



COLAC AREA
Health



COLAC AREA HEALTH
Annual Report
2022/2023



Palliative Care Team, Colac Area Health

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Our Vision, Purpose and Values

Our Vision

To be a trusted leader in integrated health care through operational excellence, innovation and compassion.

Our Purpose

To be the trusted provider of optimal health outcomes by delivering or facilitating integrated person centred care, achieving excellence through partnerships, research and innovation.

Our Values



Compassion: We are committed to keeping the patient at the centre of our care with understanding, empathy and personal kindness.



Integrity: We honour our word and act with honesty, transparency and fairness.



Respect: We treat all people with courtesy, kindness and professionalism.



Collaboration: We will work together to achieve the best possible health outcomes for our community.



Accountability: We will be responsible for our decisions, actions and competence.

Acknowledgement of Country



We at Colac Area Health acknowledge First Nations peoples of the lands on which we work – the Guldijan and Gadubanud People of the Eastern Maar Nation and pay respect to Elders, past, present and emerging.

Year in Review, Board Chair and Chief Executive

'Public health depends on winning over hearts and minds. It is not enough to just have good policy; you have to convince people to follow it.'

Dr Leana S Wen – George Washington University.

The 2022/23 year at Colac Area Health has seen many constants and one of them is still COVID-19. It is hard to believe the pandemic is ever present in our community. We all know or have personally experienced this illness albeit we have the comfort in the knowledge that vaccines have been made readily available to the community.

The Victorian Government's published COVID-19 results for week ended 30 June tell us there were 2,560 cases in the State with 207 hospitalised (7 day rolling average), 10 in Intensive Care Units (7 day rolling average) and 8 lives lost on average each day over the past week with a total of 8,098 total lives lost. These numbers illustrate the ever-present reality of COVID-19.

As our community returns to a normal life, impacts from the pandemic are still felt. The Colac Area Health Board and Executive have continued to show leadership to our workforce to minimise these impacts to ensure employee safety and wellbeing, and provide safe effective person-centred care, close to home for our community.

In line with the Colac Area Health's Strategic Plan 2022 - 2027, as detailed in the 2021/22 annual report, it gives us pleasure to report our achievements for this year which are considerable.

Significant capital works have been undertaken at Colac Area Health to address the replacement of ageing and end of life infrastructure. These efforts reflect our commitment to modernise and enhance essential systems, ensuring excellence and efficiency of our operations so we can continue to deliver quality care.

Our organisation has taken several important measures to support our staff's well-being in the wake of the COVID-19 pandemic. A comprehensive staff well-being program has been established, complemented by an external Employee Assistance Program, to effectively address the evolving needs of our staff.

Additionally, Colac Area Health has initiated an external review of clinical governance and credentialing processes, the resulting recommendations of which are being diligently integrated. Notably, substantial efforts have been

directed towards enhancing the Senior Leadership Team, fostering improved communication, and providing crucial support within this cohort, thereby extending effective leadership throughout the organisation.

In line with our commitment to community engagement, Colac Area Health has crafted The Community Engagement Plan 2022, a comprehensive framework aimed at fostering inclusive and meaningful interaction with our community, consumers, and stakeholders. Aligned with the Board's Strategic Plan 2022–2027, this initiative facilitates collaborative efforts to address health-related concerns and promote overall well-being for positive health outcomes. Our Consumer Advisory Committee, composed entirely of independent community members, provides governance oversight in developing and endorsing this plan. It delineates strategies for outreach and consumer involvement, ultimately benefiting the community and supporting Colac Area Health's continued delivery of high-quality, patient-centred care.

Responding to evolving healthcare demands, we've introduced Remote Patient Monitoring for heart failure patients, along with seamless integration of Virtual Emergency Care and Gem@Home into our standard operations. Furthermore, a dedicated Disability Liaison program has been established to enhance the experience of community members within our health service. Colac Area Health and the Foundation have announced the plan to develop a 'Well-being Centre' in collaboration with the community.

A Calendar of Events has been developed to enhance community awareness of public health promotion and understanding, capturing health issues reflecting the community's burden of disease, reflect professional recognition of staff and the care they provide to the community, and support the well-being of the community and staff. It links into Federal, State, and local promotions. The Calendar of Events has been developed in consultation with the Executive to ensure it is representative of each directorate and staff cohort. The calendar is reflective of the work required under the Strategic Plan 2022–27 and our strategic priorities.

As a responsible organisation, we recognise the significance of our environmental impact.

Year in Review, Board Chair and Chief Executive

In response, we have developed the Colac Area Health Environmental Sustainability Plan, a comprehensive framework that meticulously tracks and evaluates our resource management practices. This commitment aligns with our dedication to minimising our environmental footprint. Additionally, our Business Continuity Plan has undergone an external review, ensuring its robustness and effectiveness in safeguarding our operations.

The research team at Colac Area Health has made notable contributions by publishing key papers focused on enhancing rural health services research capacity. These significant publications, featured in esteemed journals such as the Medical Journal of Australia's Insight and the Lancet Regional Health Western Pacific Journal, illustrate our commitment to advancing healthcare practices in rural settings. The research conducted within our health service not only drives continuous improvement in patient care and our operations, it is used as an exemplar for upscaling at larger health services.

Colac Area Health cannot achieve anything alone and recognise the importance of collaboration and partnerships with:

- State and Federal Governments for funding support
- Department of Health
- Southwest Alliance of Rural Health (SWARH)
- Victorian Healthcare Association
- Colac Otway Shire

In terms of service provision, we are pleased to partner with many agencies to ensure we can provide diverse and needed services for our community:

- Barwon Health supports the rotation of Hospital Medical Officers in the acute ward and Urgent Care Centre.
- Barwon Medical Imaging for radiology services.
- Colac Area Health has established a contracted financial services partnership with Barwon Health resulting in key reporting improvements, including monthly workforce metrics.
- Colac Area Health is undertaking an Asset Management Review in partnership with Barwon Health.
- Colac Area Health provides surgical support to assist in managing wait lists at Barwon Health.

- Corangamite and Otway Medical Clinics.
- Corangamite Surgical.

Our key partner is our community – for those we serve – Thank you.

This is only made possible because of our staff and volunteers, visiting clinicians, the Executive and Board members. Thank you to all.

In closing and in consideration of the current times we find ourselves in, Stephen Covey sums it up:

'There are three constants in life – change, choice and principles.'

For Colac Area Health it is critical to us that we never lose sight of our primary principle, safe, effective, person-centred care close to home.

We also recognise that we cannot be all things to all people and therefore working in partnership with others is essential in being able to access a whole of health care system for those we serve.



Timothy Greene
Board Chair



Fiona Brew
Chief Executive



Responsible Bodies Declaration

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



Timothy Greene
Board Chair
Colac, Victoria

14 September 2023

Colac Area Health Profile



Our Community

Colac Area Health provides services to Colac Otway, Corangamite and Surf Coast Shires with a catchment population of approximately 32,000. Colac Area Health offers an integrated service model across acute care, maternity, urgent care, residential aged care, dental care and extensive community and home-based services.

Acute Hospital Care

Inpatient Unit encompassing, medical, surgical and maternity care. The inpatient unit has 28 beds and includes 2 birthing suites. There is also a three chair haemodialysis unit.

Frank Minchinton Centre

The Frank Minchinton Centre provides patient centred, holistic cancer care for patients and their families. The centre is supported by a medical oncologist on site once a month, and utilises Telehealth for consultations and patient reviews. There are 4 treatment chairs and 1 treatment room in the centre.

Specialist Clinics

There has continued to be concerted efforts to improve public access to specialist clinics in Colac. Improved access to specialist services is a Board strategic priority.

Current clinics include:

- Audiology
- Cardiology
- Gynaecology
- Medical Oncology
- Neurology
- Ophthalmology
- Orthopaedic
- Paediatrics
- Pre-Anaesthetic Clinic
- Prosthetics and Orthotics
- Skin Clinic
- Urology
- Victorian Infant Hearing
- Viral Hepatitis Outreach Clinic

Perioperative Services

Perioperative services include two theatres and anaesthetic rooms, post-anaesthetic care unit (PACU), pre-admission unit, day surgery with 10 patient recovery beds and Central Sterilisation Supply Department (CSSD).

Residential Aged Care

Corangamarah is Colac Area Health's Residential Aged Care Facility with a capacity for 69 beds including respite care and Transitional Care Program.

Urgent Care Centre

Operating 24hrs a day 7 days a week. The Urgent Care Centre is staffed by Hospital Medical Officers who are supported with a GP Supervisor roster. The unit also utilises the skills of Nurse Practitioners.

Community Health

Community Health has four program areas – the Health Promotion Unit, Allied Health, Family and Community Programs, and Community Nursing, with the latter three incorporating services as follows:

Allied Health provides:

- Access and Intake
- Community Dental Clinic
- Diabetes Education
- Exercise Physiology
- Health Coaching
- Nutrition
- Occupational Therapy
- Physiotherapy
- Podiatry
- Restorative Care
- Social Work
- Speech Pathology

Family and Community Programs provides:

- Alcohol and Other Drug Counselling
- Child and Family Counselling
- Family Violence Counselling and Case Management
- Financial Counselling
- General Counselling
- Integrated Family Support Service
- The Barwon Orange Door Colac Access Point
- Transition Housing Support

Community Nursing provides:

- Community Palliative Care
- Continence Nursing
- Diabetes Education
- Geriatric Evaluation Management Program in home (GEM@Home)
- Home Nursing
- Hospital in the Home (HITH)
- Hospital Admission Risk Program (HARP)
- Post-Acute Care
- Pharmacy Outreach

And has oversight of services delivered from:

- Miller House - Social Support Group and Visiting Programs
- Colac Neighbourhood House
- Birregurra Community Health Centre

Research

We are one of few rural hospitals Australia-wide to have a research centre. The work of our research teams is both nationally and internationally recognised, with research publications at the forefront of numerous fields. Notable research has recently led to valuable contributions in allied health and speech pathology care provision, which has led to further funding and upscaling across larger health services sites.

The Research Unit's achievements for 2022/23 include:

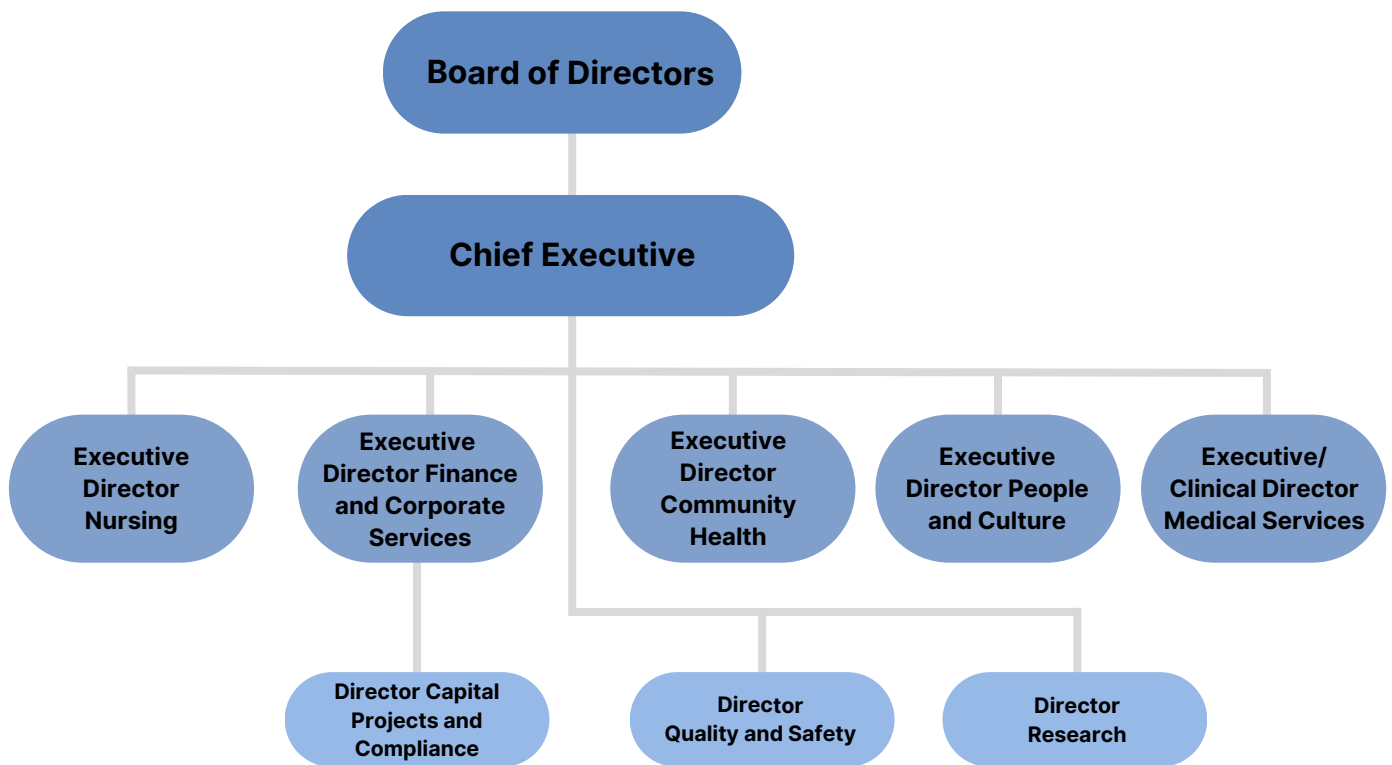
- Published key papers on building rural health services research capacity, including papers published in the Medical Journal of Australia's Insight and the Lancet Regional Health Western Pacific Journal. Research undertaken at our health service continues to lead to improvements in both patient care and our operations, and is used as an exemplar for upscaling at larger health services.
- At the Western Alliance Scientific Symposium in November 2022 our Research Unit was well represented. A total of four presentations were Colac Area Health research based, and we also had a Research Unit student attend the conference with the team.

- Formalised an ongoing relationship with Deakin University's Deakin Rural Health.
- Deakin University and Colac Area Health Research Collaboration Agreement has come into effect in the form of the co-funded Director of Research role. This is a 5-year investment from Deakin University over \$500,000 funding towards the Research Unit.
- Commencement of a PhD project under the supervision of the Director of Research and the Deakin Rural Health team. The focus of the PhD project will align with the work of Colac Area Health, and multiple rural health services across the region.
- Opening of new opportunities for staff to engage in research. The research team consists of five staff with further job opportunities to come.
- Playing a key role in the roll out of the Medical Research Future Fund 'DELIVER' project. The project will seek to improve care for older Australians as well as continuing to build on the work of the Colac Area Health Research Unit in building rural health evidence that helps to improve the health of our communities.
- Commencement of the CReW-ACE grant commenced with all eight participating sites now confirmed, including Barwon Health, Grampians Health – Ballarat, East Grampians Health Service, Terang & Mortlake Health Service, Mildura Base Public Hospital, Royal Flying Doctor Service (Victoria) and Southwest Healthcare. This is an excellent demonstration of the leadership of Colac Area Health's research team.

Colac Area Health at a Glance



Organisational Structure



Executive/Clinical Director Medical Services

- Director Perioperative Services
- Medical Education and Training
- Medical Workforce

Executive Director Finance and Corporate Services

- Contracted Services including Medical Imaging and Pathology Services
- Environmental Services
- Finance
- Food Services
- Health Information Services
- Reception/ Specialist Clinics

Director Capital Projects and Compliance

- IT and Infrastructure
- Maintenance
- Supply and Procurement

Executive Director Nursing

- Acute Ward
- After Hours Coordinators
- Haemodialysis
- Infection Control
- Maternity
- Oncology Services
- Perioperative Services
- Pharmacy
- Residential Aged Care
- Urgent Care Centre

Director Research

- Research Services
- Translation Coordinator

Executive Director People and Culture

- Human Resources
- Payroll
- Volunteers
- Work Health and Safety
- Workforce Training and Development

Executive Director of Community Health

- Allied Health
- Colac Dental
- Community Nursing
- Family and Community Programs
- headspace
- Health Promotion

Director Quality & Safety

- Clinical Governance, Quality, Feedback

Corporate Governance

Board of Directors

Chair:

Timothy Greene

Members:

Anne-Marie Leslie

Brendan Morris

Sarah McKew

Joanna Carden

Dr Georgina Hayden

Dr Shainal Nathoo

Dr Margaret Grigg

Dr Lisa-Jane Moody

Subcommittees

Finance Risk and Audit Committee

Chair:

Brendan Morris

Members:

Ken King (Independent Member
- resigned 22/08/2022)

Joanna Carden

Timothy Greene

Quality and Safety Committee

Chair:

Dr Georgina Hayden

Members:

Dr Lisa-Jane Moody

Dr Margaret Grigg

Timothy Greene

Consumer Care and Engagement Committee

Chair:

Anne-Marie Leslie

Members:

Peter Falkiner (Independent Member)

Sarah McKew

Timothy Greene

Aged Care Committee

Chair:

Dr Shainal Nathoo

Members:

Joanna Carden

Dr Margaret Grigg

Timothy Greene

Executive Team

Chief Executive

Fiona Brew

RN, Perioperative Certificate, Grad Dip Acute Care Nursing,
MACN, MBA, GAICD

Executive Director, Medical Services

Dr Ken Cheng

MBBS, BMedSc (Hons), MBA, M Com (Dist), MHM, MPH,
FRACMA, FCHSM, CHE, MAICD
FEBRUARY 2023

Clinical Director, Medical Services

Dr Ian MacKay

MBBS. DRANZCOG. DA. FRACGP. FACRRM

Executive Director, Nursing

Lisa Pryor

RN, Grad Dip – Midwifery; Grad Dip – Advanced Nursing
/Management

Executive Director, Community Health

Kay Widdicombe

BBS, BSW, Reg Psych (non-practising)

Executive Director, People & Culture

Trevor Olsson

B.Bus (Mgt), CAHRI
JANUARY 2023

Executive Director, Finance & Corporate Services

Ian Martin

FCMA, CGMA

Workforce Overview

Our Workforce

| Hospitals labour category | JUNE current month FTE* | | Average monthly FTE* | |
|---------------------------------|-------------------------|-------|----------------------|-------|
| | 2022 | 2023 | 2022 | 2023 |
| Nursing | 157.0 | 146.2 | 151.0 | 147.2 |
| Administration and Clerical | 49.0 | 48.4 | 47.0 | 46.8 |
| Medical Support | 21.0 | 18.7 | 21.0 | 20.9 |
| Hotel and Allied Services | 50.0 | 61.4 | 48.0 | 59.5 |
| Medical Officers | 1.3 | 1.8 | 1.0 | 1.9 |
| Hospital Medical Officers | 0.7 | 0.6 | 0.7 | 0.7 |
| Sessional Clinicians | 0.1 | 0.0 | 0.1 | 0.0 |
| Ancillary Staff (Allied Health) | 47.0 | 36.3 | 42.0 | 33.6 |

*FTE figures in the table are those excluding overtime. These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose.

Our Occupational Health and Safety

| Occupational Health and Safety Statistics | 2022/23 | 2021/22 | 2020/21 |
|------------------------------------------------------------------------------|---------|---------|---------|
| The number of reported hazards/incidents for the year per 100 FTE | 59.60 | 43.30 | 52.30 |
| The number of 'lost time' standard WorkCover claims for the year per 100 FTE | 1.61 | 1.93 | 3.73 |
| The average cost per WorkCover claim for the year ('000) | \$64.23 | \$28.95 | \$81.80 |

Our Occupational Violence Statistics

| Occupational Violence | 2022/23 |
|---------------------------------------------------------------------------------------------------------------------------|---------|
| Workcover accepted claims with an occupational violence cause per 100 FTE | 0 |
| Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked. | 0 |
| Number of occupational violence incidents reported | 64 |
| Number of occupational violence incidents reported per 100 FTE | 20.5 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 0% |

Environmental Data Reporting

Colac Area Health continues to recognise and address its obligations on a local and global level to reduce its environmental impact and improve environmental sustainability. Our carbon emissions have been steadily reduced year on year as a result of initiatives introduced to help the health service adapt to the impacts of climate change. This is reflected in achieving our National Australian Built Environment Rating System (NABERS) rating of 4.5 for both energy and water. A 4.5 rating represents performance at a high to superior level.

Colac Area Health utilises data provided through the Department of Health's environmental data management system (EDMS). Data on certain indicators is currently unavailable and we are addressing the gap to be able to report on these indicators in the next financial year.

| Electricity Use | 2020/21 | 2021/22 | 2022/23 |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| EL1 Total electricity consumption segmented by source [MWh] | | | |
| Purchased | 1,739.51 | 1,691.95 | 1,610.16 |
| Self-generated | 289.08 | 321.13 | 298.87 |
| EL1 Total electricity consumption [MWh] | 2,028.59 | 2,013.08 | 1,909.03 |
| EL2 On site-electricity generated [MWh] segmented by: | | | |
| Consumption behind-the-meter | | | |
| Solar Electricity | 289.08 | 321.13 | 298.87 |
| Total Consumption behind-the-meter [MWh] | 289.08 | 321.13 | 298.87 |
| Exports | | | |
| Solar Electricity | 14.89 | 5.57 | 2.59 |
| Total Electricity exported [MWh] | 14.89 | 5.57 | 2.59 |
| EL2 Total On site-electricity generated [MWh] | 303.97 | 326.70 | 301.46 |
| EL3 On-site installed generation capacity [kW converted to MW] segmented by: | | | |
| Diesel Generator | 0.71 | 0.71 | 0.71 |
| Solar System | 0.27 | 0.27 | 0.27 |
| EL3 Total On-site installed generation capacity [MW] | 0.98 | 0.98 | 0.98 |
| EL4 Total electricity offsets segmented by offset type [MWh] | | | |
| LGCs voluntarily retired on the entity's behalf | 0.00 | 0.00 | 0.00 |
| GreenPower | 0.00 | 0.00 | 0.00 |
| RPP (Renewable Power Percentage in the grid) | 329.29 | 314.53 | 302.71 |
| Certified climate active carbon neutral electricity purchased | 0.00 | 0.00 | 0.00 |
| EL4 Total electricity offsets [MWh] | 329.29 | 314.53 | 302.71 |
| Stationary Energy | | | |
| 2020/21 | | | |
| 2021/22 | | | |
| 2022/23 | | | |
| F1 Total fuels used in buildings and machinery segmented by fuel type [MJ] | | | |
| Segmentation Currently Unavailable | | | |
| F1 Total fuels used in buildings [MJ] | 11,942,717 | 11,116,415 | 11,203,490 |
| F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO₂-e] | | | |
| Segmentation Currently Unavailable | | | |
| F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO₂-e] | 615.60 | 573.18 | 577.32 |
| Transportation Energy | | | |
| 2020/21 | | | |
| 2021/22 | | | |
| 2022/23 | | | |
| T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ] | | | |
| Currently Unavailable | | | |
| T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category | | | |
| | | 2022/23 | % |
| Total Vehicles | | 28 | 100% |
| Passenger Vehicles | | 28 | 100% |
| Internal combustion engines | | 28 | 100% |

Environmental Data Reporting

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------|-------------------|
| Petrol | | 28 | 100% |
| T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e] | | Currently Unavailable | |
| T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft) | | | |
| Total distance travelled by commercial air travel | 0.00 | 0.00 | 0.00 |
| Total Energy Use | 2020/21 | 2021/22 | 2022/23 |
| E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ] | | | |
| Total energy usage from stationary fuels (F1) [MJ] | 11,942,717 | 11,116,415 | 11,203,490 |
| Total energy usage from transport (T1) [MJ] | 735,437 | 934,558 | 1,193,343 |
| Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ] | 12,678,154 | 12,050,973 | 12,396,833 |
| E2 Total energy usage from electricity [MJ] | | | |
| Total energy usage from electricity [MJ] | 7,302,921 | 7,247,111 | 6,872,493 |
| E3 Total energy usage segmented by renewable and non-renewable sources [MJ] | | | |
| Renewable | 2,226,130 | 2,362,138 | 2,285,009 |
| Non-renewable (E1 + E2 - E3 Renewable) | 17,754,945 | 16,935,947 | 16,984,317 |
| E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser | | | |
| Energy per unit of Aged Care OBD [MJ/Aged Care OBD] | 830.45 | 850.08 | 862.12 |
| Energy per unit of LOS [MJ/LOS] | 1,664.99 | 1,485.48 | 1,446.77 |
| Energy per unit of Separations [MJ/Separations] | 3,049.54 | 2,769.76 | 2,847.06 |
| Energy per unit of floor space [MJ/m2] | 1,279.80 | 1,221.14 | 1,202.02 |
| Sustainable Buildings and Infrastructure | 2020/21 | 2021/22 | 2022/23 |
| B1 - B4 are not applicable to CAH in the years detailed. | N/A | N/A | N/A |
| Water Use | 2020/21 | 2021/22 | 2022/23 |
| W1 Total units of metered water consumed by water source (kl) | | | |
| Potable water [kL] | 14,698.14 | 13,662.00 | 13,599.00 |
| Total units of water consumed [kl] | 14,698.14 | 13,662.00 | 13,599.00 |
| Entity or sector specific quantity | | | |
| Water per unit of Aged Care OBD [kL/Aged Care OBD] | 0.63 | 0.63 | 0.65 |
| Water per unit of LOS [kL/LOS] 1.27 1.11 1.09 | 1.27 | 1.11 | 1.09 |
| Water per unit of Separations [kL/Separations] | 2.33 | 2.14 | 2.06 |
| Water per unit of floor space [kL/m2] | 0.98 | 0.91 | 0.90 |
| Waste and Recycling | 2020/21 | 2021/22 | 2022/23 |
| WR1 Total units of waste disposed of by waste stream and disposal method [kg] | | | |
| Landfill (total) | | | |
| General waste | 161,820.00 | 158,408.88 | 162,603.00 |
| Offsite treatment | | | |
| Clinical waste - incinerated | 2,878.95 | 2,973.64 | 3,038.78 |
| Clinical waste - sharps | 1,132.65 | 1,080.72 | 4,465.15 |
| Clinical waste - treated | 46,420.88 | 50,849.10 | 17,043.80 |
| Recycling/recovery (disposal) | | | |
| Cardboard | 7,861.55 | 6,614.34 | 1,755.07 |
| Commingled | | 495.00 | 5,075.40 |
| E-waste | | | 1.00 |
| Organics (garden) | 1,638.00 | 153.97 | 2.00 |

Environmental Data Reporting

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Packaging plastics/films | 624.00 | 1,170.00 | |
| Paper (confidential) | 2,822.79 | 5,974.47 | 831.73 |
| Paper (recycling) | 175.10 | 240.77 | |
| PVC | 40.00 | 23.00 | 37.00 |
| Sterilization wraps | | 0.00 | 3,497.00 |
| Total units of waste disposed [kg] | 225,413.92 | 227,983.89 | 198,349.93 |
| WR1 Total units of waste disposed of by waste stream and disposal method [%] | | | |
| Landfill (total) | | | |
| General waste | 71.79% | 69.48% | 81.98% |
| Offsite treatment | | | |
| Clinical waste - incinerated | 1.28% | 1.30% | 1.53% |
| Clinical waste - sharps | 0.50% | 0.47% | 2.25% |
| Clinical waste - treated | 20.59% | 22.30% | 8.59% |
| Recycling/recovery (disposal) | | | |
| Cardboard | 3.49% | 2.90% | 0.88% |
| Commingled | | 0.22% | 2.56% |
| E-waste | | | 0.00% |
| Organics (garden) | 0.73% | 0.07% | 0.00% |
| Packaging plastics/films | 0.28% | 0.51% | |
| Paper (confidential) | 1.25% | 2.62% | 0.42% |
| Paper (recycling) | 0.08% | 0.11% | |
| PVC | 0.02% | 0.01% | 0.02% |
| Sterilization wraps | | 0.00% | 1.76% |
| WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method | | | |
| Total waste to landfill per PPT [(kg general waste)/PPT] | 3.94 | 3.90 | 4.08 |
| Total waste to offsite treatment per PPT [(kg offsite treatment)/PPT] | 1.23 | 1.35 | 0.62 |
| Total waste recycled and reused per PPT [(kg recycled and reused)/PPT] | 0.32 | 0.36 | 0.28 |
| WR4 Recycling rate [%] | | | |
| Weight of recyclable and organic materials [kg] | 13,161.44 | 14,671.55 | 11,199.20 |
| Weight of total waste [kg] | 225,413.92 | 227,983.89 | 198,349.93 |
| Recycling rate [%] | 5.84% | 6.44% | 5.65% |
| WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e] | | | |
| tonnes CO2-e | 274.72 | 276.06 | 242.02 |
| Greenhouse Gas Emissions | | | |
| | 2020/21 | 2021/22 | 2022/23 |
| G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e] | | | |
| Carbon Dioxide | 663.61 | 628.32 | 648.25 |
| Methane | 1.21 | 1.24 | 1.17 |
| Nitrous Oxide | 0.51 | 0.55 | 0.57 |
| Total | 665.33 | 630.11 | 649.99 |
| Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e] | 615.60 | 573.18 | 577.32 |
| Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e] | 49.73 | 56.93 | 72.67 |
| Medical/Refrigerant gases | | | |
| Total scope one (direct) greenhouse gas emissions [tonnes CO2e] | 665.33 | 630.11 | 649.99 |
| G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e] | | | |
| Electricity | 1,356.63 | 1,235.55 | 1,106.10 |

Environmental Data Reporting

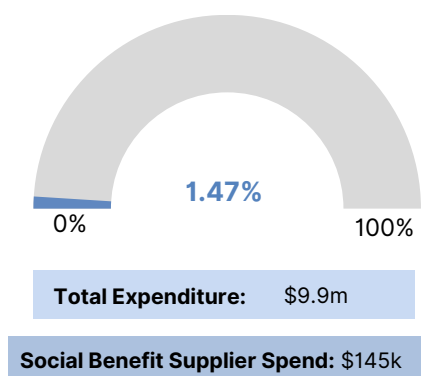
| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e] | 1,356.63 | 1,235.55 | 1,106.10 |
| G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e) | | | |
| Commercial air travel | 0.00 | 0.00 | 0.00 |
| Waste emissions (WR5) | 274.72 | 276.06 | 242.02 |
| Indirect emissions from Stationary Energy | 204.30 | 179.44 | 187.33 |
| Indirect emissions from Transport Energy | 2.65 | 4.33 | 5.88 |
| Paper emissions | | | |
| Any other Scope 3 emissions | 24.24 | 25.66 | 23.04 |
| Total scope three greenhouse gas emissions [tonnes CO2e] | 505.91 | 485.49 | 458.27 |
| Normalisation Factors | 2020/21 | 2021/22 | 2022/23 |
| Aged Care Bed Days | 23,175 | 21,602 | 20,967 |
| In Patient Bed Days | 11,559 | 12,362 | 12,494 |
| Overall Bed Days | 34,734 | 33,964 | 33,461 |
| Separations | 6,311 | 6,630 | 6,349 |
| Per Patient Treated (PPT) | 41,045 | 40,594 | 39,810 |
| Total Area M2 | 15,038 | 15,038 | 15,038 |

Colac Area Health operates one main campus within the boundaries of Colac. Other sites include the Birregurra Community Health Centre, Miller House and the Colac Neighbourhood House. All facilities are located within the Colac Otway Local Government Area.

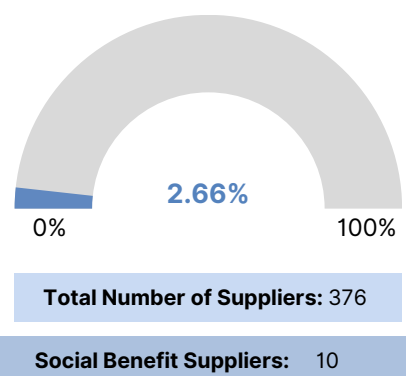
No other entities, leases or service concessions are included in Colac Area Health's reporting.

Social Procurement Reporting

Social Benefit Supplier Spend as a Proportion of Total Supplier Spend



Social Benefit Suppliers as a Proportion of Total Suppliers



Case Study:

Social Procurement Framework Objective – Opportunities for Victorian Aboriginal people

Social Procurement Framework Outcome – Purchasing from Victorian Aboriginal businesses

In implementing the Aboriginal Cultural Safety Plan, Colac Area Health sought to use Aboriginal owned businesses to deliver education and training to staff, board members and consumers. Eastern Maar Aboriginal Corporation (EMAC) were a natural provider to deliver a learning experience “On Country”. This experience allowed our team to get away from their busy workloads and immerse themselves in the rich history of the Eastern Maar people. EMAC also provided a Welcome to Country onsite for staff to experience this moving ceremony. Partnering with EMAC was a natural choice due to their shared values of ensuring strong identity, wellbeing and good health for the local Aboriginal and Torres Strait Islander community.

| SPF Objective | SPF Outcome | 2022/23 SPF Reporting Metrics | Value |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Opportunities for Victorian Aboriginal people | Purchasing from Victorian Aboriginal businesses | Number of Victorian Aboriginal businesses engaged | 4 |
| | | Total expenditure with Victorian Aboriginal businesses (excl. GST) | \$16,771 |
| Opportunities for Victorians with disability | Purchasing from Victorian social enterprises and Australian Disability Enterprises | Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 1) | 6 |
| | | Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (excl. GST) (Group 1) | \$49,537 |
| | | Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 2) | 2 |
| | | Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (excl. GST) (Group 2) | \$15,441 |
| Opportunities for disadvantaged Victorians | Purchasing from Victorian social enterprises | Total expenditure with Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts; excl GST) (Group 1) | 3 |
| | | Number of Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged (Group 1) | \$47,864 |
| | | Number of Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged (Group 2) | 3 |
| | | Total expenditure with Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts; excl GST) (Group 2) | \$15,855 |
| Sustainable Victorian social enterprises and Aboriginal business sectors | Purchasing from Victorian social enterprises and Aboriginal businesses | Number of Victorian social enterprises engaged (Group 1) | 8 |
| | | Total expenditure with Victorian social enterprises (excl.GST) (Group 1) | \$129,004 |
| | | Number of Victorian social enterprises engaged (Group 2) | - |
| | | Total expenditure with Victorian social enterprises (excl.GST) (Group 2) | - |

Financial Overview



Financial Overview

In 2022/23 Colac Area Health continued to achieve its strategic objective of maintaining a sustainable organisation through effective financial governance and leadership capabilities.

For the 2022/23 financial year Colac Area Health delivered an operating surplus of \$146k against a target of \$0m. This is compared to an operating surplus of \$221k the previous year.

Achieving this surplus position has been possible due to additional financial sustainability funding provided by the Department of Health. This has helped offset significant cost increases experienced in a number of key areas including diagnostic services, medical staffing, preventative maintenance and linen services. These increases have been largely beyond the control of Colac Area Health and are representative of the current economic environment of high inflation rates, staffing shortages and increasing commodity prices.

Trade creditor days included within the Statement of Priorities Part B shows an over target figure of 83 days. This is distorted due to high accrued costs within the calculation which are not attributable to trade creditors. Adjusted trade creditor days, after removing these costs, is 21 days and well within targeted levels.

Throughout the financial year Colac Area Health continued to experience additional costs in relation to managing COVID-19. This was mainly in areas such as infection control, staffing levels and increased consumables. Funding was again provided to Colac Area Health to help offset this additional expenditure as we return to business as usual activity.

In 2022/23, operating activities for the year resulted in a net cash inflow of \$8.4m. Overall, cash holdings increased by \$5.5m for the year with total cash on hand amounting to \$25.6m at 30 June 2023 compared to \$20.1m at the end of the previous year. Total cash available to the health service at the end of the financial year was \$5.9m (excluding tied funds) compared to \$3.1m the previous year. This is reflective of an increase in payables of \$3.1m.

Colac Area Health continues to make significant investment in our infrastructure and other assets with a total value of \$3.5m secured in this year's Regional Health Infrastructure Fund (RHIF) allocations. This is to replace much needed equipment in our Operating Theatres and allow us to upgrade endoscopy cleaning equipment.

Work also continued on a number of other key projects throughout the year including a significant refurbishment of the Corangamarah Aged Care facility, Polwarth roof replacement and upgrading our Nurse Call System.

| Capital Works | \$000's | Status |
|--------------------------------------------|---------|-------------|
| Theatre Equipment | 1,394 | In progress |
| Endoscopy Cleaning Equipment Upgrade | 2,082 | In progress |
| Patient Monitors | 256 | Complete |
| Residential Care Significant Refurbishment | 1,286 | In progress |
| Polwarth Roof Replacement | 330 | Complete |
| Consulting rooms acoustic works | 165 | In progress |
| Nurse Call Upgrade | 663 | In progress |
| Acute Short Stay Unit | 834 | In progress |

Further to this we invested in the purchase of new pieces of equipment across the organisation, including a new X-ray machine, Orthopantomography (OPG) machine, patient lifting systems and kitchen equipment.

A \$1.7m refresh of our Information Technology infrastructure is also in progress to upgrade our network and wireless capabilities.

The Colac Area Health Foundation also kindly funded the purchase of two new birthing beds and a Panda Warmer which are essential for providing high quality care in our maternity unit.

Colac Area Health would like to express our extreme gratitude to all individuals and organisations who supported the Health Service through various donations, fundraising and bequests.

Financial Overview

Financial Performance Five Year Summary

| | 2023 \$000 | 2022 \$000 | 2021 \$000 | 2020 \$000 | 2019 \$000 |
|--------------------------------------|---------------|---------------|---------------|---------------|----------------|
| Operating Result * | 146 | 221 | 1,223 | 3,855 | (1,948) |
| Total Revenue | 64,142 | 61,343 | 55,632 | 58,475 | 49,514 |
| Total Expenses | (63,841) | (60,710) | (55,952) | (56,246) | (52,635) |
| Net Results from transactions | 301 | 633 | (320) | 2,229 | (3,121) |
| Total other economic flows | (28) | (26) | 500 | 64 | (111) |
| Net result | 273 | 607 | 180 | 2,293 | (3,232) |
| Total assets | 77,816 | 69,192 | 67,226 | 63,809 | 61,544 |
| Total liabilities | 33,589 | 29,336 | 28,513 | 25,629 | 25,657 |
| Net assets/ Total equity | 44,227 | 39,856 | 38,713 | 38,180 | 35,887 |

Summary

| Reconciliation between the Net results from transactions reported in the model to the Operating result as agreed in the Statement of Priorities | 2022/23 \$000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Operating result | 146 |
| Capital purpose income | 3,535 |
| Specific revenue | 26 |
| Other revenue | 187 |
| Donations | 209 |
| COVID-19 State Supply Arrangements | |
| • Assets received free of charge or for nil consideration under the State Supply | 265 |
| State supply items consumed up to 30 June 2023 | (265) |
| Expenditure for capital purposes | (176) |
| Depreciation | (3,627) |
| Net result from transactions | 301 |

* The operating result is the result for which the health service is monitored in its Statement of Priorities

ICT Expenditure

| Business as Usual (BAU) ICT expenditure | Non-Business as Usual (BAU) ICT expenditure | | |
|-----------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------|
| | Total=Operation expenditure and capital expenditure (excluding GST) (a) + (b) | Operation expenditure (excluding GST) (a) | Capital expenditure (excluding GST) (b) |
| Total (excluding GST) | | | |
| \$1.8m | \$0.3m | \$0.3m | - |

Use of Consultancies

Details of Individual Consultancies

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

In 2022/23 there were five consultancies for which the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022/23 in relation to these consultancies is \$145,649 (excl. GST).

| Details of consultancies >\$10,000 | Purpose | Start Date | End Date | Total Approved Project Fee (excluding GST) | Expenditure 2022/23 Excluding GST | Future Expenditure (excluding GST) |
|------------------------------------|---------------------------------|------------|----------|--------------------------------------------|-----------------------------------|------------------------------------|
| Grant Solutions Pty Ltd | Executive | Jul 2022 | Feb 2023 | \$58,000 | \$58,000 | \$54,000 |
| Michael C Rhook | Executive | Apr 2022 | Sep 2022 | \$27,988 | \$27,988 | - |
| Maree Frances Roberts | Business Management Consultancy | Dec 2022 | Jun 2023 | \$20,667 | \$20,667 | - |
| D.K. Sonin & Associates Pty Ltd | Business Management Consultancy | Jan 2023 | Mar 2023 | \$19,994 | \$19,994 | - |
| The Esplanade West Group | Business Continuity Planning | Dec 2022 | Jun 2023 | \$19,000 | \$19,000 | - |
| Total | | | | \$145,649 | \$145,649 | \$54,000 |

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

In 2022/23, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022/23 in relation to these consultancies is \$9,855 (excl. GST).

Disclosures Required Under Legislation

Subsequent Events

No events occurred after balance date which would significantly affect Colac Area Health operations in subsequent reporting periods.

Financial Management Compliance Attestation

I, Timothy Greene, on behalf of the Responsible Body, certify that Colac Area Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Timothy Greene

Board Chair
Colac Area Health

14 September 2023

Data Integrity Declaration

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



Fiona Brew

Chief Executive

14 September 2023

Integrity, Fraud and Corruption

I, Fiona Brew, certify that Colac Area Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruptions risks have been reviewed and addressed at Colac Area Health during the year.



Fiona Brew

Chief Executive

14 September 2023

Compliance with HealthShare Victoria (HSV) Purchasing Policies

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



Fiona Brew

Chief Executive

14 September 2023

Conflict of Interest

I, Fiona Brew, certify that Colac Area 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 Colac Area 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 board meeting.



Fiona Brew

Chief Executive

14 September 2023

Disclosures Required Under Legislation

Responsible Ministers

The responsible Ministers during the reporting period were:

The Hon. Mary-Anne Thomas

Minister for Health

From 1 July 2022 to 30 June 2023

Minister for Ambulance Services

From 1 July 2022 to 5 December 2022

The Hon. Gabrielle Williams

Minister for Mental Health

From 1 July 2022 to 30 June 2023

Minister for Ambulance Services

From 5 December 2022 to 30 June 2023

The Hon. Colin Brooks

Minister for Disability, Ageing and Carers

From 1 July 2022 to 5 December 2022

The Hon. Lizzie Blandthorn

Minister for Disability, Ageing and Carers

From 5 December 2022 to 30 June 2023

Manner of Establishment

Colac Area Health is a public hospital established under the Health Services Act 1988.

Declaration of Pecuniary Interest

When pecuniary interests exist, declarations of pecuniary interest have been obtained from relevant members of the Board of Directors and senior management staff.

Setting of Fees

The Health Services charges Acute Care, Community Health and Home Nursing fees in accordance with Department of Health fees directive and Aged Care fees are charged in accordance with those determined by the Commonwealth Department of Health and Ageing.

Freedom of Information Act 1982

The Freedom of Information Act 1982 allows the public a right of access to documents held by the Health Service. If you wish to access your information contact the Freedom of Information Officer on telephone 5232 5253 or email healthinfo@cah.vic.gov.au

The application fee is \$30.60 but this can be waived on the basis of hardship. For the 12 months ending 30 June 2023 Colac Area Health received 62 valid applications, of these 3 were denied access and 3 were provided outside of Freedom of Information.

All requests received related to the general public: the majority of the applications were personal requests for health information by or on behalf of the consumer, the remainder were applications from next of kin:

- 14 Self-Requests from the general public;
- 37 requests from legal services on behalf of their client, where the client is a member of the general public; and
- 11 Next of Kin (NOK)/VCAT appointed guardian requests relating to the general public.

Building Act 1993

Colac Area Health complies with the building standards, fire safety, and essential safety and maintenance provisions of the Building Act 1993.

Public Interest Disclosure 2012

Colac Area Health has in place policies for disclosure in accordance with the Public Interest Disclosure Act 2012. No protected disclosures were made under the Act in 2022/23.

National Competition Policy

Colac Area Health has complied with the requirements of the Government policy statement under the National Competition policy.

Carers Recognition Act 2012

The Carers Recognition Act 2012 recognises Carers have a statutory right to ask Colac Area Health for flexible working if they care for an adult who is a relative or lives at the same address. Carers also have the right to take unpaid time off work for dependents in an emergency.

Safe Patient Care Act 2015

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

Local Jobs First Act 2003

Colac Area Health abides by the principles of the Local Jobs First Act 2003. In 2022/23 there were no contracts completed by Colac Area Health under this Act.

Attestations and Declarations

Gender Equality Act 2020

Colac Area Health's Gender Equality Action Plan has been approved by The Commission for Gender Equality in the Public Sector and has seven Gender Equity Indicators with the initiatives and current measures being:

- Gender composition of the Workforce. Current audit is 90% Women and 10% Male.
- Gender composition of the Governing Body. Current audit is 66% Women and 34% Male.
- Gender Pay Equity. Current audit is 7% overall gender pay gap (men are paid more than women).
- Workplace Sexual Harassment. No sexual harassment complaints were made by staff at Colac Area Health during 2022/23 year.
- Recruitment and Promotion. The 2023 People Matter Survey results indicate that 53% of staff survey responded that the recruitment processes are fair.
- Leave and Flexibility. The 2023 People Matter Survey results indicate that 62% of staff surveyed responded positively to questions about flexible working.
- Gender Workforce Segregation. The 2023 People Matter Survey results indicate that 42% of staff surveyed responded positively to the question – I have an equal chance at promotion in my organisation.

The 2023 People Matter Survey had a response rate of 54%.

We will continue to measure, evaluate and compare the above initiative's progress in forthcoming years as Colac Area Health aims to create a sustainable, supportive workplace culture, to build employee capacity to support gender equality and to embed gender equality into organisational policies, systems and processes.

In conjunction with our Plan, Colac Area Health has developed and implemented a Diversity and Inclusion Guideline which although does not have specific measurable targets, has as a primary objective, that we will support an inclusive healthcare service where our diverse patients and staff are treated with respect, integrity and compassion.

Additional Information on Request

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

- a. Declarations of pecuniary 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 the entity about itself and how these can be obtained;
- d. Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- e. Details of any major external reviews carried out on the Health Service;
- f. Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h. Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- i. Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- j. a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- k. a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- l. details of all consultancies and contractors including:
 - (i) consultants/contractors engaged;
 - (ii) services provided; and
 - (iii) expenditure committed to for each engagement.

Statement of Priorities



Statement of Priorities

Part A: Strategic Priorities

Strategic Priority

Keep people healthy and safe in the community:

Maintain COVID-19 readiness

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

Outcomes

Status: Achieved

Established working relationships with the Department of Health, Health Service Partnership, Barwon Health and the Public Health Unit (PHU) continue, noting there were major shifts in COVID-19 management during the year. Established internal COVID-19 guiding documents and practices were reviewed as new guidelines were released.

Significant changes to both COVID-19 testing and reporting positive results was undertaken, as a result of a shift from Polymerase Chain Reaction tests (PCR tests) to Rapid Antigen (RA) testing. Colac Area Health supported community testing and pop-up testing clinics organised by the PHU and provided Rapid Antigen tests for our community. In addition, a pop-up community COVID-19 vaccination clinic to aid multi-cultural communities was supported through a partnership with the Western Victoria Primary Health Network. This was conducted with local industry and reached 75 community members. A community Cultural Ambassador session was conducted enabling Ambassadors to return COVID-19 key messages to their respective cultural groups. This was a key COVID-19 community engagement strategy.

Staff members have access to a weekly staff health clinic which offers COVID-19 vaccinations, this has resulted in 100% of staff having the required COVID-19 vaccinations. Whilst community vaccinations are provided by our GP clinics, we assist by promoting key COVID-19 messaging to our community. Community communication occurs through a variety of platforms including social media, digital signage, brochures and posters covering topics which include; available services and events, hand hygiene, how to wear a mask and how to do a Rapid Antigen test.

The Daily Operating System (DOS) and Quality boards continue to be used to monitor, communicate and display staff vaccination rates, community outbreaks and the daily COVID-19 status of workforce and consumers.

Statement of Priorities

Part A: Strategic Priorities

Strategic Priority

Care closer to home:

Delivering more care in the home or virtually

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

Outcomes

Status: Achieved

Colac Area Health is committed to embedding service models to support the delivery of more care in the home.

The Physio Women's Health@Home program has commenced, providing specialist pre- and post-natal pelvic health care to women requiring physiotherapy support. This service will enable women to access affordable care close to home.

Colac Area Health Prehab@Home has commenced with orthopaedic patients to optimise surgical outcomes or support surgery delay or diversion. This clinic will expand and will include:

- Clinical risk screening in collaboration with Barwon Health, completed via virtual care modalities to patients awaiting surgery.
- Provide multidisciplinary prehabilitation including exercise programs, dietetics support, social work and/or smoking cessation.
- Post-operative follow up and outcome measures to assist identify any issues or concerns for the patient and improve the delivery of care.

Implementation of the GEM@Home model of care in collaboration with Barwon Health underwent a review in May. The 3 beds consistently remained occupied, patients achieved positive functional improvement changes as demonstrated in their pre and post Functional Independence Measure scores, and achieved positive staff and consumer experience feedback. The medical model of care will be reviewed to ensure access to geriatrician services and involvement of the patient's General Practitioner.

Remote Patient Monitoring (RPM) has been implemented commencing with those with heart failure and is currently providing support to 14 patients, with case studies demonstrating successful early interventions can prevent avoidable presentations to Urgent Care.

Statement of Priorities

Part A: Strategic Priorities

Strategic Priority

Keep Improving Care:

Improve quality and safety of care

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

Outcomes

Status: Achieved

Improved dysphagia management based on a published piece of research carried out at Colac Area Health has led the way for development of evidence based practice in a rural health service. This has led to implementation of an electronic menu management system, pre-packaged dysphagic diet food and drinks, and focused training that has reduced the number of dysphagic diet errors by 20% in a post implementation evaluation.

An Aphasia group was established to support clients post stroke. The group has 8 clients participating who have developed increased communication skills and supported upskilling of clinicians.

Remote Patient Monitoring (RPM) program was established for Heart Failure patients and Virtual Emergency Care is utilised if a GP appointment is not accessible. This has resulted in prevented admissions to hospital.

Plan update to nutrition and food quality standards

- Develop a plan to implement nutrition and quality of food standards in 2022/23, implemented by December of 2023.

Outcomes

Status: Achieved

Menu review is being undertaken inclusive of consumer feedback. The assessment of Colac Area Health's menu against nutritional standards has commenced.

The current results demonstrate that a significant proportion of our menu does not meet the nutritional standards for main meals, soups and desserts. The Dietetics department and Head Chef are working to improve this as part of the action plan which remains on track to be completed by December 2023.

Statement of Priorities

Part A: Strategic Priorities

Climate Change Commitments

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

Outcomes

Status: Achieved

During the year, Colac Area Health launched its new Environmental Sustainability Plan for 2022/23. This plan includes our commitment to support the Victorian Government's target to be net carbon zero by 2050, by contributing to a reduction in carbon emissions and embedding environmental sustainability within our business.

A number of initiatives have commenced during the year including implementing the single use plastic ban, reducing paper usage and the establishment of the proactive "Green Champions" group; dedicated to fostering and implementing innovative ideas aimed at advancing our sustainability goals.

Asset Maintenance and Management

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

Outcomes

Status: Achieved

Colac Area Health has embedded improved processes in relation to Asset Management through collaboration and partnerships with neighbouring health services.

Following a complete fabric assessment in 2019, a number of key infrastructure assets were replaced throughout the organisation. An Asset and Facility Management Plan was launched in partnership with Barwon Health and a number of preventative maintenance contracts entered into throughout 2022/23. Work will continue over the coming two years to identify further areas for improvement and ensure effective, efficient and sustainable use of our infrastructure and assets.

Statement of Priorities

Part A: Strategic Priorities

Strategic Priority

Improve Aboriginal health and wellbeing:

Improve Aboriginal cultural safety

- Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.
- Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.
- Implement strategies and processes to actively increase Aboriginal employment.
- Improve patient identification of Aboriginal people presenting for health care, to address variances in health care, and provide equitable access to culturally safe care pathways and environments.
- Develop discharge plans for every Aboriginal patient.

Outcomes

Status: Achieved

“Closing the Gap” strategies have been implemented through community based services with all Aboriginal and Torres Strait Islanders to ensure we are delivering equitable and accessible services. Our Cultural Ambassadors group, looking at access to health services that includes our Aboriginal community, have provided feedback regarding Colac Area Health being a responsive and inclusive organisation. This feedback is driving initiatives within our Aboriginal Cultural Safety Plan.

Colac Area Health are a lead agency in a new regional project to focus on the Aboriginal experience in Urgent Care.

Tiiamano Consultants, an Aboriginal owned business established to inspire individuals and organisations to work in a culturally informed and collaborative way, that will improve engagement and social and emotional wellbeing outcomes for Aboriginal and Torres Strait Islander peoples, have been contracted to support Colac Area Health in developing a Reconciliation Action Plan with the community.

To ensure culturally sensitive practices, ongoing face-to-face training has been provided to over 65 staff to respond effectively when someone identifies as Aboriginal and/or Torres Strait Islander. This training compliments mandatory training on the same topic.

Staff, including Board Directors, participated in “On Country” training with Eastern Maar. Colac Area Health representatives attended four reconciliation events with Wathaurong, including events at the Colac Aboriginal Gathering Place. A Welcome to Country was included as part of NAIDOC celebrations held onsite.

To further raise awareness of cultural sensitivity, a successful “On Country” photography competition was held among staff.

We continue to strive for culturally safe employment opportunities by building a welcoming culture within our organisation for Aboriginal employees by delivering immersive cultural learning experiences.

A key message in the past 6 months has been the regular reinforcement of "Asking the Question" to identify Aboriginal and/or Torres Strait Islander individuals, not just during intake or initial admission. Important events like “On Country” training, "Asking the Question" training, Reconciliation Week, and NAIDOC week have provided opportunities to emphasise this message to the staff. Additionally, those identifying as Aboriginal and/or Torres Strait Islander are assured of responsive delivery of services.

Regarding discharge processes, staff are trained to provide options to link with local Aboriginal Community Controlled Health Organisations, share information available on the Colac Area Health website under Closing the Gap, and refer to Colac Aboriginal Gathering Place.

Statement of Priorities

Part A: Strategic Priorities

Strategic Priority

Moving from competition to collaboration

Foster and develop local partnerships

- Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).
- Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better@Home program and mental health reform.

Outcomes

Status: Achieved

Colac Area Health has established a partnership with Barwon Health to address various aspects of service provision. This collaboration includes supporting Speech Pathology services during workforce gaps, developing a collaborative Geriatric Evaluation Management Program (GEM@Home) model with nursing and medical oversight, and offering financial services such as reporting, analysis, and budgeting.

Colac Area Health is actively involved in regional logistics and supply chain collaboration across the South West, providing procurement and supply chain expertise to enhance efficiency and effectiveness.

Colac Area Health is participating in the Regional Better@Home collaboration, which focuses on the development of several models of care. These include a surgical diversion and optimisation model, Hospital Admission Risk Program/Remote Patient Monitoring models of care, and Hospital in the Home models of care, aiming to improve patient experiences and outcomes.

The organisation is part of a regional partnership aimed at enhancing the Aboriginal experience in Urgent Care, with a focus on creating a more inclusive and culturally sensitive healthcare environment.

The organisation has taken a leading role in the implementation of headspace Colac, which was launched in October 2022. This initiative is designed to provide mental health services and support for young people aged 12-25 years old in the community. A total of 260 young people have been seen since headspace opened, with numbers continuing to increase. The age profile highlights the majority accessing this service are aged between 12 and 17, which also reflects the national headspace data and demonstrates active engagement is required for those in their 20's. The main reasons young people are presenting are due to anxiety or depression, making up 62% of all presentations.

Statement of Priorities

Part A: Strategic Priorities

Strategic Priority

A stronger workforce:

Improve workforce wellbeing

- Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022/23.
- Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.
- Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.

Outcomes

Status: Achieved

In the last quarter significant progress has been achieved with a current organisational-wide participation rate of 64%. To further enhance the effectiveness of the Occupational Violence and Aggression (OVA) training, 8 staff members are being trained in the "train the trainer" model, enabling them to deliver in-house training tailored to different occupational groups.

A review of the current guidelines on information sharing has been conducted to improve processes, particularly in relation to consumer-facing documentation regarding Colac Area Health's response and support for individuals experiencing Family Violence. Specialist Family Violence staff have received MARAM training to enhance their capabilities in handling such cases. Additionally, SHRFV is now part of the orientation process for all new staff, which will enhance staff confidence when treating clients who are experiencing family violence.

To promote staff well-being within the organisation, a new Wellbeing committee has been established. An annual dedicated budget for 2023/24 has been allocated to support well-being initiatives, with initiatives identified by staff, for staff. The range of initiatives also include a designated area for staff to reflect on their well-being.

Statement of Priorities

Part B: Performance Priorities

High quality and safe care:

| Key Performance Measure | Target | Result |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|
| Infection Prevention and Control | | |
| Compliance with the Hand Hygiene Australia program | 85% | 95% |
| Percentage of healthcare workers immunised for influenza | 92% | 100% |
| Patient experience | | |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1 | 95% | 97% |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2 | 95% | 97% |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3 | 95% | 97% |
| Maternity and newborn | | |
| Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (APGAR score <7 to 5 minutes) | ≤ 1.4% | 1.6% |
| Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation | ≤ 28.6% | 0% |

Strong Governance, leadership and culture

| Key Performance Measure | Target | Result |
|-----------------------------------------------------------------------------------------------------------------|--------|--------|
| Organisational culture | | |
| People matter survey – Percentage of staff with an overall positive response to safety culture survey questions | 62% | 53% |

Timely access to care

| Key Performance Measure | Target | Result |
|-----------------------------------------------------------------------------------------------------------------------|--------|--------|
| Specialist Clinics | | |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100% | 43% |
| Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days | 90% | 99% |

Effective financial management

| Key Performance Measure | Target | Result |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------|
| Operating result (\$m) | \$0.00 | \$0.15 |
| Average number of days to paying trade creditors | 60 Days | 83 Days |
| Average number of days to receiving patient fee debtors | 60 Days | 38 Days |
| Adjusted current asset ratio (Variance between actual ACAR and target, including performance improvement over time or maintaining actual performance) | 0.7 or 3% improvement from health service base target | 1.07% |
| Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June. | Variance \leq \$250,000 | Not achieved |
| Actual number of days available cash, measured on the last day of each month. | 14 Days | 16 Days |

Statement of Priorities

Part C: Activity and Funding

Colac Area Health funding summary for 1 July 2022 – 30 June 2023

| Funding Type | 2022/23 Activity Achievement |
|--------------------------------------------------------------------------|---------------------------------------------|
| Consolidated Activity Funding | |
| Acute admitted, subacute admitted, emergency services, non-admitted NWAU | 5,881 |
| Acute Admitted | |
| National Bowel Cancer Screening Program NWAU | 18 |
| Acute admitted DVA | 10 |
| Acute Admitted TAC | 8 |
| Acute Non-Admitted | |
| Home Enteral Nutrition NWAU | 2 |
| Aged Care | |
| Residential Aged Care | 19,874 |
| HACC | 2,475 |
| Mental Health and Drug Services | |
| Drug Services | 0 |
| Primary Health | |
| Community Health / Primary Care Programs | 2,253 |

Disclosures Index

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

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Colac Area Health

Financial Report

For the Financial Year Ended 30 June 2023

**Colac Area Health
Financial Report
For the Financial Year Ended 30 June 2023**

Colac Area Health presents its audited general purpose financial statements for the financial year ended 30 June 2023 in the following structure to provide users with the information about Colac Area Health’s stewardship of the resources entrusted to it.

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**Colac Area Health
Board member's, accountable officer's, and chief finance and accounting
officer's declaration
For the Financial Year Ended 30 June 2023**

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of Colac Area Health at 30 June 2023.

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

We authorise the attached financial statements for issue on 14 September 2023.

Timothy Greene

Chair



Colac

14 September 2023

Fiona Brew

Chief Executive



Colac

14 September 2023

Ian Martin

Director Finance &
Corporate Services



Colac

14 September 2023

Independent Auditor's Report

To the Board of Colac Area Health

| | |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Opinion | <p>I have audited the financial report of Colac Area Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Other information | <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p> |
| Board's responsibilities for the financial report | <p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
2 October 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

Colac Area Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2023

| | | 2023 | 2022 |
|-----------------------------------------------------------------|-------------|-----------------|-----------------|
| | Note | \$'000 | \$'000 |
| Revenue and income from transactions | | | |
| Operating activities | 2.1 | 62,275 | 60,156 |
| Non-operating activities | 2.1 | 691 | 49 |
| Share of revenue from joint operations | 8.7 | 1,176 | 1,138 |
| Total revenue and income from transactions | | 64,142 | 61,343 |
| Expenses from transactions | | | |
| Employee expenses | 3.1 | (44,707) | (41,855) |
| Supplies and consumables | 3.1 | (6,213) | (5,925) |
| Depreciation | 4.3 | (3,627) | (3,451) |
| Other administrative expenses | 3.1 | (4,288) | (5,364) |
| Other operating expenses | 3.1 | (3,970) | (3,044) |
| Share of expenditure from joint operations | 8.7 | (1,036) | (1,071) |
| Total expenses from transactions | | (63,841) | (60,710) |
| Net result from transactions - net operating balance | | 301 | 633 |
| Other economic flows included in net result | | | |
| Net gain on sale of non-financial assets | 3.2 | 2 | 19 |
| Net gain/(loss) on financial instruments | 3.2 | 31 | (12) |
| Other loss from other economic flows | 3.2 | (18) | (9) |
| Share of other economic flows from joint arrangements | 3.2 | 1 | (4) |
| Net loss on change in ownership percentage of joint arrangement | 3.2 | (44) | (20) |
| Total other economic flows included in net result | 3.2 | (28) | (26) |
| Net result for the year | | 273 | 607 |
| Other economic flows - other comprehensive income | | | |
| Items that will not be reclassified to net result | | | |
| Changes in property, plant and equipment revaluation surplus | 4.2 | 4,098 | 536 |
| Total other comprehensive income | | 4,098 | 536 |
| Comprehensive result for the year | | 4,371 | 1,143 |

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

**Colac Area Health
Balance Sheet
As at 30 June 2023**

| | 2023 | 2022 |
|---------------------------------------------------|---------------|---------------|
| Note | \$'000 | \$'000 |
| Current assets | | |
| Cash and cash equivalents | 6.2 25,565 | 20,109 |
| Receivables | 5.1 973 | 746 |
| Inventories | 91 | 62 |
| Prepaid expenses | 128 | 104 |
| Share of assets in joint operations | 8.7 1,147 | 1,482 |
| Total current assets | 27,904 | 22,503 |
| Non-current assets | | |
| Receivables | 5.1 3,656 | 3,492 |
| Property, plant and equipment | 4.1(a) 45,532 | 42,748 |
| Share of assets in joint operations | 8.7 724 | 448 |
| Total non-current assets | 49,912 | 46,689 |
| Total assets | 77,816 | 69,192 |
| Current liabilities | | |
| Payables | 5.3 11,368 | 8,265 |
| Contract liabilities | 5.4 3,070 | 1,169 |
| Employee benefits | 3.3 8,317 | 8,370 |
| Other liabilities | 5.5 8,332 | 8,714 |
| Borrowings | 6.1 73 | 233 |
| Share of liabilities in joint operations | 8.7 1,239 | 1,442 |
| Total current liabilities | 32,399 | 28,193 |
| Non-current liabilities | | |
| Employee benefits | 3.3 1,010 | 941 |
| Borrowings | 6.1 - | 70 |
| Share of liabilities in joint operations | 8.7 180 | 133 |
| Total non-current liabilities | 1,190 | 1,143 |
| Total liabilities | 33,589 | 29,336 |
| Net assets | 44,227 | 39,856 |
| Equity | | |
| Property, plant and equipment revaluation surplus | 4.2 31,820 | 27,722 |
| Restricted specific purpose reserve | SCE 2,444 | 2,814 |
| Contributed capital | SCE 14,253 | 14,253 |
| Accumulated deficit | SCE (4,290) | (4,933) |
| Total equity | 44,227 | 39,856 |

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

Colac Area Health
Statement of Changes in Equity
For the Financial Year Ended 30 June 2023

| | Property, Plant and Equipment Revaluation Surplus \$'000 | Contributed Capital \$'000 | Restricted Specific Purpose Reserve \$'000 | Accumulated Surplus/ (Deficit) \$'000 | Total \$'000 |
|--------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|-------------------------|
| Balance at 1 July 2021 | 27,186 | 14,253 | 2,578 | (5,304) | 38,713 |
| Net result for the year | - | - | - | 607 | 607 |
| Other comprehensive income for the year | 536 | - | - | - | 536 |
| Transfer from/(to) accumulated surplus/(deficit) | - | - | 236 | (236) | - |
| Balance at 30 June 2022 | 27,722 | 14,253 | 2,814 | (4,933) | 39,856 |
| Net result for the year | - | - | - | 273 | 273 |
| Other comprehensive income for the year | 4,098 | - | - | - | 4,098 |
| Transfer (to)/from accumulated surplus/(deficit) | - | - | (370) | 370 | - |
| Balance at 30 June 2023 | 31,820 | 14,253 | 2,444 | (4,290) | 44,227 |

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

**Colac Area Health
Cash Flow Statement
For the Financial Year Ended 30 June 2023**

| | 2023 | 2022 |
|-------------------------------------------------------|-----------------|-----------------|
| Note | \$'000 | \$'000 |
| Cash Flows from operating activities | | |
| Operating grants from State Government | 42,191 | 43,693 |
| Operating grants from Commonwealth Government | 6,892 | 6,421 |
| Capital grants from State Government | 5,195 | 2,996 |
| Patient fees received | 2,066 | 2,124 |
| GST received from ATO | 1,410 | 1,456 |
| Donations and bequests received | 209 | 539 |
| Interest and investment income received | 691 | 49 |
| Other receipts | 6,180 | 4,250 |
| Total receipts | 64,834 | 61,528 |
| Payments to employees | (38,137) | (40,880) |
| Payments for supplies and consumables | (5,119) | (5,931) |
| Payments for medical indemnity insurance | (677) | (678) |
| Payments for repairs and maintenance | (1,013) | (720) |
| Other payments | (11,505) | (5,157) |
| Total payments | (56,451) | (53,366) |
| Net cash flows from operating activities | 8,383 | 8,162 |
| Cash Flows from investing activities | | |
| Purchase of non-financial assets | (2,313) | (3,084) |
| Net cash flows used in investing activities | (2,313) | (3,084) |
| Cash flows from financing activities | | |
| Repayment of borrowings | (230) | (237) |
| Receipt of accommodation deposits | 2,334 | 1,005 |
| Repayment of accommodation deposits | (2,716) | (3,451) |
| Other | (2) | 4 |
| Net cash flows used in financing activities | (614) | (2,679) |
| Net increase in cash and cash equivalents held | 5,456 | 2,399 |
| Cash and cash equivalents at beginning of year | 20,109 | 17,710 |
| Cash and cash equivalents at end of year | 25,565 | 20,109 |

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

Notes to the Financial Statements

Note 1: Basis of preparation

Structure

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

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Colac Area Health for the year ended 30 June 2023. The report provides users with information about Colac Area Health Service's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

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.

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

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

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

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Colac Area Health on 14 September 2023.

Note 1.2: Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

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

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services
- Note 6: How we finance our operations

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 |
| ATO | Australian Taxation Office |
| CAH | Colac Area Health |
| DH | Department of Health |
| DTF | Department of Treasury and Finance |
| FMA | Financial Management Act 1994 |
| FRD | Financial Reporting Direction |
| GST | Goods and Services Tax |
| LSL | Long Service Leave |
| NWAU | National Weighted Activity Unit |
| SCE | Statement of Changes in Equity |
| SD | Standing Direction |
| SWARH | South West Alliance of Rural Health |
| TCV | Treasury Corporation of Victoria |
| VAGO | Victorian Auditor General's Office |
| VGv | Valuer-General of Victoria |

Note 1.4: Joint arrangements

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

Colac Area Health is a member of the South West Alliance of Rural Health Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Joint arrangements).

Note 1.5: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.3: Depreciation
- Note 4.4: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Contract assets
- Note 5.3: Payables
- Note 5.4: Contract liabilities
- Note 7.4: Fair value determination

Note 1.6: Accounting standards issued but not yet effective

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

| Standard | Adoption Date | Impact |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------|
| AASB 17: <i>Insurance Contracts</i> | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i> | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-5: <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i> | Reporting periods beginning on or after 1 January 2024. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-6: <i>Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i> | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-8: <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i> | Reporting periods beginning on or after January 2023. | Adoption of this standard is not expected to have a material impact. |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------|
| AASB 2022-9: <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i> | Reporting periods beginning on or after 1 January 2026. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-10: <i>Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i> | Reporting periods beginning on or after 1 January 2024. | Adoption of this standard is not expected to have a material impact. |

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

Note 1.7: Goods and Services Tax (GST)

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

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

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

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

Note 1.8: Reporting entity

The financial statements include the activities of Colac Area Health.

Colac Area Health's principal address is:

2-28 Connor Street
Colac, Victoria 3250

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

Note 2: Funding delivery of our services

Colac Area Health’s overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians. Colac Area Health is predominantly funded by grant funding for the provision of outputs. The health service also receives income from the supply of services.

Structure

- 2.1 Revenue and income from transactions
 - 2.1(a) Timing of revenue from contracts with customers
 - 2.1(b) Fair value of assets and services received free of charge or for nominal consideration

Telling the COVID-19 story

Revenue and income recognised to fund the delivery of our services increased during the financial year which was attributable to the COVID-19 Coronavirus pandemic. Whilst the COVID-19 public health response during the year ended 30 June 2023 was scaled down, this was offset by additional funding provided under Victoria’s COVID-19 Catch-Up Plan, which aims to address Victoria’s COVID-19 case load and restore surgical capacity and activity.

Additional funding was also provided to:

- COVID-19 grants to fund direct and indirect COVID-19 related costs and vaccination
- Sustainability funding

Key judgements and estimates

This section contains the following key judgements and estimates:

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

| | |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assets and services received free of charge or for nominal consideration | Colac Area Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. See note 2.1(b) for description of methodology. |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Note 2.1: Revenue and income from transactions

| | 2023 | 2022 |
|-------------------------------------------------------------|---------------|---------------|
| Note | \$'000 | \$'000 |
| Operating activities | | |
| Revenue from contracts with customers | | |
| Government grants (State) - Operating | 43,121 | 40,819 |
| Government grants (Commonwealth) - Operating | 6,257 | 6,421 |
| Patient and resident fees | 2,031 | 2,124 |
| Commercial activities ¹ | 316 | 241 |
| Total revenue from contracts with customers | 51,725 | 49,605 |
| | 2.1(a) | |
| Other sources of income | | |
| Government grants (State) - Operating | 1,185 | 2,626 |
| Government grants (State) - Capital | 3,204 | 2,996 |
| Government grants (Commonwealth) - Capital | 281 | 157 |
| Other capital purpose income | 50 | - |
| Assets received free of charge or for nominal consideration | 640 | 1,276 |
| Other income from operating activities | 5,190 | 3,496 |
| Total other sources of income | 10,550 | 10,551 |
| Total revenue and income from operating activities | 62,275 | 60,156 |
| Non-operating activities | | |
| Income from other sources | | |
| Other interest | 691 | 49 |
| Total other sources of income | 691 | 49 |
| Total income from non-operating activities | 691 | 49 |
| Total revenue and income from transactions | 62,966 | 60,205 |

¹ Commercial activities represent business activities which Colac Area Health enters into to support their operations.

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

| | 2023 | 2022 |
|-------------------------------------------------------------------------------|---------------|---------------|
| Note | \$'000 | \$'000 |
| Colac Area Health disaggregates revenue by the timing of revenue recognition. | | |
| Goods and services transferred to customers: | | |
| At a point in time | 51,409 | 49,364 |
| Over time | 316 | 241 |
| Total revenue from contracts with customers | 51,725 | 49,605 |
| | 2.1 | |

How we recognise revenue and income from operating activities

Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

Where the contract is not enforceable and/or does not have sufficiently specific performance 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)
- 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 Colac Area Health's goods or services. Colac Area Health funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

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

| Government grant | Performance obligation |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU) | 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 point in time, which is when a patient is discharged. |
| Other one-off grants (if funding conditions contain enforceable and sufficiently specific performance obligations) | For other grants with performance obligations Colac Area Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis. The individual grant will also depend on whether revenue is recognised at a point in time or over time. |

Capital grants

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

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

Patient and resident fees

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

Commercial activities

Revenue from commercial activities includes items such as property rental income and is recognised over time.

How we recognise revenue and income from non-operating activities

Interest Income

Interest income is recognised on a time proportionate basis that takes into account 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

| | 2023 | 2022 |
|-----------------------------------------------------------------------------------------------------|------------|--------------|
| Note | \$'000 | \$'000 |
| Cash donations and gifts | 209 | 538 |
| Plant and equipment | - | 121 |
| Personal protective equipment and other consumables | 265 | 497 |
| Insurance - VMIA | 166 | 120 |
| Total fair value of assets and services received free of charge or for nominal consideration | 640 | 1,276 |

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

Donations and bequests

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

Personal protective equipment

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

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

Contributions of resources

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

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

Volunteer Services

Colac Area Health receives volunteer services from members of the community in the following areas:

- Patient transport
- Patient support
- Administrative duties, and
- Concierge services supporting patients and visitors when accessing the hospital.

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

Colac Area Health greatly values the services contributed by volunteers, but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The DH makes some payments on behalf of Colac Area Health as follows:

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

Note 3: The cost of delivering our services

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

Structure

- 3.1 Expenses from transactions
- 3.2 Other economic flows
- 3.3 Employee benefits in the balance sheet
- 3.4 Superannuation

Telling the COVID-19 story

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

This includes costs associated with:

- Operation of facilities within Colac Area Health for the treatment of suspected and admitted COVID patients resulting in an increase in employee costs and purchases of supplies and consumables.
- Continued use of COVID safe practices throughout Colac Area Health including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge.
- Operation of vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and additional purchases of supplies and consumables.
- Continued work from home arrangements resulting in increased ICT infrastructure costs 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 | Colac Area Health applies significant judgement when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Colac Area Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and LSL 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 Colac Area Health has a conditional right to defer payment beyond 12 months. LSL entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. |

Measuring employee benefit liabilities

Colac Area Health applies significant judgement when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate 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

| | 2023 | 2022 |
|------------------------------------------------------|---------------|---------------|
| Note | \$'000 | \$'000 |
| Salaries and wages | 32,766 | 30,700 |
| On-costs | 3,337 | 3,191 |
| Agency expenses | 1,675 | 1,790 |
| Fee for service medical officer expenses | 6,362 | 5,662 |
| Workcover premium | 567 | 512 |
| Total employee expenses | 44,707 | 41,855 |
| Drug supplies | 933 | 1,010 |
| Medical and surgical supplies (including Prostheses) | 3,663 | 3,453 |
| Diagnostic and radiology supplies | 407 | 365 |
| Other supplies and consumables | 1,210 | 1,097 |
| Total supplies and consumables | 6,213 | 5,925 |
| Other administrative expenses | 4,288 | 5,364 |
| Total other administrative expenses | 4,288 | 5,364 |
| Fuel, light, power and water | 560 | 558 |
| Repairs and maintenance | 2,365 | 1,249 |
| Maintenance contracts | 264 | 501 |
| Medical indemnity insurance | 781 | 736 |
| Total other operating expenses | 3,970 | 3,044 |
| Total operating expenses | 59,178 | 56,188 |
| Depreciation | 3,628 | 3,452 |
| Total depreciation | 3,628 | 3,452 |
| Total non-operating expenses | 3,628 | 3,452 |
| Total expenses from transactions | 62,806 | 59,640 |

4.3

How we recognise expenses from transactions

Expense recognition

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

Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On costs
- Agency expenses
- Fee for service medical officer expenses
- Work cover premiums.

Supplies and Consumables

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

Finance costs

Finance costs includes:

- 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.

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure relating the purchase of assets that are below the capitalisation threshold of \$1,000)

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

Non-Operating Expenses

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

Note 3.2: Other economic flows

| | 2023 \$'000 | 2022 \$'000 |
|----------------------------------------------------------------------|----------------|----------------|
| Net gain on disposal of property plant and equipment | 2 | 19 |
| Total net gain on non-financial assets | 2 | 19 |
| Allowance for impairment losses of contractual receivables | (6) | (12) |
| Net gain/(loss) on disposal of financial instruments | 37 | - |
| Total net loss on financial instruments | 31 | (12) |
| Net loss on change in ownership percentage of joint arrangement | (44) | (20) |
| Share of net profits/(losses) of joint entities, excluding dividends | 1 | (4) |
| Total share of other economic flows from joint arrangements | (43) | (24) |
| Net loss arising from revaluation of long service liability | (18) | (9) |
| Total other gains/(losses) from other economic flows | (18) | (9) |
| Total gains/(losses) from other economic flows | (28) | (26) |

How we recognise other economic flows

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

- The revaluation of the present value of the LSL liability due to changes in the bond interest rates.

Net gain/(loss) on non-financial assets

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

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

Net gain/(loss) on financial instruments

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

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.1 Financial instruments); and
- Disposals of financial assets and derecognition of financial liabilities.

Note 3.3: Employee benefits and related on-costs

| Note | 2023 \$'000 | 2022 \$'000 |
|-------------------------------------------------------------------------------|----------------|----------------|
| Current employee benefits and related on-costs | | |
| <i>Accrued days off</i> | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | 59 | 58 |
| | 59 | 58 |
| <i>Annual leave</i> | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | 2,483 | 2,327 |
| Unconditional and expected to be settled wholly after 12 months ⁱⁱ | 392 | 379 |
| | 2,875 | 2,706 |
| <i>Long service leave</i> | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | 724 | 771 |
| Unconditional and expected to be settled wholly after 12 months ⁱⁱ | 3,699 | 3,903 |
| | 4,423 | 4,674 |
| <i>Provisions related to employee benefit on-costs</i> | | |
| Unconditional and expected to be settled within 12 months ⁱ | 403 | 374 |
| Unconditional and expected to be settled after 12 months ⁱⁱ | 557 | 558 |
| | 960 | 932 |
| Total current employee benefits and related on-costs | 8,317 | 8,370 |
| Non-current employee benefits and related on-costs | | |
| Conditional long service leave ⁱⁱ | 887 | 830 |
| Provisions related to employee benefit on-costs ⁱⁱ | 123 | 111 |
| Total non-current employee benefits and related on-costs | 1,010 | 941 |
| Total employee benefits and related on-costs | 9,327 | 9,311 |

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

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

| | 2023 | 2022 |
|-----------------------------------------------------------------|--------------|--------------|
| Note | \$'000 | \$'000 |
| Current employee benefits and related on-costs | | |
| Unconditional accrued days off | 5,025 | 5,278 |
| Unconditional annual leave entitlements | 3,224 | 3,025 |
| Unconditional long service leave entitlements | 68 | 67 |
| Total current employee benefits and related on-costs | 8,317 | 8,370 |
| Non-current employee benefits and related on-costs | | |
| Conditional long service leave entitlements | 1,010 | 941 |
| Total non-current employee benefits and related on-costs | 1,010 | 941 |
| Total employee benefits and related on-costs | 9,327 | 9,311 |
| Attributable to: | | |
| Employee benefits | 8,246 | 8,268 |
| Provision for related on-costs | 1,081 | 1,043 |
| Total employee benefits and related on-costs | 9,327 | 9,311 |

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

| | 2023 | 2022 |
|-----------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Carrying amount at start of year | 1,043 | 906 |
| Additional provisions recognised | 404 | 514 |
| Amounts incurred during the year | (364) | (377) |
| Carrying amount at end of year | 1,083 | 1,043 |

How we recognise employee benefits

Employee Benefit Recognition

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

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement 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 Colac Area Health does not have an unconditional right to defer settlements of these liabilities.

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

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

Long Service Leave

The liability for long service leave 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 Colac Area Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Colac Area Health expects to wholly settle within 12 months; or
- Present value – if Colac Area Health does not expect to wholly settle within 12 months

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

| | Paid Contribution for the Year | | Contribution Outstanding at Year End | |
|------------------------------------------------|--------------------------------|----------------|--------------------------------------|----------------|
| | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Defined benefit plans:ⁱ | | | | |
| Aware Super (Previously First State Super) | 1,746 | 1,619 | 30 | 26 |
| Health Employees Super Trust Australia (HESTA) | 786 | 732 | 13 | - |
| Other | 717 | 472 | 12 | - |
| Defined contribution plans: | | | | |
| Aware Super (Previously First State Super) | 91 | 100 | - | - |
| Total | 3,340 | 2,923 | 55 | 26 |

How we recognise superannuation

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

Defined Benefit Superannuation Plans

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

Colac Area Health does not recognise any unfunded defined benefit liability in respect of the plans because the hospital 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. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Colac Area Health.

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

Defined Contribution Superannuation Plans

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

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

Note 4: Key assets to support service delivery

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

Structure

- 4.1 Property, plant and equipment
- 4.2 Property, plant and equipment revaluation surplus
- 4.3 Depreciation
- 4.4 Impairment of assets

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Estimating useful life and residual value of property, plant and equipment | <p>Colac Area Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset.</p> <p>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.</p> |
| Identifying indicators of impairment | <p>At the end of each year, Colac Area Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ 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. <p>Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.</p> |

Note 4.1: Property, plant and equipment

Note 4.1 (a) Gross carrying amount and accumulated depreciation

| | 2023 \$'000 | 2022 \$'000 |
|-------------------------------------------------------------------------------|----------------|----------------|
| Land at fair value - Crown | 1,250 | 1,250 |
| Land at fair value - Freehold | 2,457 | 2,457 |
| Total land at fair value | 3,707 | 3,707 |
| Buildings at fair value | 35,809 | 42,614 |
| Less accumulated depreciation | - | (8,164) |
| Total buildings at fair value | 35,809 | 34,450 |
| Total land and buildings | 39,516 | 38,157 |
| Works in progress at cost | 541 | 313 |
| Plant and equipment at fair value | 5,434 | 4,689 |
| Less accumulated depreciation | (3,075) | (2,670) |
| Total plant and equipment at fair value | 2,359 | 2,019 |
| Motor vehicles at fair value | 746 | 792 |
| Less accumulated depreciation | (737) | (755) |
| Total motor vehicles at fair value | 9 | 37 |
| Medical equipment at fair value | 6,573 | 5,233 |
| Less accumulated depreciation | (3,702) | (3,322) |
| Total medical equipment at fair value | 2,871 | 1,911 |
| Computer equipment at fair value | 1,446 | 1,446 |
| Less accumulated depreciation | (1,280) | (1,245) |
| Total computer equipment at fair value | 166 | 201 |
| Furniture and fittings at fair value | 689 | 689 |
| Less accumulated depreciation | (619) | (579) |
| Total furniture and fittings at fair value | 70 | 110 |
| Total plant, equipment, furniture, fittings and vehicles at fair value | 6,016 | 4,591 |
| Total property, plant and equipment | 45,532 | 42,748 |

4.1 (b) Reconciliation of the carrying amounts by class of asset

| | Land | Buildings | Works in | Plant & | Motor | Medical | Computer | Furniture | Total |
|--------------------------------|---------------|---------------|---------------|------------|--------------|--------------|--------------|--------------|---------------|
| Note | \$'000 | \$'000 | progress | equipment | vehicles | Equipment | Equipment | and Fittings | \$'000 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2021 | 3,171 | 37,176 | 171 | 327 | 92 | 1,244 | 238 | 159 | 42,578 |
| Additions | - | - | 1,823 | 322 | - | 1,022 | - | 4 | 3,171 |
| Disposals | - | - | (84) | - | (1) | - | - | - | (85) |
| Revaluation increments | 4.2 | 536 | - | - | - | - | - | - | 536 |
| Net transfers between classes | - | - | (1,597) | 1,597 | - | - | - | - | - |
| Depreciation | 4.3 | - | (2,726) | - | (227) | (355) | (37) | (53) | (3,452) |
| Balance at 30 June 2022 | 4.1(a) | 3,707 | 34,450 | 313 | 2,019 | 37 | 1,911 | 201 | 42,748 |
| Additions | - | - | 539 | 448 | - | 1,326 | - | - | 2,313 |
| Revaluation increments | 4.2 | - | 4,098 | - | - | - | - | - | 4,098 |
| Net Transfers between classes | - | - | (311) | 297 | - | 14 | - | - | - |
| Depreciation | 4.3 | - | (2,739) | - | (405) | (380) | (35) | (40) | (3,627) |
| Balance at 30 June 2023 | 4.1(a) | 3,707 | 35,809 | 541 | 2,359 | 9 | 2,871 | 166 | 45,532 |

Land and buildings carried at valuation

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

How we recognise property, plant and equipment

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

Initial recognition

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

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

Subsequent measurement

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

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

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

Revaluation

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

Where an independent valuation has not been undertaken at balance date, Colac Area Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Victorian Valuer General (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%, Colac Area Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

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

- Increase in fair value of land of 31.55% or \$888,969 since VGV independent revaluation on 30 June 2019 and 0% or \$0 since management revaluation on 30 June 2022.
- Increase in fair value of buildings of 12.92% or \$4,098,270.

As the cumulative movement was greater than 10% but less than 40% for land since the last VGV independent revaluation, a managerial revaluation adjustment was required as at 30 June 2023. The 30 June 2023 managerial assessment for land indicated a 0% change from last managerial revaluation as at 30 June 2022. As such, there was no adjustment required to the fair values of land as at 30 June 2023.

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2023.

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

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

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

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

Note 4.2: Property, plant and equipment revaluation surplus

| | 2023 | 2022 |
|----------------------------------------------------|---------------|---------------|
| Note | \$'000 | \$'000 |
| Balance at the beginning of the reporting period | 27,722 | 27,186 |
| Revaluation increment | | |
| - Land | 4.1(b) - | 536 |
| - Buildings | 4.1(b) 4,098 | - |
| Balance at the end of the Reporting Period* | 31,820 | 27,722 |
| * Represented by: | | |
| - Land | 2,070 | 2,070 |
| - Buildings | 29,750 | 25,652 |
| | 31,820 | 27,722 |

Note 4.3: Depreciation

| | 2023 | 2022 |
|-----------------------------------------------------------|--------------|--------------|
| Note | \$'000 | \$'000 |
| Depreciation | | |
| Property, plant and equipment | | |
| Buildings | 4.1(b) 2,739 | 2,726 |
| Motor vehicles | 4.1(b) 28 | 54 |
| Plant and equipment | 4.1(b) 405 | 227 |
| Medical equipment | 4.1(b) 380 | 355 |
| Computer equipment | 4.1(b) 35 | 37 |
| Furniture and fittings | 4.1(b) 40 | 53 |
| Total depreciation - property, plant and equipment | 3,627 | 3,451 |

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding land) 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.

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

| | 2023 | 2022 |
|-----------------------------------------------|----------------|----------------|
| Land Improvements | 20 to 30 years | 20 to 30 years |
| Buildings | | |
| - Structure shell building fabric | 45 to 60 years | 45 to 60 years |
| - Site engineering services and central plant | 20 to 30 years | 20 to 30 years |
| Plant and equipment | 1 to 50 years | 1 to 50 years |
| Medical equipment | 4 to 20 years | 4 to 20 years |
| Computers and communication | 4 to 20 years | 4 to 20 years |
| Furniture and fittings | 4 to 40 years | 4 to 40 years |
| Motor vehicles | 4 to 5 years | 4 to 5 years |

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

Note 4.4 Impairment of assets

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

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

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Colac Area Health which changes the way in which an asset is used or expected to be used.

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

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

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

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

Colac Area Health recorded impairment losses relating to contractual receivables for the year ended 30 June 2023 of \$6,000 (2022: \$12,000). Refer to note 5.1(a).

Note 5: Other assets and liabilities

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

Structure

- 5.1 Receivables
- 5.2 Contract assets
- 5.3 Payables
- 5.4 Contract liabilities
- 5.5 Other liabilities

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Estimating the provision for expected credit losses | Colac Area Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates. |
| Measuring contract liabilities | Colac Area Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer. |

Note 5.1: Receivables

| | 2023 | 2022 |
|---------------------------------------------------------------------|--------------|--------------|
| Note | \$'000 | \$'000 |
| Current receivables | | |
| Contractual | | |
| Trade receivables | 592 | 391 |
| Patient fees | 220 | 210 |
| Allowance for impairment losses | (13) | (50) |
| Total contractual receivables | 799 | 551 |
| Statutory | | |
| GST receivable | 174 | 195 |
| Total statutory receivables | 174 | 195 |
| Total current receivables | 973 | 746 |
| Non-current receivables | | |
| Contractual | | |
| Long service leave - Department of Health | 3,656 | 3,492 |
| Total contractual receivables | 3,656 | 3,492 |
| Total non-current receivables | 3,656 | 3,492 |
| Total receivables | 4,629 | 4,238 |
| <i>(i) Financial assets classified as receivables (Note 7.1(a))</i> | | |
| Total receivables | 4,629 | 4,238 |
| Allowance for impairment losses of contractual receivables | 13 | 50 |
| GST receivable | (174) | (195) |
| Total financial assets classified as receivables | 4,468 | 4,093 |

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

| | 2023 | 2022 |
|---------------------------------------------|-------------|-------------|
| Note | \$'000 | \$'000 |
| Balance at the beginning of the year | (50) | (50) |
| Increase/(Decrease) in allowance | 43 | 12 |
| Amounts written off during the year | (6) | (12) |
| Balance at the end of the year | (13) | (50) |

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax 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*.

Impairment losses of contractual receivables

Refer to Note 7.2 (a) for Colac Area Health's contractual impairment losses.

Note 5.2: Contract assets

Colac Area Health does not hold contract assets.

Note 5.3: Payables

| | 2023 | 2022 |
|-----------------------------------------------------------------------|---------------|--------------|
| Note | \$'000 | \$'000 |
| Current payables | | |
| Contractual | | |
| Trade creditors | 406 | 606 |
| Accrued salaries and wages | 964 | 665 |
| Accrued expenses | 5,308 | 2,873 |
| Amounts payable to governments and agencies | 3,410 | 3,369 |
| Inter-hospital creditors | 1,280 | 752 |
| Total contractual payables | 11,368 | 8,265 |
| Total current payables | 11,368 | 8,265 |
| Total payables | 11,368 | 8,265 |
| <i>(i) Financial liabilities classified as payables (Note 7.1(a))</i> | | |
| Total payables | 7.1(a) 11,368 | 8,265 |
| Total financial liabilities classified as payables | 11,368 | 8,265 |

How we recognise payables

Payables consist of:

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

The normal credit terms for accounts payable are usually net 30 days.

Note 5.4: Contract liabilities

| | 2023 | 2022 |
|------------------------------------------------------------------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Opening balance of contract liabilities | 1,169 | 921 |
| Grant consideration for sufficiently specific performance obligations received during the year | 4,255 | 1,169 |
| Revenue recognised for the completion of a performance obligation | (2,354) | (921) |
| Total contract liabilities | 3,070 | 1,169 |
| * Represented by: | | |
| - Current contract liabilities | 3,070 | 1,169 |
| - Non-current contract liabilities | - | - |
| | 3,070 | 1,169 |

How we recognise contract liabilities

Contract liabilities include consideration received in advance from the DH and other grant funders.

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 maturity analysis of payables.

Note 5.5: Other liabilities

| | 2023 | 2022 |
|-------------------------------------------|--------------|--------------|
| Note | \$'000 | \$'000 |
| Current monies held in trust | | |
| Patient monies | 30 | 50 |
| Refundable accommodation deposits | 8,302 | 8,664 |
| Total current monies held in trust | 8,332 | 8,714 |
| Total other liabilities | 8,332 | 8,714 |
| * Represented by: | | |
| - Cash assets | 6.2 8,332 | 8,714 |
| | 8,332 | 8,714 |

How we recognise other liabilities

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

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

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

Note 6: How we finance our operations

This section provides information on the sources of finance utilised by Colac Area Health during its operations, along with interest expenses (the cost of borrowings) 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

- 6.1 Borrowings
- 6.2 Cash and cash equivalents
- 6.3 Commitments for expenditure

Telling the COVID-19 story

The level of cash and borrowings required to finance our operations decreased during the financial year which was attributable to the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023. COVID-19 funding for 2023 financial year was \$1.18m (2022: \$2.63m).

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 | Colac Area Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service: <ul style="list-style-type: none">▪ has the right-to-use an identified asset▪ has the right to obtain substantially all economic benefits from the use of the leased asset and▪ can decide how and for what purpose the asset is used throughout the lease. |
| Determining if a lease meets the short-term or low value asset lease exemption | Colac Area Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption. |

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

Note 6.1: Borrowings

| | 2023 | 2022 |
|-------------------------------------------|-----------|------------|
| Note | \$'000 | \$'000 |
| Current borrowings | | |
| Advances from government ⁽ⁱⁱⁱ⁾ | 73 | 233 |
| Total current borrowings | 73 | 233 |
| Non-current borrowings | | |
| Advances from government ⁽ⁱⁱⁱ⁾ | - | 70 |
| Total non-current borrowings | - | 70 |
| Total borrowings | 73 | 303 |

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

How we recognise borrowings

Borrowings refer to interesting bearing liabilities mainly raised from advances from the (TCV) and other funds raised through lease liabilities and other interest-bearing arrangements.

Initial recognition

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

Subsequent measurement

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

Maturity analysis

Refer to Note 7.2 (b) for maturity analysis of borrowings.

Defaults and breaches

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

Note 6.2: Cash and cash equivalents

| | 2023 | 2022 |
|-----------------------------------------------------|---------------|---------------|
| Note | \$'000 | \$'000 |
| Cash on hand (excluding monies held in trust) | 2 | - |
| Cash at bank (excluding monies held in trust) | 15,467 | 9,932 |
| Cash at bank - CBS (excluding monies held in trust) | 1,764 | 1,463 |
| Total cash held for operations | 17,233 | 11,395 |
| Cash at bank (monies held in trust) | 30 | 50 |
| Cash at bank - CBS (monies held in trust) | 8,302 | 8,664 |
| Total cash held as monies in trust | 8,332 | 8,714 |
| Total cash and cash equivalents | 25,565 | 20,109 |

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date 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 cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

Note 6.3: Commitments for expenditure

| | 2023 | 2022 |
|-------------------------------------------------------------|--------------|------------|
| | \$'000 | \$'000 |
| Capital expenditure commitments | | |
| Less than one year | 1,170 | 487 |
| Total capital expenditure commitments | 1,170 | 487 |
| Total commitments for expenditure (inclusive of GST) | 1,170 | 487 |
| Less GST recoverable from Australian Tax Office | (106) | (44) |
| Total commitments for expenditure (exclusive of GST) | 1,064 | 443 |

How we disclose our commitments

Our commitments relate to capital 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 projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Short term and low value leases

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

Note 7: Risks, contingencies and valuations uncertainties

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

Structure

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

Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measuring fair value of non-financial assets | <p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Colac Area Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Colac Area Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Colac Area Health's specialised land, non-specialised land, non-specialised buildings are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Colac Area Health'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. Colac Area Health 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. Colac Area Health does not categorise any fair values within this level.
- Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Colac Area Health categorises non-specialised land and right-of-use concessionary land in this level.
- Level 3, where inputs are unobservable. Colac Area Health categorises specialised land, specialised buildings, plant, equipment, furniture, fittings and vehicles 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 Colac Area Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1 (a) Categorisation of financial instruments

| | | Financial Assets at Amortised Cost \$'000 | Financial Liabilities at Amortised Cost \$'000 | Total \$'000 |
|-----------------------------------------------------------------|-----|-------------------------------------------------------|------------------------------------------------------------|-----------------|
| 30 June 2023 | | | | |
| Contractual Financial Assets | | | | |
| Cash and Cash Equivalents | 6.2 | 25,565 | - | 25,565 |
| Receivables | 5.1 | 4,468 | - | 4,468 |
| Total Financial Assets ⁱ | | 30,033 | - | 30,033 |
| Financial Liabilities | | | | |
| Payables | 5.3 | - | 11,368 | 11,368 |
| Borrowings | 6.1 | - | 73 | 73 |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.5 | - | 8,302 | 8,302 |
| Other Financial Liabilities - Patient monies held in trust | 5.5 | - | 30 | 30 |
| Total Financial Liabilities ⁱ | | - | 19,773 | 19,773 |
| 30 June 2022 | | | | |
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 6.2 | 20,109 | - | 20,109 |
| Receivables | 5.1 | 4,093 | - | 4,093 |
| Total Financial Assets ⁱ | | 24,202 | - | 24,202 |
| Financial Liabilities | | | | |
| Payables | 5.3 | - | 8,265 | 8,265 |
| Borrowings | 6.1 | - | 303 | 303 |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.5 | - | 8,664 | 8,664 |
| Other Financial Liabilities - Patient monies held in trust | 5.5 | - | 50 | 50 |
| Total Financial Liabilities ⁱ | | - | 17,282 | 17,282 |

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

Financial assets are measured at amortised cost 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 Colac Area Health solely to collect the contractual cash flows and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Colac Area Health recognises the following assets in this category:

- Cash and deposits
- Receivables (excluding statutory receivables)

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

Colac Area Health recognises the following liabilities in this category:

- Payables (excluding statutory payables and contract liabilities)
- Borrowings and
- Other liabilities (including monies held in trust).

Offsetting financial instruments

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

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

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

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

Colac Area Health's main financial risks include credit risk and liquidity risk. Colac Area Health manages these financial risks in accordance with its financial risk management policy.

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

Note 7.2 (a): Credit risk

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

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

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

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

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

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

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

Impairment of financial assets under AASB 9

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

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

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

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

| Note | Current | Less than 1 month | 1-3 months | 3 months -1 year | 1-5 years | Total |
|--------------------------------------------------|-------------|-------------------|------------|------------------|-----------|-------------|
| 30 June 2023 | | | | | | |
| Expected loss rate | 0.3% | 0.3% | 0.3% | 44.9% | 0.0% | |
| Gross carrying amount of contractual receivables | 478 | 300 | 9 | 25 | 0 | 812 |
| Loss allowance | (1) | (1) | - | (11) | - | (13) |
| 30 June 2022 | | | | | | |
| Expected loss rate | 8.7% | 9.0% | 1.0% | 8.0% | 0.0% | |
| Gross carrying amount of contractual receivables | 534 | 15 | 12 | 40 | 0 | 601 |
| Loss allowance | (46) | (1) | - | (3) | - | (50) |

Statutory receivables

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

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

Note 7.2 (b): Liquidity risk

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

Colac Area Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in 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
- Careful maturity planning of its financial obligations based on forecasts of future cash flows.

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

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

| | | Maturity Dates | | | | | |
|-----------------------------------------------------------------|-----------------|----------------|-------------------|---------------|-------------------|--------------|--------------|
| | Carrying Amount | Nominal Amount | Less than 1 Month | 1-3 Months | 3 months - 1 Year | 1-5 Years | Over 5 years |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 30 June 2023 | | | | | | | |
| Financial Liabilities at amortised cost | | | | | | | |
| Payables | 5.3 | 11,368 | 11,368 | 11,368 | - | - | - |
| Borrowings | 6.1 | 73 | 73 | - | - | 73 | - |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.5 | 8,302 | 8,302 | 830 | 2,491 | 4,981 | - |
| Other Financial Liabilities - Patient monies held in trust | 5.5 | 30 | 30 | - | - | 30 | - |
| Total Financial Liabilities | | 19,773 | 19,773 | 12,198 | 2,491 | 5,084 | - |
| | | | | | | | |
| | | Maturity Dates | | | | | |
| | Carrying Amount | Nominal Amount | Less than 1 Month | 1-3 Months | 3 months - 1 Year | 1-5 Years | Over 5 years |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 30 June 2022 | | | | | | | |
| Financial Liabilities at amortised cost | | | | | | | |
| Payables | 5.3 | 8,265 | 8,265 | 8,265 | - | - | - |
| Borrowings | 6.1 | 303 | 303 | - | - | 233 | 70 |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.5 | 8,664 | 8,664 | 868 | 2,614 | 5,182 | - |
| Other Financial Liabilities - Patient monies held in trust | 5.5 | 50 | 50 | - | - | 50 | - |
| Total Financial Liabilities | | 17,282 | 17,282 | 9,133 | 2,614 | 5,465 | 70 |

Note 7.2(c) Market risk

Colac Area Health's exposure to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage this risk are disclosed below.

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. Colac Area Health does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

Note 7.3: Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Property, plant and equipment

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

Valuation hierarchy

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

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

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value

measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

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

| | Note | Carrying amount | Fair value measurement at end of reporting period using: | | |
|-------------------------------------------------------------------------------|--------|------------------------|----------------------------------------------------------|--------------------------------|--------------------------------|
| | | 30 June 2023 \$'000 | Level 1 ⁱ \$'000 | Level 2 ⁱ \$'000 | Level 3 ⁱ \$'000 |
| Non-specialised land | | 1,907 | - | 1,907 | - |
| Specialised land | | 1,800 | - | - | 1,800 |
| Total land at fair value | 4.1(a) | 3,707 | - | 1,907 | 1,800 |
| Non-specialised buildings | | 1,139 | - | 1,139 | - |
| Specialised buildings | | 34,670 | - | - | 34,670 |
| Total buildings at fair value | 4.1(a) | 35,809 | - | 1,139 | 34,670 |
| Plant and equipment | 4.1(a) | 2,359 | - | - | 2,359 |
| Motor vehicles | 4.1(a) | 9 | - | - | 9 |
| Medical equipment | 4.1(a) | 2,871 | - | - | 2,871 |
| Computer equipment | 4.1(a) | 166 | - | - | 166 |
| Furniture and fittings | 4.1(a) | 70 | - | - | 70 |
| Total plant, equipment, furniture, fittings and vehicles at fair value | | 5,475 | - | - | 5,475 |
| Total non-financial physical assets at fair value | | 44,991 | - | 3,046 | 41,945 |

| | Note | Carrying amount | Fair value measurement at end of reporting period using: | | |
|-------------------------------------------------------------------------------|--------|------------------------|----------------------------------------------------------|--------------------------------|--------------------------------|
| | | 30 June 2022 \$'000 | Level 1 ⁱ \$'000 | Level 2 ⁱ \$'000 | Level 3 ⁱ \$'000 |
| Non-specialised land | | 1,907 | - | 1,907 | - |
| Specialised land | | 1,800 | - | - | 1,800 |
| Total land at fair value | 4.1(a) | 3,707 | - | 1,907 | 1,800 |
| Non-specialised buildings | | 2,255 | - | 2,255 | - |
| Specialised buildings | | 32,195 | - | - | 32,195 |
| Total buildings at fair value | 4.1(a) | 34,450 | - | 2,255 | 32,195 |
| Plant and equipment | 4.1(a) | 2,019 | - | - | 2,019 |
| Motor vehicles | 4.1(a) | 37 | - | - | 37 |
| Medical equipment | 4.1(a) | 1,911 | - | - | 1,911 |
| Computer equipment | 4.1(a) | 201 | - | - | 201 |
| Furniture and fittings | 4.1(a) | 110 | - | - | 110 |
| Total plant, equipment, furniture, fittings and vehicles at fair value | | 4,278 | - | - | 4,278 |
| Total non-financial physical assets at fair value | | 42,435 | - | 4,162 | 38,273 |

ⁱ Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

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

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

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

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

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 VGV to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised land and specialised buildings

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

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

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

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

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

An independent valuation of Colac Area Health's specialised land and specialised buildings was performed by the VGV. The effective date of the valuation is 30 June 2019.

Vehicles

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

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2023.

Reconciliation of level 3 fair value measurement

| | Note | Land \$'000 | Buildings \$'000 | Plant, equipment, furniture, fittings \$'000 |
|-------------------------------------------------------|--------|----------------|---------------------|----------------------------------------------------|
| Balance at 1 July 2021 | | 1,458 | 34,739 | 2,060 |
| Additions | | - | - | 2,822 |
| <i>Losses recognised in net result</i> | | | | |
| - Depreciation | | - | (2,544) | (725) |
| Assets provided free of charge | | - | - | 121 |
| <i>Items recognised in other comprehensive income</i> | | | | |
| - Revaluation | | 342 | - | - |
| Balance at 30 June 2022 | 7.4(a) | 1,800 | 32,195 | 4,278 |
| Additions | | - | - | 2,085 |
| <i>Losses recognised in net result</i> | | | | |
| - Depreciation | | - | (1,623) | (888) |
| Assets provided free of charge | | - | - | - |
| <i>Items recognised in other comprehensive income</i> | | | | |
| - Revaluation | | - | 4,098 | - |
| Balance at 30 June 2023 | 7.4(a) | 1,800 | 34,670 | 5,475 |

Fair value determination of level 3 fair value measurement

| Asset class | Likely valuation approach | Significant inputs (Level 3 only) |
|-----------------------------------|---------------------------------------|----------------------------------------------------------|
| Specialised land (Crown/freehold) | Market approach | Community Service Obligations Adjustments ⁽ⁱ⁾ |
| Specialised buildings | Depreciated replacement cost approach | - Cost per square metre - Useful life |
| Vehicles | Current replacement cost approach | - Cost per unit - Useful life |
| Plant and equipment | Depreciated replacement cost approach | - Cost per unit - Useful life |

(i) A community service obligation (CSO) of 20% was applied to the Colac Area Health's specialised land.

Note 8: Other disclosures

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

Structure

- 8.1 Reconciliation of net result for the year to net cash flow from operating activities
- 8.2 Responsible person disclosures
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Events occurring after balance sheet date
- 8.7 Jointly controlled operations
- 8.8 Equity
- 8.9 Economic dependency

Telling the COVID-19 story

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

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

| | 2023 | 2022 |
|-----------------------------------------------------------------|--------------|--------------|
| Note | \$'000 | \$'000 |
| Net result for the year | 273 | 607 |
| Non-cash movements: | | |
| Depreciation of non-current assets | 4.3 3,627 | 3,451 |
| Movements in Assets and Liabilities: | | |
| Decrease in receivables | 201 | 399 |
| (Increase)/Decrease in prepaid expenses | (24) | 837 |
| (Increase) in inventories | (31) | (6) |
| Decrease/(Increase) in share of assets in joint operations | 335 | (627) |
| Increase in payables and contract liabilities | 4,141 | 2,498 |
| Increase in employee benefits | 16 | 417 |
| (Decrease)/Increase in share of liabilities in joint operations | (155) | 586 |
| Net cash inflow from operating activities | 8,383 | 8,162 |

Note 8.2: Responsible person disclosures

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

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

| | Period |
|---------------------------------------------------|---------------------------|
| The Honourable Mary-Anne Thomas MP: | |
| Minister for Health | 01 Jul 2022 - 30 Jun 2023 |
| Minister for Health Infrastructure | 05 Dec 2022 - 30 Jun 2023 |
| Minister for Medical Research | 05 Dec 2022 - 30 Jun 2023 |
| Former Minister for Ambulance Services | 01 Jul 2022 - 05 Dec 2022 |
| The Honourable Gabrielle Williams MP: | |
| Minister for Mental Health | 01 Jul 2022 - 30 Jun 2023 |
| Minister for Ambulance Services | 05 Dec 2022 - 30 Jun 2023 |
| The Honourable Lizzy Blandthorn MP: | |
| Minister for Disability, Ageing and Carers | 05 Dec 2022 - 30 Jun 2023 |
| The Honourable Colin Brooks MP: | |
| Former Minister for Disability, Ageing and Carers | 01 Jul 2022 - 05 Dec 2022 |
| Governing Board | |
| Timothy Greene (Board Chair) | 01 Jul 2022 - 30 Jun 2023 |
| Anne-Marie Leslie | 01 Jul 2022 - 30 Jun 2023 |
| Brendan Morris | 01 Jul 2022 - 30 Jun 2023 |
| Joanna Carden | 01 Jul 2022 - 30 Jun 2023 |
| Sarah McKew | 01 Jul 2022 - 30 Jun 2023 |
| Dr Shainal Nathoo | 01 Jul 2022 - 30 Jun 2023 |
| Dr Georgina Hayden | 01 Jul 2022 - 30 Jun 2023 |
| Dr Lisa-Jane Moody | 01 Jul 2022 - 30 Jun 2023 |
| Dr Margaret Grigg | 30 Aug 2022 - 30 Jun 2023 |
| Accountable Officer | |
| Fiona Brew (Chief Executive Officer) | 1 Jul 2022 - 30 Jun 2023 |

Remuneration of responsible persons

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

| Income Band | 2023 | 2022 |
|------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| | No | No |
| \$0-\$9,999 | 9 | 12 |
| \$10,000 - \$19,999 | - | 1 |
| \$280,000 - \$289,999 | - | 1 |
| \$320,000 - \$329,999 | 1 | - |
| Total Numbers | 10 | 14 |
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to: | 353 | 353 |

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

Note 8.3: Remuneration of executives

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

Remuneration of executive officers (including key management personnel disclosed in Note 8.4)

| Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4) | Total Remuneration | |
|--------------------------------------------------------------------------------------------------|--------------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Short-term benefits | 707 | 556 |
| Post-employment benefits | 69 | 56 |
| Termination benefits | 16 | 53 |
| Total remunerationⁱ | 792 | 665 |
| Total number of executives | 6 | 7 |
| Total annualised employee equivalent ⁱⁱ | 4 | 4 |

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

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

Total remuneration payable to executives during the year included the executive officers, one of who received a post-employment bonus payment during the year. This payment was dependant on the terms of individual employment contracts.

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

Short-term employee benefits

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

Post-employee benefits

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

Other long term benefits

LSL, other long-service benefit or deferred compensation.

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related parties

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

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

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

Key management personnel

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

| Entity | KMPs | Position Title | Period |
|-------------------|--------------------|---------------------------------------------------|---------------------------|
| Colac Area Health | Timothy Greene | Chair of the Board | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Anne-Marie Leslie | Board Member | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Brendan Morris | Board Member | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Joanna Carden | Board Member | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Sarah McKew | Board Member | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Dr Shainal Nathoo | Board Member | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Dr Georgina Hayden | Board Member | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Dr Lisa-Jane Moody | Board Member | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Dr Margaret Grigg | Board Member | 30 Aug 2022 - 30 Jun 2023 |
| Colac Area Health | Fiona Brew | Chief Executive | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Ian Martin | Executive Director Finance and Corporate Services | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Kay Widdicombe | Executive Director Community Health | 01 Aug 2022 - 30 Jun 2023 |
| Colac Area Health | Trevor Olsson | Executive Director People and Culture | 01 Jan 2023 - 30 Jun 2023 |
| Colac Area Health | Lisa Pryor | Executive Director Nursing | 01 Jul 2022 - 30 Jun 2023 |
| Colac Area Health | Josephine Stevens | Former Executive Director Community Health | 01 Jul 2022 - 31 Jul 2022 |
| Colac Area Health | Angela Flett | Former Executive Director People and Culture | 01 Jul 2022 - 31 Dec 2022 |

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

| | 2023 \$'000 | 2022 \$'000 |
|-------------------------------------------|----------------|----------------|
| Compensation - KMPs | | |
| Short-term Employee Benefits ⁱ | 1,032 | 880 |
| Post-employment Benefits | 97 | 84 |
| Termination Benefits | 16 | 53 |
| Total ⁱⁱ | 1,145 | 1,017 |

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

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

Significant transactions with government related entities

Colac Area Health received funding from the DH of \$40.7m (2022 \$39.7m) and indirect contributions of nil (2022: nil). Balances outstanding as at 30 June 2023 are \$3.7m (2022: \$3.5m).

Expenses incurred by Colac Area Health in delivering services and outputs are in accordance with Health Purchasing 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 Colac Area Health to hold cash (in excess of working capital) in accordance with the State’s centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with Colac Area Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: nil).

There were no related party transactions required to be disclosed for the Colac Area Health Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: \$3.3m).

Note 8.5: Remuneration of auditors

| | 2023 | 2022 |
|-------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Victorian Auditor-General's Office | | |
| Audit of the financial statements | 33 | 33 |
| Total remuneration of auditors | 33 | 33 |

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7: Joint arrangements

| Name of Entity | Principal Activity | Ownership Interest | |
|-------------------------------------|---------------------------------------------------------------------------------------|--------------------|-----------|
| | | 2023 % | 2022 % |
| South West Alliance of Rural Health | The member entities have committed to the establishment of Health Information Systems | 4.70 | 5.36 |

Colac Area Health's interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

| | 2023 \$'000 | 2022 \$'000 |
|--------------------------------------------------|----------------|----------------|
| Current assets | | |
| Cash and cash equivalents | 825 | 1,141 |
| Receivables | 280 | 299 |
| Inventories | 1 | 2 |
| Other current assets | 41 | 40 |
| Total current assets | 1,147 | 1,482 |
| Non-current assets | | |
| Leased assets | 462 | 391 |
| Other receivables | 48 | 45 |
| Intangible assets | 214 | 12 |
| Total non-current assets | 724 | 448 |
| Total assets | 1,871 | 1,930 |
| Current liabilities | | |
| Payables | 403 | 515 |
| Deferred income | 630 | 700 |
| Lease liabilities | 79 | 84 |
| Provision | 127 | 143 |
| Total current liabilities | 1,239 | 1,442 |
| Non-current liabilities | | |
| Lease liabilities | 150 | 108 |
| Employee benefits and related on-cost provisions | 26 | 15 |
| Unearned grant income | 4 | 10 |
| Total non-current liabilities | 180 | 133 |
| Total liabilities | 1,419 | 1,575 |
| Net assets | 452 | 355 |
| Equity | | |
| Accumulated surplus | 452 | 355 |
| Total equity | 452 | 355 |

Colac Area Health's interest in revenues and expenses resulting from joint arrangements are detailed below:

| | 2023 | 2022 |
|--------------------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Revenue and income from transactions | | |
| Operating activities | 1,028 | 1,129 |
| Non-operating activities | 148 | 9 |
| Total revenue and income from transactions | 1,176 | 1,138 |
| Expenses from transactions | | |
| Operating expenses | (1,036) | (1,071) |
| Total expenses from transactions | (1,036) | (1,071) |
| Net result from transactions | 140 | 67 |
| Other economic flows included in the net result | | |
| Revaluation of long service leave | 1 | (4) |
| Total other economic flows included in the net result | 1 | (4) |
| Comprehensive result for the year | 141 | 63 |

* Figures obtained from the unaudited South West Alliance of Rural Health's Joint Venture annual financial statements.

Contingent liabilities and capital commitments

There are no known contingent liabilities held by the jointly controlled operations as at balance date. There is \$1.94m of capital commitments as at balance date (100% share) (2022: \$2.23m).

Note 8.8: Equity

Contributed capital

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

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

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

Restricted specific purpose reserve

The restricted specific purpose reserve is established where Colac Area Health has received funds and has designated these funds for specific purposes. The breakdown of the reserve is:

| | 2023 | 2022 |
|---------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Restricted Specific Purpose Reserve | | |
| VAHI Regional Project | 280 | 394 |
| Specific purpose donations & bequests | 163 | 494 |
| Do Care Miller House Alterations | 68 | 68 |
| Wellness Centre donated funds | 250 | 250 |
| Aged Care Capital | 778 | 401 |
| Corangamarah funded projects | 745 | 696 |
| CAH internally funded capital projects | - | 162 |
| Department of Health funding for capital projects | 160 | 348 |
| Total Restricted Specific Purpose Reserve | 2,444 | 2,813 |

Note 8.9: Economic dependency

Colac Area Health is dependent on the DH for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the DH will not continue to support Colac Area Health.

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