2021/22 ANNUAL REPORT

Western Health

OUR VISION

Together, we deliver the healthcare of the future.

OUR PURPOSE

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

OUR VALUES

Compassion
Consistently acting with empathy and integ**rity**

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

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

Acknowledgement of Traditional Owners

Western Health respectfully acknowledges the Traditional Owners and Custodians, on which all of our sites stand, the Wurundjeri, Bunurong and Boon Wurrung peoples of the Kulin Nation.

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Board Chair and CEO Message

A message from the Board Chair and the Chief Executive

Like health services around Australia and the world, Western Health (WH) has been further tested by the COVID-19 pandemic over the past 12 months.

Melbourne's west has been particularly hard hit by COVID, with large health care demand managed by our teams and support being provided for outbreaks in external locations including residential aged care facilities.

WH has had the added responsibility of being a Local Public Health Unit and the COVID Vaccination Hub lead for the western metropolitan region.

We are extremely proud of the way our staff have responded to unprecedented challenges over the past 12 months, all the while continuing to provide Best Care for our patients and communities.

PROVIDING SUSTAINABLE, WELL MANAGED AND EFFICIENT HEALTH SERVICES

A new strategic plan for WH was launched at the start of 2022. The Plan was developed in the midst of WH's response to the COVID-19 pandemic and is reflective of a time when imperatives to do things differently have driven a rapid period of change in how we deliver many services.

In an important milestone, voluntary amalgamation between WH and the former Djerriwarrh Health Services occurred on 1 July 2021. Significant work has been undertaken to work as one to provide Best Care for the growing communities across the west. This includes a shared maternity case load, supported by pathways and capability uplift, allowing more women to have their babies closer to home at Bacchus Marsh.

The scale and scope of capital projects currently being undertaken at WH is unique in the State. We have taken important steps toward the development of our new $1.5 billion Footscray Hospital, with schematic design completed and construction tracking well. Co-design of the new hospital environment with patients, carers, staff and the community is a key feature of the new hospital build.

Following staff engagement in extensive business planning, the Victorian Budget 2022/23 included a Government investment of $981 million in a new Melton Hospital to be run by WH. We are also engaged in collaborative planning to develop a new community hospital in Point Cook and a redeveloped community hospital in Sunbury.

WH is a rapidly growing health service and proactive workforce management, maintaining a positive workplace culture and ensuring we are an employer of choice has been central to meeting COVID-19 related surge requirements and ongoing workforce demand.

We achieved a 100% match for our nursing & midwifery graduate program and the launch of a 'Grad+' program supports WH to continually attract the brightest and best. This innovative program includes 2 free post-graduate subjects accredited by 5 universities to support enhanced early career transition and life-long learning.

In collaboration with system partners, WH designed and implemented the West Metro Graduate Program to boost capacity and capability of the Nursing workforce. In addition, we were the first health service to implement the Registered Undergraduate Student of Midwifery (RUSOM) role and significantly expanded the employment of Registered Undergraduate Student of Nursing (RUSON) roles.

We have continued a strong focus on leadership and staff wellbeing, with a range of initiatives including multi-disciplinary leadership and coaching programs, a manager support series, wellbeing and psychological safety programs, and our ever popular morale boosters such as Mr Whippy who visited each site and gave out more than 4,000 ice creams to staff.

WH won a 2021 Victorian Worksafe Award for the wide range of strategies and action we have taken around prevention of occupational violence and aggression under our 'Predict. Prevent. Priority: Safety' program.

PROVIDING TIMELY AND RESPONSIVE HEALTH SERVICES

Due to high incidence of COVID-19 in Melbourne's west, WH has cared for a significant percentage of COVID-19 positive inpatients in the State. Like other public health services, WH implemented models of care in response to unprecedented demand, as well as high numbers of furloughed staff, especially through the Delta and Omicron waves.

To ensure we could cope with increasing numbers of COVID-19 patients and high acuity patients overall, we have upskilled and retrained hundreds of nursing staff. We also employed medical students under supervision as clinical assistants to support medical teams with tasks such as cannulation and following up results.

We have had hundreds of our nurses volunteer to be redeployed. This, along with the redeployment of surgical staff during periods of elective surgery pause, allowed us to expand from 18 up to 33 ICU beds, open 5 COVID wards, open additional Emergency Department zones and provide additional support for areas that were incredibly busy and looking after very unwell patients.

Board Chair and CEO Message (continued)

Providing timely and responsive health services cont …

Particularly high demand for care has also provided the opportunity to engage in formalised Health Service Partnerships. This has been particularly valuable to support the management of not only ICU but maternity demand.

Over 6,600 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 now the second largest single site maternity service in Australia.

Newborn Services have expanded to include care for lower gestation neonates and those requiring therapeutic hypothermia therapy, allowing mothers and babies to be together and closer to their families. Sunshine Hospital has also become the second accredited site in Victoria to provide in-house basic training for the Neonatal Certificate in Clinician Performed Ultrasound.

We have completed the Sunshine Hospital Emergency Department (SHED) expansion. This has been years in the making and with days of well over 300 presenting patients has increased the capacity of SHED to support demand and timely care.

Telehealth appointments for our Outpatient Services have supported over 90% of urgent patients receiving a first appointment within 30 days. Patients have communicated their appreciation of this care model, with a considerable decrease in numbers of patients who either cancel or do not attend their appointments.

Planning and design has progressed for Phase 2 of WH's Electronic Medical Record (EMR). A self-funded project due to go-live in 2023, we have worked with our staff and the vendor to design and implement the most comprehensive Cerner suite within the southern hemisphere.

A Patient Portal will be a prominent feature of EMR Phase 2, building on recently implemented technology such as the 'EVE' app which engages women in antenatal care.

PROMOTING LEAST INTRUSIVE AND EARLIEST EFFECTIVE CARE

WH's community based care services have continued to evolve under a new integrated service provision model called Western@Home.

A new model component is the GEM@HOME program, a direct bed-substitution model helping older people achieve their best possible level of health and function in the comfort of their home rather than in hospital.

The co-ordination of our innovative Western HealthLinks program supporting patients with chronic and complex conditions spend more time at home is now fully supported by WH teams, with the onboarding of over 20 staff members. On average the program's 24-hour telephone helpline enables over 90% of patients remain at home rather than coming to hospital. This helpline has now expanded to support a range of Western@Home services, included WH's COVID Positive Pathway (CPP) Program.

Following on from a small Hospital in the Home Based Service supporting COVID Positive Patients, we identified a need for a proactive, scalable and sustainable CPP Program. Utilising Department of Health (DH) funding, existing model expertise and knowledge of care requirements for vulnerable patients, WH researched and developed an innovative, multi-tier, multi-disciplinary approach to CPP.

The WH CPP program delivers a 7-day service, providing care to over 6,500 patients since September 2021. Over 20% of patients resided outside WH's catchment, including high acuity specialised cohorts. Patient feedback on the CCP program has been overwhelmingly positive with one stating "calls each day were approached with genuine care and kindness and being on the pathway made me feel safe during a scary time in my life."

We have made a considerable contribution to the Victorian Government's broader community based response to the COVID-19 pandemic, with WH selected to host one of three local Public Health Units established in Metro Melbourne. The Western Public Health Unit (WPHU) has undertaken significant COVID-related activities in collaboration with DH and community based services and partners to support information development as well as vaccination and outbreak management work.

WH has run COVID testing clinics at Sunshine and Sunbury, a drive-through testing service at the Melbourne Showgrounds, as well as a number of pop-up testing sites. The total number of PCR tests conducted at our sites is close to 500,000, with over 7,000 positive patients identified.

WH's Aged Care Liaison Service expanded its community role to play a significant part in supporting COVID-19 responses in residential care facilities, scaling from 5 staff to 75 over a weekend. WH was the aged care lead for the West Metro Health Service Partnership, and at the peak of the outbreaks was supporting 25 residential facilities simultaneously.

A 10 year retrospective analysis of clinical outcomes of women requesting the WH homebirth program was recently published. Publicly funded homebirth programs are not common, so this is a significant study, showing appropriate triaging, case selection, governance and clinical guidelines lead to homebirth being a safe option for women experiencing low-risk pregnancies and address the right of women to choose the location of birth with informed, safe choices.

Board Chair and CEO Message (continued)

IMPROVING HEALTH SERVICE SAFETY AND QUALITY

WH has managed a large number of confirmed and suspected COVID-19 cases, allowing our staff to demonstrate not only clinical excellence, but also an aptitude for innovation. As we joined the international research community in trying to understand the impact of COVID-19, WH has participated in world-leading COVID-19 research.

It's difficult to find a better example of ingenuity and agility than the personal ventilation hood, conceived by a WH Intensivist and advanced through collaboration with University of Melbourne engineers and scientists. The hood allows staff to administer standard treatment to patients with a confirmed or suspected COVID diagnosis without compromising clinician safety or patient comfort. This award winning invention is now playing a significant role globally in protecting healthcare workers and reducing the risk of spreading COVID.

Despite having many of the traditional falls prevention measures in place across our hospitals, our rate of falls remained stubbornly high. Informed by in-depth case reviews, co -design and evidence based best practice, enhancements to falls management practice led by an Executive-sponsored Falls Taskforce has seen the over 65 year old inpatient falls per 100 bed rate drop by 13%.

In 2021 WH's maternity teams were Safer Care Victoria's winner of the Better Births for Women Collaborative. The SUPPORT program aimed to improve outcomes for women by reducing the severity and occurrence of perineal tears during birth with evidence based interventions. WH was able to achieve an overall decrease in severe perineal tears by 48%.

WH also established a Maternity COVID Care Team ensuring COVID positive women admitted receive the right care. The team have been extremely supportive to ensure women are cared for appropriately and even with COVID have as normal an experience as possible.

In addition, our dialysis service established a purpose built unit to manage COVID positive dialysis patients. Our dialysis community are an immunocompromised group of patients requiring haemodialysis, even if COVID positive. The purpose built unit meets the ongoing care needs of COVID positive patients as well as protecting our other vulnerable patients who require dialysis treatment.

EFFECTIVE PREVENTION AND HEALTH PROMOTION

WH was selected as one of three Melbourne metropolitan health services to manage high intensity COVID-19 vaccination hubs. We worked with other health services, private hospitals and the community to ensure access to COVID vaccines. The Hub established a number of high -volume sites, including Australia's first drive through vaccination service at Melton. The West Metro COVID Vaccination Hub has delivered over 1.2 million doses of vaccine.

The Victorian Specialist Immunisation Service (VicSIS) at WH was established to support people who are at risk of or who have experienced an adverse event following immunisation. A highlight for the VicSIS Service was establishing a Paediatric Distraction +/- Sedation clinic which successfully supported the vaccination of children and adults.

WH launched an Early Therapies Infusion Clinic in November 2021, providing access to medication management eg Sotrovimab for those COVID positive patients at risk of disease severity and hospitalisation. The clinic has seen over 1,000 patients.

The highly successful Women's & Children's Immunisation Service obtained funding for an additional twelve months. This allows the service to continue providing flu and whooping cough vaccinations to antenatal women and their partners as well as providing the full range of National Immunisation Program vaccinations for paediatric patients. To-date, over 23,000 vaccinations have been administered.

A remote program also commenced for high risk maternity patients to monitor their own blood pressure at home with strict escalation parameters. This has reduced the numbers of patients presenting to hospital in the current pandemic, as well as supporting a reduction in iatrogenic intervention.

WH has opened an Aboriginal and Torres Strait Islander (ATSI) Outpatient Clinic, providing culturally safe, general medicine care for Aboriginal adults with chronic health conditions. The Clinic was shaped by talking to Aboriginal patients about the barriers and enablers to attending outpatient appointments, and has supported a 23% decrease in the rate of 'did-not-attend' patients for general medical care.

Western Health trialed an "Admission Avoidance Nephrology Clinic" from November 2021 – February 2022. The major indication for review of the 188 patients participating in the trial was urgent fluid review to reduce likelihood of decline and admission. Feedback from clinicians is patient care was able to be optimised and hospital admissions avoided through prompt clinical review.

Board Chair and CEO Message (continued)

IMPROVING HEALTH AND WELLBEING FOR DISADVANTAGED PEOPLE AND COMMUNITIES

WH's Wilim Berrbang (Aboriginal Health) Team has expanded through the utilisation of a DH Aboriginal Cultural Safety Grant. This has led to additional Aboriginal Health Liaison Officers creating greater presence on all WH sites and coverage out of hours and on weekends, as well as an Aboriginal Journey Walker role to support care co-ordination and an Aboriginal Health Research role.

The past two years have seen unprecedented numbers of mental health patients waiting more than 24 hours in our emergency departments. Construction is well underway to develop 52 new hospital-based mental health beds and services on the Sunshine Hospital site, with endorsement received to transition operation of mental health services supporting our campuses to WH. Other facility developments include the commissioning of an additional 10 beds at our Dual Diagnosis Residential Rehabilitation Centre, and a new 12-bed Prevention and Recovery Care facility to support women experiencing mental illness.

Many people within our community have experienced unprecedented levels of hardship over the past 12-18 months, with the WH Foundation sponsored Greatest Need Fund increasing the level of support provided to those most in need, or those working around restricted access to hospital facilities.

Together with primary care and councils, our West Metro COVID Vaccination Program reached out to groups with diverse backgrounds and lagging vaccination levels. Through a grassroots and outreach approach Wyndham (for example) moved from one of the lower vaccinated LGAs across the state to over the Victorian average.

The Outreach Service has also worked with local councils and community groups to provide vaccination opportunities for older members of the community, school children and their families and other high priority groups (including ATSI and homeless) in generally accessed community locations.

In partnership with local Councils and IPC Health, our WPHU have also facilitated the distribution of over 66,000 Rapid Antigen Tests (RATs) to 200 community groups, targeting CALD and vulnerable communities.

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 set and agreed budget.

THANKS

Finally, in another particularly challenging year, we would like to thank all of Western Health's 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 2022.

Robyn Batten

Robyn Batten
Chair of the Board, Western Health
(2 September 2022)

Russell Harrison
Chief Executive, Western Health
(2 September 2022)

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 Halth 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. WH 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.

Western Health is a Registered Training Organisation (RTO) that offers high quality training. Our training is aimed at professional development and offers innovative, valuable and accredited programs that are evaluated externally.

OUR LOCATIONS:

Western Health manages public hospitals at St Albans, Footscray, Williamstown, Sunbury and from 1 July 2021 Bacchus Marsh & Melton.

Bacchus Marsh Hospital & Melton Community Health

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

Bacchus Marsh also supports Grant Lodge Residential Aged Care Facility.

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 300 beds. It provides elective and emergency care, with a range of inpatient and outpatient services including acute general medicine, rehabilitation and aged care and related clinical support.

Sunbury Day Hospital

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

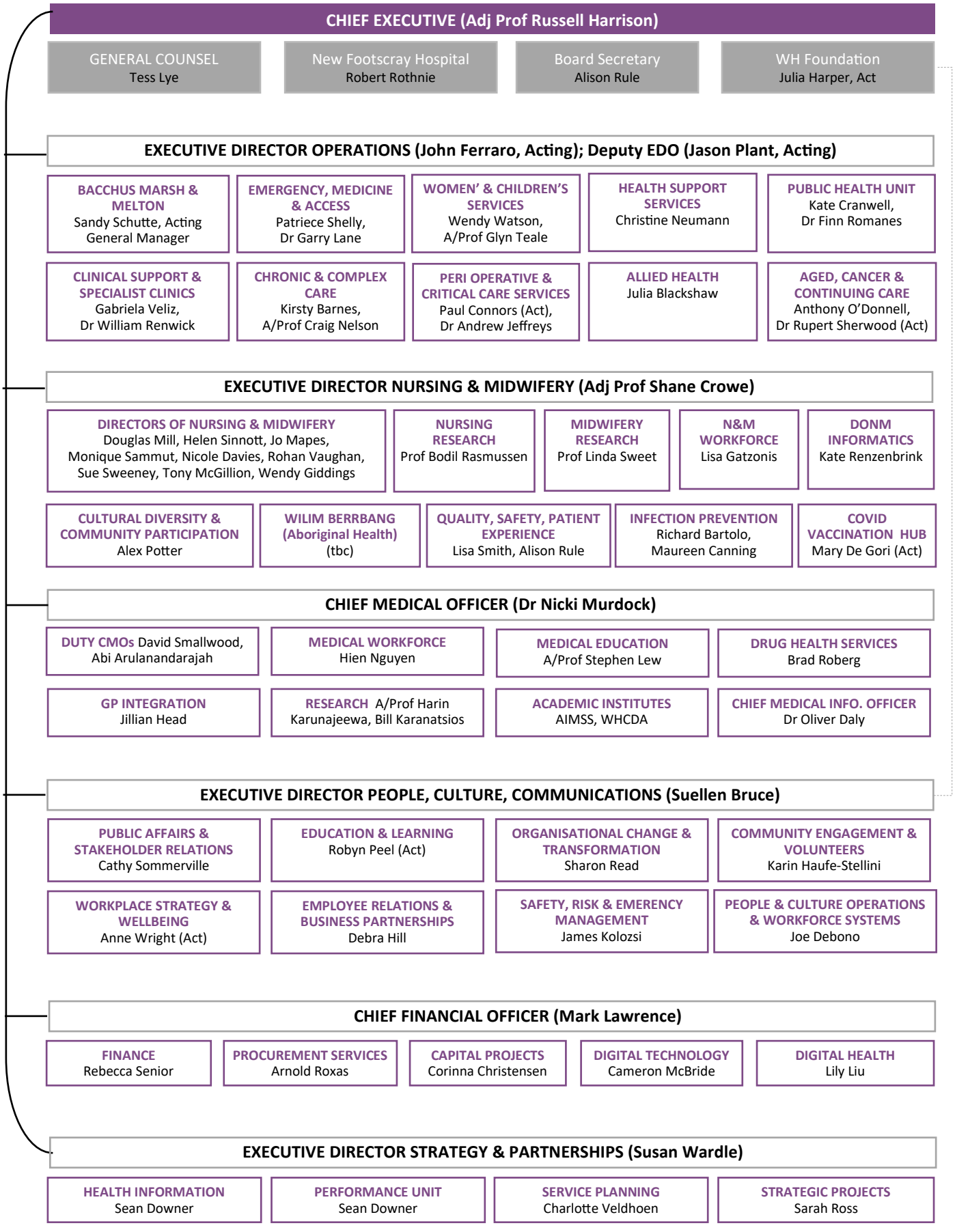
Sunshine Hospital

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 Kirner 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 MacCallum 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 end June 2022)



Western Health Services

EMERGENCY, MEDICINE AND ACCESS
> Dermatology
> Emergency Medicine
> Gastroenterology
> General Medicine
> Haematology
> Infectious Diseases
> Medical Oncology
> Neurology
> Respiratory and Sleep Disorders
> Rheumatology
> Stroke Service

AGED CANCER & CONTINUING CARE
> Acute Aged Care
> Cardio-Geriatric 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) and Disability Services
> Wellcare Program
> Cancer Research
> Radiation Therapy Centre
> Day Oncology
> Inpatient Oncology and Haematology

WOMEN'S AND CHILDREN'S
> Gynaecology
> Obstetric Services
> Maternal Fetal Medicine
> Newborn Services, including Neonatal Intensive Care
> Paediatric Medicine
> Ambulatory Services
> Maternity Services

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
> Anaesthetics and Pain Management
> Cardiology Services
> Central Sterilising Services
> Critical Care Outreach Service
> Elective Booking Service
> Facio-Maxillary Surgery
> 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

BACCHUS MARSH/MELTON
> Dialysis
> Day Chemotherapy
> Medical
> Surgical
> Maternity
> Allied Health and Community Health
> Specialist Outpatient
> Residential Aged Care

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
> MADU
> Hospital in the Home (HITH)
> Central Access Unit (CAU)
> Renal Research
> Endocrinology and Diabetes
> Nephrology
> GEM@HOME

CLINICAL SUPPORT AND SPECIALIST CLINIC SERVICES
> Specialist Clinics (Adult)
> Medical Imaging
> Pathology
> Pharmacy

COVID RESPONSE
> Public Health Unit
> Covid Response
> Covid Testing Clinics
> Vaccination Hub

OTHER
> Aboriginal Health, Policy and Planning
> GP Integration
> Infection Prevention
> Office of Research
> Service Planning

Western Health Statement of Priorities 2021/22

The Health Services Act 1988 allows that post 1 October of each financial year the Minister for Health makes a Statement of Priorities (SoP) which is provided to health services. For financial year 2021/22 there have been no individual deliverables that constitute SoP Part A due to the COVID-19 pandemic. The Minister for Health has requested that health services report on the overall strategic priorities outlined on the following pages.

PRIORITY	Outcome: Completed

Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed-blockage to enable improved whole of hospital system flow.

COMMENT

There has been a 6% increase in presentations across Western Health Emergency Departments compared to the previous financial year. This coupled with a 13% increase in ambulance arrivals and the need to change models of care to manage COVID presentations has impacted performance improvement.

Notwithstanding, Sunshine Hospital Emergency Department 's Clinical Uplift project has seen the progressive opening of additional points of care, including the Behavioural Assessment Unit and the opening of a Rapid Assessment and Discharge Unit in February 2022. This has resulted in a reduced length of stay for General Internal Medicine patients.

The Ambulance Patient Offload Team model was commenced in collaboration with Ambulance Victoria. This has resulted in an additional nine cubicles opened at Sunshine and three recently commenced as a pilot at Footscray Hospital.

Statement of Priorities 2021/22 (continued)

PRIORITY	Outcome: Completed

Maintain robust COVID-19 readiness and response, working collaboratively to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of the COVID-19 vaccine immunisation program rollout, ensuring local community confidence in the program

COMMENT

Western Health has a comprehensive range of clinical and operational guidance available for staff to support a flexible and timely response to changing COVID risk and demand. COVID surge action plans together with a robust governance system ensured appropriate oversight during the State Pandemic Code Brown.

An internal Contact Tracing team has been established to ensure internal outbreaks are rapidly identified and appropriate control strategies are implemented.

Western Health provides access to both PCR and Rapid Antigen Testing (RAT) testing for staff supporting timely COVID case diagnosis. Patients and Visitors continued to be screened on entry with routine RATs administered for all admitted patients and visitors to vulnerable patients in settings such as New Born Services, Oncology and Palliative Care. In addition, Western Health operates three community testing sites at the Showgrounds, Melton and Sunbury.

In the 2021/22 financial year, the West Metro COVID-19 Vaccination Program (for which Western Health was the lead agency) administered over 1.2 million doses across the catchment, largely at 14 sites including Melbourne Showgrounds, Sunshine Hospital, the Melbourne Convention and Exhibition Centre (operated by Royal Melbourne Hospital) and Australia's first drive-through vaccination site in Melton.

Although the majority of doses were delivered in our vaccination hubs, a significant number were delivered through outreach efforts, providing the vaccine to people experiencing barriers to access including low English literacy, cultural safety concerns, or disability or mobility issues. At its peak, the program employed 250 FTE staff including nurses, pharmacists, medical and support staff. The activity levels at the three busiest Western Health sites – Sunshine Hospital, Melbourne Exhibition and Convention Centre and Melbourne Showgrounds – were among the six most busy in the state.

Western Health was the aged care lead for the West Metro Health Service Partnership, and at the peak of the outbreaks was supporting 25 residential facilities simultaneously.

Statement of Priorities 2021/22 (continued)

PRIORITY	Outcome: Completed

As a service hosting a Local Public Health Unit (LPHU) work collaboratively with the Department of Health, other LPHUs, community and primary care providers and local government partners to evolve and deliver a full integrated and high performing public health network.

COMMENT

Western Health, through the Western Public Health Unit (WPHU), has established partnerships with community health, local government, COVID Branch and the Public Health Division of the Department of Health (DH) to lead work to establish a highly effective local public health unit network.

WPHU has worked collaboratively to support successful transfer of COVID functions from Central DH teams to LPHUs led initiatives in aged care responses and disseminated high quality public health guidance that has been adopted by other public health units.

In addition WPHU has established initiatives such as a Community of Practice for Infection Prevention and Control, and worked to influence the implementation of evidence-informed, state-wide, public health interventions.

WPHU has led provision of testing kits to culturally and linguistically diverse communities, supported outreach vaccination to prevent COVID-19 and influenza, developed epidemiological insights on public health challenges and provided outbreak management leadership for vulnerable settings across the catchment.

Statement of Priorities 2021/22 (continued)

PRIORITY	Outcome: Completed

Actively collaborate on the development and delivery of priorities within the Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines.*

COMMENT

Western Health has been proactively working with the West Health Service Partnership (HSP) on establishing a number of strategic system priorities and local priorities that have enhanced the HSP's ability to work together. Western Health has progressed the following initiatives as part of the Better @ Home and the Elective Surgery Programs:

- Development of the COVID Positive Pathway Program, a program designed to support Medium level risk COVID + patients with telehealth and @ home support and early intervention support with monoclonal antibody treatment at Sunshine Hospital
- Expansion of the Early Supported Discharge model, a model supporting patients discharging Western Health with Neurological conditions with intensive Allied Health @ Home.
- Expansion of the Hospital in the Home program, increasing the support with acute level home support from 32 patients to 55 patients
- Expansion of the Western Health Geriatric Evaluation Medicine @ Home Program
- Expansion of the Aged Care @ Home Program with increased supports for the Residential In-Reach Team
- Development of the Endocrinology Telehealth Rapid Access Clinic; the establishment of a Telehealth program for patients with Endocrinology conditions discharging from Western Health and supporting clinical care in a Rapid Access Clinic at Sunshine Hospital
- Expansion of the Orthopaedic Hip and Knee Service (OAHKS) for patients waiting for Hip or Knee surgery
- Development of the Enhanced Recovery After Surgery (ERAS) program; a whole of pathway program expected to reduce the Length of Stay of patients having Hip or Knee surgery, in some cases resulting in day case Arthroplasty Surgery
- Working with the HSP to plan for additional elective surgery and endoscopy procedures for 2022/23 and 2023/24

Statement of Priorities 2021/22 (continued)

PRIORITY	Outcome: Completed

Engage with community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary care to support them to get back on track. Work collaboratively with the Health Service Partnership to:

- Implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
- Improve elective surgery performance and ensure patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.

COMMENT

Western Health has worked in collaboration with the West Metro Health Service Partnership to implement a number of initiatives that enhance in-home and virtual care options for our patients. Western Health achieved all Better at Home activity targets for financial year 2021/22. Better at Home has resulted in increased collaboration and development of pathways between West Metro health services.

Our Early Supported Discharge (ESD) rehabilitation program operationalised ten beds using a bed substitution model, providing home based multidisciplinary care for patients following stroke or with other neurological conditions. The program has provided care for over 100 patients and has expanded the use of robotics technology to enhance patient experience and outcomes.

Our Hospital in the Home (HITH) service has increased capacity by 23 beds, up 46%, with additional resources enabling HITH to establish teams at both Footscray and Sunshine sites.

The implementation of Endocrinology and Diabetes Telehealth Rapid Access Clinics (Endo TRAC) has resulted in improved access to specialist services for diabetes and endocrinology patients. 99.4% of referred patients are seen within 21 days, which is well below waiting times for other comparable clinics. A key factor to the clinics success was the establishment of a multi-disciplinary care team; including medical, nurse educators, dietitians and administration. Strong links have been created between Western Health and Royal Melbourne Hospital teams, with monthly community of practice forums fostering sharing of ideas, opportunities and challenges.

Our Residential in Reach program managed 71 residential aged care COVID-19 outbreaks in 2021/22, which included providing face-to-face clinical care to residents, as well as providing leadership and governance to support facilities in outbreak. Western Health also became the first health service in Victoria to offer Sotrovimab infusions for COVID-19 positive patients in residential aged care facilities. A community of practice was established between Mercy Werribee, Royal Melbourne Hospital and Western Health which continues collaborative work regarding service delivery across our region.

In accordance with the Department of Health guidance, Western Health recommenced elective surgery post the pandemic at all Western Health campuses. In addition during the pandemic Western Health worked with 7 private hospitals to facilitate over 1000 patients receiving their elective procedure.

Statement of Priorities 2021/22 (continued)

PRIORITY	Outcome: Completed

Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.

COMMENT

We are proud to partner with our Aboriginal and Torres Strait Islander (Aboriginal) Communities. Important events including Reconciliation Week, Closing the Gap Day, Sorry Day and NAIDOC are marked across all sites. Culturally welcoming patient rooms are available across Western Health hospitals, outpatients, birthing areas and postnatal wards.

Over the past year, we have successfully worked with our patients, carers, staff and community partners to develop the Western Health Aboriginal Health Cultural Safety Plan 2022-2025. This Plan builds on the achievements of previous plans and joins the cultural safety plan and Employment Plan into one as it better embodies our Strategic Direction.

During 2021/22 we significantly expanded the size of our Aboriginal Health Unit, Wilim Berrbang. All members of the Wilim Berrbang team identify as Aboriginal and have close and productive relationships with the Aboriginal community. The Wilim Berrbang team now has a Journey Walker position, who is a nurse that acts as a care coordinator for our Aboriginal Community. The team also includes a Research Fellow, which is jointly appointed via Western Health and Deakin University, to undertake Aboriginal Health and workforce related research.

Workforce strategies build the Aboriginal workforce through school based traineeships, student placements and cadetships.

The Question “Are you (or your child) of Aboriginal or Torres Strait Islander origin?” is asked at each point of contact to facilitate follow up by the Wilim Berrbang team.

A weekly Aboriginal Outpatient Clinic delivered by our General Medicine team in partnership with our Wilim Berrbang team supports patients with chronic conditions. Our new Research Fellow is undertaking research to evaluate the Clinic.

More Aboriginal women and their families are attending maternity clinics, labour and birth and the first eight weeks after babies are born in the Galinjera program. Western Health in collaboration with La Trobe University are undertaking research via an NHMRC funded project on the benefits of the Galinjera service.

Cultural Safety Audits are undertaken across services at Western Health, to identify strategies on how the service can become more culturally safe, with support provided by Wilim Berrbang to implement actions.

A series of e-learning modules developed by Indigenous and non-Indigenous representatives from the Wandeat Bangoongagat Project Group are available for all Western Health staff and volunteers. All staff are encouraged to undertake cultural awareness training. Staff in the Galinjera Maternity program and Aboriginal Outpatient clinic undergo tailored 1:1 cultural awareness training.

We are committed to the healing of country, working towards equality in health outcomes, and the ongoing journey of reconciliation

Key Performance Statistics[1]

HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE INDICATOR	TARGET	2021/22 RESULT
Infection Prevention and control		
Compliance with the Hand Hygiene Australia program	85%	89.4%
Percentage of healthcare workers immunised for influenza	92%	77%
Patient Experience*		
Victorian Healthcare Experience Survey - percentage of positive patient experience responses—Quarter 1	95%	92.6%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses—Quarter 2	95%	81.4%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses—Quarter 3	95%	85.7%
Healthcare Associated Infections (HAI's)		
Rate of patients with surgical site infections	No outliers	Achieved
Rate of patients with ICU central line associated blood stream infection (CLABSI)	Nil	Achieved
Rate of patients with SAB[2] per 10,000 occupied bed days	≤ 1	0.4
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes—Joan Kirner Women's & Children's	≤ 1.4%	0.9%
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes—Bacchus Marsh Hospital	≤1.4%	1.1%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks—Joan Kirner Women's & Children's	≤ 28.6%	24.2%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks—Bacchus Marsh Hospital	≤28.6%	20.0%
Proportion of urgent maternity patients referred for obstetric care to a level 4,5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	98.9%
Continuing Care		
Functional Independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.709

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

[1]Data is interim , with final consolidation of 2021/22 data scheduled for 30 September 2022

[2]SAB is Staphylococcus Aureus Bacteraemia

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE INDICATOR	TARGET	2021/22 RESULT
Organisational Culture		
Safety culture among healthcare workers	62%	68%

Key Performance Statistics (continued)

TIMELY ACCESS TO CARE[3]

KEY PERFORMANCE INDICATOR	TARGET	FOOTSCRAY	SUNSHINE	W'TOWN
Emergency Care				
Percentage of ambulance patients transferred within 40 minutes	90%	57%	46%	92%
Percentage of Triage Category 1 emergency patients seen immediately	100.0%	100.0%	100.0%	100.0%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	54%	62%	84%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	41%	50%	81%
Number of patients with a length of stay in the emergency department greater than 24 hours[4]	0	65	366	0

KEY PERFORMANCE INDICATOR	TARGET	2021/22 RESULT
Elective Surgery[5]		
Number of patients on the elective surgery waiting list as at 30 June 2022[6]	7,915	6,313
Number of patients admitted from the elective surgery waiting list	10,275	10,315
Percentage of urgency category 1 elective patients admitted within 30 days	100.0%	100.0%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended timeframes	94.0%	75.0%
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	47.40%
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤7/100	6.9%
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100.0%	91.6%
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days—Bacchus Marsh/Melton	100.0%	91.2%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90.0%	86.1%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days—Bacchus Marsh/Melton	100.0%	80.9%

[3]timely care performance impacted by COVID-19
[4]400/432 mental health patients
[5]elective surgery activity impacted by COVID-19 lock downs and steriwrap availability
[6]the target shown is the number of patients on the elective surgery waiting list as at 30 June 2022

Key Performance Statistics (continued)

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE INDICATOR	TARGET	2021/22 RESULT
Finance		
Operating result ($m) Being: - SoP includes Western Health and Western Health Foundation only - Jointly Controlled Operations with the Vic Comprehensive Cancer Centre (VCCC)	$0.0 $0.0 $0.0	$0.6 $0.2 $0.4
Average number of days to pay trade creditors	60 days	47 days
Average number of days to receive patient fee debtors	60 days	57 days
Adjusted current asset ratio	0.7 or 3% improvement from health service based target	0.6
Actual number of days available cash, measured on the last day of each month	14 days	20 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June ($m)[8]	Variance <$250,000	Not Achieved

Key Performance Statistics (continued)

ACTIVITY & FUNDING

FUNDING TYPE	2021/22 ACTIVITY ACHIEVEMENT
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	143,819
Acute Admitted	
National Bowel Cancer Screening Program NWAU	174
Acute admitted DVA	317
Acute admitted TAC	187
Acute Non-Admitted	
Home Enteral Nutrition NWAU	42
Home Renal Dialysis NWAU	1,140
Radiotherapy - Other	17
Specialist Clinics	62,053
Subacute/Non-Acute, Admitted & Non-admitted	
Subacute NWAU - DVA	46
Transition Care - Bed days	8,143
Transition Care - Home days	11,653
Aged Care	
Residential Aged Care	10,848
HACC	11,925
Mental Health and Drug Services	
Drug Services	14,473
Primary Health	
Community Health / Primary Care Programs	20,676
Community Health Other	779

Financial Snapshot

WORKFORCE DATA

Note: 2022 workforce increase includes the additional staff engaged to respond to COVID demands

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE		AVERAGE MONTHLY FTE	
	2021	2022	2021	2022
Nursing	2838	3200	2524	2962
Administration & Clerical	923	1137	844	1045
Medical Support	472	503	426	485
Hotel and Allied Services	568	642	541	625
Medical Officers	144	155	139	149
Hospital Medical Officers	614	695	591	650
Sessional Clinicians	147	179	135	160
Ancillary Staff (Allied Health)	419	478	421	428
Total	**6125**	**6989**	**5622**	**6504**

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 2022

In the previous year, the Health Service's SoP result was break even (excluding $0.4M VCCC loss).

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

OPERATIONAL AND FINANCIAL PERFORMANCE 2022

The Net Result from Transactions for the 2021/22 year was a surplus of $6.8M (excluding $0.2M VCCC and GRHA surplus).

The Net Result for the Year, after Other Economic Flows, for the 2021/22 year was a surplus of $6.8M (excluding $0.2M VCCC and GRHA surplus).

The Comprehensive Result for the Year, after the Revaluation of Assets, for the 2021/22 year was a surplus of $23.6M (excluding $0.2M VCCC and GRHA surplus).

SUBSEQUENT EVENTS

There are no events occurring after the Balance Sheet date.

Financial Snapshot (continued)

FINANCIAL INFORMATION

$'000	2022	2021	2020	2019	2018
OPERATING RESULT [+]	**631**	(443)	(20,295)	**3,935**	**1,158**
Total Revenue	1,415,390	1,098,247	945,408	968,707	850,589
Total Expenses	1,408,412	1,107,800	978,686	875,460	786,425
Net result from transactions	**6,978**	**(9,553)**	**(33,278)**	**93,247**	**64,164**
Total other economic flows	(13)	9,294	(6,037)	(11,524)	(757)
Net Result	**6,965**	**(259)**	**(39,315)**	**81,723**	**63,407**
Total Assets	1,290,103	1,134,467	1,052,023	1,069,029	840,333
Total Liabilities	414,860	354,582	300,023	266,854	199,289
Net Assets/Total equity	**875,243**	**779,885**	**752,000**	**802,175**	**641,044**

RECONCILIATION OF NET RESULT FROM TRANSACTIONS AND OPERATING RESULT

	2021/22 $'000
Net operating result SoP*	**631**
Capital purpose income	91,246
Specific income	0
COVID-19 State Supply Arrangement - Assets received free of charge or for nil consideration under the State Supply	15,749
State supply items consumed up to 30 June 2022	(14,944)
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	517
Depreciation and amortisation	(86,221)
Impairment of non-financial assets	0
Finance costs (other)	0
Net Result from transactions	**(6,978)**

[+] The Operating result is the result for which the health service is monitored in its Statement of Priorities

*$0.2M = SoP includes Western Health and Western Health Foundation only

$0.4M = Jointly Controlled Operations with the Victorian Comprehensive Cancer Centre (VCCC) and the Grampians Rural Health Alliance (GRHA)

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

Financial Snapshot (continued)

CONSULTANCIES

DETAILS OF CONSULTANCIES [UNDER $10,000]
In 2021/22, there were 8 consultancies where the total fees payable to the consultant were less than $10,000.
The total expenditure incurred during 2021-22 in relation to these consultancies is $37,517 (excl. GST).

DETAILS OF CONSULTANCIES [VALUED AT $10,000 OR GREATER]
In 2021/22, there were 5 consultancies where the total fees payable to the consultant were $10,000 or greater.
The total expenditure incurred during 2021/22 in relation to the consultancies is $83,413 (excl. GST). Details of individual consultancy are as follows:

Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2021/22 (excluding GST)	Future expenditure (excluding GST)
Smooth Hospital Move	Sunshine Emergency Nursing Department consultancy for SHED transition.	Sep-21	Sep-21	$12,065	$12,065	$0
Nicholas Crinis	Pathology Tender Consultancy	Jun-22	Jun-22	$17,686	$17,686	$0
Touch Projects	Transition Consultancy for Djerriwarrh amalgamation	Apr-22	Apr-23	$30,000	$30,000	$0
Deakin University	Biostatistician Research Consultancy Services	Feb-22	Jun-22	$10,163	$10,163	$0
Derwent	Consultancy services for Emergency, Medicine & Access	Mar-22	Mar-22	$13,500	$13,500	$0
	TOTALS			**$83,413**	**$83,413**	**$0**

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2021/22 is $50.4 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)**
$28.4 million	$22.0 million	$10.2 million	$11.8 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 2021 to 27 June 2022, the responsible Minister was:

- The Hon Martin Foley MP, Minister for Health, Minister for Ambulance Services, Minister for Equality

Over the period 27 June 2021 to 30 June 2022, the responsible Minister was:

- The Hon Mary-Anne Thomas MP, Minister for Health, Minister for Ambulance Services

Over the period 1 July 2021 to 30 June 2022, the Board comprised nine Members, including the Chair.

ROBYN BATTEN

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 Uniting Victoria and Tasmania, East Melbourne PHN and Chair of Leap in! Australia, as well as a Non-Executive Director of Uniting Housing Victoria and 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 & Risk, 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 the Chair of the Quality & Safety Committee and a Member of the Primary Care & Population Health Advisory Committee.

Appointed July 2016

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 & Risk Committee.

Appointed May 2020

JENNIFER LORD

MCom HRM, GradDip Bus, GradCert HR

Jennifer Lord is a Senior Human Resources Executive with extensive experience in strategic and operational HR management, building organisational capability through the development and implementation of contemporary people and culture business solutions in times of major change.

Jennifer has a breadth of experience across Financial Services, Retail and Professional Services Sectors.

She is currently an independent human resources consultant and coach, prior to which she held the role of Executive Manager People Experience at VicSuper. Jennifer has managed HR strategy and operations in 28 locations across Australia, UK and Asia Pacific and has extensive experience in inspiring, motivating, leading and building teams through times of change.

Ms Jennifer Lord was a Member of the Audit & Risk Committee and a Member of the Primary Care & Population Health Advisory Committee.

Appointed: July 2020

Resigned: August 2021

SHEREE PROPOSCH

B.Arch, Grad Dip Bus Admin, MAICD, ARBV, AIA

Sheree Proposch is a leading specialist in healthcare design and strategy, and has worked in Australia, the UK and Singapore. An accomplished architect, business leader and committee member, Sheree has extensive experience in the construction, healthcare and tertiary education sectors.

Sheree has acted as an advisor to public, private and not for profit boards on major infrastructure strategy and capital investment. She combines her sector experience to provide strategic advice for health and education precincts.

Sheree contributes to public health boards through specialist insight into capital development, stakeholder engagement, and risk management.

Sheree Proposch was the Chair of the Community Advisory Committee and a Member of the Quality and Safety Committee.

Appointed July 2019

Term Completed June 2022

RAY NEWLAND

B Ed

Ray Newland has a working career spanning over 50 years during which he gained a broad range of experiences including;

Lecturer, Technical Teacher's Training College at Hawthorn in the 1970's;

Manager, Driver Testing Standards at VicRoads, Kew in the 1980's ensuring state-wide compliance with licence testing standards;

Manager with the Federal Chamber of Automotive Industries liaising with State and Federal Ministers on Road Safety initiatives and compliance with Australian Design Rules in the 1990's until a stroke forced his retirement in 2009.

Following retirement, Ray was prompted by his lived experiences with the health care system to engage as a consumer advisor on a range of health service committees, including at board sub-committee level.

After serving eight years as a consumer advisor, Ray was appointed to the Board of Western Health.

Ray Newland was a Member of the Community Advisory Committee.

Appointed July 2021

Term Completed June 2022

Corporate Governance (continued)

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 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 a Member of the Quality & Safety 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 a 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 & Risk and Governance & Remuneration Committees.

Appointed July 2020

DAVID LAU

BPharm MClinPharm GCHIthSM 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

Corporate Governance (continued)

BOARD MEETING ATTENDANCE 2021/22

DIRECTORS	BOARD MEETINGS ATTENDED/ MEETINGS HELD
Robyn Batten	11/11
Dr Catherine Hutton	10/11
Sheree Proposch	11/11
Prof Andrew Conway	11/11
Hon Monica Gould	11/11
Elizabeth Kennedy	11/11
David Lau	10/11
Jennifer Lord	2/2
Ray Newland	11/11

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) 2021/22:

- Elizabeth Kennedy (Chair)
- Robyn Batten
- Prof Andrew Conway
- Jennifer Lord

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) 2021/2022:

- Sheree Proposch (Chair)
- Monica Gould
- Ray Newland

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) 2021/22:

- Prof 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) 2021/22:

- Elizabeth Kennedy (Chair)
- Robyn Batten
- Jennifer Lord
- 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) 2021/22:

- David Lau (Chair)
- Dr Catherine Hutton
- Jennifer Lord

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

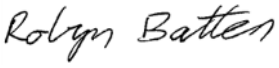
Committee Members (Board Directors) 2021/22:

- Dr Catherine Hutton (Chair)
- Robyn Batten
- Monica Gould
- Sheree Proposch

Corporate Governance (continued)

ATTESTATION FOR FINANCIAL COMPLIANCE

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
(2 September 2022)

ATTESTATION FOR DATA INTEGRITY

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
(2 September 2022)

ATTESTATION ON CONFLICT OF INTEREST

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.

Russell Harrison
Chief Executive,
Western Health
(2 September 2022)

ATTESTATION FOR INTEGRITY, FRAUD AND CORRUPTION

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
(2 September 2022)

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 2021/22 financial year.

WorkSafe Awards – Western Health were nominated for two WorkSafe Awards: Commitment to Prevention of Mental Health Injury in the Workplace, for the wide range of strategies and actions we had taken around prevention of occupational violence and aggression; and Safety Solution of the Year for the 'McMonty' isolation hood, designed by A/Prof Forbes McGain in collaboration with a team from University of Melbourne Engineering. In an unprecedented outcome, Western Health won both major awards.

Western Health Respiratory Protection Program (RPP) introduced in 2020 under the direction of Victoria Department of Health and Worksafe Victoria, continues to provide Fit Testing to Western Health staff. As of 30th of June 2022, Western Health RPP has successfully completed over 7,700 Fit Testing sessions for employees, contractors and students. Western Health RPP engages in fortnightly consultation with members of the Respiratory Protection Program Community of Practice (RPPCoP) to exchange RPP work experience, update respective program progress and brainstorm the solutions against difficulties and challenges within RPP.

Back for life (B4L) train-the-trainer education delivered by O'Shea No Lift Systems has recommenced Apr 2022 after being delayed due to COVID face-to-face training restrictions.

Health and Safety Representatives (HSR) – During the 2021/2022 reporting cycle, HSRs have been actively engaged within the Designated Work Groups working closely with managers and OHS staff to ensure safety is paramount within their area of responsibility. HSRs have been very active in the quarterly HSR forums and the Western Health OHS Committee meetings.

2222 Transition – 2021 saw the introduction of the standardised internal emergency number, 2222, to major Western Health sites. The 2222 transition is now planned to be implemented at the Bacchus March and Melton hospitals with consultation currently being engaged with all key stakeholders.

SafeWards - The SafeWards Model (SafeWards) is an exploratory and adaptable program of evidence-based nursing interventions, developed to strengthen existing principles of good nursing practice, promoting patient centred care by involving patients, their families and carers. SafeWards and a trial of four related interventions is a project initiative that commenced in early 2022 supported by Safer Care Victoria, at two general wards at Western Health. The model and interventions have a strong fit with strategies that aim to limit the occurrence and impacts of occupational violence (OV), as well as broader culture change strategies that seek to embed respect, inclusion, and collaboration.

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. 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 STATISTICS

MEASURE	2021/22*	2020/21	2019/20
1. The number of reported incidents for the year per 100 FTE	28.5	26.6	20.87
2. The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.65	0.73	0.59
3. The average cost per WorkCover claim for the year ('000)	$157	$95	$84

OCCUPATIONAL VIOLENCE STATISTICS

MEASURE	2021/22*
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0.1
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.44
3. Number of occupational violence incidents reported	427
4. Number of occupational violence incidents reported per 100 FTE	7.83
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	7.77%

** 2021/22 rates impacted by inclusion of Bacchus Marsh & Melton staff data*

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 for the year ending 30 June 2022.

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 is also developing a process for conducting Gender Impact Assessments for the purpose of promoting gender equality in our policies, programs and services.

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. The workgroup aims to pilot the approach in December 2022, in partnership with the Health Equity Advisory Group.

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 (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 2021 to 30 June 2022. Where applicable, the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

Western Health is participating in the state-wide building cladding replacement program in order to support compliance with Fire Risk Management Guidelines.

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.

LOCAL JOBS FIRST ACT 2003

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

There was one Local Jobs First Project at Western Health within 2021/22:

Project Name	**Pharmacy Wholesale Distribution Service**
Project Value	$127,000,000
Project Status	Contract Awarded; Services Commenced 1 July 2022
Local Content	1
LIDP Commitments	1
VIPP Plan / LIDP Outcomes	In Progress
Total Businesses Engaged	4

Corporate Governance (continued)

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: https://www.westernhealth.org.au/PatientsandVisitors/PrtoectedDisclosure/Pages/default.aspx and to staff on the Western Health intranet.

One disclosure was received by Western Health and notified to IBAC during the 2021/22 financial year.

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).

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 such as Western Health. Western Health processes all freedom of information (FOI) requests for access to documents in accordance with the provisions of the FOI Act.

Western Health amalgamated with Djerriwarrh Health Services on 1 July 2021. In the year to 30 June 2022 (the reporting period), the amalgamated Western Health received 1612 valid FOI requests, the vast 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 were two valid FOI requests for non-personal information received, requesting access to copies of Western Health clinical policies and COVID Safe Plan related records.

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.

TOTAL FOI REQUESTS 2021/22	**1612**
Full Access	1149
Partial Access	66
Access Denied	0
Applications Withdrawn	117
No Documents	18
Applications in Progress	262
VCAT Appeal	1
Appeal Withdrawn	1
Transfers Received	0
Time of Births	54

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, contact details and a link to the website of the Office of the Victorian Information Commissioner.

If an FOI request relates to records from Bacchus Marsh Hospital, Melton Hospital, Melton Health and Community Services, Caroline Springs Community Health Centre or Grant Lodge Residential Aged Care, information about how to make an FOI request is available to members of the public on the Bacchus Marsh/Melton Western Health website.

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.

Corporate Governance (continued)

ENVIRONMENTAL SUSTAINABILITY

In FY 2021/22, Western Health's portfolio continued expanding with the acquisition of Bacchus Marsh and Melton health services. The addition of these facilities increased energy consumption and related emissions.

We also saw an increase in waste generation, likely attributable to the portfolio expansion and the remanent practices related to COVID-19. However, Western Health continued taking on a Leadership role to reduce our environmental footprint by implementing a re-usable gown trial program within ICU at Sunshine and Footscray Hospitals. Given the sound success of the program (financial, environmental and operational) we are currently expanding to areas beyond ICU. The positive outcomes from this program are likely to be more visible in FY 2022/23.

With regards to water, current data shows a slight reduction in water use when compared to the previous FY. This could be attributable to the reduction in occupancy and health care activity due to COVID-19.

Overall, Sustainability at Western Health has become a high priority deliverable of our daily operations. By embedding it in Strategic Direction, the organisation has set the wheels in motion to overhaul operations. Some of the positive outcomes at Service Planning level include moving away from gas for refurbishments and new buildings (West Side Lodge, Sunshine Mental Health, Point Cook Community Hospital and New Melton Hospital).

Sustainability data over the past three years is outlined in the following tables.

Greenhouse gas emissions

	2022	2021	2020
Total greenhouse gas emission (tonnes CO2e)			
Scope 1	6,674	6,653	6,625
Scope 2	35,232	33,791	33,535
Total	**41,906**	**40,444**	**40,160**
Normalised greenhouse gas emissions (tonnes CO_2e)			
Emissions per unit of floor pace (kg CO_2e/m^2)	275.39	285.90	288.18
Emissions per unit of separations (kg CO_2e/separations)	311.33	299.76	290.98
Emissions per unit of bed day (LOS+aged care OBD (kg CO_2e/OBD)	117.27	112.85	113.60

Stationary energy

	2022	2021	2020
Total stationary energy consumption by energy type (GJ)			
Electricity	139,381	124,131	118,360
Natural gas	125,516	126,862	125,184
Total	**268,897**	**250,993**	**243,544**
Normalised stationary energy consumption			
Energy per unit of floor pace (GJ/m^2)	1.76	1.77	1.75
Emissions per unit of separations (kg CO_2e/separations)	1.99	1.86	1.76
Emissions per unit of bed day (LOS+aged care OBD (GJ/OBD)	0.75	0.70	0.69

Water consumption

	2022	2021	2020
Total water consumption by type (kL)			
Class A recycled water	N/A	N/A	N/A
Potable water	205,465	205,801	227,634
Reclaimed water*	N/A	N/A	N/A
Normalised water consumption (potable + class A)			
Water per unit of floor pace (kL/m^2)	1.35	1.45	1.63
Water per unit of separations (kL/ separations)	1.52	1.53	1.65
Water per unit of bed day (LOS+aged care OBD (kL/OBD)	0.57	0.57	0.64

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

Waste & Recycling

	2022	2021	2020
Total waste generated (kg clinical waste + kg general waste + kg recycling waste)	2,782,433	2,313,027	2,154,597
Total waste to landfill generated (kg clinical waste + kg general waste)	1,939,814	1,807,052	1,687,496
Total waste to landfill per patient treated ([kg clinical waste + kg general waste]/ PPT)	3.11	2.79	2.64
Rate of diversion from landfill (%)	36.97%	27.02%	33.53%

Corporate Governance (continued)

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. Declarations of pecuniary interests have been duly completed by all relevant officers;

B. Details of shares held by senior officers as nominee or held beneficially;

C. Details of publications produced by Western Health about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;

D. Details of changes in prices, fees, charges, rates and levies charged by Western Health;

E. Details of any major external reviews carried out on Western Health;

F. Details of major research and development activities undertaken by Western Health that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;

G. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

H. Details of major promotional, public relations and marketing activities undertaken by Western Health to develop community awareness of Western Health and its services;

I. Details of assessments and measures undertaken to improve the occupational health and safety of employees;

J. A general statement on industrial relations within Western Health and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;

K. A list of major committees sponsored by Western Health, the purposes of each committee and the extent to which the purposes have been achieved;

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

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.

LEGISLATION	REQUIREMENT	PAGE
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Charter and purpose		
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FRD 22	Purpose, functions, powers and duties	25
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FRD 22	Activities, programs and achievements for the reporting period	4-7
FRD 22	Significant changes in key initiatives and expectations for the future	4-7
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FRD 22	Summary of the financial results for the year	20, 22-24
FRD 22	Significant changes in financial position during the year	22
FRD 22	Operational and budgetary objectives and performance against objectives	18-23
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LEGISLATION	REQUIREMENT	PAGE
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Attestation on Data Integrity		29
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Western Health

FINANCIAL STATEMENTS & ACCOMPANYING NOTES

For the Financial Year Ended 30th June 2022

Contents

Western Health

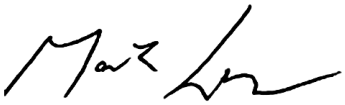
Board Chair's, Chief Executive Officer's and Chief Financial Officer's Declaration

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.

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

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

We authorise the attached consolidated financial statements for issue on 2nd September 2022



Robyn Batten
Board Chair
Melbourne

2nd September 2022

Russell Harrison
Chief Executive Officer
Melbourne

2nd September 2022

Mark Lawrence
Chief Financial Officer
Melbourne

2nd September 2022

Independent Auditor's Report

Victorian Auditor-General's Office

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 2022 • 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 2022 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.
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.

Auditor's responsibilities for the audit of the financial report

(continued)

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.

MELBOURNE
9 September 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

Western Health
Comprehensive Operating Statement
For the Financial Year Ended 30th June 2022

	Note	Parent 2022 $'000	Consolidated 2022 $'000	Parent 2021 $'000	Consolidated 2021 $'000
Revenue from transactions					
Operating activities	2.1	1,412,170	1,414,514	1,095,651	1,096,493
Non-operating activities - interest	2.1	872	876	1,754	1,754
Total revenue from transactions		**1,413,042**	**1,415,390**	**1,097,405**	**1,098,247**
Expenses from transactions					
Employee	3.1	(1,031,131)	(1,032,078)	(796,620)	(797,054)
Supplies and consumables	3.1	(163,863)	(163,863)	(141,060)	(141,060)
Finance	3.1	(455)	(455)	(448)	(448)
Depreciation and amortisation	4.6	(85,995)	(86,221)	(74,838)	(74,844)
Other administrative		(65,704)	(65,704)	(42,741)	(42,741)
Other operating	3.1	(59,097)	(60,091)	(50,802)	(51,653)
Total Expenses from transactions		**(1,406,245)**	**(1,408,412)**	**(1,106,509)**	**(1,107,800)**
Net result from transactions - net operating balance		**6,797**	**6,978**	**(9,104)**	**(9,553)**
Other economic flows included in net result					
Net loss on sale of non-financial assets	3.2	(17)	(17)	(52)	(52)
Other gain from other economic flows	3.2	3,918	3,918	12,115	12,115
Net loss on financial instruments	3.2	(3,914)	(3,914)	(2,767)	(2,769)
Total other economic flows included in net result		**(13)**	**(13)**	**9,296**	**9,294**
Net result for the year		**6,784**	**6,965**	**192**	**(259)**
Other economic flows – other comprehensive income					
Items that will not be reclassified to Net Result					
Changes in property, plant & equipment revaluation surplus	4.2 (b)	**16,778**	**16,778**	**28,144**	**28,144**
Total other comprehensive income		**16,778**	**16,778**	**28,144**	**28,144**
Comprehensive result for the year		**23,562**	**23,743**	**28,336**	**27,885**

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

Balance Sheet

Western Health
Balance Sheet
As at 30th June 2022

	Note	Parent 2022 $'000	Consolidated 2022 $'000	Parent 2021 $'000	Consolidated 2021 $'000
Current assets					
Cash and cash equivalents	6.2	106,455	107,537	65,644	66,203
Receivables and contract assets	5.1	13,754	13,941	14,845	14,858
Inventories	4.7	5,392	5,392	4,338	4,338
Investments and other financial assets	4.1	16,862	16,862	25,476	25,476
Prepaid expenses		5,494	5,666	3,880	3,888
Total current assets		**147,957**	**149,398**	**114,233**	**114,813**
Non-current assets					
Receivables and contract assets	5.1	58,235	58,235	45,743	45,743
Property, plant & equipment	4.2 (a)	1,046,607	1,047,415	943,399	943,411
Right of use assets	4.3 (a)	7,849	7,938	5,597	5,597
Intangible assets	4.5	27,086	27,117	24,898	24,903
Total non-current assets		**1,139,777**	**1,140,705**	**1,019,637**	**1,019,654**
Total assets		**1,287,734**	**1,290,103**	**1,133,870**	**1,134,467**
Current liabilities					
Payables and contract liabilities	5.2	144,542	145,516	128,965	129,022
Borrowings	6.1	3,072	3,072	2,241	2,241
Employee Benefits	3.3	210,631	210,663	168,872	168,907
Other liabilities	5.3	1,664	1,664	-	-
Total Current Liabilities		**359,909**	**360,915**	**300,078**	**300,170**
Non-current liabilities					
Borrowings	6.1	26,151	26,151	25,531	25,531
Employee Benefits	3.3	27,779	27,794	28,872	28,881
Total non-current liabilities		**53,930**	**53,945**	**54,403**	**54,412**
Total liabilities		**413,839**	**414,860**	**354,481**	**354,582**
Net assets		**873,895**	**875,243**	**779,389**	**779,885**
Equity					
Property, Plant & Equipment Revaluation Surplus	4.4	483,396	483,396	466,618	466,618
Restricted specific purpose reserve		6,739	6,739	5,696	5,696
Contributed capital		274,235	274,906	203,291	203,291
Accumulated surplus		109,525	110,202	103,784	104,280
Total equity		**873,895**	**875,243**	**779,389**	**779,885**

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

Statement of Changes in Equity

Western Health
Statement of Changes in Equity
For the Financial Year Ended 30th June 2022

Consolidated	Note	Property, Plant & Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributed Capital $'000	Accumulated surpluses/ (deficits) $'000	Total $'000
Balance at 1st July 2020		**438,474**	**6,334**	**203,291**	**103,901**	752,000
Net result for the year		-	-	-	(259)	(259)
Other comprehensive income for the year	4.2 (b)	28,144	-	-	-	28,144
Transfer from/(to) accumulated surpluses/deficits		-	(638)	-	638	-
Balance at 30th June 2021		**466,618**	**5,696**	**203,291**	**104,280**	**779,885**
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
Balance at 30th June 2022		**483,396**	**6,739**	**274,906**	**110,202**	**875,243**

Parent	Note	Property, Plant & Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributed Capital $'000	Accumulated surpluses/ (deficits) $'000	Total $'000
Balance at 1st July 2020		**438,474**	**6,334**	**203,291**	**102,954**	752,000
Net result for the year		-	-	-	192	192
Other comprehensive income for the year	4.2 (b)	28,144	-	-	-	28,144
Transfer from/(to) accumulated surpluses/deficits		-	(638)	-	638	-
Balance at 30th June 2021		**466,618**	**5,696**	**203,291**	**103,784**	**779,389**
Net result for the year		-	-	-	6,784	6,784
Other comprehensive income for the year	4.2 (b)	16,778	-	-	-	16,778
Transfer to accumulated surpluses/deficits		-	1,043	-	(1,043)	-
Capital contribution		-	-	70,944	-	70,944
Balance at 30th June 2022		**483,396**	**6,739**	**274,235**	**109,525**	**873,895**

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

Cash Flow Statement

Western Health
Cash Flow Statement
For the Financial Year Ended 30th June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash Flows from operating activities			
Operating grants from the State Government		1,182,395	920,490
Operating grants from the Commonwealth Government		38,503	29,702
Capital grants from the State Government		84,768	64,611
Capital grants from the Commonwealth Government		6,272	(5,074)
Patient fees		22,740	26,549
Private practice fees		17,315	20,100
Donations and bequests		1,789	1,281
GST received from ATO		(23,314)	(12,595)
Pharmaceutical sales		766	779
Recouped from private practice for use of hospital facilities		206	384
Interest and investment revenue		1,325	1,487
Car park revenue		5,331	5,313
Other capital receipts		185	44
Other receipts		37,453	30,945
Total receipts		**1,375,734**	**1,084,016**
Employee expenses		(909,514)	(701,907)
Non-salary labour expenses		(96,015)	(75,971)
Payments for supplies and consumables		(160,473)	(117,306)
Payments for repairs and maintenance		(15,568)	(10,982)
Finance expenses		(455)	(448)
Other payments		(87,362)	(57,196)
Total payments		**(1,269,387)**	**(963,810)**
Net cash flows from/(used in) operating activities	8.1	**106,347**	**120,206**
Cash Flows from investing activities			
Cash assumed on amalgamation		8,380	-
Proceeds from sale of non-financial assets		64	8
Purchase of non-financial assets		(80,554)	(80,532)
Proceeds from sale of financial assets		7,500	450
Purchase of financial assets		(400)	-
Capital donations and bequests received		14	-
Net cash flows from/(used in) investing activities		**(64,996)**	**(80,074)**
Cash Flows from financing activities			
Repayment of borrowings		(887)	(871)
Receipt of borrowings		870	(16,557)
Net cash flows from/(used in) financing activities		**(17)**	**(17,428)**
Net increase/(decrease) in cash and cash equivalents held		**41,334**	**22,704**
Cash and cash equivalents at beginning of year		66,203	43,499
Cash and cash equivalents at end of year	6.2	**107,537**	**66,203**

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

Note 1: Basis of Preparation

Structure

These financial statements are the audited general purpose financial statements for Western Health, (the "Health Service"), and its controlled entities for the year ended 30th June 2022. The report provides users with information about the Health Service'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.

The Health Service 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 2nd 2022.

Note 1.2: Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On August 2nd 2020 a state of disaster was added with both operating concurrently. The state of disaster

Note 1: Basis of Preparation continued

in Victoria concluded on 28th October 2020 and the state of emergency concluded on 15th December 2021. The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises that it is difficult to reliably estimate the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and its financial position.

Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, the Health Service was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, have impacted the way the Health Service operates.

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

- introduced restrictions on non-essential visitors
- utilised telehealth service
- deferred elective surgery and reduced activity
- transferred inpatients to private health facilities
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate

The financial impacts of the pandemic are disclosed at:

- 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
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

Note 1.4: Principles of consolidation

The financial statements include the assets and liabilities of the Health Service 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.

Note 1: Basis of Preparation continued

Western Health controls the following entities:

- Western Health Foundation Limited
- Western Health Foundation Trust
- Regional Kitchen Pty Ltd
- RFK Pty Ltd

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

The parent entity is not disclosed separately in the notes to the financial statements.

An entity is considered to be a controlled entity where the Health Service 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.

The Health Service consolidates the results of its controlled entities from the date on which the health service gains control until the date the health service 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 the Health Service have been eliminated to reflect the Health Service's operations as a group.

Note 1.5: Joint arrangements

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

The Health Service is a member of the Victorian Comprehensive Cancer Care Centre (VCCC) and the Grampians Rural Health Alliance. Both arrangements have been classified as joint operations. Interests in jointly controlled assets or operations are not consolidated by the Health Service but are accounted for in accordance with the policy outlined in Note 8.8 Jointly Controlled Operations.

Note 1.6: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements. 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 are disclosed in further detail throughout the accounting policies.

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 the Health Service and their potential impact when adopted in future periods is outlined below:

Note 1: Basis of Preparation continued

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

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

Note 1.8: Goods and Services Tax (GST)

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

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

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing 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 the Health Service. The entities are the Western Health Foundation Limited, Western Health Foundation Trust Fund, Regional Kitchen Pty Ltd and RFK Pty Ltd. The principal address is:
Footscray Hospital
Gordon Street, Footscray, Victoria 3011

A description of the nature of the Health Service'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 with Djerriwarrh Health Services (DjHS)

On 1st July 2021, the services, staff and net assets of DjHS were transferred to the Health Service as part of the amalgamation, which was previously reported in the Djerriwarrh Health Services 30th June 2021 financial statements. 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 by the Health Service. No income has been recognised by the Health Service in respect of the net asset transferred from DjHS. The net assets assumed by the Health Service were recognised in the balance sheet at the carrying amount of those assets in DjHS's balance sheet immediately before the transfer as outlined below.

Net assets represented by:	**$'000**
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)
Net assets recognised	**71,615**

Note 2: Funding for delivery of services

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

Structure

COVID-19

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

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities could not be delivered due to reductions in the number of patients being treated at various times throughout the financial year. This was offset by additional funding provided by the DH to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related expenses, including:

- increased staffing expenses to service the vaccination hubs and the in-house contract tracing unit
- pathology testing expenses due to COVID-19 tests
- increased Personal Protective Equipment (PPE) expenses
- expenses related to the expansion of emergency services at Sunshine Hospital.

Funding provided included:

- COVID-19 and state repurposing grants to fund increased staffing, and pathology expenses relating to the pandemic
- additional elective surgery funding to address elective surgery deferred due to the pandemic
- local public health unit funding for in-house contract tracing
- sustainability funding

For the year ended 30th June 2022, the pandemic has impacted the Health Service's ability to satisfy its performance obligations contained within its contracts with customers. The Health Service received direction that there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

This resulted in approximately $53 million being recognised as income for the year ended 30 June 2022 (2021: $25 million) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for the Health Service's most material revenue streams, where applicable, is disclosed within this note.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Note 2: Funding for delivery of services continued

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

Note 2.1: Revenue and income from transactions

Operating activities	**Note**	**2022 $'000**	**2021 $'000**
Revenue from contracts with customers			
Government grants (State) – Operating		871,562	659,554
Government grants (Commonwealth) – Operating		38,503	29,702
Patient and resident fees		23,029	26,771
Private practice fees		17,644	21,526
Commercial activities (i)		13,370	12,064
Total revenue from contracts with customers	2.1(a)	**964,108**	**749,617**
Other sources of income			
Government grants (State) – Operating		312,032	239,325
Government grants (State) – Capital		84,768	64,611
Government grants (Commonwealth) - Capital		6,271	-
Other capital purpose revenue		185	44
Capital donations		14	-
Car park revenue		5,334	5,314
Salary and other recoveries		12,865	12,091
Research and sundry revenue		2,337	2,845
Other income from operating activities (including non-capital donations)		10,851	8,632
Assets received free of charge or for nominal consideration	2.1(b)	15,749	14,014
Total other sources of income		**450,406**	**346,876**
Total revenue and income from operating activities		**1,414,514**	**1,096,493**
Non-operating activities			
Income from other Sources			
Operating interest		869	1,687
Capital interest (ii)		7	67
Total other sources of income		**876**	**1,754**
Total income from non-operating activities		**876**	**1,754**
Total revenue and income from transactions		**1,415,390**	**1,098,247**

(i) Commercial activities represent business activities which the Health Service enters into to support its operations.
(ii) Capital Interest represents interest on the Linear Accelerator replacement funds received

Note 2: Funding for delivery of services continued

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
The Health Service disaggregates revenue by the timing of revenue recognition		
Goods and services transferred to customers:		
At a point in time	1,032,703	749,617
Over time	5,296	-
Total revenue from contracts with customers	**1,037,999**	**749,617**

Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

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

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

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

Note 2: Funding for delivery of services continued

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the DH in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG). WIES was superseded by NWAU from July 1st 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU funding commenced July 1st 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services. NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at a point in time, which is when a patient is discharged.

Capital grants

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

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

Patient and resident fees

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

Private practice fees

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

Note 2: Funding for delivery of services continued

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

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Personal protective equipment	15,749	14,014
Total fair value of assets and services received free of charge or for nominal consideration	**15,749**	**14,014**

Donations and bequests

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

Personal protective equipment

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

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

Voluntary Services

The Health Service recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased if they had not been donated. The Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

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

Note 2: Funding for delivery of services continued

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

Note 3: The cost of delivering services

This section provides an account of the expenses incurred by the Health Service in delivering services and outputs. In 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

COVID-19

Expenses incurred to deliver services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional expenses were incurred to deliver the following additional services:

- establish facilities within the Health Service for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee expenses and additional equipment purchases
- implement COVID safe practices throughout the Health Service including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs and pathology expenses
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee expenses, consumables and additional equipment purchased
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee expenses and consumables
- implement work from home arrangements resulting in increased ICT infrastructure expenses and additional equipment purchases.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	The Health Service applies significant judgement when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if the Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if the Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.

Note 3: The cost of delivering services continued

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

Note 3.1: Expenses from transactions

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Salaries and wages		778,542	626,832
On-costs		181,329	147,130
Agency		58,068	14,827
Fee for service medical officer		6,691	2,503
Workcover premium		7,447	5,762
Total employee expenses		**1,032,077**	**797,054**
Drugs		39,007	33,814
Medical and surgical (including prostheses)		60,369	51,970
Diagnostic and radiology		26,818	20,948
Other supplies and consumables		37,670	34,328
Total supplies and consumables		**163,864**	**141,060**
Finance		455	448
Total finance expenses		**455**	**448**
Other administrative		65,704	42,741
Total other administrative expenses		**65,704**	**42,741**
Energy and water		9,930	8,878
Repairs and maintenance (reactive)		15,568	10,982
Maintenance contracts (preventative)		17,289	16,435
Medical indemnity insurance		17,822	15,345
Expenditure for capital purposes (minor equipment) (i)		(518)	13
Total other operating expenses		**60,091**	**51,653**
Total operating expenses		**1,322,191**	**1,032,956**
Depreciation and amortisation		86,221	74,844
Total depreciation and amortisation	**4.6**	**86,221**	**74,844**
Total expenses from transactions		**1,408,412**	**1,107,800**

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)

Note 3: The cost of delivering services continued

- on-costs
- agency
- fee for service medical officer
- workcover premiums.

Supplies and consumables expenses

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 bank overdrafts and 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
- 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 the Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

Other non-operating expenses generally represent expenditure 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

	2022 $'000	2021 $'000
Net loss on disposal of property, plant and equipment	(17)	(52)
Total net loss on non-financial assets	**(17)**	**(52)**
Allowance for impairment losses on contractual receivables	(2,400)	(3,471)
Other gains/(losses) from other economic flows	(1,514)	702
Total net loss on financial instruments	**(3,914)**	**(2,769)**
Net gain arising from revaluation of long service liability	3,918	12,115
Total other gains from other economic flows	**3,918**	**12,115**
Total other gains/(losses) from economic flows	**(13)**	**9,294**

Recognition of 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).

Net gain/(loss) on non-financial assets

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

- revaluation gains/(losses) of investment properties
- net gain/(loss) on disposal of non-financial assets
- any gain/(loss) on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(Loss) on financial instruments at fair value

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost, (refer to Note 4.1 Investments and other financial assets)
- disposals of financial assets and derecognition of financial liabilities.

Note 3: The cost of delivering services continued

Note 3.3: Employee benefits and related on-costs

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current employee benefits and related on-costs		
Employee benefits (i)		
Unconditional and expected to be settled wholly within 12 months(ii)		
Accrued Days Off	2,283	1,725
Annual Leave	68,652	55,011
Long Service Leave	12,669	10,920
On-Costs	9,322	7,111
	92,926	74,767
Unconditional and expected to be settled wholly after 12 months(iii)		
Annual Leave	11,094	9,129
Long Service Leave	93,306	75,614
On-Costs	13,337	9,397
	117,737	94,140
Total current employee benefits and related on-costs	**210,663**	**168,907**
Non-current employee benefits and related on-costs		
Employee Benefits (i)		
Long Service Leave	24,587	25,996
On-Costs	3,207	2,885
Total non-current employee benefits and related on-costs	**27,794**	**28,881**
Total employee benefits and related on-costs	**238,457**	**197,788**

Notes:
(i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal amounts.
(iii) The amounts disclosed are discounted to present values.

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current employee benefits and related on-costs		
Unconditional Long Service Leave entitlements	119,504	96,124
Unconditional Annual Leave entitlements	88,876	71,058
Unconditional Accrued Days Off entitlements	2,283	1,725
Total current employee benefits and related on-costs	210,663	168,907
Non-current employee benefits including on-costs		
Conditional Long Service Leave entitlements	27,794	28,881
Total non-current employee benefits and related on-costs	27,794	28,881
Total employee benefits and related on-costs	**238,457**	**197,788**
Attributable to:		
Employee benefits	212,591	178,395
Provision for related on-costs	25,866	19,393
Total employee benefits and related on-costs	**238,457**	**197,788**

Note 3: The cost of delivering services continued

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Carrying amount at start of year	**19,393**	**17,081**
Additional provisions recognised	15,585	10,245
Net gain/(loss) arising from revaluation of long service liability	(426)	(1,279)
Amounts incurred during the year	(8,686)	(6,654)
Carrying amount at end of year	**25,866**	**19,393**

Employee benefit recognition

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

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probably 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 the Health Service 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 the Health Service expects to wholly settle within 12 months, or
- present value - if the Health Service 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 the Health Service does not expect to settle (pay) 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 the Health Service expects to wholly settle within 12 months, or
- present value - if the Health Service does not expect to wholly settle within 12 months.

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

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: The cost of delivering services continued

Note 3.4: Superannuation

	Contributions Paid during the Year		Contribution Outstanding at Year End [i]	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Defined benefit plans[ii]:				
Aware Super	238	258	4	4
Defined contribution plans:				
Aware Super	36,743	29,674	925	683
Hesta	23,458	18,604	487	339
Other Funds	13,210	8,446	420	247
Total	**73,649**	**56,982**	**1,836**	**1,273**

(i) The Contribution Outstanding at Year End refers to the accrual taken up at year end relating to the last pay period in June.
(ii) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Recognition of superannuation

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

Defined benefit superannuation plans

The defined benefit plan(s) provides benefits based on years of service and final average salary. Defined benefit funds are superannuation funds where contributions are pooled rather than being allocated to particular members. Retirement benefits are determined by a formula based on factors such as an employee's salary and the duration of their employment.

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service employees 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.

The Health Service does not recognise any unfunded defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Health Service. The major employee superannuation funds and contributions made by the Health Service are disclosed above.

Defined contribution superannuation plans

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

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

Note 4: Key assets to support service delivery

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

Structure

COVID-19

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	The Health Service assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The Health Service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the Health Service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. The Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires the Health Service to restore a right-of-use asset to its original condition at the end of a lease, the Health Service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant
Estimating the useful life of intangible assets	The Health Service assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.

Note 4: Key assets to support service delivery continued

Key judgements and estimates	Description
Identifying indicators of impairment	At the end of each year, the Health Service assesses impairment by evaluating the conditions and events specific to the Health Service that may be indicative of impairment triggers. Where an indication exists, the Health Service tests the asset for impairment. The Health Service considers a range of information when performing its assessment, including considering: • If an asset's value has declined more than expected based on normal use • If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset • If an asset is obsolete or damaged • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health service applies significant judgement and estimates to determine the recoverable amount of the asset.

Note 4.1: Investments and other financial assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current								
Current financial assets at fair value through net result								
Term deposit > 3 months					400		400	
Managed investment funds	-	-	-	-	16,462	25,476	16,462	25,476
Total current financial assets	**-**	**-**	**-**	**-**	**16,862**	**25,476**	**16,862**	**25,476**
Represented by:								
Health service investments	-	-	-	-	16,462	25,476	16,462	25,476
Jointly controlled operations investments	-	-	-	-	400	-	400	-
Total investments and other financial assets	**-**	**-**	**-**	**-**	**16,862**	**25,476**	**16,862**	**25,476**

Note 4: Key assets to support service delivery continued

Recognition of investments and other financial assets

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

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

Investments held by the Health Service's 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 the Health Service's financial statements as the Health Service has control of the Western Health Foundation. Refer to Note 8.7 for further information.

Investments are recognised when the Health Service 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.

The Health Service 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: Key assets to support service delivery continued

Note 4.2: Property, plant and equipment

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Land - Crown	177,746	156,202
Total land at fair value	**177,746**	**156,202**
Buildings at fair value	833,321	754,438
less accumulated depreciation	(145,334)	(88,134)
Total buildings at fair value	**687,987**	**666,304**
Buildings under construction at cost	119,428	56,969
Total works in progress at cost	**119,428**	**56,969**
Total land and buildings	**985,161**	**879,475**
Plant at fair value	32,489	30,187
less accumulated depreciation	(26,474)	(22,602)
Total plant at fair value	**6,015**	**7,585**
Equipment works in progress at fair value	13,480	12,435
Total equipment works in progress at fair value	**13,480**	**12,435**
Motor vehicles at fair value	592	343
less accumulated depreciation	(576)	(343)
Total motor vehicles at fair value	**16**	**-**
Medical equipment at fair value	144,799	132,692
less accumulated depreciation	(110,078)	(98,633)
Total medical equipment at fair value	**34,721**	**34,059**
Non-medical equipment at fair value	14,467	8,661
less accumulated depreciation	(11,126)	(6,284)
Total non-medical equipment	**3,341**	**2,377**
Computer equipment at fair value	41,594	34,049
less accumulated depreciation	(38,949)	(27,858)
Total computer equipment at fair value	**2,645**	**6,191**
Furniture and fittings at fair value	11,379	8,488
less accumulated depreciation	(9,343)	(7,199)
Total furniture and fittings at fair value	**2,036**	**1,289**
Total plant, equipment, furniture, fittings and vehicles at fair value	**62,254**	**63,936**
Total property, plant and equipment	**1,047,415**	**943,411**

Share of jointly controlled assets included in property, plant and equipment are separately disclosed in Note 8.8 Jointly Controlled Operations.

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
Balance at 1st July 2020		**126,926**	**634,037**	**68,328**	**5,620**	**15,251**		**35,753**	**2,357**	**9,062**	**1,824**	**904,076**
Additions		1,751	27,755	44,188	21	725		2,085	444	1,402	104	79,379
Disposals		-	-	-	-	-		(61)	-	-	-	(61)
Revaluation increments/ (decrements)	**4.4**	28,144	-	-	-	-		-	-	-	-	28,144
Net transfers between classes (i)		-	48,526	(55,547)	3,541	(3,541)		5,384	173	721	15	(728)
Depreciation and amortisation	**4.6**	-	(44,014)	-	(1,597)	-		(9,102)	(597)	(4,994)	(654)	(61,802)
Balance at 30th June 2021		**156,202**	**666,304**	**56,969**	**7,585**	**12,435**		**34,059**	**2,377**	**6,191**	**1,289**	**943,411**
Additions		-	-	49,175	18	43,773	-	8	90	30	27	93,121
Disposals		-	-					(43)				(43)
Additions due to amalgamation	**1.10**	4,766	61,061	-	981	122	39	2,554	729	772	934	71,958
Revaluation increments/ (decrements)	**4.4**	16,778	-	-	-	-	-	-	-	-	-	16,778
Net transfers between classes (i)		-	9,743	13,284	(669)	(42,850)	-	6,379	937	1,668	250	(11,258)
Depreciation and amortisation	**4.6**	-	(49,121)	-	(1,900)	-	(23)	(8,236)	(792)	(6,016)	(464)	(66,552)
Balance at 30th June 2022		**177,746**	**687,987**	**119,428**	**6,015**	**13,480**	**16**	**34,721**	**3,341**	**2,645**	**2,036**	**1,047,415**

(i) The total of net transfers between classes is usually zero as it is a 'net' figure, however in this instance there was a transfer to Intangible Assets from the Plant and Equipment category. This value is included in Note 4.5(b) Intangible Assest in the 'Works in Progress' line.

Recognition of Property, Plant and Equipment (PP&E)

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

Initial Recognition

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

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

Subsequent Measurement

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

Fair value is determined with reference to the asset's highest and best use 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, the Health Service performs a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

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

An independent valuation of the Health Service'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. The managerial assessment performed at 30th June 2022 indicated an overall:

- increase in fair value of land of 10.42% ($16.8M)

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

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

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the 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.

Note 4: Key assets to support service delivery continued

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 2022 $'000	Consolidated 2021 $'000
Right-of-use concessionary land at fair value	11,348	3,619
Less accumulated depreciation	(8,373)	-
Total right of use land at fair value	**2,975**	**3,619**
Right-of-use buildings at fair value	3,488	143
less accumulated depreciation	(921)	(95)
Total right of use buildings at fair value	**2,567**	**48**
Total right of use concessionary land and buildings	**5,542**	**3,667**
Right-of-use plant, equipment, furniture, fittings and vehicles at fair value	4,136	2,812
less accumulated depreciation	(1,740)	(882)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**2,396**	**1,930**
Total right of use assets	**7,938**	**5,597**

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
Balance at 1 July 2020		**3,000**	**95**	**1,823**	**4,918**
Additions		-	-	904	904
Disposals		-	-	-	-
Revaluation increments		619	-	-	619
Net transfers between classes		-	-	-	-
Depreciation and amortisation	**4.6**	-	(47)	(797)	(844)
Balance at 30 June 2021		**3,619**	**48**	**1,930**	**5,597**
Additions		-	1,874	55	1,929
Additions due to amalgamation	**1.10**	7,729	1,062	379	9,170
Revaluation increments		-	-	-	-
Net transfers between classes		-	20	914	934
Depreciation and amortisation	**4.6**	(8,373)	(437)	(882)	(9,692)
Balance at 30 June 2022		**2,975**	**2,567**	**2,396**	**7,938**

Recognition of Right-of-use Assets

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

Unless the lease is considered a short-term lease or a lease of a low-value asset, (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. The Health Service

Note 4: Key assets to support service delivery continued

presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service. Right-of-use assets and their respective lease terms include:

Class of Right-of-use asset	Lease 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, the Health Service assesses if the contract contains, or is, a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

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

- any lease payments made at or before the commencement date
- any initial direct costs incurred
- 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.

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

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

Subsequent Measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain 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 4.4: Revaluation surplus

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Balance at the beginning of the reporting period		466,618	438,474
Revaluation increment			
- Land	4.2(b)	16,779	27,525
- Right-of-use concessionary land	4.3(b)	-	619
Balance at the end of the Reporting Period		**483,396**	**466,618**
*** Represented by:**			
- Land		159,390	142,612
- Buildings		323,387	323,387
- Right-of-use concessionary land		619	619
		483,396	**466,618**

Note 4: Key assets to support service delivery continued

Note 4.5: Intangible assets

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Intangible Produced Assets - Software [(i)]	60,330	54,871
plus Intangibles (work in progress)	24,092	13,638
less Accumulated Amortisation	(57,305)	(43,606)
Total Intangible Assets	**27,117**	**24,903**

(i) Additions during the year related to the Electronic Medical Record Software.

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

	Note	Software $'000	Total $'000
Balance at 1st July 2020		**22,047**	**22,047**
Additions (i)		2,260	2,260
Work in Progress		13,638	13,638
Amortisation	4.6	(13,042)	(13,042)
Balance at 1st July 2021		**24,903**	**24,903**
Additions due to amalgamation		650	650
Additions		280	280
Work in progress (i)		11,261	11,261
Amortisation	4.6	(9,977)	(9,977)
Balance at 30th June 2022		**27,117**	**27,117**

(i) Includes a transfer from Plant and Equipment. This value is shown in note 4.2(b) in the net total of 'Net Transfers Between Classes'.

Recognition of Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and car park revenue recognition rights.

Initial Recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development, (or from the development phase of an internal project), is also recognised at cost if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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 2022 $'000	Consolidated 2021 $'000
Depreciation		
Property, plant and equipment		
Buildings	49,121	44,014
Plant	1,900	1,597
Motor vehicles	23	-
Medical equipment	8,236	9,102
Non-medical equipment	792	597
Computer equipment	6,016	4,994
Furniture and fittings	464	654
Total depreciation – property, plant and equipment	66,552	60,958
Right of use assets (leases)		
- Right of use land	8,373	-
- Right of use buildings	437	47
- Right of use plant, equipment, furniture, fittings and vehicles	882	797
Total depreciation – right-of-use assets	**9,692**	**844**
Amortisation		
Intangible assets - software	9,977	13,042
Total amortisation	**9,977**	**13,042**
Total depreciation and amortisation	**86,221**	**74,844**

Depreciation

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

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

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.

	2022 Years	2021 Years
Buildings		
- Structure shell building fabric	40-52	40-52
- Site engineering services and central plant	23-40	23-40
Central plant		
- Fit out	15-40	15-40
- Trunk reticulated building system	21-40	21-40
Plant and equipment	10	10
Medical equipment	5-10	5-10
Non-Medical Equipment	10	10
Furniture and Fittings	10	10
Motor Vehicles	4	4
Computers and Communication	3	3

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Medical and surgical consumables at cost	2,535	1,584
Pharmacy supplies at cost	2,857	2,804
Total inventories	**5,392**	**4,388**

Inventories

Inventories include goods and other property for 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

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

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

When performing an impairment test, the Health Service compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The Health Service did not record any impairment losses for the year ended 30th June 2022.

Note 5: Other assets and liabilities

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

Structure

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

Note 5: Other assets and liabilities continued

Note 5.1: Receivables and contract assets

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Current Receivables and contract assets			
Contractual			
Inter hospital debtors		767	1,135
Trade receivables		4,063	3,432
Patient fees		6,752	6,465
Contract assets [(i)]		3,355	3,267
Trade receivables – allowance for impairment losses	5.1 (a)	(621)	(500)
Patient fees – allowance for impairment losses	5.1 (a)	(3,606)	(3,203)
Total contractual receivables		**10,710**	**10,596**
Statutory			
GST receivable		3,187	1,005
Accrued revenue - Department of Health [(ii)]		44	3,257
Total statutory receivables		**3,231**	**4,262**
Total current receivables and contract assets		**13,941**	**14,858**
Non-current receivables and contract assets			
Contractual			
Long Service Leave - Department of Health		58,235	45,743
Total contractual receivables		**58,235**	**45,743**
Total non-current receivables and contract assets		**58,235**	**45,743**
Total receivables and contract assets		**72,176**	**60,601**

(i) Represents uninvoiced debtors and interest not yet received relating to the Victorian Funds Management Corporation (VFMC) investment.
(ii) Of the prior year figure, $3,231 represented DH funding relating to COVID-19.

(iii) Financial assets classified as receivables and contract assets (Note 7.1(a)).

Total receivables and contract assets		72,176	60,601
Allowance for Impairment Losses		4,227	3,703
Contract Assets (Accrued Revenue)		(3,355)	(3,267)
GST Receivable		(3,187)	(1,005)
Accrued Revenue – Department of Health		(44)	(3,257)
Long Service Leave – Department of Health		(58,235)	(45,743)
TOTAL FINANCIAL ASSETS	7.1(a)	**11,582**	**11,032**

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Balance at beginning of year	3,703	2,442
Increase in allowance	2,370	3,471
Amount assumed on amalgamation	30	-
Amounts written off during the year	(1,876)	(2,210)
Balance at the end of year	**4,227**	**3,703**

Note 5: Other assets and liabilities continued

Receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, 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. The Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2(a) for the Health Service's contractual impairment losses.

Note 5.1(b): Contract assets

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Balance at beginning of the year		3,267	3,189
Add: additional costs incurred that are recoverable from the customer		3,355	3,267
Less: transfer to trade receivable or cash at bank		(3,267)	(3,189)
Total contract assets		**3,355**	**3,267**
*** Represented by:**			
- Current contract assets		3,355	3,267
- Non-current contract assets		-	-
		3,355	**3,267**

Contract assets

Contract assets relate to the Health Service's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered early in the 2022/23 financial year.

Note 5: Other assets and liabilities continued

Note 5.2: Payables and contract liabilities

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		15,181	18,075
Accrued salaries and wages		28,320	19,038
Accrued expenses		31,260	21,244
Deferred capital grant income	5.2 (a)	14,863	17,781
Contract liabilities	5.2 (b)	23,999	23,519
Salary Packaging		2,329	2,317
Superannuation		1,732	1,273
Amounts payable to governments and agencies		511	10,014
Deposits (i)		634	787
Total contractual payables		**118,829**	**114,048**
Statutory			
Repayable grants - Department of Health		26,687	14,974
Total statutory payables		**26,687**	**14,974**
Total current payables and contract liabilities		**145,516**	**129,022**
Total payables and contract liabilities		**145,516**	**129,022**

(i) Represents refundable deposits from LGA councils for food services

(ii) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables and contract liabilities		145,516	129,022
Deferred capital grant income		(14,863)	(17,781)
Contract liabilities		(23,999)	(23,519)
Repayable grants - Department of Health		(26,687)	(14,974)
Deposits		(634)	(787)
Total financial liabilities	7.1(a)	**79,333**	**71,961**

Payables and Contract Liabilities

Payables consist of:

- **contractual payables,** classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services.
- **statutory payables,** that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2(a): Deferred capital grant income

	Consolidated 2022 $'000	Consolidated 2021 $'000
Opening balance of deferred grant income	**17,781**	**15,755**
Grant consideration for capital works received during the year	41,917	14,888
Deferred grant revenue recognised as revenue due to completion of capital works	(44,835)	(12,862)
Closing balance of deferred grant income	**14,863**	**17,781**

Note 5: Other assets and liabilities continued

Deferred Capital Grant Revenue

Grant consideration was received during the financial year for the Linear Accelerator Program. The Health Service 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 the Health Service 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 2022 $'000	Consolidated 2021 $'000
Opening balance of contract liabilities	23,519	5,425
Assumed on amalgamation	2,992	-
Grant consideration for sufficiently specific performance obligations received during the year	1,186,902	923,428
Revenue recognised for the completion of a performance obligation	(1,189,414)	(905,334)
Total contract liabilities	**23,999**	**23,519**

Contract Liabilities

Contract liabilities include consideration received in advance from customers with respect to operational grant revenue, sundry rental revenue and clinical placements.

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

Maturity Analysis of Payables

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

Note 5.3: Other liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current monies held in trust		
Refundable accommodation deposits assumed on amalgamation	1,664	-
Total current monies held in trust	**1,664**	**-**
Total other liabilities	**1,664**	**-**

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to the Health Service upon admission. 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: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure

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

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

Structure

COVID-19

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	The Health Service applies significant judgement to determine if a contract is, or contains, a lease by considering if the Health Service: ▪ has the right-to-use an identified asset ▪ has the right to obtain substantially all economic benefits from the use of the leased asset, and ▪ may decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	The Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The Health Service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the Health Service applies the low-value lease exemption. The Health Service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	The Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, the Health Service uses its incremental borrowing rate, which is the amount the Health Service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if the Health Service is reasonably certain to exercise such options. The Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: ▪ if there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease ▪ if any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease ▪ the health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Current Borrowings			
TCV loan (i)		921	904
Lease Liability (ii)	6.1(a)	1,352	804
DH Loan (iii)		799	533
Total Current Borrowings		**3,072**	**2,241**
Non-Current Borrowings			
TCV loan (i)		17,079	17,982
Lease Liability (ii)	6.1(a)	3,656	1,172
DH Loan (iii)		5,416	6,377
Total Non-Current Borrowings		**26,151**	**25,531**
Total Borrowings		**29,223**	**27,772**

(i) This is an unsecured loan with the Treasury Corporation of Victoria (TCV) 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) DH 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 (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

Initial recognition

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

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

Subsequent measurement

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

Maturity Analysis 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

The Health Service's lease liabilities are summarised below:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Total undiscounted lease liabilities	5,196	2,019
Less unexpired finance expenses	(189)	(43)
Net lease liabilities	**5,007**	**1,976**

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Lease liabilities		
Not later than one year	2,127	714
Later than 1 year and not later than 5 years	3,069	1,305
Later than 5 years	-	-
Minimum future lease liability	**5,196**	**2,019**
Less future finance charges	(189)	(43)
Present value of lease liability*	**5,007**	**1,976**
***Represented by:**		
Current liabilities	1,352	804
Non-current liabilities	3,656	1,172

Recognition of Lease Liabilities

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

To apply this definition, the Health Service ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Health Service and for which the supplier does not have substantive substitution rights
- the Health Service has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Health Service has the right to direct the use of the identified asset throughout the period of use
- the Health Service has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

The Health Service'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

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 the Health Service'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.

Subsequent measurement

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

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

Leases with significantly below market terms and conditions

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

The nature and terms of such leases, including the Health Service's dependency on such leases is described below:

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure 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. The Health Service'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. The Health Service'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

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash on Hand (excluding monies held in trust)		15	15
Cash at Bank (excluding monies held in trust)		105,858	66,188
Cash at Bank (monies held in trust)		1,664	
Total cash and cash equivalents	7.1(a)	**107,537**	**66,203**

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: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

Note 6.3: Commitments for expenditure

	Consolidated 2022 $'000	Consolidated 2021 $'000
Capital expenditure commitments		
less than 1 year	45,288	24,194
Longer than 1 year but not longer than 5 years	23	-
5 years or more	-	-
Total capital expenditure commitments	**45,311**	**24,194**
Operating expenditure commitments		
less than 1 year	62,637	44,674
Longer than 1 year but not longer than 5 years	64,747	21,777
5 years or more	16	22
Total operating expenditure commitments	**127,400**	**66,473**
Non-cancellable short term and low value lease commitments		
less than 1 year	83	889
Longer than 1 year but not longer than 5 years	-	1,142
5 years or more	-	-
Total non-cancellable short term and low value lease commitments	**83**	**2,031**
Total commitments for expenditure (inclusive of GST)	**172,794**	**92,698**
less: GST recoverable from the Australian Tax Office (i)	(15,709)	(7,473)
Total commitments for expenditure (exclusive of GST)	**157,085**	**85,225**

(i) Supply of medical items, including drugs and diagnostic services, such as radiology and pathology are GST free.

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.

The Health Service has entered into commercial leases for some medical equipment where it is not in the interest of the Health Service to purchase these assets. These leases have an average life of between 1 and 7 years with renewal terms included in the contracts. Renewals are at the option of the Health Service. There are no restrictions placed upon the lessee by entering into these leases.

Short term and low value leases

The Health Service 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: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

Note 6.4: Non-cash financing and investing activities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Assumption of liabilities		
Right of use assets – plant and equipment	3,107	822
Right of use assets – motor vehicles	1,900	1,154
Total non-cash financing and investing activities	**5,007**	**1,976**

Note 7: Risks, contingencies and valuation uncertainties

The Health Service 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 the Health Service is related mainly to fair value determination.

Structure

Key judgements and estimates

This section contains the following key judgements and estimates:

Note 7: Risks, contingencies and valuation uncertainties continued

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, the Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the Health Service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets. The Health Service uses a range of valuation techniques to estimate fair value, which include the following: • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of the Health Service's specialised land, non-specialised land, non-specialised buildings and investment properties are measured using this approach. • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of the Health Service's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach. • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. The Health Service does not this use approach to measure fair value. The Health Service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the Health Service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the Health Service can access at measurement date. The Health Service does not categorise any fair values within this level. • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Health Service categorises non-specialised land and right-of-use concessionary land in this level. • Level 3, where inputs are unobservable. The Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7: Risks, contingencies and valuation uncertainties continued

Note 7.1(a): Categorisation of financial instruments

Consolidated 30th June 2022	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
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	4.1	-	16,862	-	16,862
Total Financial Assets		**119,119**	**16,862**	-	**135,981**
Financial Liabilities					
Payables	5.2	-	-	79,333	79,333
Borrowings	6.1	-	-	29,223	29,223
Other liabilities	5.3	-	-	1,664	1,664
Total Financial Liabilities		-	-	**110,220**	**110,220**

Consolidated 30th June 2021	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and cash equivalents	6.2	66,203	-	-	66,203
Receivables and contract assets	5.1	11,032	-	-	11,032
Investments and other financial assets (VFMC and VCCC)	4.1	-	25,476	-	25,476
Total Financial Assets		**77,235**	**25,476**	**-**	**102,711**
Financial Liabilities					
Payables	5.2	-	-	71,961	71,961
Borrowings	6.1	-	-	27,772	27,772
Total Financial Liabilities		-	-	**99,733**	**99,733**

Categories of financial assets

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

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

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

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

Note 7: Risks, contingencies and valuation uncertainties continued

Financial assets valued 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 the Health Service 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.

The Health Service recognises the following assets in this category:

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

Financial assets at fair value through net result

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

The Health Service 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.

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

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

The Health Service recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)

Note 7: Risks, contingencies and valuation uncertainties continued

- 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
- the Health Service 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
- the Health Service 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 the Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service'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, the Health Service'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, the Health Service's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

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

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

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

Note 7.2(a): Credit Risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual

Note 7: Risks, contingencies and valuation uncertainties continued

obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

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

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There was no material change to the Health Service's credit risk profile in 2021-22.

Impairment of financial assets under AASB 9

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

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

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

Contractual receivables at amortised cost

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

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

30th June 2022	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		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	**14,937**
Loss allowance		**(246)**	**(320)**	**(1,201)**	**(1,995)**	**(465)**	**(4,227)**

Note 7: Risks, contingencies and valuation uncertainties continued

30th June 2021	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		1.9%	19.4%	68.0%	92.8%	100.0%	
Gross carrying amount of contractual receivables	5.1	8,673	1,802	1,508	2,105	211	**14,299**
Loss allowance		**(164)**	**(349)**	**(1,025)**	**(1,954)**	**(211)**	**(3,703)**

Statutory receivables at amortised cost

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

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.

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

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

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

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

				Maturity Dates				
Consolidated		**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 Months**	**3 Months-1 Year**	**1- 5 Years**	**Over 5 Years**
30 June 2022	Note	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities at amortised cost								
Payables (i)	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
Refundable Accommodation Deposits	5.3	1,664	1,664	-	-	1,664	-	-
Total Financial Liabilities		**110,220**	**110,220**	**60,054**	**16,142**	**7,875**	**10,131**	**16,018**

Note 7: Risks, contingencies and valuation uncertainties continued

Consolidated 30 June 2021	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
Financial Liabilities at amortised cost								
Payables (i)	5.2	71,961	71,961	56,560	11,008	4,393	-	-
Borrowings	6.1	27,772	27,772	142	284	1,815	7,021	18,510
Total Financial Liabilities		**99,733**	**99,733**	**56,702**	**11,292**	**6,208**	**7,021**	**18,510**

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

Note 7.2(c): Market risk

The Health Service'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

The Health Service's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. The Health Service'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 10% 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. The Health Service 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. The Health Service has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Foreign currency risk

All 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.

The Health Service has minimal exposure to foreign currency risk.

Equity risk

The Health Service is exposed to equity price risk through its investments in listed and unlisted shares and managed investment schemes. Such investments are allocated and traded to match the Health Service's investment objectives.

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

Consolidated 30th June 2022	Carrying amount $'000	-10% Net result $'000	10% Net result $'000
Investments and other contractual financial assets	16,462	(1,646)	1,646
Total impact	**16,462**	**(1,646)**	**1,646**

Note 7: Risks, contingencies and valuation uncertainties continued

Consolidated 30th June 2021	Carrying amount $'000	-10% Net result $'000	10% Net result $'000
Investments and other contractual financial assets	25,476	(2,548)	2,548
Total impact	**25,476**	**(2,548)**	**2,548**

Note 7.3: Contingent assets and contingent liabilities

The Health Service does not have any material contingent assets or liabilities as at 30th June 2022 (2021: 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 the Health Service. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- Possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- Present obligations that arise from past events but are not recognised because:
  - It is not probably 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.

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
- financial assets and liabilities at fair value through other comprehensive income
- property, plant and equipment
- right-of-use assets.

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

Note 7: Risks, contingencies and valuation uncertainties continued

Valuation hierarchy

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

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

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

		Consolidated Carrying amount	Fair value measurement at end of reporting period using:		
		30th June 2021	Level 1	Level 2	Level 3
	Note	$'000	$'000	$'000	$'000
Managed investment	4.1	25,476	-	25,476	-
Total financial assets held at fair value through net result		**25,476**	**-**	**25,476**	**-**
Total investments and other financial assets at fair value		**25,476**	**-**	**25,476**	**-**

Note 7: Risks, contingencies and valuation uncertainties continued

Management investment

The Health Service invests in managed funds, which are not quoted in an active market and which may be subject to restrictions on redemptions. The Health Service 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. The Health Service classifies these funds as Level 2.

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

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

Note 7: Risks, contingencies and valuation uncertainties continued

	Note	Consolidated Carrying amount 30th June 2021 $'000	Fair value measurement at end of reporting period using: Level 1(i) $'000	Level 2(i) $'000	Level 3(i) $'000
Specialised Land		152,733	-	-	152,733
Non-Specialised Land	4.2(a)	3,469	-	3,469	-
Total land at fair value		**156,202**	**-**	**3,469**	**152,733**
Specialised Buildings		665,700	-	-	665,700
Non-Specialised Buildings (ii)	4.2(a)	604	-	604	-
Total buildings at fair value		**666,304**	**-**	**604**	**665,700**
Plant at fair value	4.2(a)	7,585	-	-	7,585
Medical Equipment at fair value	4.2(a)	34,059	-	-	34,059
Non-Medical Equipment at fair value	4.2(a)	2,377	-	2,377	-
Computer equipment at fair value	4.2(a)	6,191	-	-	6,191
Furniture and fittings at fair value	4.2(a)	1,289	-	1,289	-
Total plant, equipment, F&F and vehicles at fair value		**51,501**	-	**3,666**	**47,835**
Right-of-use concessionary land	4.3(a)	3,619	**-**	-	3,619
Right-of-use buildings	4.3(a)	48	**-**	-	48
Right of use plant, equipment, F&F and vehicles	4.3(a)	1,930	**-**	-	1,930
Total right of use assets at fair value		**5,597**	**-**	**-**	**5,597**
Total non-financial physical assets at fair value		**879,604**	**-**	**7,739**	**871,865**

(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.

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, the Health Service 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.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to

Note 7: Risks, contingencies and valuation uncertainties continued

the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30th June 2019.

Specialised Land and Specialised Buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

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

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

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

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

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

Vehicles

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

Furniture, fittings, plant and equipment

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

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

Reconciliation of level 3 fair value measurement

Consolidated	Note	Land $'000	Buildings $'000	Plant $'000	Medical equipment $'000	Computer equipment $'000	ROU concessionary land $'000	ROU buildings $'000	ROU plant, equipment, furniture, fittings and vehicles $'000
Balance at 1st July 2021		**152,733**	**665,700**	**7,585**	**34,059**	**6,191**	**3,619**	**48**	**1,930**
Additions/(disposals)		-	-	18	(35)	30	-	1,874	55
Additions due to amalgamation		4,333	61,061	981	2,554	6,892	7,729	1,062	379
Net transfers between classes		-	9,743	(669)	6,379	(6,120)	-	20	914
Gains/(losses) recognised in net result									
- Depreciation		-	(48,973)	(1,900)	(8,236)	(6,016)	(8,373)	(437)	(882)
		157,066	**687,531**	**6,015**	**34,721**	**2,645**	**2,975**	**2,567**	**2,396**
Items recognised in other comprehensive income									
- Revaluation		16,325	-	-	**-**	-	-	**-**	**-**
Balance at 30th June 2022	7.4(b)	**173,391**	**687,531**	**6,015**	**34,721**	**2,645**	**2,975**	**2,567**	**2,396**

Consolidated	Note	Land $'000	Buildings $'000	Plant $'000	Medical equipment $'000	Computer equipment $'000	ROU concessionary land $'000	ROU buildings $'000	ROU plant, equipment, furniture, fittings and vehicles $'000
Balance at 1st July 2020		**124,146**	**633,285**	**20,871**	**35,753**	**9,062**	**3,000**	**95**	**1,823**
Additions/(disposals)		1,751	27,755	746	2,024	1,402	**-**	**-**	904
Net transfers between classes		-	48,526	(12,435)	5,384		**-**	**-**	-
Gains/(losses) recognised in net result						721			
- Depreciation		-	(43,866)	(1,597)	(9,102)	(4,994)	**-**	(47)	(797)
		125,897	**665,700**	**7,585**	**34,059**	**6,191**	**3,000**	**48**	**1,930**
Items recognised in other comprehensive income									
- Revaluation		26,836	-	-	**-**	-	619	**-**	**-**
Balance at 30th June 2021	7.4(b)	**152,733**	**665,700**	**7,585**	**34,059**	**6,191**	**3,619**	**48**	**1,930**

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

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments (i)
Non-specialised buildings	Market approach	N/A
Specialised buildings	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 the Health Service'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

COVID-19

Other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

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

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Net result for the year		**6,965**	**(259)**
Non-cash movements:			
Depreciation and amortisation	4.6	86,221	74,844
State Supply PPE received	2.1(b)	(15,749)	(14,014)
Revaluation of long service leave	3.2	(3,918)	(12,115)
Provision for doubtful debts		500	1,042
Allowance for impairment losses of contractual receivables	3.2	2,400	3,471
Net gain on revaluation of managed funds		1,514	(702)
Movements in included in investing and financing activities:			
Net (gain)/loss from disposal of non-financial physical assets	3.4	-	52
Movements in assets and liabilities:			
Change in operating assets and liabilities			
(Increase)/decrease in Receivables		(10,292)	(15,317)
(Increase)/decrease in Prepayments		(1,513)	(498)
Increase/(decrease) in Payables		9,374	21,527
Increase/(decrease) in Provisions		31,935	28,395
(Increase)/decrease in Inventories		(670)	(399)
Increase/(decrease) in Other Liabilities		(420)	39,253
Increase/(decrease) in Non-Current Other Liabilities		-	(5,074)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**106,347**	**120,206**

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.

	Period
Responsible Ministers	
The Honourable Martin Foley MP:	
Minister for Health	01/07/2021 – 27/06/2022
Minister for Ambulance Services	01/07/2021 – 27/06/2022
The Honourable Anthony Carbines MP:	
Minister for Child Protection and Family Services	01/07/2021 – 27/06/2022
Minister for Disability, Ageing and Carers	06/12/2021 – 27/06/2022
The Honourable James Merlino MP:	
Minister for Mental Health	01/07/2021 – 27/06/2022
Minister for Disability, Ageing and Carers	11/10/2021 – 06/12/2021
The Honourable Mary-Anne Thomas MP:	
Minister for Health	27/06/2022 – 30/06/2022
Minister for Ambulance Services	27/06/2022 – 30/06/2022
The Honourable Gabrielle Williams MP:	
Minister for Mental Health	27/06/2022 – 30/06/2022
The Honourable Colin Brooks MP:	
Minister for Disability, Ageing and Carers	27/06/2022 – 30/06/2022
The Honourable Luke Donnellan MP:	
Minister for Disability, Ageing and Carers	01/07/2021 – 11/10/2021
Governing Board	
Ms Robyn Batten (Chair)	01/07/2021 - 30/06/2022
Professor Andrew Conway	01/07/2021 - 30/06/2022
Dr Catherine Hutton	01/07/2021 - 30/06/2022
Ms Sheree Proposch	01/07/2021 - 30/06/2022
Hon Monica Gould	01/07/2021 - 30/06/2022
Adj Prof Elizabeth Kennedy	01/07/2021 - 30/06/2022
Mr David Lau	01/07/2021 - 30/06/2022
Ms Jennifer Lord	01/07/2021 - 31/08/2021
Mr Ray Newland	01/07/2021 - 30/06/2022
Accountable Officer	
Adj Prof Russell Harrison (Chief Executive Officer)	01/07/2021 - 30/06/2022

Note 8: Other Disclosures continued

Remuneration of Responsible Persons

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

	Consolidated 2022 No.	Consolidated 2021 No.
Income Band		
$0 - $9,999	1	0
$40,000 - $49,999	2	4
$50,000 - $59,999	5	4
$90,000 - $99,999	1	1
$550,000 - $559,999	0	1
$580,000 - $599,999	1	0
Total Numbers	**10**	**10**

	2022 $'000	2021 $'000
Total remuneration received, or due to, Responsible Persons (excluding Responsible Ministers) from the reporting entity amounted to:	**1,042**	**1,027**

Note: The remuneration above includes payments made up to 30th June 2022 to Directors that have resigned as at 30th June 2022.
Amounts relating to the Governing Board Members and Accountable Officer of the Health Service's controlled entities are disclosed in their own financial statements. Payments to Responsible Ministers are excluded and are reported in the State's Annual Financial Report.

Note 8.3: Remuneration of executives

The number of Executive Officers, (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)	**Consolidated Total Remuneration 2022 ($'000)**	**2021 ($'000)**
Short-term employee benefits	2,307	1,984
Post-employment benefits	167	130
Other long-term benefits	72	67
Termination benefits	241	-
Total remuneration (i)	**2,787**	**2,181**
Total number of executives	9	6
Total annualised employee equivalent (ii)	**6**	**6**

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Health Service 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.

Note 8: Other Disclosures continued

Other Long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related parties

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

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

Key management personnel

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

Entity	KMPs	Position Title
Western Health	Ms Robyn Batten (Chair)	Chair of the Board
Western Health	Professor Andrew Conway	Board Member
Western Health	Dr Catherine Hutton	Board Member
Western Health	Ms Sheree Proposch	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	Mr Ray Newland	Board Member
Western Health	Adj Prof Russell Harrison	Chief Executive Officer
Western Health	Mr Mark Lawrence	Chief Financial Officer
Western Health	Mr John Ferraro (acting)	Chief Operating Officer
Western Health	Ms Nicki Murdock	Chief Medical Officer
Western Health	Ms Suellen Bruce	Executive Director People, Culture & Communications
Western Health	Mr Shane Crowe	Executive Director Nursing & Midwifery
Western Health	Ms Susan Wardle	Executive Director Strategy & Planning
Western Health	Ms Natasha Toohey (left 07/01/2022)	Chief Operating Officer
Western Health	Mr Paul Eleftheriou (left (07/01/2022)	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.

Note 8: Other Disclosures continued

Compensation - KMPs	Consolidated 2022 ($'000)	Consolidated 2021 ($'000)
Short-term employee benefits	3,263	2,934
Post-employment benefits	226	188
Other long-term benefits	99	86
Termination benefits	241	-
Total[(i)]	**3,829**	**3,208**

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

Significant transactions with government related entities

The Health Service received funding from the Department of Health of $1.2 billion (2021: $923 million), including indirect contributions of $5 million (2021: $6 million).

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

Transactions with key management personnel and other related parties

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 the HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Health Service, there were no related party transactions that involved key management personnel, their close family members 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 2022.

There were no related party transactions for the Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: None)

Controlled entity related party transactions

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.

	Consolidated 2022 ($'000)	Consolidated 2021 ($'000)
Distribution and reimbursements of funds by Western Health Foundation	950	1,490
Total	**950**	**1,490**

Note 8: Other Disclosures continued

Note 8.5: Remuneration of auditors

	Consolidated 2022 $'000	Consolidated 2021 $'000
Victorian Auditor-General's Office		
Audit of financial statements	147	144
Total Remuneration of Auditors	**147**	**144**

Note 8.6: Events occurring after the balance sheet date

There are no significant events occurring after the Balance Sheet date.

Note 8.7: Controlled entities

The Health Service'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	Ownership Interest %	Country of Incorporation	Equity Holding
Western Health Foundation Trust Fund	100%	Australia	100%
Western Health Foundation Limited	100%	Australia	Limited by Guarantee
Regional Kitchen Pty Ltd	100%	Australia	100%
RFK Pty Ltd	100%	Australia	100%

Controlled entity contributions to the consolidated results

Net Result for the year	2022 ($'000)	2021 ($'000)
Western Health Foundation Trust Fund (i)	861	(179)
Western Health Foundation Limited	-	-
Regional Kitchen Pty Ltd (ii)	-	-
RFK Pty Ltd (ii)	-	-
	861	**(179)**

(i) In the current financial year, the Foundation received $1.8M of donations and subsequently donated $0.6M to Western Health for Medical Equipment, salaries and wages and the Williamstown Project, and reimbursed $0.3M of fundraising expenditure to Western Health. In the previous financial year, the Foundation received $1.3M of donations and subsequently donated $1.2M, and reimbursed $0.3M of fundraising expenditure.

(ii) The assets and liabilities of Regional Kitchen Pty Ltd and RFK Pty Ltd have been transferred to WH. Consequently, it is a dormant entity that will be de-registered in the 2022-23 financial year.

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 2022 %	Ownership Interest 2021 %
Victorian Comprehensive Cancer Centre Joint Venture (VCCC)	Cancer research, education, training and patient care	10%	10%
Grampians Rural Health Alliance	Information Systems	10.38%	N/A

Note 8: Other Disclosures continued

The Health Service'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.

	2022 $'000	2021 $'000
Current Assets		
Cash and cash equivalents	1,082	559
Receivables	187	13
Prepayments	172	8
Total Current Assets	**1,441**	**580**
Non-Current Assets		
Property, plant and equipment	808	12
Right of use assets	89	-
Intangible Assets	31	5
Total Non-Current Assets	**928**	**17**
TOTAL ASSETS	**2,369**	**597**
Current Liabilities		
Payables	945	39
Accrued expenses	29	18
Provisions	32	35
Total Current Liabilities	**1,006**	**92**
Non-Current Liabilities		
Provisions	15	9
Total Non-Current Liabilities	**15**	**9**
TOTAL LIABILITIES	**1,021**	**101**
NET ASSETS	**1,348**	**496**
EQUITY		
Contributed Capital	671	-
Accumulated surplus	677	496
TOTAL EQUITY	**1,348**	**496**

The Health Service's interest in revenues and expenses resulting from jointly controlled operations are detailed below.

	2022 $'000	2021 $'000
Revenue and income from transactions		
Operating activities	2,344	840
Non-operating activities	4	2
Total revenue and income from transactions	**2,348**	**842**
Expenses from transactions		
Operating Expenses	2,166	1,293
Total expenses from transactions	**2,166**	**1,293**
Net result from transactions	**182**	**(451)**

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

Note 8: Other Disclosures continued

Contingent liabilities and capital commitments

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

Jointly controlled assets and operations

Interests in jointly controlled assets or operations are not consolidated by the Health Service but are accounted for in accordance with the policy outlined below.

In respect of any interest in joint operations, the Health Service recognises in the financial statements:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of liabilities that it had incurred
- its revenue from the sale of its share of the output from the joint operation
- its share of the revenue from the sale of the output by the operation
- its expenses, including its share of any expenses incurred jointly

WH's share of the VCCC was 10.0% (2021: 10.0%).

WH's share of the GRHA was 10.38% (2021: N/A).

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 the Health Service.

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

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

Financial assets at fair value through comprehensive income revaluation reserve

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

Restricted specific purpose reserves

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

Note 8.10: Economic dependency

The Health Service is wholly dependent on the continued financial support of the State Government and in particular, the DH.

The DH has provided confirmation that it will continue to provide the Health Service adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to October 2023. On that basis, the financial statements have been prepared on a going concern basis.

TOGETHER, CARING FOR THE WEST

FOOTSCRAY HOSPITAL
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SUNSHINE HOSPITAL
Furlong Road
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PO Box 294
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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
Furlong Road
St Albans VIC 3021
PO Box 294
St Albans VIC 3021
8345 1333

SUNBURY DAY HOSPITAL
7 Macedon Road
Sunbury VIC 3429
9732 8600

WILLIAMSTOWN HOSPITAL
Railway Crescent
Williamstown VIC 3016
9393 0100

DRUG HEALTH SERVICES
3-7 Eleanor Street
Footscray VIC 3011
8345 6682

HAZELDEAN TRANSITION CARE
211-215 Osborne Street
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9397 3167

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195 - 209 Barries Road,
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9747 7600