and manage clinical risks and issues, including patient deterioration.

### FINANCIAL RESPONSIBILITY

Western Health places high value on financial responsibility. In a budget of over \$1 billion, we have recorded an end of year position within our Board agreed budget.

### THANKS

Finally, we would like to thank all of Western Health's fabulous and incredible staff, volunteers and board members, as well as our many community stakeholders, including our local members of parliament at both the State and Commonwealth levels.

Thank you to the Department of Health and the Victorian Government for their capital commitment to the west and to meeting the health care needs of its growing population. Thank you to our financial donors, through the Western Health Foundation.

Your support, commitment and passion are greatly appreciated and make an incredible difference to the Best Care we are able to provide.

We look forward to working with you over the next year.

*In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Western Health for the year ending 30 June 2023.*



*Robyn Batten*

Robyn Batten  
Chair of the Board, Western Health  
1 September 2023



*Russell Harrison*

Russell Harrison  
Chief Executive, Western Health  
1 September 2023

# About Western Health

## OUR COMMUNITY

Western Health is the major healthcare provider to one of the fastest growing - and most diverse - regions of Australia.

Melbourne's western suburbs are rapidly growing. The catchment population is nearing 900,000 and the birth rate and movement into this region means that strong growth will continue into the years ahead.

Our communities are culturally rich, with members speaking more than 150 different languages and dialects. Yet, while proudly diverse, people from across our suburbs face significant challenges. Many experience substantial social and economic disadvantage, with higher than average unemployment and a large proportion of our population experiencing financial hardship.

Our population has higher than average rates of cancer, heart disease, stroke and mental illness, with diabetes and depression also significant population health issues. And our community is ageing, with frailty becoming a significant challenge to independent healthy living.

Western Health is committed to providing Best Care to communities across Melbourne's west, improving health outcomes for all.

Western Health has a strong philosophy of working with its local community to deliver excellence in patient care. We span a number of municipalities and value our relationships with each local government.

Western Health provides services to residents of the following local government municipalities:

- > Brimbank
- > Hobsons Bay
- > Maribyrnong
- > Melton
- > Moonee Valley
- > Moorabool
- > Hume
- > Wyndham

## OUR PEOPLE

Employing more than 11,000 staff and over 700 volunteers, there is a focus on enabling and supporting the culture and capability of all people across the organisation. A large proportion of our staff are from the western suburbs, or live locally, further entrenching Western Health in the communities we serve.

Our growing health service has long-standing relationships with health providers in the western region of Melbourne, as well as strong affiliations with numerous colleges and academic institutions.

## About Western Health (continued)

### OUR SERVICES:

Western Health provides a comprehensive, integrated range of clinical services from its various sites ranging from acute tertiary services in areas of emergency medicine, intensive care, medical and surgical services, through to sub-acute and aged care and onsite and virtual ambulatory clinics. Our services include oncology, renal, women's health (including maternity), chronic disease, geriatrics and cardiology.

We provide a combination of hospital, community based and in reach services to aged, adult and paediatric patients and newborn babies. Western Health also offers drug health and addiction medicine support through its inpatient and community drug health services.

Underpinning our world-class clinical care is Western Health's commitment to research and education. The Western Centre for Health Research and Education, based at Sunshine Hospital, provides a range of purpose built, state of the art teaching, research and simulation facilities. It is home to the Western Clinical School for Medicine and Allied Health in partnership with the University of Melbourne and also houses researchers, academics and educators from Western Health, Victoria University and the University of Melbourne.

### OUR LOCATIONS:

Western Health manages public hospitals at St Albans, Footscray, Williamstown, Sunbury and Bacchus Marsh & Melton.

#### Bacchus Marsh Hospital

Bacchus Marsh Hospital is a 60 bed (plus 3 special care nursery cots) facility providing urgent care, general medical and surgical, aged care, palliative care and maternity services, along with community based services and specialist based clinics.

Bacchus Marsh Hospital also supports Grant Lodge Residential Aged Care Facility.

#### Melton Community Health

Melton Community Health provides urgent care, dental, dialysis services and day chemotherapy, as well as a comprehensive range of allied health, paediatric, medical and nursing specialist clinics and community based services.

#### Footscray Hospital

Footscray Hospital is an acute and subacute teaching hospital with approximately 250 beds. It provides elective and emergency care, with a range of inpatient and outpatient services including acute general medicine, critical care services, acute aged care and related clinical support. Footscray Hospital is the largest Western Health surgical site for complex and significant cases and Orthopaedics.

#### Sunbury Day Hospital

The Sunbury Day Hospital provides day medical, day surgical, day chemotherapy and haemodialysis treatment and a number of specialist clinics.

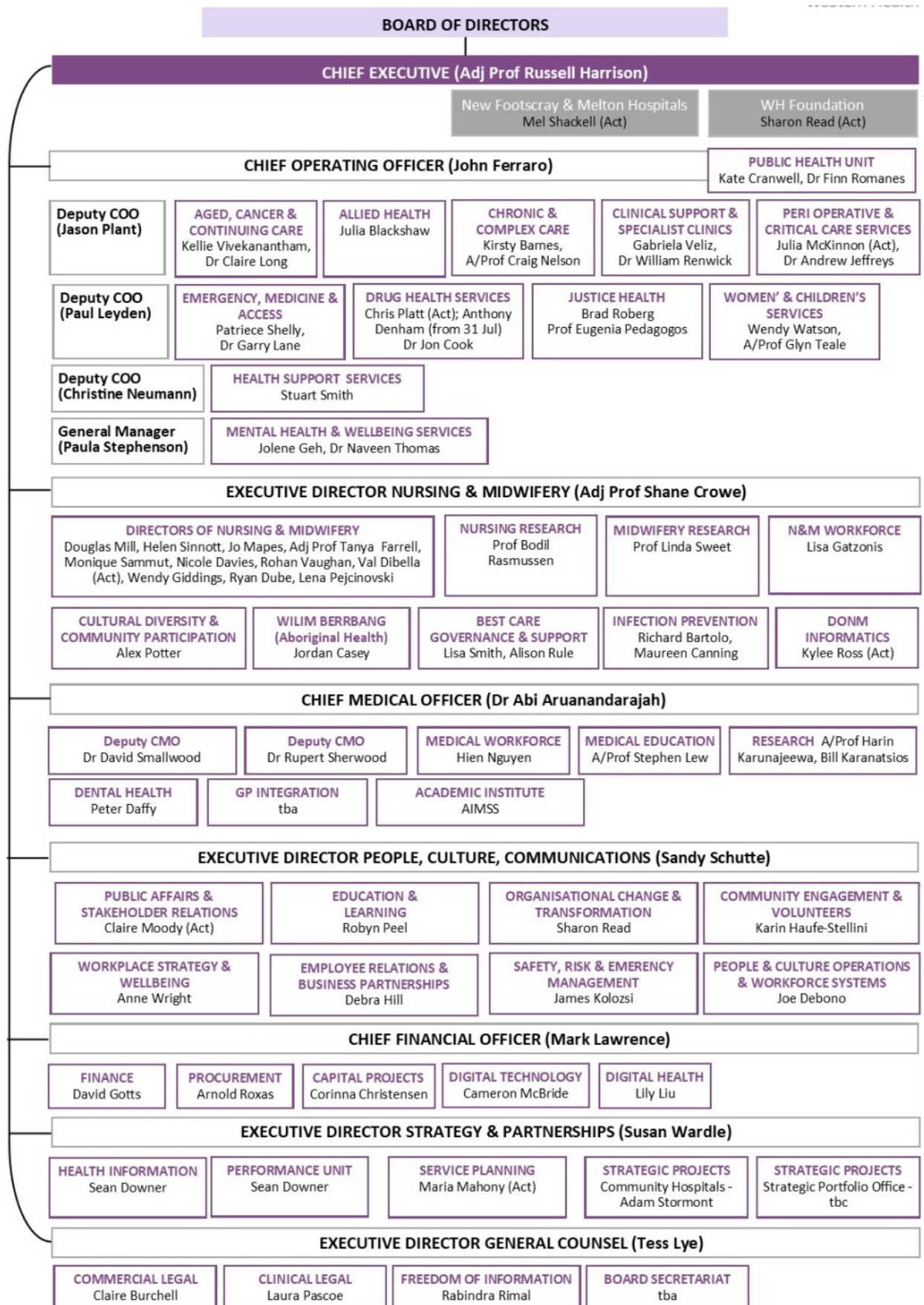
#### Sunshine Hospital

Sunshine Hospital is an acute and subacute teaching hospital with approximately 600 beds. The hospital provides elective and emergency care with a range of inpatient and outpatient services including intensive care and coronary care, acute medical and surgical services, sub-specialty medicine and surgical services, and rehabilitation, aged care and palliative care. Sunshine Hospital also provides a range of women's and children's services at the Joan Karen Women's and Children's facility which opened in 2019. The Sunshine Hospital Radiation Therapy Centre provides treatment to patients with a range of cancers through a partnership between Western Health and the Peter McCullum Cancer Centre.

#### Williamstown Hospital

Williamstown Hospital is a 90 bed facility providing emergency, surgical, rehabilitation and geriatric evaluation and management services, renal dialysis, community rehabilitation and transition care.

# Organisational Structure (as at August 2023)



# Western Health Services

## EMERGENCY, MEDICINE AND ACCESS

- > Dermatology
- > Emergency Medicine
- > Gastroenterology & Endoscopy
- > General Medicine
- > Infectious Diseases
- > Neurology & Stroke Service
- > Respiratory and Sleep Disorders
- > Rheumatology
- > Stroke Service
- > Access & Patient Flow

## AGED, CANCER & CONTINUING CARE

- > Acute Aged Care
- > Geriatrician Consult Service - Cardio-Geriatric Service, Ortho-Geriatric Service, Perioperative Geri-Service, ED Geri-Service
- > Dementia Management Unit
- > Geriatric Evaluation & Management
- > Transition Care Program -bed based
- > Ortho-Geriatric Service
- > Palliative Care
- > Rehabilitation
- > Subacute and Non acute Access and Pathways Service (SNAP)
- > Cancer Research
- > Radiation Therapy Centre
- > Day Oncology
- > Inpatient Oncology and Haematology
- > Residential Aged Care (Grant Lodge)
- > Community Palliative Care (BM)
- > McGrath Breast Nurse partnership

## WOMEN'S AND CHILDREN'S

- > Gynaecology
- > Obstetric Services
- > Maternal Fetal Medicine
- > Newborn Services, including Neonatal Intensive Care
- > Paediatric Medicine
- > Ambulatory Services
- > Maternity Services
- > Midwifery Group Practice
- > Homebirth Program

## DRUG HEALTH

- > Adolescent Community Programs
- > Women's Therapeutic Day Rehabilitation Program
- > Adult and Specialist Services
- > Nurse Practitioner Clinics
- > Psychology Clinics

- > Community Residential Drug Withdrawal Units
- > Dual Diagnosis Residential Rehabilitation Centre (Westside Lodge)

## PERIOPERATIVE AND CRITICAL CARE

- > Anaesthesia & Pain Management
- > Cardiology Services
- > Central Sterilising Services
- > Critical Care Outreach Service
- > Elective Booking Service
- > Oral & Maxillofacial
- > General and Breast Surgery
- > General and Colorectal Surgery
- > General and Endocrine Surgery
- > General and Upper Gastro-Intestinal Surgery
- > Intensive Care Services (incorporating Organ Donation)
- > Neurosurgery
- > Ophthalmology
- > Orthopaedic Surgery
- > Otolaryngology, Head and Neck Surgery
- > Paediatric Surgery
- > Plastic and Reconstructive Surgery
- > Preadmission Service
- > Thoracic Surgery
- > Urology Surgery
- > Vascular Surgery

## ALLIED HEALTH

- > Audiology
- > Exercise Physiology
- > Language Services
- > Neuropsychology
- > Nutrition and Dietetics
- > Occupational Therapy
- > Pastoral Care
- > Physiotherapy
- > Podiatry
- > Psychology
- > Social Work
- > Speech Pathology

## CHRONIC AND COMPLEX CARE

- > Health Independence Programs (HIP), including community nursing, ACLS, and Rapid Allied Health teams
- > Chronic and Complex Nursing team
- > HealthLinks
- > Subacute Ambulatory Care Services (community based rehabilitation and

- specialist clinics)
- > Aged Care Assessment Service
- > ACE (Advice, Co-ordination and Expertise)
- > Transition Care Program - Community
- > Dialysis and home therapies
- > Endocrinology services
- > Medical Ambulat. Day Unit (MADU)
- > Hospital in the Home (HITH)
- > Central Access Unit (CAU)
- > Renal Research
- > Endocrinology and Diabetes
- > Nephrology
- > GEM@HOME
- > Rehab at Home
- > Integrated Community Health Service
- > Counselling
- > Orange Door (Brimbank Melton and Western Melbourne)
- > Family Violence Men's Services
- > Health Promotion
- > Community Paediatrics
- > Babaneek Booboo Early Years project
- > Integrated Team Care (Aboriginal Health)
- > Community Nursing
- > NDIS Therapeutic Supports
- > Continence Nursing
- > Adult Allied Health

## CLINICAL SUPPORT AND SPECIALIST CLINIC SERVICES

- > Specialist Clinics (Adult)
- > Medical Imaging
- > Pathology
- > Pharmacy

## PUBLIC HEALTH UNIT

- > Western Public Health Unit
- > Covid Response - to 30/9/2022
- > Covid Testing Clinics - to 30/9/2022
- > Vaccination Hub - to 31/12/2022

## OTHER

- > Aboriginal Health, Policy and Planning
- > GP Integration
- > Infection Prevention
- > Office of Research
- > Service Planning
- > Dental Services

# Western Health Statement of Priorities 2022-2023

**Each year, Western Health identifies how it will contribute to Victorian Government policy directions and priorities. The following tables list outcomes against deliverables for 2022-2023 agreed between our health service and the Minister for Health.**

## KEEP PEOPLE HEALTHY AND SAFE IN THE COMMUNITY

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

### **STATUS: Complete**

Western Health maintains a robust COVID-19 readiness and response program, which is documented in our Pandemic Plan and associated policies and procedures. We have integrated processes to provide a COVID safe environment into our practice, including:

- > Screening requirements on admission.
- > Ongoing RAT/PCR regimes.
- > Post admission surveillance testing.
- > Contact tracing, testing, de-isolation and cohorting guidelines.
- > Ongoing risk assessment of community transmission and hospital acquired transmission to determine COVID-19 settings.
- > COVID-19 vaccination program boosters for staff and inpatients.
- > Maintaining equipment including air purifiers and ventilation hoods for risk mitigation in conjunction with zoning.

## CARE CLOSER TO HOME

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

### **STATUS: Complete**

In 2022-2023, Western Health:

- > Expanded the Hospital in the Home (HITH) program from 35 beds to 50 beds with a flexible model which allows the service to expand further on demand.
- > Increased the number of GEM@Home beds with the ability to flex with demand.
- > Developed the Endocrinology & Diabetes Telehealth Rapid Access Clinics (Endo TRAC) to increase Western Health's capacity to review patients with Endocrinology care needs resulting in a significant reduction in waiting times.
- > Developed the Neurology Rehabilitation @Home program to support the early transition of patients home following a neurology event such as stroke.
- > Established the Western @Home 'Hub' at Sunshine campus, further enhancing the collaboration with the Western @Home team and inpatient units.

## KEEP IMPROVING CARE

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

### **STATUS: Complete**

During 2022-2023, Western Health has:

- > Participated in SCV training opportunities.
- > Adapted SCV tools to support state-wide initiatives, including the Statutory Duty of Candour.
- > Engaged in collaborative state-wide projects targeting preventable harm associated with hospital acquired complications.
- > Included SCV as a key stakeholder in a VMIA sponsored and Western Health led project to implement a Best Care Excellence & Improvement program focusing on capability as a fundamental contributor to creating a safety culture that embraces continuous improvement and Safety II thinking.

## Western Health Statement of Priorities 2022-2023 (continued)

### KEEP IMPROVING CARE

**PRIORITY:** *Subject to the passage of the Mental Health and Wellbeing Bill 2022, actively participate in the implementation of new legislative requirements and embed the legislation's rights-based objectives and principles.*

#### **STATUS: Complete**

Western Health was not a designated Mental Health service provider for the timeframe of this SoP (2022-23).

From 1 July 2023, Western Health will become one of the largest mental health services in Melbourne, when Midwest Area Mental Health Service and components of the Aged Persons Mental Health Program (part of NorthWestern Mental Health) and Mercy Mental Health and Wellbeing Services within the City of Maribyrnong transition to being a part of Western Health. This is a significant and exciting change arising from the findings of the Royal Commission into Victoria's Mental Health System and the proposal to provide a more accessible, responsive and well-resourced mental health service delivery for Victorians in north and western metropolitan Melbourne.

We are establishing strong links with other mental health and wellbeing service providers in the west so that consumers, carers and families experience high quality, safe and person-centred care with the best outcomes possible.

### KEEP IMPROVING CARE

**PRIORITY:** *Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four hour wait times, and improve ambulance to health service handover times.*

#### **STATUS: Complete**

In 2022-2023, Western Health:

- > Developed an Access and Flow Plan to support a whole of organisational response to access and flow supported by a consistent improvement methodology.
- > Implemented transit lounge services at both Sunshine and Footscray Hospitals to support flow for consumers, reducing the reliance on acute beds and improving flow from ED.
- > Implemented a standardised bed management system and upgraded bed management software to support access and flow planning and responsiveness.
- > Joined the Department of Health initiated Timely Emergency Care Collaborative (TECC) to improve access to care with a focus on three workstreams – hospital operations, inpatients and emergency department. Projects implemented have included revised daily operating system, revised access procedure, weekend discharge team, upfront clinical decision maker in ED and revised Short Stay Unit (SSU) workflows

### KEEP IMPROVING CARE

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

#### **STATUS: Complete**

A review of the four food service models/menus used at Western Health was completed in February 2023 and a subsequent plan has been developed.

Current menus served to adults and paediatrics at Western Health provide the nutritional requirements as outlined in the standards. Pathways exist to ensure specialised food & fluid requirements can be accommodated including:

- > Textured modified diets.
- > Exclusion of allergens.
- > Cultural considerations.
- > Therapeutic diets with supporting short order menu items.

The Western Health Central Production Kitchen (WH-CPK) have documented standardised recipes and have strong quality processes in place. Western Health dietitians are embedded in menu planning, recipe development & staff training.

The focus for 2023-2024 is on maximising nutritional intake in support of minimising malnutrition for vulnerable & frail hospital patients through a Food First approach that optimises meal time experiences for patients & consumers.



# Western Health Statement of Priorities 2022-2023 (continued)

## KEEP IMPROVING CARE

**PRIORITY:** *Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon 1 Department of Health emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.*

### **STATUS: Complete**

Western Health has developed a Sustainability Plan, comprising four objectives:

1. Embed sustainability as a core aspect of our business.
2. Create a clear path to achieve net zero emissions by 2050.
3. Incorporate climate change action as part of our corporate responsibility.
4. Continuous discovery and Innovation.

To deliver outcomes against these objectives, Western Health has established the Sustainability Task Group (STG), chaired by the Chief Operating Officer and made up of the Sustainability Team and Divisional Directors across the organisation who will be key in shaping and resourcing the initiatives that will enable Western Health to meet these goals.

The STG is prioritising the initiatives that will be resourced and tracked for delivery. Western Health has also engaged in a pilot study with a team of vendors who work with Department of Health, to model and forecast the Net Zero Emissions path available for two facilities – Williamstown and Sunbury. Once learnings are ready, Western Health will be able to expand the modelling approach to develop a data-driven path for the remainder of its

portfolio. Western Health has also made headway in an electrification strategy for new developments and refurbishments and has achieved electric heating solutions for several sites and projects.

## KEEP IMPROVING CARE

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

### **STATUS: Complete**

Since 2020, Engineering services have implemented a range of data, capability and process improvement initiatives to uphold alignment with the Asset Management Accountability Framework.

## IMPROVE ABORIGINAL HEALTH AND WELLBEING

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

### **STATUS: Complete**

Western Health has a comprehensive Aboriginal Health Cultural Safety Plan which was developed in consultation with the Aboriginal community, Aboriginal-led organisations and other stakeholders. This Plan has 42 actions and commitments to strengthen our delivery of culturally safe care.

Examples of services provided:

- > Full coverage of the Closing the Gap costs of hospital filled prescriptions.
- > Caseload midwifery to Aboriginal and/or Torres Strait Islander families.
- > Significant growth in Aboriginal Health Liaison service, with out of hours and weekend coverage.
- > Aboriginal Health Research Fellow in partnership with Deakin University.
- > Journey Walker position to provide care coordination.
- > Aboriginal Mental Health Liaison Officer to strengthen the Mental Health response to Aboriginal and Torres Strait Islander patients.
- > Aboriginal Health Liaison Service established at Dame Phyllis Frost Centre.
- > Award winning Aboriginal and Torres Strait Islander Outpatients Clinic with a focus on chronic diseases.
- > Cultural Safety Audits undertaken in clinical departments.

## Western Health Statement of Priorities 2022-2023 (continued)

### IMPROVE ABORIGINAL HEALTH AND WELLBEING

**PRIORITY:** *Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.*

**STATUS: Complete**

Western Health has established and built on meaningful partnerships with the Victorian Aboriginal Health Service, Kirrip Aboriginal Corporation & Sunbury Aboriginal Corporation.

We source artwork through Sunbury Aboriginal Corporation and Kirrip Aboriginal Corporation prior to going to other external organisations.

We partner with Aboriginal Community-Controlled Health Organisations to deliver cultural activities to the community (Welcome Baby to Country & Health Promotions).

Western Health facilitates and oversees an Aboriginal health Steering Committee which includes membership from community, Aboriginal Community-Controlled Health Organisations, PHN, universities, the Department of Families and Fairness and other key organisations to support collaboration and consultation.

### IMPROVE ABORIGINAL HEALTH AND WELLBEING

**PRIORITY:** *Implement strategies and processes to actively increase Aboriginal employment.*

**STATUS: Complete**

Western Health has seen an increase in applications from First Nations people for First Nations roles as well as health professional roles, through the actions implemented as part of our Cultural Safety Plan.

We have increased networks for community organisations to build relationships between Western Health and Local Aboriginal Organisations.

A Community of Practice has been established for all Aboriginal and Torres Strait Islander staff at Western Health.

Western Health plans to implement an Aboriginal Employment Coordinator Position in 2023 to strengthen strategies to increase Aboriginal Employment.

### IMPROVE ABORIGINAL HEALTH AND WELLBEING

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

**STATUS: Complete**

Western Health has implemented a program to increase the awareness of the requirement to ask 'Do you identify as Aboriginal and/or Torres Strait Islander'.

Simulation and online training is in development.

### IMPROVE ABORIGINAL HEALTH AND WELLBEING

**PRIORITY:** *Develop discharge plans for every Aboriginal patient.*

**STATUS: Complete**

All Aboriginal Inpatients who agree to Aboriginal Health Liaison Officer (AHLO)/Journey Walker involvement will have a discharge plan with AHLO involvement.

## Western Health Statement of Priorities 2022-2023 (continued)

### MOVING FROM COMPETITION TO COLLABORATION

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

**STATUS: Complete**

Key partnership achievements for Western Health in 2022-23 have included:

- > Collaboration with partners across the western region of Melbourne to focus the planning for Sunbury Community Hospital and Point Cook Community Hospital.
- > Active involvement with partners in the West to contribute to the development of broader services such as the Wyndham Health Advisory Committee and the West of Melbourne Economic Development Association.
- > Western Public Health Unit connection with primary care, community health, local councils to collectively identify needs, deliver programs and support population health activities across the catchment.

### MOVING FROM COMPETITION TO COLLABORATION

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

**STATUS: Complete**

Shared opportunities with other HSP members have delivered greater opportunities including:

- > Collaboration with Royal Melbourne Hospital (RMH) to plan the transition and integration of mental health and wellbeing services to Western Health in line with the Royal Commission into Victoria's Mental Health System recommendations.
- > Development of the Enhanced Recovery After Surgery (ERAS) across the HSP with Western Health leading the Orthopaedic Arthroplasty ERAS program for other HSP health services to learn from and develop following the pilot period.
- > Participation on the HSP Surgery Reform Project Committee enabling the opportunity to share Western Health's initiatives such as the Day Case Surgery Program with the wider HSP network. This program has resulted in the saving of over 350 bed days.
- > Development of the Endocrinology & Diabetes Telehealth Rapid Access Clinics (EndoTRAC) program in collaboration with the WMHSP and partner health services.
- > Development of the Neurology Rehabilitation @Home model in collaboration with the HSP and other WMHSP participating health services

### PLANNED SURGERY RECOVERY AND REFORM PROGRAM

**PRIORITY:** *Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the HSP workplan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future reform initiatives to improve the long term sustainability of safe and high quality planned surgical services to Victorians.*

**STATUS: Complete**

In 2022-23, Western Health:

- > Met the planned surgery SoP target of 13,034 for 2022-2023.
- > Implemented the Planned Surgery 'Catch up' program activity for 2022-2023 resulting in close to 1000 planned surgeries completed.
- > Established a partnership with Private Health Services to conduct more than 600 surgeries for patients waiting on Western Health's Planned Surgery Waiting List.
- > Commenced the Enhanced Recover After Surgery (ERAS) program.
- > Developed the Day Case Surgery Program, safely and appropriately converting surgeries that would normally require an overnight stay to only requiring a day stay.
- > Achieved a reduction of 50% for patients on Western Health's Long Waiting List for planned surgery.

## Western Health Statement of Priorities 2022-2023 (continued)

### A STRONGER WORKFORCE

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

**STATUS: Complete**

Western Health hosted an Occupational Violence and Aggression (OVA) conference, aimed at leaders who can influence and implement programs into their health service, with a view to driving sector-wide change in managing workplace violence.

The conference was attended by colleagues from other metropolitan and regional health services and included a deep dive into our Predict, Prevent, Priority, Safety program which has resulted in a 59 per cent reduction in staff time off due to occupational violence and aggression. It offered access to a suite of resources from the program including online training modules and digital campaign materials.

### A STRONGER WORKFORCE

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

**STATUS: Complete**

Western Health has been delivering the Strengthening Hospital Responses to Family Violence Program since 2017, when the Royal Commission into Family Violence recommended the implementation of a consistent framework for responding to family violence across the health and human services and education sector, known as the Multi Agency Risk Assessment and Management Framework

(MARAM).

Since then we have trained over 3,000 staff and volunteers to better identify and respond to victims and survivors of family violence.

With support of the funding from the state government we have been able to:

- > Implement family violence screening in antenatal clinic.
- > Create a Western Health family violence podcast "If only someone had asked".
- > Train over 3,000 staff and volunteers.
- > Work in partnership with Specialist Family Violence Services to keep victims and survivors safe.
- > Deliver forums and workshops to external services to build capacity across the region.
- > Respond to, and support our staff and volunteers who are experiencing family violence.
- > Collaborate with services across our region to share information to ensure victims and survivors are safe.

In 2023 Western Health became part of the Brimbank Melton Orange Door, a support and safety hub for victims, survivors of family violence as well as for people who use violence. This collaboration ensures a no wrong door approach to people who are seeking support. The Orange Door safety hub houses a number of services in one place to ensure seamless and consistent patient and client experience.

Western Health understands that children are victims of family violence in their own right. Our response to family violence includes a trauma informed response to children and young people at risk of or experiencing family violence. We do this by:

- > Ensuring we are compliant with the Child Safe Standards.
- > Introducing a child screen and assessment tool to assist us to identify the impact of family

violence on children.

- > Being compliant with Mandatory reporting of child physical and sexual abuse.
- > Delivering training for staff and volunteer on safeguarding children.
- > Being trauma informed when working with children and young people.

Western Health is committed to ensuring that everyone is able to live free from violence and abuse. While funding for the program has now stopped Western Health has created a permanently funded role that will continue to implement the recommendations of the Royal Commission into Family Violence.

### A STRONGER WORKFORCE

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

**STATUS: Complete**

Western Health has been progressing two key programs of work relating to fatigue management and flexible rostering to support healthcare worker wellbeing.

Initiatives implemented in 2022-23 include:

- > Listening circles in areas where there has been high usage of the Employee Assistance Program
- > An education program, completed by 124 managers, to support the identification of fatigue and fatigue related issues in staff and put action and support plans in place at an earlier point in time to hasten recovery.
- > Development of a fatigue management plan.

In addition, roster analysis to identify fatigue-induced rosters is currently being undertaken and a flexible roster project is underway to identify the best ways to create flexible working arrangements through rostering options.

## Key Performance Statistics

### HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE INDICATOR	TARGET	2022/2023 RESULT
<b>Infection Prevention and control</b>		
Compliance with the Hand Hygiene Australia program	85%	88.6%
Percentage of healthcare workers immunised for influenza	92%	95%
<b>Patient Experience*</b>		
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 1	95%	94.7%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 2	95%	89.9%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 3	95%	89.4%
<b>Healthcare Associated Infections (HAI's)</b>		
Rate of surgical site infections for selected procedures (aggregate)	No outliers	Achieved
Rate of central line (catheter) associated blood stream infections (CLABSI) in intensive care units, per 1,000 central line days	Zero	Achieved
Rate of healthcare-associated <i>S. aureus bloodstream</i> infections per 10,000 bed days	≤0.7	0.7
<b>Maternity and Newborn</b>		
Percentage of full-term babies (without congenital anomalies) considered in poor condition shortly after birth (APGAR score <7 to 5 minutes) - Joan Karen W&C's	≤1.4%	1.0%
Percentage of full-term babies (without congenital anomalies) considered in poor condition shortly after birth (APGAR score <7 to 5 minutes) - Bacchus Marsh Hospital	≤1.4%	1.4%
Percentage of singleton babies with severe fatal growth restriction (FGR) delivered at 40 or more weeks gestation - Joan Karen W&C's	≤28.6%	22.0%
Percentage of singleton babies with severe fatal growth restriction (FGR) delivered at 40 or more weeks gestation - Bacchus Marsh Hospital	≤28.6%	25.0%
<b>Unplanned Readmissions</b>		
Unplanned readmissions to any hospital following a hip replacement	<6%	3.4%
<b>Continuing Care</b>		
Functional Independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥0.645	0.672

\* Given COVID-19 resulted in delays to surgery, visitor restrictions, and increased demand for services, patient experience has been impacted

### STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE INDICATOR	TARGET	2022-23 RESULT
<b>Organisational Culture</b>		
People matter survey - Percentage of staff with an overall positive response to safety culture survey questions	62%	67%

## Key Performance Statistics (continued)

### TIMELY ACCESS TO CARE<sup>1</sup>

KEY PERFORMANCE INDICATOR	TARGET	FOOTSCRAY	SUNSHINE	W'TOWN
<b>Emergency Care</b>				
Percentage of ambulance patients transferred within 40 minutes	90%	51%	49%	94%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	42%	55%	78%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	40%	50%	82%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	257	499	0
<b>Mental Health</b>				
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	23.7%	41.8%	79.6%

KEY PERFORMANCE INDICATOR	TARGET	2022-2023 RESULT
<b>Elective Surgery<sup>2</sup></b>		
Number of patients on the elective surgery waiting list as at 30 June 2023 <sup>3</sup>	6,055	5,763
Number of patients admitted from the elective surgery waiting list (ESWL)	13,034	13,038
Number of patients (in addition to based) admitted from the ESWL	2,260	1,579
Percentage of urgency category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	78%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement	45.60%
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤7/100	7.60
<b>Specialist Clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	93.0%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	87.9%

<sup>1</sup>timely care performance impacted by the COVID-19 pandemic

<sup>2</sup>elective surgery activity impacted by the COVID-19 pandemic

<sup>3</sup>the target shown is the number of patients on the elective surgery waiting list as at 30 June 2023

## Key Performance Statistics (continued)

### EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE INDICATOR	TARGET	2022-2023 RESULT
<b>Finance</b>		
Operating result (\$m)	\$0.0	\$0.4
Being:		
- SoP includes Western Health and Western Health Foundation only	\$0.0	\$0.4
- Jointly Controlled Operations with the Vic Comprehensive Cancer Centre (VCCC)	\$<0.1	\$<0.1
Average number of days to paying trade creditors	60 days	21 days
Average number of days to receive patient fee debtors	60 days	80 days
Adjusted current asset ratio (Variance between actual ACAR and target, including performance improvement over time or maintaining actual performance)	0.7 or 3% improvement from health service base target	0.6
Actual number of days available cash, measured on the last day of each month	14 days	56 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June (\$m)	Variance <\$250,000	Not Achieved

## Key Performance Statistics (continued)

### ACTIVITY & FUNDING

FUNDING TYPE	2022/2023 ACTIVITY ACHIEVEMENT
<b>Consolidated Activity Funding</b>	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	168,921
<b>Acute Admitted</b>	
National Bowel Cancer Screening Program NWAU	189
Acute admitted DVA	285
Acute admitted TAC	292
<b>Acute Non-Admitted</b>	
Home Enteral Nutrition NWAU	32
Home Renal Dialysis NWAU	1,026
Radiotherapy - Other	17
<b>Subacute/Non-Acute, Admitted &amp; Non-admitted</b>	
Subacute NWAU - DVA	42
Transition Care - Bed days	9,784
Transition Care - Home days	12,119
<b>Aged Care</b>	
Residential Aged Care	10,848
HACC	11,882
<b>Mental Health and Drug Services</b>	
Drug Services	14,472
<b>Primary Health</b>	
Community Health / Primary Care Programs	20,610



# Financial Snapshot

## WORKFORCE DATA

Note: 2023 workforce increase attributed to ongoing growth in services and recruitment to vacancies

HOSPITALS LABOUR CATEGORY	JUNE		AVERAGE	
	CURRENT MONTH FTE		MONTHLY FTE	
	2022	2023	2022	2023
Nursing	3200	3344	2962	3189
Administration & Clerical	1137	1201	1045	1141
Medical Support	503	599	485	559
Hotel and Allied Services	642	636	625	638
Medical Officers	155	167	149	158
Hospital Medical Officers	695	745	650	737
Sessional Clinicians	179	197	160	182
Ancillary Staff (Allied Health)	478	608	428	573
<b>Total</b>	<b>6989</b>	<b>7497</b>	<b>6504</b>	<b>7177</b>

## FINANCIAL POSITION

Note: The result from transactions for which Western Health is monitored excludes jointly controlled operations with the Victorian Comprehensive Cancer Centre (VCCC).

### SUMMARY OF SIGNIFICANT CHANGE IN FINANCIAL POSITION 2023

In the previous year, the Health Service's SoP result was \$0.2M (excluding \$0.4M VCCC and GRHA surplus).

In the current financial year, the Health Service's SoP result was \$0.4M (excluding a deficit of \$25K VCCC).

### OPERATIONAL AND FINANCIAL PERFORMANCE 2023

The Net Result from Transactions for the 2022/23 year was a Surplus of \$72.3M (excluding \$25K VCCC)

The Net Result for the Year, after Other Economic Flows, for the 2022/23 year was a surplus of \$60.5M (excluding \$25K VCCC).

The Comprehensive Result for the Year, after the Revaluation of Assets, for the 2022/23 year was a surplus of \$137M (excluding a deficit \$25K VCCC).

### SUBSEQUENT EVENTS

There are no events occurring after the Balance Sheet date.

## Financial Snapshot (continued)

### FINANCIAL INFORMATION

\$'000	2023	2022	2021	2020	2019
<b>OPERATING RESULT <sup>†</sup></b>	<b>424</b>	<b>631</b>	<b>(443)</b>	<b>(20,295)</b>	<b>3,935</b>
Total Revenue	1,581,419	1,415,390	1,098,247	945,408	968,707
Total Expenses	(1,509,152)	1,408,412	1,107,800	978,686	875,460
<b>Net result from transactions</b>	<b>72,267</b>	<b>6,978</b>	<b>(9,553)</b>	<b>(33,278)</b>	<b>93,247</b>
Total other economic flows	(11,792)	(13)	9,294	(6,037)	(11,524)
<b>Net Result</b>	<b>60,475</b>	<b>6,965</b>	<b>(259)</b>	<b>(39,315)</b>	<b>81,723</b>
Total Assets	1,493,326	1,290,103	1,134,467	1,052,023	1,069,029
Total Liabilities	479,241	414,860	354,582	300,023	266,854
<b>Net Assets/Total equity</b>	<b>1,014,085</b>	<b>875,243</b>	<b>779,885</b>	<b>752,000</b>	<b>802,175</b>

### RECONCILIATION OF NET RESULT FROM TRANSACTIONS AND OPERATING RESULT

	2022-2023 \$'M
<b>Net operating result SoP*</b>	<b>0.4</b>
Capital purpose income	139.4
COVID-19 State Supply Arrangement - Assets received free of charge or for nil consideration under the State Supply	6.2
State supply items consumed up to 30 June 2023	(7.2)
Expenditure for capital purpose	(0.1)
Depreciation and amortisation	(66.4)
Gains and losses in economic flows	(11.8)
Impairment of non-financial assets	0
<b>Net Result from transactions</b>	<b>60.5</b>

<sup>†</sup> The Operating result is the result for which the health service is monitored in its Statement of Priorities

\*\$0.4M = SoP includes Western Health and Western Health Foundation only

\$0.1M = Jointly Controlled Operations with the Victorian Comprehensive Cancer Centre (VCCC)

The result from transactions for which Western Health is monitored excludes jointly controlled operations with the VCCC

## Financial Snapshot (continued)

### CONSULTANCIES

#### DETAILS OF CONSULTANCIES [UNDER \$10,000]

In 2022-2023, there were 28 consultancies where the total fees payable to the consultant were less than \$10,000. The total expenditure incurred during 2022-2023 in relation to these consultancies is \$109,603K (excl. GST).

#### DETAILS OF CONSULTANCIES [VALUED AT \$10,000 OR GREATER]

In 2022-2023, there were 6 consultancies where the total fees payable to the consultant were \$10,000 or greater. The total expenditure incurred during 2022-2023 in relation to the consultancies is \$424,186 (excl. GST). Details of individual consultancy are as follows:

Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2022/23 (excluding GST)	Future expenditure (excluding GST)
ADP CONSULTING PTY LTD	Central Production Kitchen Expansion Feasibility Study	01/11/2022	24/02/2023	17,210	17,210	-
DEDALUS DH AUSTRALIA PTY LTD	IPM Migration Consultancy Services	31/08/2022	30/09/2022	19,076	19,076	-
Health-e Workforce Solutions	Workforce planning and modelling for staffing for Mental Health	05/06/2023	25/06/2023	218,500	218,500	-
OPEN ADVISORY PTY LTD	Service planning analysis and project reviews	01/05/2022	21/06/2023	70,000	70,000	-
Touch	Nick Savvas Consultancy	01/06/2022	30/06/2023	90,000	90,000	-
WILLIAMSBOAG	Central Production Kitchen Expansion Feasibility	29/11/2022	28/02/2023	9,400	9,400	-
	<b>TOTALS</b>			<b>424,186</b>	<b>424,186</b>	-

### INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2022/2023 is \$30.6 million (excluding GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$22.3 million	\$8.3 million	\$7.0 million	\$1.3 million

# Corporate Governance

The Board of Western Health consists of independent non-executive members from a range of backgrounds and with local ties to Melbourne's West.

Western Health is incorporated as a public health service pursuant to the Health Services Act 1988 (VIC). Established in 2000, Western Health operates under the authority of the Act and its own by-laws.

Western Health is governed by the Board of Directors appointed by the Governor in Council on the recommendation of the responsible Minister. The Board's role is to govern the health service, consistent with applicable legislation and the terms and conditions attached to the funds provided to it.

The Board is responsible to the Minister for setting the strategic direction of Western Health, within the framework of government policy, and ensuring that the health service:

- > Is effective and efficiently managed
- > Provides high quality care and service delivery
- > Meets the needs of the community; and performance targets

Over the period 1 July 2022 to 30 June 2023, the responsible Minister was:

- > The Hon Mary-Anne Thomas MP, Minister for Health

Over the period 1 July 2022 to 30 June 2023, the Board comprised nine Members, including the Chair.

## ROBYN BATTEN AM

*BSW, MSW, MBA, FAICD*

### CHAIR

Robyn Batten is an experienced Chief Executive Officer, non-Executive Director who has led very large and complex organisations in a range of industries. With over twenty-five years of Executive and Board experience, Robyn is a strategic thinker who can translate strategy into outcomes.

Robyn started her career as a registered nurse and in addition to working in diverse industries and roles, Robyn has worked in the United Kingdom, Asia, three Australian States and the Northern Territory. Robyn has also contributed to national policy development during the last decade. Robyn is currently a Director of the East Melbourne PHN and Chair of Leap in! Australia.

Robyn is commercially focused and brings expertise to her board roles in areas such as strategic and innovative thinking, business performance and improvement, technology transformation, and infrastructure development and management.

Robyn Batten is a Member of the Audit, Finance, Quality & Safety and Governance & Remuneration Committees.

Appointed Board Director July 2019;  
Appointed Board Chair July 2020

## DR CATHERINE HUTTON

*MBBS, DRCOG, FRACGP, MPH, GAICD*

Dr Catherine (Cathy) Hutton has worked as a general practitioner for over 30 years. Cathy's work includes general family medicine, women's health and antenatal care, chronic disease management, health prevention, and care of disadvantaged people.

Cathy is an experienced board member specialising in clinical governance, strategy and GP-hospital integration, and has held health service Board Director positions at both Peter MacCallum Cancer Centre and the Royal Women's Hospital. Additionally, Cathy has experience as a Director of North West Melbourne Division of General Practice, Inner North West Medicare Local, and the AMA Victoria Board for 3 years. Cathy is currently a Director for North West Melbourne Primary Health Network. Cathy has a Fellowship of the College of General Practitioners, has a Masters of Public Health from Melbourne University and is a Graduate member of the Australian Institute of Company Directors.

Cathy has a broad working knowledge of the health system, both primary and secondary, state and federal, and private and public and has held positions in the Australian Medical Association (AMA) Victoria Section of General Practice, and the AMA Federal Council of General Practice and has a Fellowship Awarded by the Australian Medical association.

Dr Cathy Hutton is a Member and ex-Chair of the Quality & Safety Committee and a Member of the Primary Care & Population Health Advisory Committee.

Appointed July 2016

Term Completed June 2023

## Corporate Governance (continued)

### PROFESSOR ANDREW CONWAY

*FIPA FFA FCMA FCPA (UK) MAICD  
FAIM BCom BTeach(Sec) GCertAIB*

Professor Andrew Conway is the Chief Executive Officer of the Institute of Public Accountants - one of Australia's largest professional accounting bodies. Andrew represents the Australian profession in a range of global Board and committees and is a current member of the ASX Corporate Governance Council.

Prior to working with the Institute, Andrew was an Australian Government Treasury Ministry Chief of Staff and Senior Advisor. In 2001, he was awarded the Centenary of Federation Medal and was subsequently awarded Australian Young Professional of the Year and AFR BOSS Magazine Young Executive of the Year. Andrew was appointed a Professor of Accounting at the Shanghai University of Finance and Economics (*honoris causa*) and is also a Vice chancellor's Distinguished Fellow and Adjunct Professor at Deakin University. In 2011 he was appointed as a Board Director of Eastern Health. 2020 marked the completion of his final term at Eastern.

In addition, Andrew is actively involved in community groups and volunteers his time freely. Andrew was elected Chairman of the Council of Small Business Australia (COSBOA), and now Chairs the IPA Deakin University SME Research Partnership and co-authored the landmark Australian Small Business White Paper.

Andrew is a devoted husband and father of three children.

Professor Andrew Conway is the Chair of the Finance Committee and a Member of the Audit Committee.

Appointed May 2020

### HON MONICA GOULD

A former Victorian Minister, Monica Gould served as Victoria's first (and still only) female President of the Legislative Council. She began her career in the union movement, with a particular focus on advocating for poorly paid women in the manufacturing industry.

In Parliament, Monica served in both opposition and government and developed a reputation for effectiveness and efficiency, driving through legislation through advocacy and bipartisan engagement as Minister for Industrial Relations and then Minister for Education Services and Youth Affairs. She also played a significant role in advancing the representation of women through visible leadership and initiatives such as quotas for women in pre-elections.

Since retiring from government, Monica has applied her abilities in governance, diplomacy, strategy and stakeholder engagement in the service of non-profit organisations, holding board and chair positions in youth, community and environmental initiatives.

The Hon Monica Gould is the Chair of the Community Advisory Committee and a Member of the Governance & Remuneration Committee.

Appointed July 2020

### DAVID LAU

*BPharm MCLinPharm GCHlthSM FSHP  
MAICD*

David Lau has worked as a senior clinician, executive and non-executive director, and in management consulting. He has particular expertise in the areas of pharmaceutical supply chain, digital health, health industry development and commercialisation, and health practitioner regulation.

More recent executive roles include General Manager of Institutional

Healthcare at EBOS Group, and Health Industry Lead at Optus.

He is a board director at Access Health & Community, and has previously served as president of the Pharmacy Board of Victoria, chair of the Victorian Pharmacy Authority, board director at the Royal Children's Hospital, and board director at North Yarra Community Health.

David is the Chair of the Primary Care & Population Health Advisory Committee and a Member of the Finance Committee.

Appointed: July 2020

### ELIZABETH KENNEDY

*B.A,LL.B (Hons), LL.M, Grad Dip  
Health and Medical Law (Melb),  
GAICD*

Adj A/Prof Elizabeth Kennedy has been a practising lawyer for over 40 years and was General Counsel and Corporate Secretary of Peter MacCallum Cancer Centre, Corporate Counsel of Epworth Healthcare, The Royal Women's Hospital and The Royal Children's Hospital. She was the inaugural in-house lawyer of Southern Healthcare Network from its formation in 1998.

Elizabeth specialises in health and medical law.

Elizabeth is currently a director of Eastern Melbourne Primary Health Care Network, the legal member of the Victorian Pharmacy Authority and a director of the Australian Psychological Society. She is also a member of the Council of Janet Clarke Hall. She has held a number of not for profit Board appointments throughout her career, including Monash Medical Centre, Alzheimer's Victoria, Family Planning Victoria, and the Victorian Cytology Service.

Adj A/Prof Elizabeth Kennedy is the Chair of the Audit and Governance & Remuneration Committees.

Appointed July 2020

## Corporate Governance (continued)

### **BEN DAVISON**

*BA, MBA, MAICD*

Ben Davison is a professional director and consultant with over 20 years experience in leadership roles across the for-purpose sector. In addition to being a director of Western Health, Ben is currently a Trustee Director of the Industry Superannuation Fund HESTA, the Ballarat General Cemetery Trust and a board director of BGT Jobs and Training, as well as serving as a non-executive director for ACTU Member Connect and ACTU Education Inc.

Ben has previously served as the Chief of Staff, Director of Operations and Director of Communications at the Australian Council of Trade Unions (ACTU) and as CEO of Southport Uniting Care, following a period in the leadership team at Diabetes Australia-Vic.

Ben's working life - coupled with his formal education - allows him to bring a broad range of general management, ethical governance, public policy, marketing, financial management, member engagement, campaign/project management, crisis management and corporate affairs experience to all of his endeavours.

As well as his board service, Ben provides management and governance consulting services to values-aligned clients. He runs a successful podcast with his partner and is active in a range of local community groups and organisations.

Ben Davison is a Member of the Audit Committee and a Member of the Community Advisory Committee.

Appointed July 2022

### **ANNA PEETERS AM**

*Ph.D, B.Sc.(Hons), CF*

Professor Anna Peeters is Director of the Institute for Health Transformation and Professor of Epidemiology and Equity in Public Health at Deakin University.

She is Past President of the Australian and New Zealand Obesity Society, a member of the World Cancer Research Fund International Policy Advisory Group (2015-ongoing), sits on the Board of Obesity Australia (2017-ongoing) and the Victorian Health Promotion Foundation (VicHealth) (2019-ongoing).

She was the recipient of the prestigious World Obesity Federation Andre Mayer Award (2014) for research excellence and a Churchill Award (2014) for innovative work in equity and population prevention. As a public health researcher, she works to provide information to facilitate objective and equitable choices in health by policy makers, practitioners and the public.

Anna Peeters is a Member of the Primary Care & Population Health Committee and a Member of the Quality & Safety Committee.

Appointed July 2022

### **DEBORAH COLE**

*BDS GradDipHlthAdmin MBA  
GradCertLead&CathCult FAICD GAIST  
(Adv)*

Dr Deborah Cole is an experienced Non-Executive Director and Chief Executive Officer predominantly in the health sector.

Deborah is the current and inaugural Chair of the Australian Centre for Value-Based Health Care and a Non-Executive Director of HESTA (Superannuation Fund) and Frontier Advisors. Deborah is the immediate past Chair of Australian Healthcare and Hospitals Association and the previous CEO of Dental Health Services Victoria.

Deborah has broad experience in health, public dentistry, finance, corporate governance, and local government, and has worked in both the not-for-profit and public sectors.

Deborah has held CEO positions at Calvary Health Care and Yarra City Council as well as senior executive positions at Mercy Health, St Vincent's Health Melbourne, Royal Dental Hospital of Melbourne and South Australian Dental Service.

Deborah Cole is the Chair of the Quality & Safety Committee and a Member of the Primary Care & Population Health Committee.

Appointed July 2022

## Corporate Governance (continued)

### BOARD MEETING ATTENDANCE 2022-2023

DIRECTORS	BOARD MEETINGS ATTENDED/ MEETINGS HELD
Robyn Batten	11/11
Dr Catherine Hutton	10/11
Hon Monica Gould	11/11
Prof Andrew Conway	10/11
Adj A/Prof Elizabeth Kennedy	11/11
David Lau	10/11
Ben Davison	10/11
Prof Anna Peeters	11/11
Dr Deborah Cole	10/11

### BOARD COMMITTEES

The Board has established several standing committees to assist in carrying out its responsibilities.

#### AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for ensuring the financial and related reporting systems produce timely, accurate and relevant reports on the financial operations of the health service and that sufficient resources are allocated to identify and manage organisational risk.

Committee Members (Board Directors) 2022-2023:

- > Elizabeth Kennedy (Chair)
- > Robyn Batten
- > Andrew Conway
- > Ben Davison

### COMMUNITY ADVISORY COMMITTEE

The role of the Community Advisory Committee is to advise the Board on relevant structures, processes, key priority areas and issues to ensure effective consumer and community participation at all levels of service planning and delivery. It also advises the Board on matters involving access and equity for patients and their families from culturally and linguistically diverse backgrounds.

Committee Members (Board Directors) 2022-2023:

- > Monica Gould (Chair)
- > Cathy Hutton
- > Ben Davison

#### FINANCE COMMITTEE

The Finance Committee is responsible for advising the Board on matters relating to financial strategies and the financial performance, capital management and sustainability of Western Health.

Committee Members (Board Directors) 2022-23:

- > Andrew Conway (Chair)
- > Robyn Batten
- > David Lau

#### GOVERNANCE AND REMUNERATION COMMITTEE

The role of the Governance and Remuneration Committee is to advise the Board and monitor matters involving organisational governance and administration, and executive and senior staff recruitment, remuneration and performance.

Committee Members (Board Directors) 2022-2023:

- > Elizabeth Kennedy (Chair)
- > Robyn Batten
- > Monica Gould

### PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

The Primary Care and Population Health Advisory Committee provides advice and recommendations to the Board on health issues affecting the population served by Western Health.

Committee Members (Board Directors) 2022-2023:

- > David Lau (Chair)
- > Anna Peeters
- > Deborah Cole

#### QUALITY AND SAFETY COMMITTEE

The Quality and Safety Committee is responsible for ensuring quality monitoring activities are systematically performed at all levels of the organisation and deviations from quality standards are acted upon in a timely manner

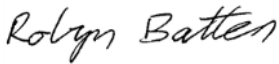
Committee Members (Board Directors) 2022-2023:

- > Deborah Cole (Chair)
- > Robyn Batten
- > Catherine Hutton
- > Anna Peeters

## Corporate Governance (continued)

### FINANCIAL COMPLIANCE DECLARATION

I, Robyn Batten, on behalf of the Board of Western Health, certify that Western Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Robyn Batten  
Chair of the Board,  
Western Health  
1 September 2023

### DATA INTEGRITY DECLARATION

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



Russell Harrison  
Chief Executive,  
Western Health  
1 September 2023

### CONFLICT OF INTEREST DECLARATION

I, Russell Harrison, certify that Western 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 Western 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 and board meeting.

### INTEGRITY, FRAUD AND CORRUPTION DECLARATION

I, Russell Harrison, certify that Western Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Western Health during the year.



Russell Harrison  
Chief Executive,  
Western Health  
1 September 2023

Russell Harrison



Chief Executive,  
Western Health  
1 September 2023

### HEALTH SHARE VICTORIA (HSV) PURCHASING POLICIES DECLARATION

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



Russell Harrison  
Chief Executive,  
Western Health  
1 September 2023



## Corporate Governance (continued)

### OCCUPATIONAL HEALTH AND SAFETY (OHS)

To minimise risk and promote the health, safety and wellbeing of our workforce, the programs and activities below were provided over the 2022-2023 financial year.

**Significant incident reduction** – Over the 2022-2023 financial year, Western Health has seen a marked reduction in significant incidents. This progress is largely attributed to three core elements: the expansion of our workforce with an increase in Full Time Equivalent (FTE) employees, the enhanced mobility of our Occupational Health and Safety (OHS) team in a post-COVID landscape, and the consistent performance of our Occupational Violence and Aggression (OVA) programme. Together, these elements have substantially contributed to the reduction in OHS hazards and incident frequency data.

**Western Health Occupational Violence and Aggression (OVA) Program.** Western Health's OVA program has achieved notable success, demonstrated by an uplift in OVA literacy, and an increased situational awareness. It provides valuable predictive tools and challenges accepted behaviours and cultures through our Myths and Facts campaign. Our program, having gained international recognition, has been shared with the Saskatchewan Health Authority and Saskatchewan Workers Compensation Board, Canada. Furthermore, we have commenced development of a virtual reality training package to enhance the reach and effectiveness of our OVA education programme.

**Health and Safety Representatives (HSR)** – Throughout the 2022-2023 reporting cycle, our HSRs have displayed exemplary engagement within the Designated Work Groups, working in close collaboration with managers and OHS staff to ensure safety is paramount within their remit. The HSRs' involvement in the quarterly HSR forums and the Western Health OHS Committee meetings has been commendably active.

**SafeWards** – In 2022, Western Health launched the SafeWards Model in a pilot program encompassing two general wards. This initiative, an exploratory and adaptable series of evidence-based nursing interventions, has been designed to augment existing principles of good nursing practice and further promote patient-centred care, reduce restrictive practices and improve staff safety. The pilot program was met with resounding success, yielding positive results in fostering a culture of respect, inclusion, and collaboration, and also in mitigating the occurrence and impacts of occupational violence (OV). In light of the success of the SafeWards pilot, Western Health are planning to integrate the SafeWards Model into Business as Usual (BaU).

**Western Health's Injury Management and Workplace Health Team** continues to work collaboratively to support employees returning to work following a work-related injury or illness. Early intervention strategies and encouraging more employee engagement has contributed

to the overall positive results of the injury management process and helped reduce the number of claims for the reporting period and an injured worker's time away from work. This program has not only resulted in minimising the number of time lost days within Western Health but has given employees a more positive recovery experience whilst eliminating the potential challenges in navigating the WorkCover insurance process.

### OCCUPATIONAL HEALTH AND SAFETY DATA

MEASURE	2022/2023	2021/2022	2020/2021
The number of reported hazards/incidents for the year per 100 FTE	15.7	28.5	26.6
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.55	0.65	0.73
The average cost per WorkCover claim for the year ('000)	\$171	\$157	\$95

### OCCUPATIONAL VIOLENCE STATISTICS

MEASURE	2022/2023
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.04
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.2
Number of occupational violence incidents reported	405
Number of occupational violence incidents reported per 100 FTE	5.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	35%

### 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 2022-2023.

**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.

## Corporate Governance (continued)

### STATEMENT OF MERIT AND EQUITY

Further to the requirements of the Public Sector Administration Act 2004, Western Health has established that the organisational values of compassion, accountability, respect, excellence and safety align with the public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

Western Health is committed to the application of the public sector employment principles and has reviewed employment processes to ensure employment decisions are based on merit. All employees are treated fairly and reasonably, equal employment opportunity is provided and employees are afforded a structured grievance procedure for redress against perceived unfair or unreasonable treatment.

Western Health has an established Code of Conduct, which aligns with and supports the public sector employment principles.

### EX-GRATIA PAYMENT

Western Health made no ex-gratia payments to employees for the year ending 30 June 2023.

### GENDER EQUALITY ACT 2020

The Gender Equality Act 2020 supports improvements in gender equality in the Victorian public sector, universities and local councils. The Act is intended to improve gender equality for both the public sector workforce, and for the consumers they serve. To comply with the Act, Western Health has completed and submitted a Workplace Gender Audit, and a Gender Equality Action Plan (GEAP). Western Health has developed a process for conducting Gender Impact Assessments for the purpose of promoting gender equality in our policies, programs and services and is trialling the new approach.

The Workplace Gender Audit responded to seven gender equality indicators and 45 specific measures as prescribed by the Commission for Gender Equality in the Public Sector. Findings from our audit were broadly in line with the sector.

The Gender Equality Action Plan includes a range of initiatives, such as: further assessing our gender pay gap to ensure equal work receives equal pay; evolving our recruitment, promotion and leadership practices to be more inclusive; steps to reduce sexual harassment in the workplace, and enabling equitable access to flexible work arrangements and parental leave.

The plan also includes updating our systems to capture gender disaggregated data on gender equality indicators (including gender identity), and transparent reporting to the organisation.

Engagement of internal stakeholders to undertake Gender Impact Assessments on policies, programs and services that directly and significantly impact the public has

commenced. A working group has been formed to establish processes and governance, and to champion the new way of assessing policies, programs and services when they are new and as they come up for review.

### PUBLIC INTEREST DISCLOSURE ACT 2012

In accordance with the Public Interest Disclosure Act 2012 (Vic), Western Health has developed procedures and guidelines to facilitate the making of disclosures, the handling of disclosures and to protect persons making disclosures from detrimental action. The procedures and guidelines are available to the public on the Western Health website: Western Health | Patients and Visitors and to staff on the Western Health intranet.

### SAFE PATIENT CARE ACT 2015

Western Health has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015 (Vic).

### CAR PARKING FEES

Western Health complies with the DH hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at [www.westernhealth.org.au/Our\\_Sites](http://www.westernhealth.org.au/Our_Sites) (transport and parking options under each of our listed hospitals).

### BUILDING ACT 1993

Western Health fully complied with the building and maintenance provisions of the Building Act 1993 for the period 1 July 2022 to 30 June 2023. Where applicable, the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

Western Health sites have undergone a number of asset condition assessments. Mental Health sites and buildings have been condition-assessed, with outcome reports provided directly to the commissioning party in Department of Health Asset Condition assessment program.

Western Health conducted a Five Yearly Fire Audit for all sites in 2022 (last being 2017). We commenced a multi-year capital project to move the Fire Control Room on the Sunshine Site from the loading dock to the ground floor of the Acute Services Building, and to replace the outdated Fire Indication Panels (FIPs), cabling network and fire devices in the field. The new Fire Control Room will be fully compliant and improve fire monitoring operation for the whole site.

### NATIONAL COMPETITION POLICY

Western Health has implemented, and continues to comply with the National Competition Policy and the requirements of the Victorian Government's Competitive Neutrality Policy.

## Corporate Governance (continued)

### LOCAL JOBS FIRST ACT 2003

Western Health complies with the intent of the Local Jobs First Act (Vic) 2003 which ensures local projects create opportunities for Victorian businesses and workers.

There were two Local Jobs First Projects at Western Health within 2022-2023:

Project Name	Pharmacy Wholesale Distribution Service
Project Value	\$127,000,000
Contestability	Contestable
Project Status	Contract Awarded; 31 March 2022
Local Content	54.50%
LIDP Commitments	3
VIPP Plan / LIDP Outcomes	Complete
Total Businesses Engaged	3

Project Name	WH CSSD RO Water System Installation
Project Value	\$1,400,000
Contestability	Contestable
Project Status	Contract Awarded; 17 June 2022
Local Content	90.64%
LIDP Commitments	5
VIPP Plan / LIDP Outcomes	Evaluation Complete
Total Businesses Engaged	2

### CARERS RECOGNITION ACT 2012

In accordance with the Carers Recognition Act 2012 (Vic), Western Health:

- A) Takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles; and
- B) Takes all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation have an awareness and understanding of the care relationship principles; and
- C) Takes all practicable measures to ensure that the care support organisation and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships

### THE FREEDOM OF INFORMATION ACT 1982

The Freedom of Information Act 1982 (Vic) (FOI Act) grants the public a right to access documents in the possession of Victorian Government agencies, including public health services. Western Health processes all freedom of information (FOI) requests for access to documents in accordance with the provisions of the FOI Act.

In the year to 30 June 2023 Western Health received 1942 FOI requests in total, the majority of which were for personal information, specifically patient records. The majority of requests for patient records came from patients, or from their authorised representatives such as law firms and insurers. During the reporting period there was one valid FOI request for non-personal information received from a member of the public, requesting access to copies of CCTV footage.

The table below sets out high level information as to the outcome of valid FOI requests received by Western Health during the reporting period. More detailed data is provided annually by Western Health to the Office of the Victorian Information Commissioner (OVIC) through OVIC's annual FOI survey.

Information about how to make an FOI request to Western Health is available to members of the public on the [Western Health website](#). This page of the website contains a link to the FOI application form and information about FOI access including the amount of the application fee (\$30.60 for the year to 30 June 2023), contact details and a link to the website of the Office of the Victorian Information Commissioner.

If a member of the public calls Western Health seeking information on the FOI process, they will be directed to the relevant website or transferred to the FOI team, who can provide verbal information and email or post an FOI application form on request.

TOTAL FOI REQUESTS 2022/2023	1942
Full Access	1669
Partial Access	72
Access Denied	0
Applications Withdrawn	16
No Documents	1
Applications in Progress	68
VCAT Appeal	0
Appeal Withdrawn	0
Transfers Received	1
Not Proceeded With	72

## Corporate Governance (continued)

### ENVIRONMENTAL SUSTAINABILITY

Western Health's commitment to improving our reporting transparency is demonstrated through the implementation of the Global Reporting Initiative (GRI) international standards. By aligning with this international best practice standard, we demonstrate accountability for our impacts on the environment, economy and people, whilst going above and beyond the reporting requirements established by FRD-24. Although the setup process has commenced, we expect to implement GRI reporting by FY 2023-2024.

In FY 2022-2023, Western Health's focus has shifted into implementing a more thorough approach to Sustainability. We have established a Sustainability Task Group (STG) to incorporate sustainability into decision making across our portfolio. These changes are likely to permeate the organisation in the next financial year, in the meantime, our data gathering process has become more robust and stringent. This is due to compliance requirements (FRD-24) and our own drive to aim for best practice by implementing GRI international standards.

Through this data gathering exercise, we have been able to determine that the continuous expansion of our portfolio has created gaps regarding the true extent of our organisation. This is particularly relevant when we assess the operations of our satellite clinics, and other smaller facilities that were not included in previous reporting methodologies. This process has not been fully completed at the time of writing but will be available at the time of reporting compliance to the Department of Health.

The operational outcomes below, and for the previous financial year, are expected to increase once data completeness is considered for the acquisition of other health services and facilities.

Regarding our operations, Western Health's total emissions reduced by 6% despite the increase in total energy consumption (3%). This is attributed to the incidence that Scope 2 emissions factors have in the overall outcome. Western Health is closely working with suppliers and partners in developing Energy Conservation Measures (ECM) and asset management strategies to align our operational performance with our energy and emissions outcomes.

With regards to water, current data shows a slight increase in water use when compared to the previous FY (3%). This is attributable to the increase in occupancy and health care activity during this FY with staff and visitors now returning to Sites.

Our waste portfolio activity saw major reductions in all aspects. This is related to better waste management practices and normalising operations post COVID-19. Total waste generation was reduced by 23%, waste to landfill was reduced by 46% and recycling increased by 26%. Among the success stories related to waste management is the reusable gowns program. This project enabled Western Health to move away from single use gowns in theatres, a major contributor to waste generation during the pandemic.

Overall, the organisational changes implemented around sustainable decision-making are starting to generate positive outcomes. For instance, the organisation has made critical decisions in moving away from gas fired assets for the following projects:

- > Sunshine Mental Health & Wellbeing Centre (fully electric)
- > Melton (fully electric and to be designed utilising NCC 2022)
- > Point Cook (fully electric)
- > West Side Lodge (proposal to move away from gas through project funding)
- > CPK expansion (proposal to move away from gas through project funding for domestic hot water)
- > Sunshine Hospital (Hybrid boiler solution)

The tables below and on the following page provide a summary of operational data over the past three years.

### Greenhouse gas emissions

	2023	2022	2021
<b>Total greenhouse gas emission (tonnes CO<sub>2</sub>e)</b>			
Scope 1	7,262	7,158	6,653
Scope 2	32,701	35,230	33,791
<b>Total</b>	<b>39,964</b>	<b>42,389</b>	<b>40,444</b>
<b>Normalised greenhouse gas emissions (tonnes CO<sub>2</sub>e)</b>			
Emissions per unit of floor pace (kg CO <sub>2</sub> e/m <sup>2</sup> )	262.63	278.57	285.90
Emissions per unit of separations (kg CO <sub>2</sub> e/separations)	276.14	287.75	299.76
Emissions per unit of bed day (LOS+aged care OBD (kg CO <sub>2</sub> e/OBD))	102.76	109.85	112.85

## Corporate Governance (continued)

### Stationary energy

	2023	2022	2021
<b>Total stationary energy consumption by energy type (GJ)</b>			
Electricity	138,501	139,372	124,131
Natural gas	140,931	132,804	126,862
<b>Total</b>	<b>279,431</b>	<b>272,177</b>	<b>250,993</b>
<b>Normalised stationary energy consumption</b>			
Energy per unit of floor pace (GJ/m <sup>2</sup> )	1.84	1.79	1.77
Emissions per unit of separations (kg CO <sub>2</sub> e/separations)	1.93	1.85	1.86
Emissions per unit of bed day (LOS+aged care OBD (GJ/OBD))	0.72	0.71	0.70

### Water consumption

	2023	2022	2021
<b>Total water consumption by type (kL)</b>			
Class A recycled water	N/A	N/A	N/A
Potable water	234,876	228,431	205,801
Reclaimed water*	N/A	N/A	N/A
<b>Normalised water consumption (potable + class A)</b>			
Water per unit of floor pace (kL/m <sup>2</sup> )	1.54	1.50	1.45
Water per unit of separations (kL/separations)	1.62	1.55	1.53
Water per unit of bed day (LOS+aged care OBD (kL/OBD))	0.60	0.59	0.57

\* Reclaimed Water data 2020-2021 not available due to issues with the metering system

### Waste & Recycling

	2023	2022	2021
Total waste generated (kg clinical waste + kg general waste + kg recycling waste)	1,848,718	2,280,481	2,313,027
Total waste to landfill generated (kg clinical waste + kg general waste)	1,199,514	1,752,282	1,807,052
Total waste to landfill per patient treated ((kg clinical waste + kg general waste)/PPT)	1.78	2.59	2.79
Rate of diversion from landfill (%)	42.63%	31.67%	27.02%

### ADDITIONAL INFORMATION

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

- > 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

# Disclosure Index

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

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<b>Charter and purpose</b>		
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Western Health

# **FINANCIAL STATEMENTS & ACCOMPANYING NOTES**

For the Financial Year Ended 30<sup>th</sup> June 2023



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## Western Health

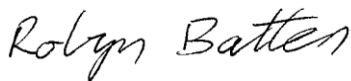
### Board Chair, Chief Executive Officer and Chief Finance Officer declaration.

The attached consolidated financial statements for Western Health and the consolidated entity 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.

In the opinion of the undersigned, 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<sup>th</sup> June 2023 and the financial position of Western Health and the consolidated entity as at 30<sup>th</sup> June 2023.

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

We authorise the attached consolidated financial statements for issue on September 1<sup>st</sup> 2023



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**Robyn Batten**  
Chair  
Melbourne

September 1<sup>st</sup> 2023



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**Russell Harrison**  
Chief Executive Officer  
Melbourne

September 1<sup>st</sup> 2023



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**Mark Lawrence**  
Chief Financial Officer  
Melbourne

September 1<sup>st</sup> 2023

# Independent Auditor's Report

## To the Board of Western Health

**Opinion** I have audited the consolidated financial report of Western Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:

- consolidated entity balance sheet as at 30 June 2023
- consolidated entity comprehensive operating statement for the year then ended
- consolidated entity statement of changes in equity for the year then ended
- consolidated entity cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief financial officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2023 and the consolidated entity's financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

---

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion.

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.

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Dominika Ryan

*as delegate for the Auditor-General of Victoria*

MELBOURNE  
21 September 2023

## Comprehensive Operating Statement

### Western Health Comprehensive Operating Statement For the Financial Year Ended 30<sup>th</sup> June 2023

	Note	Parent 2023 \$'000	Consolidated 2023 \$'000	Parent 2022 \$'000	Consolidated 2022 \$'000
<b>Revenue from transactions</b>					
Operating activities	2.1	1,573,228	1,574,970	1,412,170	1,414,514
Non-operating activities	2.1	6,416	6,449	872	876
<b>Total Revenue from transactions</b>		<b>1,579,644</b>	<b>1,581,419</b>	<b>1,413,042</b>	<b>1,415,390</b>
<b>Expenses from transactions</b>					
Employee	3.1	(1,099,534)	(1,100,604)	(1,031,131)	(1,032,078)
Supplies and consumables	3.1	(175,978)	(175,978)	(163,863)	(163,863)
Finance	3.1	(461)	(461)	(455)	(455)
Depreciation and amortisation	4.6	(66,349)	(66,359)	(85,995)	(86,221)
Other administrative	3.1	(102,650)	(102,797)	(65,704)	(65,704)
Other non-operating	3.1	(62,953)	(62,953)	(59,097)	(60,091)
<b>Total Expenses from transactions</b>		<b>(1,507,925)</b>	<b>(1,509,152)</b>	<b>(1,406,245)</b>	<b>(1,408,412)</b>
<b>Net Result from transactions</b>		<b>71,719</b>	<b>72,267</b>	<b>6,797</b>	<b>6,978</b>
<b>Other economic flows</b>					
Net gain/(loss) on sale of non-financial assets	3.2	65	65	(17)	(17)
Net gain/(loss) on financial instruments	3.2	(3,501)	(3,501)	(3,914)	(3,914)
Net gain/(loss) from other economic flows	3.2	(8,356)	(8,356)	3,918	3,918
<b>Total other economic flows</b>		<b>(11,792)</b>	<b>(11,792)</b>	<b>(13)</b>	<b>(13)</b>
<b>Net result for the year</b>		<b>59,927</b>	<b>60,475</b>	<b>6,784</b>	<b>6,965</b>
<b>Other economic flows – other comprehensive income</b>					
<b>Items that will not be reclassified to Net Result</b>					
Changes in property, plant & equipment revaluation surplus	4.4	76,565	76,565	16,778	16,778
<b>Total other comprehensive income</b>		<b>76,565</b>	<b>76,565</b>	<b>16,778</b>	<b>16,778</b>
<b>Comprehensive result for the year</b>		<b>136,492</b>	<b>137,040</b>	<b>23,562</b>	<b>23,743</b>

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

## Balance Sheet

### Western Health Balance Sheet As at 30<sup>th</sup> June 2023

	Note	Parent 2023 \$'000	Consolidated 2023 \$'000	Parent 2022 \$'000	Consolidated 2022 \$'000
<b>Current assets</b>					
Cash and cash equivalents	6.2	151,147	157,992	106,455	107,537
Receivables	5.1	13,235	13,278	10,399	10,586
Contract Assets	5.1(b)	1,739	1,739	3,355	3,355
Inventories	4.7	4,934	4,934	5,392	5,392
Investments and other financial assets	4.1	16,905	17,403	16,862	16,862
Prepaid expenses		7,651	7,715	5,494	5,666
<b>Total current assets</b>		<b>195,611</b>	<b>203,061</b>	<b>147,957</b>	<b>149,398</b>
<b>Non-current assets</b>					
Receivables	5.1	65,069	65,069	58,235	58,235
Property, plant & equipment	4.2(a)	1,216,275	1,216,286	1,046,607	1,047,415
Right of use assets	4.3(a)	8,866	8,866	7,849	7,938
Intangible assets	4.5(a)	-	44	27,086	27,117
<b>Total non-current assets</b>		<b>1,290,210</b>	<b>1,290,265</b>	<b>1,139,777</b>	<b>1,140,704</b>
<b>Total assets</b>		<b>1,485,821</b>	<b>1,493,326</b>	<b>1,287,734</b>	<b>1,290,103</b>
<b>Current liabilities</b>					
Payables	5.2	156,662	156,745	114,543	121,517
Contract liabilities	5.2(b)	24,813	24,840	29,999	23,999
Borrowings	6.1	4,123	4,123	3,072	3,072
Employee Benefits	3.3	235,594	235,635	210,631	210,663
Other liabilities	5.3	1,964	1,964	1,664	1,664
<b>Total Current Liabilities</b>		<b>423,156</b>	<b>423,306</b>	<b>359,909</b>	<b>360,915</b>
<b>Non-current liabilities</b>					
Borrowings	6.1	23,065	23,065	26,151	26,151
Employee Benefits	3.3	32,834	32,870	27,779	27,794
<b>Total non-current liabilities</b>		<b>55,899</b>	<b>55,935</b>	<b>53,930</b>	<b>53,945</b>
<b>Total liabilities</b>		<b>479,055</b>	<b>479,241</b>	<b>413,839</b>	<b>414,860</b>
<b>Net assets</b>		<b>1,006,767</b>	<b>1,014,085</b>	<b>873,895</b>	<b>875,243</b>
<b>Equity</b>					
Property, Plant & Equipment Revaluation Surplus	4.4	559,962	559,962	483,396	483,396
Restricted specific purpose reserve	SCE	7,471	7,471	6,739	6,739
Contributed capital	SCE	274,906	274,906	274,235	274,906
Accumulated surplus/(deficit)	SCE	164,428	171,746	109,525	110,202
<b>Total Equity</b>		<b>1,006,767</b>	<b>1,014,085</b>	<b>873,895</b>	<b>875,243</b>

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

## Cash Flow Statement

### Western Health Cash Flow Statement For the Financial Year Ended 30<sup>th</sup> June 2023

	Consolidated 2023	Consolidated 2022
Note	\$'000	\$'000
<b>Cash Flows from operating activities</b>		
Operating grants from the State Government	1,319,190	1,182,395
Operating grants from the Commonwealth Government	39,626	38,503
Capital grants from the State Government	138,907	84,768
Capital grants from the Commonwealth Government	-	6,272
Patient fees received	18,543	22,740
Private practice fees received	8,603	17,315
Donations and bequests received	1,998	1,789
GST received from ATO	(19,855)	(23,314)
Receipts from Pharmaceutical sales	914	766
Recouped from private practice for use of hospital facilities	156	206
Interest and investment income received	6,450	1,325
Car park income received	6,809	5,331
Other capital income received	74	185
Other receipts	45,579	37,453
<b>Total receipts</b>	<b>1,566,994</b>	<b>1,375,734</b>
Payments to employees	(979,643)	(909,514)
Payments to contractors and consultants	(115,855)	(96,015)
Payments for supplies and consumables	(167,501)	(160,473)
Payments for repairs and maintenance	(14,022)	(15,568)
Finance costs	(461)	(455)
Other payments	(112,814)	(87,362)
<b>Total payments</b>	<b>(1,390,296)</b>	<b>(1,269,387)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>8.1 176,698</b>	<b>106,347</b>
<b>Cash Flows from investing activities</b>		
Cash assumed on amalgamation	-	8,380
Proceeds from sale of non-financial assets	159	64
Purchase of non-financial assets	(124,612)	(80,554)
Proceeds from sale of financial assets	-	7,500
Purchase of financial assets	(100)	(400)
Capital donations and bequests received	347	14
<b>Net cash flows from/(used in) investing activities</b>	<b>(124,206)</b>	<b>(64,996)</b>
<b>Cash Flows from financing activities</b>		
Repayment of borrowings	(2,037)	(887)
Receipt of borrowings	-	870
<b>Net cash flows from/(used in) financing activities</b>	<b>(2,037)</b>	<b>(17)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>50,455</b>	<b>41,334</b>
	<b>107,537</b>	<b>66,203</b>
<b>Cash and cash equivalents at beginning of year</b>		
<b>Cash and cash equivalents at end of year</b>	<b>6.2 157,992</b>	<b>107,537</b>



## Statement of Changes in Equity

### Western Health Statement of Changes in Equity For the Financial Year Ended 30<sup>th</sup> June 2023

		Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated surpluses/ (deficits)	Total
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1<sup>st</sup> July 2021</b>		<b>466,618</b>	<b>5,696</b>	<b>203,291</b>	<b>104,280</b>	<b>779,885</b>
Net result for the year		-	-	-	6,965	6,965
Other comprehensive income for the year	4.2 (b)	16,778	-	-	-	16,778
Transfer from/(to) accumulated surpluses/deficits		-	1,043	-	(1,043)	-
Capital Contribution		-	-	71,615	-	71,615
<b>Balance at 30<sup>th</sup> June 2022</b>		<b>483,396</b>	<b>6,739</b>	<b>274,906</b>	<b>110,202</b>	<b>875,243</b>
Adjustment to opening balances		-	-	-	1,801	1,801
Net result for the year		-	-	-	60,475	60,475
Other comprehensive income for the year	4.2 (b)	76,565	-	-	-	76,565
Transfer from/(to) accumulated surpluses/deficits		-	732	-	(732)	-
<b>Balance at 30<sup>th</sup> June 2023</b>		<b>559,962</b>	<b>7,471</b>	<b>274,906</b>	<b>171,746</b>	<b>1,014,085</b>

		Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated surpluses/ (deficits)	Total
Parent	Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1<sup>st</sup> July 2021</b>		<b>466,618</b>	<b>5,696</b>	<b>203,291</b>	<b>103,784</b>	<b>779,389</b>
Net result for the year		-	-	-	6,784	6,784
Other comprehensive income for the year	4.2 (b)	16,778	-	-	-	16,778
Transfer from/(to) accumulated surpluses/deficits		-	1,043	-	(1,043)	-
Capital Contribution		-	-	70,944	-	70,944
<b>Balance at 30<sup>th</sup> June 2022</b>		<b>483,396</b>	<b>6,739</b>	<b>274,235</b>	<b>109,525</b>	<b>873,895</b>
Adjustment to opening balance		-	-	671	(4,292)	(3,621)
Net result for the year		-	-	-	59,927	59,927
Other comprehensive income for the year	4.2 (b)	76,565	-	-	-	76,565
Transfer to accumulated surpluses/deficits		-	732	-	(732)	-
<b>Balance at 30<sup>th</sup> June 2023</b>		<b>559,962</b>	<b>7,471</b>	<b>274,906</b>	<b>164,428</b>	<b>1,006,767</b>

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

## Note 1: Basis of Preparation

### Structure

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These financial statements present the audited general purpose financial statements for Western Health, (the "Health Service"), and its controlled entities for the year ended 30<sup>th</sup> June 2023. The report provides users with information about Western 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.

Western Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under 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 8.10 Economic Dependency).

The financial statements are presented 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 Western Health on September 1<sup>st</sup> 2023

### Note 1.2: Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22<sup>nd</sup> September 2022 ended on 12<sup>th</sup> October 2022 when it was allowed to lapse. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented.

**Note 1: Basis of Preparation** *continued*

Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

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

- Note 2: Funding for delivery of 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
NWAW	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WH	Western Health

**Note 1.4: Principles of consolidation**

The financial statements include the assets and liabilities of Western Health and its controlled entities as a whole as at the end of the financial year and the consolidated results and cash flows for the year.

Western Health controls the following entities:

- Western Health Foundation Limited
- Western Health Foundation Trust

Details of the controlled entities are set out in Note 8.7.

The transactions and balances of the parent entity are not disclosed separately in the notes to the financial statements.

An entity is considered to be a controlled entity where Western Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

Western Health consolidates the results of its controlled entities from the date on which Western Health gains control until the date Western Health ceases to have control. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Transactions between segments within Western Health have been eliminated to reflect Western Health's operations as a group.

**Note 1: Basis of Preparation** continued**Note 1.5: Joint arrangements**

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

Western Health has the following joint arrangements:

- Victorian Comprehensive Cancer Care Centre (VCCC) – as a joint operation

Details of the joint arrangements are set out in Note 8.8

**Note 1.6: 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 the best available current information and assume a reasonable expectation of future events. Actual results may differ.

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.2: Property, plant and equipment
- Note 4.3: Right-of-use assets
- Note 4.5: Intangible assets
- Note 4.6: Depreciation and amortisation
- Note 4.8: Impairment of assets
- Note 5.1: Receivables
- Note 5.1(b): Contract assets
- Note 5.2: Payables
- Note 5.2(b): Contract liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

**Note 1.7: 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 Western Health and their potential impact when adopted in future periods is outlined below:

**Note 1: Basis of Preparation** *continued*

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods beginning 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 beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

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

**Note 1.8: Goods and Services Tax (GST)**

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

Receivables and payables in the Balance Sheet are stated inclusive of the 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 and/or financing activities which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

**Note 1.9: Reporting entity**

The financial statements include all the controlled entities of Western Health. The entities are the Western Health Foundation Limited and the Western Health Foundation Trust Fund. The principal address is:

Footscray Hospital  
Gordon Street,  
Footscray, Victoria 3011

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

**Note 1: Basis of Preparation** continued**Note 1.10: Amalgamation and other administrative restructures****Amalgamation of Djerriwarrah Health Service (DjHS)**

On 1st July 2021, the services, staff and net assets of DjHS were transferred to Western Health as part of the amalgamation. The amalgamation was accounted for in accordance with the requirements of FRD 119 A Transfers Through Contributed Capital, whereby the net assets of DjHS were accounted for as a capital contribution to the Western Health. No income was recognised by Western Health in respect of the net asset transferred from DjHS. The net assets assumed by Western Health were recognised in the balance sheet in the financial year ending 2022, at the carrying amount of those assets in DjHS's balance sheet immediately before the transfer as outlined below.

**Financial Year Ending 2022**

<b>Net assets represented by:</b>	<b>\$'000</b>
Cash and cash equivalents	8,380
Receivables and contract assets	4,232
Inventories	334
Prepayments and other non-financial assets	237
Property, plant and equipment	71,960
Right of use assets	9,170
Intangible assets	650
Borrowings	(1,466)
Payables and contract liabilities	(7,146)
Provisions	(12,652)
Other liabilities	(2,084)
<b>Net assets recognised</b>	<b>71,615</b>

## Note 2: Funding for delivery of services

Western Health's overall objective is to provide health services, deliver programs and services that support and enhance the wellbeing of Victorians. Western Health is predominantly funded by accrual based grant funding for the provision of outputs. The Western Health also receives revenue for the supply of services.

### Structure

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### COVID-19

Revenue and income recognised to fund the delivery of services increased during the financial year and was partially attributable to the COVID-19 Coronavirus pandemic. The COVID-19 public health response during the year ended 30<sup>th</sup> June 2023 was scaled down. The costs were offset by additional funding provided under Victoria's COVID-19 Catch-Up Plan, which aims to address Victoria's COVID-19 case load and restore surgical capacity and activity.

Additional funding was also provided to:

- connect COVID-19 patients with the right level of care
- fund the acquisition of assets, to provide continued support for patients in recovery from COVID-19
- target outbreak management in high-risk aged care and health settings via local public health units and multidisciplinary mobile teams
- vaccinate Victorians against COVID-19.

### Key Judgements and Estimates

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

## Note 2: Funding for delivery of services *continued*

### Note 2.1: Revenue and income from transactions

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Operating Activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) – Operating	929,367	871,562
Government grants (Commonwealth) – Operating	39,626	38,503
Patient and resident fees	24,596	23,029
Private practice fees	8,881	17,644
Commercial activities <sup>(i)</sup>	21,019	13,370
<b>Total revenue from contracts with customers</b>	<b>1,023,489</b>	<b>964,108</b>
<b>Other sources of income</b>		
Government grants (State) – Operating	374,872	312,032
Government grants (State) – Capital	138,907	84,768
Government grants (Commonwealth) - Capital	-	6,271
Other capital purpose income	74	185
Capital donations	347	14
Assets received free of charge or for nominal consideration	6,200	15,749
Car park revenue	6,812	5,334
Salary and other recoveries	18,081	12,865
Research and sundry revenue	4,188	2,337
Other income from operating activities	2,001	10,851
<b>Total other sources of income</b>	<b>551,481</b>	<b>450,406</b>
<b>Total revenue and income from operating activities</b>	<b>1,574,970</b>	<b>1,414,514</b>
<b>Non-operating Activities</b>		
<b>Income from other Sources</b>		
Capital interest	19	7
Other interest	6,430	869
<b>Total other sources of income</b>	<b>6,449</b>	<b>876</b>
<b>Total income from non-operating activities</b>	<b>6,449</b>	<b>876</b>
<b>Total revenue and income from transactions</b>	<b>1,581,419</b>	<b>1,415,390</b>

(i) Commercial activities represent business activities which Western Health enters into to support its operations.

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

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Western Health disaggregates revenue by the timing of revenue recognition		
<b>Goods and services transferred to customers:</b>		
At a point in time	1,009,042	949,288
Over time	14,447	14,820
<b>Total revenue from contracts with customers</b>	<b>1,023,489</b>	<b>964,108</b>



## Note 2: Funding for delivery of services *continued*

### Government operating grants

To recognise revenue, Western 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, Western Health:

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

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

Where the contract is not enforceable and/or does not have sufficient specific performance obligations, Western Health:

- 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, that is the party that promises funding in exchange for Western Health's goods or services. Western Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is, when a patient is discharged.</p>

### Capital grants

Where Western 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.

## Note 2: Funding for delivery of services *continued*

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

### Patient and resident fees

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

### Private practice fees

Private practice fees relate to patient fees obtained from the Commonwealth for patient attendance in Medicare outpatient clinics. MBS outpatient clinics are considered private in nature as they do not form part of State grant funding. Private practice fees are recognised at the time the service is provided.

### Commercial activities

Revenue from commercial activities includes items such as car park revenue, clinical trial revenue, ethics review fees and training and seminar fees. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

### Interest Income

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

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

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Personal protective equipment	6,200	15,749
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>6,200</b>	<b>15,749</b>

### Donations and bequests

Donations and bequests are generally recognised as income upon receipt, (which is when Western Health usually obtained control of the asset), as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

### Personal protective equipment

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

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery and distributed an allocation of the products to Western 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.

## Note 2: Funding for delivery of services *continued*

### Contributions of resources

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

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

### Voluntary Services

Western Health receives volunteer services from members of the community. Western Health volunteers play an important and valued role in supporting patients and staff in many and varied activities across Western Health. Western Health recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased if they had not been donated. Western Health greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

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

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

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

## Note 3: The cost of delivering services

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

### Structure

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### COVID-19

Expenses incurred to deliver services increased during the financial year which was partly attributable to the COVID-19 Coronavirus pandemic. Specifically, additional costs were incurred to deliver additional services under Victoria's COVID Catch-Up Plan aimed at addressing Victoria's COVID-19 case load and restoring surgical capacity and activity.

This includes costs associated with:

- continued support for patients in recovery from COVID-19
- targeted outbreak management in high-risk aged care and health settings via local public health units and multidisciplinary mobile teams
- vaccination of Victorians against COVID-19.

Expenses incurred to deliver our services decreased during the financial year which was attributable to reduced activity due to the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

### Key judgements and estimates

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Western Health applies significant judgement when classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Western 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 Western 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>Western Health applies significant judgement when measuring its employee benefit liabilities.</p> <p>Western Health applies judgement to determine when it expects its employee entitlements to be paid.</p>

## Note 3: The cost of delivering services continued

With reference to historical data, if Western Health does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.

Expected future payments incorporate:

- an inflation rate of 4.35%, reflecting the future wage and salary levels
- durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 48% and 90%
- discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.

All other entitlements are measured at their nominal value.

### Note 3.1: Expenses from transactions

	Note	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Salaries and wages		849,883	778,542
On-costs		208,657	181,329
Agency		24,784	58,068
Fee for service medical officer		7,762	6,691
Workcover premium		9,518	7,447
<b>Total employee expenses</b>		<b>1,100,604</b>	<b>1,032,077</b>
Drug supplies		42,533	39,007
Medical and surgical supplies (including prostheses)		55,996	60,369
Diagnostic and radiology supplies		24,233	26,818
Other supplies and consumables		53,216	37,670
<b>Total supplies and consumables</b>		<b>175,978</b>	<b>163,864</b>
Finance costs		461	455
<b>Total finance costs</b>		<b>461</b>	<b>455</b>
Other administrative expenses		102,797	65,704
<b>Total other administrative expenses</b>		<b>102,797</b>	<b>65,704</b>
Energy and water		10,137	9,930
Repairs and maintenance		14,023	15,568
Maintenance contracts		17,403	17,289
Medical indemnity insurance		21,331	17,822
Expenditure for capital purposes		59	(518)
<b>Total other operating expenses</b>		<b>62,953</b>	<b>60,091</b>
<b>Total operating expenses</b>		<b>1,422,793</b>	<b>1,322,191</b>
Depreciation and amortisation	4.6	66,359	86,221
<b>Total depreciation and amortisation</b>		<b>66,359</b>	<b>86,221</b>
<b>Total expenses from transactions</b>		<b>1,509,152</b>	<b>1,408,412</b>

## Note 3: The cost of delivering services *continued*

### Expenses from transactions

#### Expense recognition

Expenses are recognised as they are incurred and are reported in the financial year to which they relate.

#### Employee expenses

Employee expenses include:

- salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- on-costs
- agency expenses
- fee for service medical officer expenses
- workcover premiums.

#### Supplies and consumables

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

#### Finance costs

Finance costs include:

- interest on short-term and long-term borrowings, (interest expense is recognised in the period in which it is incurred)
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings and
- finance charges in respect of finance leases which are recognised in accordance with AASB 16 *Leases*.

#### Other operating expenses

Other operating expenses represent day-to-day running costs incurred in normal operations and include:

- energy and water
- repairs and maintenance
- other administrative expenses
- expenditure for capital purposes (the purchase of assets that are below the capitalisation threshold).

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

#### Non-operating expenses

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

## Note 3: The cost of delivering services *continued*

### Note 3.2: Other economic flows

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Impairment of property plant and equipment (including intangible)</b>		
<b>Net gain/(loss) on revaluation of investment property</b>		
Net gain/(loss) on disposal of property, plant and equipment	65	(17)
<b>Total net gain/(loss) on non-financial assets</b>	<b>65</b>	<b>(17)</b>
Allowance for impairment losses on contractual receivables	(3,941)	(2,400)
Other gains/(losses) from other economic flows	440	(1,514)
<b>Total net loss on financial instruments</b>	<b>(3,501)</b>	<b>(3,914)</b>
Net gain/(loss) arising from revaluation of long service liability	(8,356)	3,918
<b>Total other gains from other economic flows</b>	<b>(8,356)</b>	<b>3,918</b>
<b>Total other gains/(losses) from economic flows</b>	<b>(11,792)</b>	<b>(13)</b>

### 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
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument, (this does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets).

## Note 3: The cost of delivering services *continued*

### Note 3.3: Employee benefits and related costs

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Current employee benefits and related on-costs</b>		
<i>Accrued Days Off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>(i)</sup>	2,780	2,283
	<b>2,780</b>	<b>2,283</b>
<i>Annual Leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>(i)</sup>	74,155	68,652
Unconditional and expected to be settled wholly after 12 months <sup>(ii)</sup>	11,707	11,094
	<b>85,862</b>	<b>79,746</b>
<i>Long Service Leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>(i)</sup>	13,615	12,669
Unconditional and expected to be settled wholly after 12 months <sup>(ii)</sup>	106,233	93,306
	<b>119,848</b>	<b>105,975</b>
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled wholly within 12 months <sup>(i)</sup>	11,050	9,322
Unconditional and expected to be settled wholly after 12 months <sup>(ii)</sup>	16,095	13,337
	<b>27,145</b>	<b>22,659</b>
<b>Total current employee benefits and related on-costs</b>	<b>235,635</b>	<b>210,663</b>
<b>Non-current employee benefits and related on-costs</b>		
Conditional long service leave	28,889	24,587
Provisions related to employee benefit on-costs	3,981	3,207
<b>Total non-current employee benefits and related on-costs</b>	<b>32,870</b>	<b>27,794</b>
<b>Total employee benefits and related on-cost</b>	<b>268,505</b>	<b>238,457</b>

Notes:

(i) The amounts disclosed are nominal amounts

(ii) The amounts disclosed are discounted to present values

### Note 3.3(a): Consolidated employee benefits and related on-costs

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Current employee benefits and related on-costs</b>		
Unconditional Accrued Days Off	2,780	2,283
Unconditional Annual Leave entitlements	96,648	88,876
Unconditional Long Service Leave entitlements	136,207	119,504
<b>Total current employee benefits and related on-costs</b>	<b>235,635</b>	<b>210,663</b>
<b>Non-current employee benefits including on-costs</b>		
Conditional Long Service Leave entitlements	32,870	27,794
<b>Total non-current employee benefits and related on-costs</b>	<b>32,870</b>	<b>27,794</b>
<b>Total employee benefits and related on-costs</b>	<b>268,505</b>	<b>238,457</b>
<b>Attributable to:</b>		
Employee benefits	237,378	212,591
Provision for related on-costs	31,126	25,866
<b>Total employee benefits and related on-costs</b>	<b>268,505</b>	<b>238,457</b>



## Note 3: The cost of delivering services continued

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

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Carrying amount at start of year</b>	25,866	<b>19,393</b>
Additional provisions recognised	16,767	15,585
Amounts incurred during the year	1,327	(8,686)
Net gain/(loss) arising from revaluation of long service liability	(12,834)	(426)
<b>Carrying amount at end of year</b>	<b>31,126</b>	<b>25,866</b>

### Recognition of employee benefits

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.

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

### Annual Leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as "current liabilities" because Western Health does not have an unconditional right to defer payment 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 Western Health expects to wholly settle within 12 months, or
- present value - if Western Health does not expect to wholly settle within 12 months.

### Long Service Leave (LSL)

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 Western 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. The unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- nominal value - if Western Health expects to wholly settle within 12 months, or
- present value - if Western Health does not expect to wholly settle within 12 months.

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

### Termination benefits

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

## Note 3: The cost of delivering services continued

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

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

#### Note 3.4: Superannuation

	Contributions Paid during the Year		Contribution Outstanding at Year End <sup>(i)</sup>	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Defined benefit plans<sup>(i)</sup>:</b>				
Aware Super	202	-	4	-
Hesta	-	-	-	-
Other Funds	-	238	-	4
<b>Defined contribution plans:</b>				
Aware Super	39,568	36,743	974	925
Hesta	29,700	23,458	634	487
Other Funds	18,174	13,210	501	420
<b>Total</b>	<b>87,644</b>	<b>73,649</b>	<b>2,113</b>	<b>1,836</b>

### Recognition of superannuation

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

#### Defined benefit superannuation plans

The defined benefit plans provide 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 Western Health to the superannuation plans in respect of the services of current Western Health 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.

Western Health does not recognise any unfunded defined benefit liability in respect of the plans because Western Health 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 of 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 Western Health.

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

#### Defined contribution superannuation plans

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

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

## Note 4: Key assets to support service delivery continued

### Note 4: Key assets to support service delivery

Western 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 Western Health to be utilised for delivery of those outputs.

#### Structure

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### COVID-19

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

#### Key judgements and estimates

This section contains the following key judgements and estimates:

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

**Note 4: Key assets to support service delivery** continued

Key judgements and estimates	Description
Identifying indicators of impairment	<p>At the end of each year, Western Health assesses impairment by evaluating the conditions and events specific to Western Health that may be indicative of impairment triggers. Where an indication exists, Western Health tests the asset for impairment.</p> <p>Western Health considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>• If an asset's value has declined more than expected based on normal use</li> <li>• If a significant change in technological, market, economic or legal environment which adversely impacts the way Western Health 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</li> <li>• If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, Western Health applies significant judgement and estimates to determine the recoverable amount of the asset.</p>

**Note 4.1: Investments and other financial assets**

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current</b>								
<b>Current financial assets at fair value through net result</b>								
Term deposit > 3 months	-	-	-	-	500	400	500	400
Managed investment funds	-	-	-	-	16,903	16,462	16,903	16,462
<b>Total current financial assets</b>	-	-	-	-	17,403	16,862	17,403	16,862
<b>Total Investments and other financial assets</b>								
<b>Represented by:</b>								
Health service investments	-	-	-	-	16,903	16,462	16,903	16,462
Jointly controlled operations investments	-	-	-	-	500	400	500	400
<b>Total investments and other financial assets</b>	-	-	-	-	17,403	16,862	17,403	16,862

**Recognition of investments and other financial assets**

Western Health's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

Western Health manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments held by the Western Health Foundation do not fall in the scope of the Standing Directions as they are not public entity funds, (i.e. not controlled by the government). However, such investments are consolidated into Western Health's financial statements as Western Health has control of the Western Health Foundation. Refer to Note 8.7 for further information.

**Note 4: Key assets to support service delivery** *continued*

Investments are recognised when Western Health enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

Western Health classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

**Note 4.2: Property, plant and equipment****Note 4.2(a): Gross carrying amount and accumulated depreciation**

	<b>Consolidated 2023 \$'000</b>	<b>Consolidated 2022 \$'000</b>
Land at fair value - Crown	177,746	177,746
<b>Total land at fair value</b>	<b>177,746</b>	<b>177,746</b>
Buildings at fair value	911,150	833,321
less accumulated depreciation	(195,145)	(145,334)
<b>Total buildings at fair value</b>	<b>716,004</b>	<b>687,987</b>
Buildings under construction at cost	252,340	119,428
<b>Total works in progress at cost</b>	<b>252,340</b>	<b>119,428</b>
<b>Total land and buildings</b>	<b>1,146,091</b>	<b>985,161</b>
Plant and equipment at fair value	35,906	32,489
less accumulated depreciation	(28,576)	(26,474)
<b>Total plant and equipment at fair value</b>	<b>7,330</b>	<b>6,015</b>
Equipment works in progress at fair value	17,531	13,480
<b>Total plant and equipment at fair value</b>	<b>17,531</b>	<b>13,480</b>
Motor vehicles at fair value	592	592
less accumulated depreciation	(592)	(576)
<b>Total motor vehicles at fair value</b>	<b>-</b>	<b>16</b>
Medical equipment at fair value	157,777	144,799
less accumulated depreciation	(119,037)	(110,078)
<b>Total medical equipment at fair value</b>	<b>38,740</b>	<b>34,721</b>
Non-Medical equipment at fair value	14,925	14,467
less accumulated depreciation	(11,752)	(11,126)
<b>Total non-medical equipment at fair value</b>	<b>3,174</b>	<b>3,341</b>
Computer equipment at fair value	42,679	41,594
less accumulated depreciation	(40,942)	(38,949)
<b>Total computer equipment</b>	<b>1,737</b>	<b>2,645</b>
Furniture and fittings at fair value	11,475	11,379
less accumulated depreciation	(9,790)	(9,343)
<b>Total furniture and fittings at fair value</b>	<b>1,685</b>	<b>2,036</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>70,196</b>	<b>62,254</b>
<b>Total property, plant and equipment</b>	<b>1,216,286</b>	<b>1,047,415</b>

**Note 4: Key assets to support service delivery** *continued***Note 4.2(b): Reconciliations of the Carrying Amounts of Each Class of Asset**

Consolidated	Note	Land \$'000	Buildings \$'000	Buildings Under Construction \$'000	Plant \$'000	Equipment WIP \$'000	Motor vehicles \$'000	Medical equipment \$'000	Non- medical equipment \$'000	Computer equipment \$'000	Furniture and fittings \$'000	Total \$'000
<b>Balance at 1<sup>st</sup> July 2021</b>		<b>156,202</b>	<b>666,304</b>	<b>56,969</b>	<b>7,585</b>	<b>12,435</b>	-	<b>34,059</b>	<b>2,377</b>	<b>6,191</b>	<b>1,289</b>	<b>943,411</b>
Additions		-	-	49,175	18	32,637	-	8	90	30	27	<b>81,985</b>
Disposals		-	-	-	-	-	-	(43)	-	-	-	<b>(43)</b>
Additions due to amalgamation/ administrative restructure	<b>1.10</b>	4,766	61,061	-	981	-	39	2,554	729	772	934	<b>71,826</b>
Revaluation increments/ (decrements)	<b>4.4</b>	16,778	-	-	-	-	-	-	-	-	-	<b>16,778</b>
Net transfers between classes		-	9,743	13,284	(669)	(31,592)	-	6,379	937	1,668	250	-
Depreciation and amortisation	<b>4.6</b>	-	(49,121)	-	(1,900)	-	(23)	(8,236)	(792)	(6,016)	(464)	<b>(66,552)</b>
<b>Balance at 30<sup>th</sup> June 2022</b>		<b>177,746</b>	<b>687,987</b>	<b>119,428</b>	<b>6,015</b>	<b>13,480</b>	<b>16</b>	<b>34,721</b>	<b>3,341</b>	<b>2645</b>	<b>2,036</b>	<b>1,047,415</b>
Additions		-	1,263	132,912	3,417	4,050	-	13,042	481	327	96	<b>155,589</b>
Other adjustments		-	-	-	-	-	-	(74)	(20)	759	-	<b>665</b>
Revaluation increments/ (decrements)	<b>4.4</b>	-	76,565	-	-	-	-	-	-	-	-	<b>76,565</b>
Depreciation and amortisation	<b>4.6</b>	-	(49,811)	-	(2,102)	-	(16)	(8,949)	(628)	(1,994)	(447)	<b>(63,947)</b>
<b>Balance at 30<sup>th</sup> June 2023</b>		<b>177,746</b>	<b>716,004</b>	<b>252,340</b>	<b>7,330</b>	<b>17,531</b>	<b>-</b>	<b>38,740</b>	<b>3,174</b>	<b>1,737</b>	<b>1,685</b>	<b>1,216,286</b>

## Note 4: Key assets to support service delivery continued

### Recognition of property, plant and equipment (PP&E)

PP&E are tangible items that are used by Western 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 after 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 the fair value measurement is disclosed in Note 7.4.

#### Revaluation

Fair value is based on periodic valuation by independent valuers, which normally occurs 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, Western Health performs a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation by using indices of increase or decrease that are provided to all state government bodies by the Valuer-General of Victoria.

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%, Western Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Western Health's property, plant and equipment was performed by the VGV on 30th June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment performed at 30th June 2023 which indicated an overall:

- decrease in fair value of land of (5.31%), (\$10M)
- increase in fair value of buildings of 12.21%, \$76.5M.

As the cumulative movement was less than 10% for land since the last revaluation a managerial revaluation adjustment was not required at 30<sup>th</sup> June 2023.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation

## Note 4: Key assets to support service delivery *continued*

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 property, plant and equipment revaluation surplus, 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 property, plant and equipment revaluation surplus 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 4.3: Right-of-use assets

#### Note 4.3(a): Gross carrying amount and accumulated depreciation

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Right-of-use concessionary land at fair value	11,348	11,348
Less accumulated depreciation	(7,196)	(8,373)
<b>Total right of use land at fair value</b>	<b>4,152</b>	<b>2,975</b>
Right-of-use buildings at fair value	3,816	3,488
less accumulated depreciation	(1,724)	(921)
<b>Total right of use buildings at fair value</b>	<b>2,092</b>	<b>2,567</b>
<b>Total right of use concessionary land and buildings</b>	<b>6,244</b>	<b>5,542</b>
Right-of-use plant, equipment, furniture, fittings and vehicles at fair value	4,697	4,136
less accumulated depreciation	(2,075)	(1,740)
<b>Total right of use plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>2,622</b>	<b>2,396</b>
<b>Total right of use assets</b>	<b>8,866</b>	<b>7,938</b>

#### Note 4.3(b): Reconciliations of carrying amount by class of asset

Consolidated	Note	Right-of-use Concessionary Land \$'000	Right-of-use Buildings \$'000	Right-of-use PE, FF&V \$'000	Total \$'000
<b>Balance at 1<sup>st</sup> July 2021</b>		<b>3,619</b>	<b>48</b>	<b>1,930</b>	<b>5,597</b>
Additions		-	1,874	55	1,929
Additions due to amalgamation/administrative restructure	1.10	7,729	1,062	379	9,170
Revaluation increments		-	-	-	-
Net transfers between classes		-	20	914	934
Depreciation	4.6	(8,373)	(437)	(882)	(9,692)
<b>Balance at 30<sup>th</sup> June 2022</b>		<b>2,975</b>	<b>2,567</b>	<b>2,396</b>	<b>7,938</b>
Additions		-	346	1,440	1,786
Disposals		-	-	(89)	(89)
Revaluation increments		-	-	-	-
Depreciation -Write back <sup>(i)</sup>		1,636	-	-	1,636
Depreciation	4.6	(459)	(823)	(1,123)	(2,405)
<b>Balance at 30<sup>th</sup> June 2023</b>		<b>4,152</b>	<b>2,090</b>	<b>2,624</b>	<b>8,866</b>

(i) – via accumulated surplus



## Note 4: Key assets to support service delivery *continued*

### Recognition of right-of-use assets

Where Western Health enters a contract, which provides Western Health 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. Western Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by Western Health. Right-of-use assets and their respective lease terms include:

Class of Right-of-use asset	Lease terms
Leased land	50 years
Leased buildings	3 years
Leased plant, equipment, furniture, fittings and vehicles	1 to 3 years

### Initial Recognition

When a contract is entered into, Western 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
- an estimate of the cost 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.

Western Health's finance lease agreements contain purchase options which Western Health is reasonably certain to exercise at the completion of the lease.

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

### Subsequent Measurement

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

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

## Note 4: Key assets to support service delivery *continued*

### Note 4.4: Revaluation surplus

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Balance at the beginning of the reporting period	483,396	466,618
<b>Revaluation increment</b>		
- Land		16,778
- Building	76,565	
<b>Balance at the end of the Reporting Period</b>	<b>559,962</b>	<b>483,396</b>
<b>* Represented by:</b>		
- Land	159,390	159,390
- Buildings	399,953	323,387
- Right-of-use concessionary land	618	619
	<b>559,961</b>	<b>483,396</b>

### Note 4.5: Intangible assets

#### Note 4.5(a): Gross carrying amount and accumulated amortisation

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Intangible Produced Assets - Software	55	60,330
plus Intangibles (work in progress)	-	24,092
less Accumulated Amortisation	(11)	(57,305)
<b>Total Intangible Assets</b>	<b>44</b>	<b>27,117</b>

#### Note 4.5(b): Reconciliation of carrying amount by class of asset

	Software \$'000	Total \$'000
<b>Balance at 1<sup>st</sup> July 2021</b>	<b>24,903</b>	<b>24,903</b>
Additions due to amalgamation	650	650
Additions	280	280
Work in Progress <sup>(i)</sup>	11,261	11,261
Amortisation	(9,977)	(9,977)
<b>Balance at 1<sup>st</sup> July 2022</b>	<b>27,117</b>	<b>27,117</b>
Additions	7,126	7,126
Written off via profit or loss	(34,194)	(34,194)
Amortisation	(5)	(5)
<b>Balance at 30<sup>th</sup> June 2023</b>	<b>44</b>	<b>44</b>

### Recognition of intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Western Health's intangible assets were entirely software based assets created through projects that involved considerable design, testing and implementation costs in addition to the acquisition of, or the right to use, the software. Western Health has decided that such software based assets should no longer be treated as an intangible asset but instead the costs will be expensed as they are incurred.

As this change in policy occurred during the 2022/23 year a large write down occurred as shown in the numbers above. The remaining cost is solely due to Western Health's share of Intangible assets held within the VCCC.

### Subsequent Measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

## Note 4: Key assets to support service delivery *continued*

### Note 4.6: Depreciation and amortisation

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Depreciation</b>		
<b>Property, plant and equipment</b>		
Buildings	49,811	49,121
Plant and equipment	2,102	1,900
Motor vehicles	16	23
Medical equipment	8,949	8,236
Non-Medical Equipment	628	792
Computer equipment	1,994	6,016
Furniture and fittings	447	464
<b>Total depreciation – property, plant and equipment</b>	<b>63,947</b>	<b>66,552</b>
<b>Right of use assets (leases)</b>		
- Right of use land	459	8,373
- Right of use buildings	823	437
- Right of use plant, equipment, furniture, fittings and vehicles	1,125	882
<b>Total depreciation – right-of-use assets</b>	<b>2,407</b>	<b>9,692</b>
<b>Amortisation</b>		
Software	5	9,977
<b>Total amortisation</b>	<b>5</b>	<b>9,977</b>
<b>Total depreciation and amortisation</b>	<b>66,359</b>	<b>86,221</b>

### Recognition of depreciation

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

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

### Recognition of amortisation

Amortisation is the systematic allocation of the value of an asset over its useful life. The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

	2023	2022
Buildings		
Structure shell building fabric	40-52 years	40-52 years
- Site engineering services and central plant	23-40years	23-40years
Central plant		
- Fit out	15-40 years	15-40 years
- Trunk reticulated building system	21-40 years	21-40 years
Plant and equipment	10 years	10 years
Medical equipment	5-10 years	5-10 years
Computers and Communication	3 years	3 years
Non-medical equipment	10 years	10 years
Furniture and Fittings	10 years	10 years
Motor Vehicles	4 years	4 years
Intangible assets	3 years	3 years

## Note 4: Key assets to support service delivery *continued*

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 4.7: Inventories

Medical and surgical consumables at cost  
Pharmacy supplies at cost  
**Total inventories**

	<b>Consolidated 2023 \$'000</b>	<b>Consolidated 2022 \$'000</b>
	1,524	2,535
	3,409	2,857
	<b>4,934</b>	<b>5,392</b>

### Recognition of 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. It excludes depreciable assets.

Inventories are measured at the lower of cost and net realisable value.

### Note 4.8: Impairment of assets

#### Recognition of impairment

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

Western Health did not record any impairment losses for the year ended 30<sup>th</sup> June 2023.

## Note 5: Other assets and liabilities

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

### Structure

Note 5.1:	Receivables and contract assets .....	39
Note 5.2:	Payables and contract liabilities.....	41
Note 5.3:	Other liabilities .....	42

### COVID-19

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

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key Judgements and estimates	Description
Measuring deferred capital grant income	<p>Where Western 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.</p> <p>Western Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	<p>Western 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, Western Health assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.</p>

## Note 5: Other assets and liabilities *continued*

### Note 5.1: Receivables and contract assets

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Current Receivables</b>		
<b>Contractual</b>		
Inter hospital debtors	660	767
Trade receivables	3,065	4,063
Patient fees	7,973	6,752
Allowance for impairment losses	(5,301)	(4,227)
Amounts receivable from government and agencies	4,829	-
<b>Total contractual receivables</b>	<b>11,226</b>	<b>7,355</b>
<b>Statutory</b>		
GST receivable	1,706	3,187
Accrued Revenue Department of Health	346	44
<b>Total statutory receivables</b>	<b>2,052</b>	<b>3,231</b>
<b>Total current receivables</b>	<b>13,278</b>	<b>10,586</b>
<b>Non-current receivables</b>		
<b>Contractual</b>		
Long Service Leave - Department of Health	65,069	58,235
<b>Total contractual receivables</b>	<b>65,069</b>	<b>58,235</b>
<b>Total non-current receivables</b>	<b>65,069</b>	<b>58,235</b>
<b>Total receivables</b>	<b>78,347</b>	<b>68,821</b>
<b>(iii) Financial assets classified as receivables (Note 7.1(a)).</b>		
Total receivables and contract assets	78,347	68,821
Allowance for Impairment Losses	5,301	4,227
GST Receivable	(1,706)	(3,187)
Accrued Revenue – Department of Health	(346)	(44)
Long Service Leave – Department of Health	(65,069)	(58,235)
<b>Total financial assets</b>	<b>16,527</b>	<b>11,582</b>

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

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Balance at beginning of year</b>	<b>4,227</b>	<b>3,703</b>
Increase in allowance	5,015	2,370
Amounts written off during the year	(3,941)	(1,876)
Amount assumed on amalgamation	-	30
<b>Balance at the end of year</b>	<b>5,301</b>	<b>4,227</b>

### Recognition of 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. Western Health holds the contractual

## Note 5: Other assets and liabilities *continued*

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**, includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Western Health applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

In assessing impairment of statutory, (non-contractual), financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages, and other computational methods in accordance with AASB 136: *Impairment of Assets*. Refer to note 7.2(a) for Western Health's contractual impairment losses.

### Note 5.1(b): Contract assets

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Balance at beginning of the year</b>	3,355	3,267
Add: additional costs incurred that are recoverable from the customer	1,739	3,355
Less: transfer to trade receivable or cash at bank	(3,355)	(3,267)
<b>Total contract assets</b>	<b>1,739</b>	<b>3,355</b>
<b>Represented by:</b>		
Current assets	1,739	3,355
Non-current contract assets	-	-
	<b>1,739</b>	<b>3,355</b>

### Recognition of contract assets

Contract assets relate to Western Health's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered during the next financial year.

## Note 5: Other assets and liabilities *continued*

### Note 5.2: Payables and contract liabilities

	Note	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Current payables and contract liabilities</b>			
<b>Contractual</b>			
Trade creditors		17,710	15,181
Accrued salaries and wages		27,120	28,320
Accrued expenses		36,074	31,260
Deferred capital grant income	5.2 (a)	22,013	14,863
Salary Packaging		2,333	2,329
Superannuation		2,046	1,732
Amounts (receivable)/payable to governments and agencies		(5,606)	511
Other		390	634
<b>Total contractual payables</b>		<b>102,080</b>	<b>94,830</b>
<b>Statutory</b>			
Repayable grants – Department of Health		54,665	26,687
<b>Total statutory payables</b>		<b>54,665</b>	<b>26,687</b>
<b>Total current payables</b>		<b>156,745</b>	<b>121,517</b>
<b>Total payables</b>		<b>156,745</b>	<b>121,517</b>
<b>(i) Financial liabilities classified as payables (Note 7.1(a))</b>			
Total payables		156,745	121,517
Deferred capital grant income		(22,013)	(14,863)
Repayable grants - Department of Health		(54,665)	(26,687)
Deposits		(390)	(634)
<b>Total financial liabilities classified as payables</b>	7.1(a)	<b>79,677</b>	<b>79,333</b>

### Recognition of payables

Payables consist of:

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

**Statutory payables**, comprise 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 is Net 60 days.

### Note 5.2(a): Deferred capital grant income

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Opening balance of deferred capital grant income</b>	<b>14,863</b>	<b>17,781</b>
Grant consideration for capital works received during the year	83,183	41,917
Deferred grant revenue recognised as revenue due to completion of capital works	(76,033)	(44,835)
<b>Closing balance of deferred capital grant income</b>	<b>22,013</b>	<b>14,863</b>



## Note 5: Other assets and liabilities *continued*

### How do we recognise deferred capital grant Income

Grant consideration was received during the financial year for the Linear Accelerator Program. Western Health receives grant revenue each year over the useful life of the linear accelerator, being ten years. This grant consideration is deferred each year until the program has expired. At the expiration of the program, grant revenue is recognised in its tenth and final year at which Western Health will acquire new linear accelerators which will be subject to the grant deferment and recognition as previously outlined.

#### Note 5.2(b): Contract Liabilities

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Opening balance of contract liabilities</b>	<b>23,999</b>	<b>23,519</b>
Assumed on amalgamation	-	2,992
Grant consideration for sufficiently specific performance obligations received during the year	1,276,398	1,186,902
Revenue recognised for the completion of a performance obligation	(1,275,557)	(1,189,414)
<b>Total contract liabilities</b>	<b>24,840</b>	<b>23,999</b>

### Maturity Analysis of Payables

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

#### Note 5.3: Other liabilities

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Current monies held in trust</b>		
Patient monies	-	-
Refundable accommodation deposits assumed on amalgamation	1,964	1,664
<b>Total current monies held in trust</b>	<b>1,964</b>	<b>1,664</b>
<b>Total other liabilities</b>	<b>1,964</b>	<b>1,664</b>
<b>*Represented by:</b>		
-cash assets	6.2 1,964	1,664
	<b>1,964</b>	<b>1,664</b>

### Recognition of other liabilities

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

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

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

## Note 6: Financing

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

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

### Structure

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Note 6.4:	Non-cash financing and investing activities .....	48

### COVID-19

Finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic nor by scaling down the COVID-19 public health response during the year ended 30<sup>th</sup> June 2023.

### Key judgements and estimates

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Western Health applies judgement to determine if a contract is, or contains, a lease by considering if Western Health:</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, and</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>Western Health applies judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>Western Health estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, Western Health applies the low-value lease exemption.</p> <p>Western Health also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months Western Health applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Western 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 Western Health's lease arrangements, Western Health uses its incremental borrowing rate, which is the amount Western Health 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> <p>For leased land and buildings, Western Health estimates the incremental borrowing rate to be between 1.56% and 4.57%.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 2.12% and 4.75%.</p>

## Note 6: Financing *continued*

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 Western Health is reasonably certain to exercise such options.</p> <p>Western 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), Western Health 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, Western Health is typically reasonably certain to extend (or not terminate) the lease</li> <li>▪ Western Health considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>
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### Note 6.1: Borrowings

	Note	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Current Borrowings</b>			
TCV loan (i)		937	921
Lease liability (ii)	6.1(a)	2,386	1,352
Advances from Government <sup>(iii)</sup>		-	799
Other financial liabilities		799	-
<b>Total Current Borrowings</b>		<b>4,123</b>	<b>3,072</b>
<b>Non-Current Borrowings</b>			
TCV loan (i)		16,160	17,079
Lease liability (ii)	6.1(a)	2,685	3,656
DH loan <sup>(iii)</sup>		4,220	5,416
<b>Total Non-Current Borrowings</b>		<b>23,065</b>	<b>26,151</b>
<b>Total Borrowings</b>		<b>27,188</b>	<b>29,223</b>

(i) This is an unsecured loan with the Treasury Corporation of Victoria and has an annualised weighted average interest rate of 1.805%. The loan finances the Sunshine Hospital multi-deck car park. The approved loan limit is \$20.4M.

(ii) Secured by the motor vehicle assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of a default.

(iii) Department of Health loan in relation to the Regional Kitchen Pty Ltd acquisition in August 2020.

### Recognition of Borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria and other funds raised through lease liabilities and other interest-bearing arrangements.

#### Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

#### Subsequent measurement

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

## Note 6: Financing continued

### Maturity Analysis of Borrowings

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

### Defaults and Breaches

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

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

Western Health's lease liabilities are summarised below:

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Total undiscounted lease liabilities	5,233	5,196
less unexpired finance expenses	(163)	(189)
<b>Net lease liabilities</b>	<b>5,070</b>	<b>5,007</b>

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

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Not longer than one year	2,483	2,127
Later than one year and not longer than five years	2,750	3,069
Longer than five years	-	-
<b>Minimum future lease liability</b>	<b>5,233</b>	<b>5,196</b>
Less unexpired finance expenses	(163)	(189)
<b>Present value of lease liability*</b>	<b>5,070</b>	<b>5,007</b>
<b>Represented by:</b>		
Current liabilities	2,385	1,352
Non-current liabilities	2,685	3,656

### Recognition of Lease Liabilities

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

To apply this definition, Western 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 Western Health and for which the supplier does not have substantive substitution rights
- Western 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 Western Health has the right to direct the use of the identified asset throughout the period of use
- Western Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Western Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased land	50 years
Leased buildings	3 years
Leased plant, equipment, furniture, fittings and vehicles	1 to 3 years

## Note 6: Financing 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 asset 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	Vic Fleet motor vehicles and medical equipment
Short-term lease payments	Leases with a term less than 12 months	Vaccination hubs, COVID testing sites and Local Public Health Unit sites

### Separation of lease and non-lease components

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

### Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Western Health's incremental borrowing rate. The lease liability has been discounted by rates of between 2.38% and 3.34%.

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

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

### Subsequent measurement

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

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

### Leases with significantly below market terms and conditions

Western Health holds some lease arrangements which contain significantly below-market terms and conditions, which are principally to enable Western Health to further its objectives. These are commonly referred to as peppercorn or concessionary lease arrangements.

The nature and terms of such lease arrangements, including Western Health's dependency on such leases arrangements is described below:

## Note 6: Financing *continued*

Description of leased asset	Dependence on lease	Nature and terms of lease
Land – 7 Macedon St, Sunbury (Sunbury Day Hospital)	The leased land is used to support day hospital service delivery.  Western Health's dependence on this lease is considered, high due to the specialised nature of the building on this land.	Lease payments of \$12 are required per annum  The lease commenced in 2009 and has a lease term of 50 years.
Land – 198 to 209 Barries Rd, Melton (Melton Super Clinic)	The leased land is used to support day hospital service delivery.  Western Health's dependence on this lease is considered, high due to the specialised nature of the building on this land.	Lease payments of \$104 per annum.  The lease commenced in 2007 and has a lease term of 20 years.

### Note 6.2: Cash and cash equivalents

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Note		
Cash on Hand (excluding monies held in trust)	15	15
Cash at Bank (excluding monies held in trust)	156,013	105,858
<b>Total cash held for operations</b>	<b>156,028</b>	<b>105,873</b>
Cash at bank – CBS (monies held in trust)	1,964	1,664
<b>Total cash held as monies in trust</b>	<b>1,964</b>	<b>1,664</b>
<b>Total cash and cash equivalents</b>	<b>157,992</b>	<b>107,537</b>

### Cash and Cash Equivalents

Cash and cash equivalents recognised in 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 and are subject to insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash assets includes cash on hand, at bank and short-term deposits.

## Note 6: Financing continued

### Note 6.3: Commitments for expenditure

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Capital expenditure commitments</b>		
less than one year	35,859	45,288
Longer than one year but not longer than five years	3,058	23
Five years or more	-	-
<b>Total capital expenditure commitments</b>	<b>38,917</b>	<b>45,311</b>
<b>Operating expenditure commitments</b>		
less than one year	67,400	62,637
Longer than one year but not longer than five years	42,652	64,747
Five years or more	232	16
<b>Total operating expenditure commitments</b>	<b>110,283</b>	<b>127,400</b>
<b>Non-cancellable short term and low value lease commitments</b>		
less than one year	-	83
Longer than one year but not longer than five years	-	-
Five years or more	-	-
<b>Total non-cancellable short term and low value lease commitments</b>	<b>-</b>	<b>83</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>149,201</b>	<b>172,794</b>
less: GST recoverable from the Australian Tax Office	(13,564)	(15,709)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>135,637</b>	<b>157,085</b>

### Commitments

Commitments relate to expenditure and short term and low value leases.

#### Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. 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 individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

#### Short term and low value leases

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

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

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Assumption of liabilities</b>		
Acquisition of plant and equipment by means of leases	2,889	3,107
Other – motor vehicles	2,181	1,900
<b>Total non-cash financing and investing activities</b>	<b>5,070</b>	<b>5,007</b>

## Note 7: Risks, contingencies and valuation uncertainties

Western Health is exposed to some 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 the 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 Western Health is related mainly to fair value determination.

### Structure

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Note 7.3:	Contingent assets and contingent liabilities .....	56
Note 7.4:	Fair value determination .....	57

### Key judgements and estimates

Key judgements and estimates	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, Western Health has assumed the current use is its highest and best use. Accordingly, characteristics of Western Health's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Western 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 Western Health's specialised land, non-specialised land, non-specialised buildings and investment properties 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 Western 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. Western Health does not this use approach to measure fair value.</li> </ul> <p>Western Health selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, Western Health 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 Western Health can access at measurement date. Western Health does not categorise any fair values within this level.</li> </ul>



## Note 7: Risks, contingencies and valuation uncertainties *continued*

	<ul style="list-style-type: none"> <li>Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Western Health categorises non-specialised land and right-of-use concessionary land in this level.</li> <li>Level 3, where inputs are unobservable. Western Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.</li> </ul>
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### 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 Western 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	Financial Assets at Fair Value Through Net Result	Financial Liabilities at Amortised Cost	Total
		\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
<b>30<sup>th</sup> June 2023</b>					
		<b>Note</b>			
<b>Contractual Financial Assets</b>					
Cash and cash equivalents	6.2	157,992	-	-	157,992
Receivables and contract assets	5.1	16,527	-	-	16,527
Investments and other financial assets	4.1	-	17,403	-	17,403
<b>Total Financial Assets</b>		<b>174,519</b>	<b>17,403</b>	<b>-</b>	<b>191,922</b>
<b>Financial Liabilities</b>					
Payables	5.2	-	-	79,677	79,677
Borrowings	6.1	-	-	27,188	27,188
Other Financial Liabilities – Refundable Accomodation	5.3	-	-	1,964	1,964
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>108,829</b>	<b>108,829</b>
<b>Consolidated</b>					
<b>30<sup>th</sup> June 2022</b>					
		<b>Note</b>			
<b>Contractual Financial Assets</b>					
Cash and cash equivalents	6.2	107,537	-	-	107,537
Receivables and contract assets	5.1	11,582	-	-	11,582
Investments and other financial assets (VFMC and VCCC)	4.1	-	16,862	-	16,862
<b>Total Financial Assets</b>		<b>119,119</b>	<b>16,862</b>	<b>-</b>	<b>135,981</b>
<b>Financial Liabilities</b>					
Payables	5.2	-	-	79,333	79,333
Borrowings	6.1	-	-	29,223	29,223
Other Financial Liabilities – Refundable Accomodation	5.3	-	-	1,664	1,664
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>110,220</b>	<b>110,220</b>

## Note 7: Risks, contingencies and valuation uncertainties *continued*

### Categories of financial assets

Financial assets are recognised when Western Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Western 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 Western Health to collect contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Western Health recognises the following assets in this category:

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

### Financial assets at fair value through net result

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

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

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

Changes to Financial Assets valued at Fair Value are shown in Other Economic Flows, which is reported in the Net Result.

The financial assets valued at fair value for Western Health is the investment in the VFMC.

### Categories of financial liabilities

Financial liabilities are recognised when Western 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

## Note 7: Risks, contingencies and valuation uncertainties *continued*

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.

Western Health recognises the following liabilities in this category:

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

### Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired or
- Western Health retained 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
- Western 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 Western Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Western 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 amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Western 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, Western Health's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

## Note 7: Risks, contingencies and valuation uncertainties *continued*

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.

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

Western 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. Western Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Western Health. Credit risk is measured at fair value and is monitored on a regular basis.

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

In addition, Western 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, Western 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 Western 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 Western Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There was no material change to Western Health's credit risk profile in 2022-23.

### Impairment of financial assets under AASB 9

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

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

Credit loss allowance is classified as other economic flows in the net result.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

## Note 7: Risks, contingencies and valuation uncertainties *continued*

### Contractual receivables at amortised cost

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

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

30 <sup>th</sup> June 2023	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
<b>Expected loss rate</b>		0.1%	0.3%	53.7%	100%	0.0%	
Gross carrying amount of contractual receivables	5.1	7,389	4,559	2,245	4,073	-	<b>18,266</b>
<b>Loss allowance</b>		<b>9</b>	<b>14</b>	<b>1,205</b>	<b>4,073</b>	<b>-</b>	<b>5,301</b>

30 <sup>th</sup> June 2022	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
<b>Expected loss rate</b>		2.8%	21.7%	59.8%	91.1%	100%	
Gross carrying amount of contractual receivables	5.1	8,801	1,472	2,009	2,190	465	<b>14,937</b>
<b>Loss allowance</b>		<b>(246)</b>	<b>(320)</b>	<b>(1,021)</b>	<b>(1,995)</b>	<b>(465)</b>	<b>(4,227)</b>

### Statutory receivables at amortised cost

Western 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 counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

### Note 7.2(b): Liquidity risk

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

Western Health is exposed to liquidity risk mainly through the financial liabilities as disclosed on the face of the balance sheet. Western Health manages its liquidity risk by:

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

## Note 7: Risks, contingencies and valuation uncertainties *continued*

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

Consolidated 30 <sup>th</sup> June 2023	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
				Less than 1 Month \$'000	1-3 Months \$'000	3 Months- 1 Year \$'000	1- 5 Years \$'000	Over 5 Years \$'000
<b>Financial Liabilities at amortised cost</b>								
Payables <sup>(i)</sup>	5.2	79,677	79,677	57,132	18,037	4,508	-	-
Borrowings	6.1	27,188	27,188	347	687	3,091	8,018	15,045
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	1,964	1,964	-	-	1,964	-	-
<b>Total Financial Liabilities</b>		<b>108,829</b>	<b>108,829</b>	<b>57,479</b>	<b>18,724</b>	<b>9,563</b>	<b>8,018</b>	<b>15,045</b>

Consolidated 30 <sup>th</sup> June 2022	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
				Less than 1 Month \$'000	1-3 Months \$'000	3 Months- 1 Year \$'000	1- 5 Years \$'000	Over 5 Years \$'000
<b>Financial Liabilities at amortised cost</b>								
Payables <sup>(i)</sup>	5.2	79,333	79,333	59,796	15,630	3,907	-	-
Borrowings	6.1	29,223	29,223	258	512	2,304	10,131	16,018
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	1,664	1,664	-	-	1,664	-	-
<b>Total Financial Liabilities</b>		<b>110,220</b>	<b>110,220</b>	<b>60,054</b>	<b>16,142</b>	<b>7,875</b>	<b>10,131</b>	<b>16,018</b>

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

### Note 7.2(c): Market risk

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

#### Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 1% up or down
- a change in the top ASX 200 index of 15% up or down

#### Interest rate risk

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

## Note 7: Risks, contingencies and valuation uncertainties *continued*

### Foreign currency risk

Western Health has minimal exposure to foreign currency risk. Any foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

### Equity risk

Western Health's sensitivity to equity price risk is set out below:

		(10%)	10%
Consolidated 30 <sup>th</sup> June 2023	Carrying amount \$'000	Net result \$'000	Net result \$'000
Investments and other contractual financial assets	16,903	(1,690)	1,690
<b>Total impact</b>	<b>16,903</b>	<b>(1,690)</b>	<b>1,690</b>

		(10%)	10%
Consolidated 30 <sup>th</sup> June 2022	Carrying amount \$'000	Net result \$'000	Net result \$'000
Investments and other contractual financial assets	16,462	(1,646)	1,646
<b>Total impact</b>	<b>16,462</b>	<b>(1,646)</b>	<b>1,646</b>

### Note 7.3: Contingent assets and contingent liabilities

Western Health does not have any material contingent assets or liabilities as at 30<sup>th</sup> June 2023 (2022: nil).

#### Measurement and disclosure of Contingent assets and contingent liabilities

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

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

#### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Western Health. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

#### Contingent liabilities

Contingent liabilities are:

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

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

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## Note 7: Risks, contingencies and valuation uncertainties *continued*

### Note 7.4: Fair value determination

#### Measurement of 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
- 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 value 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.

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

Western 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 Western 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: Risks, contingencies and valuation uncertainties *continued*

### Note 7.4(a): Fair value determination of investments and other financial assets

	Note	Consolidated Carrying amount	Fair value measurement at end of reporting period using:		
		30 <sup>th</sup> June 2023	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Managed investment schemes	4.1	16,903	-	16,903	-
<b>Total financial assets held at fair value through net result</b>		<b>16,903</b>	<b>-</b>	<b>16,903</b>	<b>-</b>
<b>Total investments and other financial assets at fair value</b>		<b>16,903</b>	<b>-</b>	<b>16,903</b>	<b>-</b>

	Note	Consolidated Carrying amount	Fair value measurement at end of reporting period using:		
		30 <sup>th</sup> June 2022	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Managed investment schemes	4.1	16,462	-	16,462	-
<b>Total financial assets held at fair value through net result</b>		<b>16,462</b>	<b>-</b>	<b>16,462</b>	<b>-</b>
<b>Total investments and other financial assets at fair value</b>		<b>16,462</b>	<b>-</b>	<b>16,462</b>	<b>-</b>

### Management investment schemes

Western Health invests in managed funds, which are not quoted in an active market and which may be subject to restrictions on redemptions. Western Health considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate. The net asset value of these funds is used as an input into measuring their fair value, and is adjusted as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund. Western Health classifies these funds as Level 2.

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

	Note	Consolidated Carrying amount	Fair value measurement at end of reporting period using:		
		30 <sup>th</sup> June 2023	Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
		\$'000	\$'000	\$'000	\$'000
Specialised Land		173,391	-	-	173,391
Non-Specialised Land		4,355	-	4,355	-
<b>Total land at fair value</b>	4.2(a)	<b>177,746</b>	<b>-</b>	<b>4,355</b>	<b>173,391</b>
Specialised Buildings		715,628	-	-	715,628
Non-Specialised Buildings <sup>(ii)</sup>		376	-	376	-
<b>Total buildings at fair value</b>	4.2(a)	<b>716,004</b>	<b>-</b>	<b>376</b>	<b>715,628</b>
Plant at fair value	4.2(a)	7,330	-	-	7,330
Medical Equipment	4.2(a)	38,740	-	-	38,740
Non-Medical Equipment	4.2(a)	3,174	-	3,174	-
Computer equipment	4.2(a)	1,737	-	-	1,737
Furniture and fittings	4.2(a)	1,685	-	1,685	-
<b>Total plant, equipment, F&amp;F and vehicles at fair value</b>		<b>52,665</b>	<b>-</b>	<b>4,859</b>	<b>47,806</b>
Right-of-use concessionary land	4.3(a)	4,152	-	-	4,152
Right-of-use buildings	4.3(a)	2,090	-	-	2,090
Right of use plant, equipment, F&F and vehicles	4.3(a)	2,624	-	-	2,624
<b>Total right of use assets at fair value</b>		<b>8,866</b>	<b>-</b>	<b>-</b>	<b>8,866</b>
<b>Total non-financial physical assets at fair value</b>		<b>955,281</b>	<b>-</b>	<b>9,590</b>	<b>945,691</b>

(i) Classified in accordance with the fair value hierarchy.

## Note 7: Risks, contingencies and valuation uncertainties *continued*

(ii) Non-specialised buildings are buildings that might have an alternative use that would generate higher and therefore better use. For Western Health, this relates to the Drug and Alcohol addiction centres.

	Note	Consolidated Fair value measurement at end of reporting period			
		Carrying amount 30 <sup>th</sup> June 2022 \$'000	Level 1 <sup>(i)</sup> \$'000	Level 2 <sup>(i)</sup> \$'000	Level 3 <sup>(i)</sup> \$'000
Specialised Land		173,391	-	-	173,391
Non-Specialised Land	4.2(a)	4,355	-	4,355	-
<b>Total land at fair value</b>		<b>177,746</b>	-	<b>4,355</b>	<b>173,391</b>
Specialised Buildings		687,531	-	-	687,531
Non-Specialised Buildings <sup>(iii)</sup>	4.2(a)	456	-	456	-
<b>Total buildings at fair value</b>		<b>687,987</b>	-	<b>456</b>	<b>687,531</b>
Plant at fair value	4.2(a)	6,015	-	-	6,015
Motor vehicles at fair value		16	-	16	-
Medical equipment	4.2(a)	34,721	-	-	34,721
Non-medical equipment at fair value		3,341	-	3,341	-
Computer equipment	4.2(a)	2,645	-	-	2,645
Furniture and fittings	4.2(a)	2,036	-	2,036	-
<b>Total plant, equipment, F&amp;F and vehicles at fair value</b>		<b>48,774</b>	-	<b>5,393</b>	<b>43,381</b>
Right-of-use concessionary land	4.3(a)	2,975	-	-	2,975
Right-of-use buildings	4.3(a)	2,567	-	-	2,567
Right of use plant, equipment, F&F and vehicles	4.3(a)	2,396	-	-	2,396
<b>Total right of use assets at fair value</b>		<b>7,938</b>	-	-	<b>7,938</b>
<b>Total non-financial physical assets at fair value</b>		<b>922,445</b>	-	<b>10,204</b>	<b>912,241</b>

(i) Classified in accordance with the fair value hierarchy.

(ii) Non-specialised buildings are buildings that might have an alternative use that would generate higher and therefore better use. For Western Health, this relates to the Drug and Alcohol addiction centres.

### Measuring 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.

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

### Non-specialised Land and Non-specialised Buildings

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. A managerial revaluation of non-specialised land took place on the 30<sup>th</sup> of June 2022 and a non-specialised building managerial revaluation took place on the 30<sup>th</sup> of June 2023.

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

## Note 7: Risks, contingencies and valuation uncertainties *continued*

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<sup>th</sup> June 2019. A managerial revaluation of non-specialised land took place on the 30<sup>th</sup> June 2023. Non-specialised buildings had a managerial revaluation on 30 June 2023.

### 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, Western Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

For Western Health, the current 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 Western Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30<sup>th</sup> June 2019. A managerial revaluation of specialised land took place on the 30 June 2022 and one took place for specialised buildings on the 30 June 2023.

### Vehicles

Western 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 Western Health who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount, (current replacement cost).

### Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period ending 30<sup>th</sup> June 2023.

## Reconciliation of level 3 fair value measurement

		Land	Buildings	Plant	Medical equipment	Computer equipment	ROU concessionary land	ROU buildings	ROU plant, equipment, furniture, fittings and vehicles	Total
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1<sup>st</sup> July 2022</b>		<b>173,391</b>	<b>687,531</b>	<b>6,015</b>	<b>34,721</b>	<b>2,645</b>	<b>2,975</b>	<b>2,567</b>	<b>2,396</b>	<b>912,241</b>
Additions/(disposals)		-	1,343	3,416	12,968	1,086	-	346	1,351	<b>20,510</b>
- Depreciation and amortisation		-	(49,811)	(2,102)	(8,949)	(1,994)	1,177	(823)	(1,123)	<b>(63,625)</b>
		<b>173,391</b>	<b>639,063</b>	<b>7,330</b>	<b>38,740</b>	<b>1,737</b>	<b>4,152</b>	<b>2,090</b>	<b>2,624</b>	<b>869,126</b>
- Revaluation		-	76,565	-	-	-	-	-	-	<b>76,565</b>
<b>Balance at 30<sup>th</sup> June 2023</b>	7.4(b)	<b>173,391</b>	<b>715,628</b>	<b>7,329</b>	<b>38,740</b>	<b>1,737</b>	<b>4,152</b>	<b>2,090</b>	<b>2,624</b>	<b>945,691</b>

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

		Land	Buildings	Plant	Medical equipment	Computer equipment	ROU concessionary land	ROU buildings	ROU plant, equipment, furniture, fittings and vehicles	Total
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1<sup>st</sup> July 2021</b>		<b>152,733</b>	<b>665,700</b>	<b>7,585</b>	<b>34,059</b>	<b>6,191</b>	<b>3,619</b>	<b>48</b>	<b>1,930</b>	<b>871,865</b>
Additions/(disposals)		-	-	18	(35)	30	-	1,874	55	<b>1,942</b>
Additions due to amalgamation		4,333	84,340	981	2,554	(4,452)	7,729	1,062	379	<b>96,926</b>
Net transfers between classes		-	(13,536)	(669)	6,379	6,892	-	20	914	
- Depreciation and amortisation		-	(48,973)	(1,900)	(8,236)	(6,016)	(8,373)	(437)	(882)	<b>(74,817)</b>
		<b>157,066</b>	<b>687,531</b>	<b>6,015</b>	<b>34,721</b>	<b>2,645</b>	<b>2,975</b>	<b>2,567</b>	<b>2,396</b>	<b>895,916</b>
Items recognised in other comprehensive income		-	-	-	-	-	-	-	-	-
- Revaluation		16,325	-	-	-	-	-	-	-	<b>16,325</b>
<b>Balance at 30<sup>th</sup> June 2022</b>	7.4(b)	<b>173,391</b>	<b>687,531</b>	<b>6,015</b>	<b>34,721</b>	<b>2,645</b>	<b>2,975</b>	<b>2,567</b>	<b>2,396</b>	<b>912,241</b>

### 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 <sup>(i)</sup>
Non-specialised buildings	Market approach	N/A
Specialised buildings	Current replacement cost approach	- Cost per square metre - Useful life
Plant	Current replacement cost approach	- Cost per unit - Useful life
Medical equipment	Current replacement cost approach	- Cost per unit - Useful life
Computer equipment	Current replacement cost approach	- Cost per unit - Useful life

(i) Community service obligations adjustment of 20% was applied to Western Health's specialised land.

## Note 8: Other Disclosures

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

### Structure

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### Note 8.1: Reconciliation of net result for the year to net cash flow from operating activities

		Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Net result for the year</b>	<b>Note</b>	<b>60,476</b>	<b>6,965</b>
<b>Non-cash movements:</b>			
Depreciation of non-current assets	4.6	66,354	80,215
Amortisation of non-current assets	4.6	5	6,006
Impairment of non-current assets		-	-
Assets and services received free of charge		(6,200)	(15,749)
Loss allowance for receivables		1,158	500
Loss on revaluation of long service leave liability	3.2	8,356	(3,918)
Capital donations received		-	-
Discount (interest) / expense on loan		3,941	2,400
(Gain)/Loss on financial assets through Profit & Loss		(440)	1,514
<b>Movements included in investing and financing activities</b>			
Net (gain)/loss from disposal of non financial physical assets		(66)	17
Capital donations and bequests received		(347)	(14)
<b>Movements in assets and liabilities:</b>			
(Increase)/decrease in Receivables		(12,924)	(10,292)
(Increase)/decrease in Prepayments		(2,049)	(1,513)
(Increase)/decrease in Inventories		457	(670)
Increase/(decrease) in Payables and contract liabilities		35,986	9,374
Increase/(decrease) in employee benefits		21,691	31,935
Increase/(decrease) in other liabilities		300	(420)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>176,698</b>	<b>106,347</b>

## Note 8: Other Disclosures *continued*

### Note 8.2: Responsible persons disclosure

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

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

	Period
<b>The Honourable Mary-Anne Thomas MP:</b>	
Minister for Health	01/07/2022 - 30/06/2023
Minister for Health Infrastructure	05/12/2022 – 30/06/2023
Minister for Medical Research	05/12/2022 – 30/06/2023
Former Minister for Ambulance Services	01/07/2022 – 05/12/2022
<b>The Honourable Gabrielle Williams MP:</b>	
Minister for Mental Health	01/07/2022 - 30/06/2023
Minister for Ambulance Services	05/12/2022 – 30/06/2023
<b>The Honourable Lizzy Blandthorn MP:</b>	05/12/2022 – 30/06/2023
Minister for Disability, Ageing and Carers	
<b>The Honourable Colin Brooks MP:</b>	
Former Minister for Disability, Ageing and Carers	01/07/2022 – 05/12/2022
<b>Governing Board</b>	
Ms Robyn Batten (Chair)	01/07/2022 - 30/06/2023
Professor Andrew Conway	01/07/2022 - 30/06/2023
Dr Catherine Hutton	01/07/2022 - 30/06/2023
Dr Deborah Cole	01/07/2022 - 30/06/2023
Hon Monica Gould	01/07/2022 - 30/06/2023
Adj Prof Elizabeth Kennedy	01/07/2022 - 30/06/2023
Mr David Lau	01/07/2022 - 30/06/2023
Mr Ben Davison	01/07/2022 - 30/06/2023
Professor Anna Peeters	01/07/2022 - 30/06/2023
<b>Accountable Officer</b>	
Adj Prof Russell Harrison (Chief Executive Officer)	01/07/2022 - 30/06/2023

### Remuneration of Responsible Persons

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

	Consolidated 2023 No.	Consolidated 2022 No.
\$0 - \$9,999	-	1
\$40,000 - \$49,999	1	2
\$50,000 - \$59,999	1	5
\$60,000 - \$69,999	6	-
\$100,000 - \$109,999	1	1
\$550,000 - \$559,999	-	0
\$580,000 - \$599,999	-	1
\$620,000 - \$629,999	1	-
<b>Total Numbers</b>	<b>10</b>	<b>10</b>

## Note 8: Other Disclosures *continued*

	2023 \$'000	2022 \$'000
<b>Total remuneration received, or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>1,221</b>	<b>1,042</b>

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

### Note 8.3: Remuneration of executives

The number of Executive Officers, other than Ministers and Accountable Officer, (excluding Responsible Persons), and their total remuneration during the reporting period is 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)

Short-term employee benefits  
Post-employment benefits  
Other long-term benefits  
Termination benefits  
**Total remuneration <sup>(i)</sup>**

	Consolidated Total Remuneration	
	2023 (\$'000)	2022 (\$'000)
	2,271	2,307
	198	167
	100	72
	15	241
	<b>2,584</b>	<b>2,787</b>
<b>Total number of executives</b>	<b>8</b>	<b>9</b>
<b>Total annualised employee equivalent <sup>(ii)</sup></b>	<b>7</b>	<b>6</b>

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

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

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: Other Disclosures *continued*

### Note 8.4: Related parties

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

- all key management personnel (KMP) and their close family members
- cabinet ministers (where applicable) and their close family members
- controlled entities – Western Health Foundation Limited, Western Health Foundation Trust Fund
- jointly controlled operation – a member of the Victorian Comprehensive Cancer Centre
- 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 Western Health and its controlled entity, directly or indirectly.

#### Key management personnel

The Board of Directors and the Executive Directors of Western Health are deemed to be KMPs. This includes the following:

Entity	KMPs	Position Title
Western Health	Ms Robyn Batten (Chair)	Board Chair
Western Health	Professor Andrew Conway	Board Member
Western Health	Dr Catherine Hutton	Board Member
Western Health	Hon Monica Gould	Board Member
Western Health	Adj Prof Elizabeth Kennedy	Board Member
Western Health	Mr David Lau	Board Member
Western Health	Dr Deborah Cole	Board Member
Western Health	Mr Ben Davison	Board Member
Western Health	Professor Anna Peeters	Board Member
Western Health	Adj Prof Russell Harrison	Chief Executive Officer
Western Health	Mr Mark Lawrence	Chief Financial Officer
Western Health	Mr John Ferraro	Chief Operating Officer
Western Health	Dr Abi Aruanandarajah (from 31/10/2022)	Chief Medical Officer
Western Health	Ms Tess Lye	Legal Counsel
Western Health	Ms Sandy Schutte	Executive Director People, Culture & Communications
Western Health	Adj. Shane Crowe	Executive Director Nursing & Midwifery
Western Health	Ms Susan Wardle	Executive Director Strategy and Partnerships
Western Health	Dr Nicki Murdoch (until 31/10/2022)	Chief Medical Officer

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

	Consolidated 2023 (\$'000)	Consolidated 2022 (\$'000)
<b>Compensation - KMPs</b>		
Short-term employee benefits	3381	3,263
Post-employment benefits	223	226
Other long-term benefits	170	99
Termination benefits	15	241
<b>Total<sup>(i)</sup></b>	<b>3,789</b>	<b>3,829</b>

## Note 8: Other Disclosures *continued*

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

### Significant transactions with government related entities

Western Health received funding from the Department of Health of \$1.4 billion (2022: \$1.2 billion), including indirect contributions of \$21.1 million (2022: \$5.0 million).

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

### Transactions with key management personnel and other related parties

Given the breadth and depth of the State Government, related parties transact with the Victorian public sector in arm's length transactions similar to other members of the public. Employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with HealthShare Victoria requirements.

Outside of normal citizen type transactions with Western 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 in 2023 (2022: none).

There were no related party transactions for Western Health Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: None)

### Controlled entity related party transactions

The transactions between the two entities relate to reimbursements made by the Western Health Foundation to the Western Health for goods and services and the transfer of funds by way of distributions made to Western Health. All dealings are in the normal course of business and are on normal commercial terms and conditions.

### Western Health Foundation

The transactions between the entities relate to distributions made to Western Health from the Foundation and reimbursements to Western Health from the Foundation for the costs of fundraising activities.

Distribution and reimbursements of funds by Western Health Foundation

Intercompany receivable at 30<sup>th</sup> June

Consolidated 2023 (\$'000)	Consolidated 2022 (\$'000)
2,258	950
<b>2,258</b>	<b>950</b>

## Note 8: Other Disclosures *continued*

### Note 8.5: Remuneration of auditors

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of financial statements	169	147
<b>Total Remuneration of Auditors</b>	<b>169</b>	<b>147</b>

### Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

### Note 8.7: Controlled entities

Western Health's interest in the controlled entities are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

Name of Entity	Country of Incorporation	Ownership Interest %	Equity Holding
Western Health Foundation Trust Fund	Australia	100%	100%
Western Health Foundation Limited	Australia	100%	Limited by Guarantee

### Controlled entity contributions to the consolidated results

Net Result for the year	2023 (\$'000)	2022 (\$'000)
Western Health Foundation Trust Fund (i)	574	861
Western Health Foundation Limited	-	-
	<b>574</b>	<b>861</b>

### Controlled Entity RFK Pty Ltd

On the 16<sup>th</sup> December 2022, RFK Pty Ltd, a controlled entity of Western Health, was deregistered in accordance with the relevant legal and regulatory requirements under a voluntary deregistration process.

As a result of the deregistration, the assets, liabilities, equity, income and expenses of "RFK Pty Ltd" were transferred from RFK Pty Ltd to Western Health. There were no outstanding contingencies or commitments.

**Western Health's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under the respective categories below.**

### Contingent liabilities and capital commitments

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

### Note 8.8: Jointly controlled operations

Name of Entity	Principal Activity	Ownership Interest	
		2023	2022

## Note 8: Other Disclosures *continued*

		%	%
Victorian Comprehensive Cancer Centre Joint Venture (VCCC)	Cancer research, education, training and patient care	10%	10%
GRHA*		-	10.38%

\*WH terminated their joint venture with GRAH and their ownership interest of 10.38% in December 2022.

	2023 \$'000	2022 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	845	1,082
Receivables	43	187
Prepaid expenses	64	172
<b>Total Current Assets</b>	<b>952</b>	<b>1,441</b>
<b>Non-Current Assets</b>		
<b>Receivables</b>		
Intangible Assets	43	31
Property, plant and equipment	11	808
Right of Use assets	-	89
<b>Total Non-Current Assets</b>	<b>55</b>	<b>928</b>
<b>TOTAL ASSETS</b>	<b>1,007</b>	<b>2,369</b>
<b>Current Liabilities</b>		
Payables	80	945
Other current liabilities	27	29
Employee benefits and related on-cost provisions	40	32
<b>Total Current Liabilities</b>	<b>147</b>	<b>1,006</b>
<b>Non-Current Liabilities</b>		
Employee benefits and related on-cost provisions	36	15
<b>Total Non-Current Liabilities</b>	<b>36</b>	<b>15</b>
<b>TOTAL LIABILITIES</b>	<b>183</b>	<b>1,021</b>
<b>NET ASSETS</b>	<b>824</b>	<b>1,348</b>
<b>EQUITY</b>		
Contributed capital	-	671
Accumulated surplus	824	677
<b>TOTAL EQUITY</b>	<b>824</b>	<b>1,348</b>

## Note 8: Other Disclosures *continued*

Western Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2023 \$'000	2022 \$'000
<b>Revenue and income from transactions</b>		
Operating activities	1,333	2,344
Non-operating activities	33	4
<b>Total revenue and income from transactions</b>	<b>1,366</b>	<b>2,348</b>
<b>Expenses from transactions</b>		
Operating Expenses	1,388	2,166
<b>Total expenses from transactions</b>	<b>1,388</b>	<b>2,166</b>
<b>Net result from transactions</b>	<b>(22)</b>	<b>182</b>
<b>Comprehensive result for the year</b>	<b>(22)</b>	<b>182</b>

Note: Figures obtained from the audited annual report of the joint venture operation.

### Contingent liabilities and capital commitments

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

### Note 8.9: 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 Western 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 reserves

The specific restricted purpose reserve is established where Western 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 8.10: Economic dependency

Western Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health, to be able to operate. At the date of this report, the Board of Directors have been provided with written assurance that the Department of Health will continue to support Western Health.

The Department of Health has provided confirmation that it will continue to provide Western Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to October 2024.

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TOGETHER, CARING FOR THE WEST

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Footscray VIC 3011  
8345 6666

**SUNSHINE HOSPITAL**

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St Albans VIC 3021  
PO Box 294  
St Albans VIC 3021  
8345 1333

**SUNSHINE HOSPITAL RADIATION THERAPY CENTRE**

176 Furlong Road  
St Albans VIC 3021  
8395 9999

**WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION**

Sunshine Hospital  
Furlong Road  
St Albans VIC 3021  
8345 1333

**BACCHUS MARSH HOSPITAL**

29 - 35 Grant Street,  
Bacchus Marsh VIC 3340  
5367 2000

**GRANT LODGE RESIDENTIAL AGED CARE**

6 Clarinda Street  
Bacchus Marsh VIC 3340  
5367 9627

**JOAN KIRNER WOMEN'S AND CHILDREN'S AT SUNSHINE HOSPITAL**

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St Albans VIC 3021  
PO Box 294  
St Albans VIC 3021  
8345 1333

**SUNBURY DAY HOSPITAL**

7 Macedon Road  
Sunbury VIC 3429  
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**WILLIAMSTOWN HOSPITAL**

Railway Crescent  
Williamstown VIC 3016  
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**MELTON HEALTH & COMMUNITY SERVICES**

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Melton West VIC 3337  
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