HESSE RURAL HEALTH

Annual Report
2022-23

Hesse Rural Health acknowledges Victoria's Aboriginal and Torres Strait Islander communities and their rich culture. We pay respects to the Ancestors, Elders and Communities of the Kulin Nation and Eastern Maar Nation, the custodians of the land on which we deliver our health care services. We seek to ensure the facilities, environment and services we manage are welcoming and inclusive for all people.

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Our Mission

Hesse is dedicated to providing and facilitating access to best practice health, aged and community based services that strive for rural wellbeing.

Leading health & wellbeing for our community

Manner Of Establishment & Relevant Ministers

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

Minister for Health
The Hon. Mary-Anne Thomas
01.07.22 - 30.06.2023

Minister for Ambulance Services
The Hon. Mary-Anne Thomas
01.07.22 - 05.12.2022
The Hon. Gabrielle Williams
05.12.22 - 30.06.2023

Minister for Mental Health
The Hon. Gabrielle Williams
01.07.22 - 30.06.2023

Minister for Disability, Ageing and Carers
The Hon. Colin Brooks
01.07.22 - 05.12.2022
The Hon. Lizzie Blandthorn
05.12.22 - 30.06.2023

Hesse IICARE Values


Innovation


Integrity


Caring


Accountable


Respect


Excellence

The Heart Of Hesse

4 Locations

Approximately 6,652 km2

Approximately 21,000 population

Nature And Range Of Services

Acute Care Winchelsea

Residential Aged Care Services

- Dementia Care
- Palliative Care
- Residential Care
- Respite

Urgent Care Service Winchelsea

Social Support Groups

- Beeac
- Winchelsea

Allied Health

- Diabetes Education
- Dietetics
- Counselling
- Occupational Therapy
- Physiotherapy

Community Nursing

- District Nursing
- Postnatal Care in Home
- Hospital in Home
- Palliative Care
- Post-Acute Care

Community Programs

- Facilitated Play Groups
- Men's Shed
- Social Connect Activities
- Community Garden

Hesse is committed to leading health and wellbeing by providing best practice health, aged care and community services to enable the wellbeing of our community. At the heart of Hesse is our staff, with person-centred care for all stakeholders being central to all decision-making. As an innovative rural health service, Hesse provides acute, aged and community based services across parts of the municipalities of Colac Otway, Golden Plains and the Surf Coast. Hesse partners with the Winchelsea Hostel and Nursing Home Society Inc., a not-for-profit entity and Commonwealth Residential Aged Care Service (RACS) provider, whose charter it is to plan, provide and develop appropriate services for the local community.

167 Employees

4 Acute Beds

56 Volunteers

$14M Annual Budget

24,693 Community Service Contacts

56 Residential Aged Care Beds
96% Average Occupancy

95 Home Care Package Clients
85 Commonwealth Home Support Programme Clients

Primary Prevention Programs

- Farm Safety Program
- Personal Development
- Screening Programs
- Walking Groups
- Balance & Bones

Home Care Package Management

In-Home Support Services

- Personal & Domestic Assistance
- Home Maintenance & Modifications
- Delivered Meals
- Transport
- Support for Carers

Health Promotion Priority Areas

- Mental Health
- Healthy Eating
- Active Living
- Tobacco & e-cigarette related harm

Volunteering

HESSE RURAL HEALTH

Message From The Chair

There is much to celebrate at Hesse Rural Health (Hesse) as we reflect on the achievements and outcomes undertaken during 2022 to 2023. This includes Hesse successfully passing the National Safety and Quality Health Service (NSQHS) Standards accreditation in November. With their fundamental aim to protect individuals from harm and improve the quality of health services delivered, this quality assurance mechanism confirmed that our systems and processes meet approved standards.

In June, we also commenced the residential aged care re-accreditation process for our facilities, with an unannounced site audit undertaken by the Aged Care Quality and Safety Commission. The assessment team found all standards to be fully met, with feedback our facilities are well-run, staff know the residents well and are kind, respectful and capable, and the residents felt valued and respected. This is a wonderful achievement by the dedicated Hesse team, and we are very pleased that we evidenced our aims to provide safe, effective, person-centred care .

We finalised our Gender Equality Action Plan for 2022 to 2025, outlining our important commitment to gender equality over the next three years. The results of our Workplace Gender Audit formed a baseline analysis for our workplace, and help us to understand our existing gender equality barriers and build future Action Plans.

Demand for our services continues, with our community-based services increasing with effective programs in place that allow our community members to receive appropriate ongoing care services in their own home, rather than a prolonged stay in an acute hospital setting. While this year we continued to enjoy the lifting of restrictive public health measures, enabled by high rates of vaccination and access to treatments for COVID-19, the ongoing transmission of COVID-19 in the community did create some workforce challenges at times. In order to protect our staff, patients and residents, we also continued to implement some special local measures for visitors when required.

We are grateful that our remarkable staff continue to adapt with resilience and innovation, demonstrating the Hesse Heart, our Clinical Governance Framework for ensuring the delivery of safe, effective, person-centred care. Recognition towards the Hesse team's commitment and well-being continued over the past year, with numerous staff wellbeing initiatives implemented.
Our Hesse team is ably led by the Senior Management Team, Margie McLeod (Director Clinical Services), Sue Ryan (Director Community Services), Nab Khoda (Chief Finance Officer) and Antionette Burgess (Manager People & Culture).

We acknowledge and thank them for their dedication and commitment to quality improvement at Hesse. In addition, we acknowledge the efforts of those farewelled during the year, John Brockway (Director Corporate Services) and Josie Gebert (Manager Community Services), with Josie retiring after 14 years with Hesse and leading the continued expansion experienced within the Community and Home Care programs.
The governance of Hesse continued to be provided by a dedicated, skills-based Board of Directors, appointed by the Governor Council and recommended by the Minister. Our governance structure includes Board Sub-Committees that make recommendations to the Board, with a continued focus maintained on providing best-practice care, ensuring financial sustainability, strengthening organisational capability and culture, and building collaborative partnerships across the region.
The strategic planning of the health service continued to remain a focus, and we remain committed to working with our entire community in the year ahead to finalise the strategic plan, strengthen our service and provide a safe environment for all.

The Care and Clinical Governance Committee, chaired by Therese O'Loughlin and supported by Hesse's clinical and quality team, examined data relating to patient experiences and indicators. The Consumer and Community Advisory Committee, continued to provide valuable advice relating to community needs, an important input to the Board. Chaired by Mikel Dean and then later Kathy Taylor, our Finance, Risk and Audit Committee effectively oversaw the mitigation of risk and effective management of finances, with support from the Hesse finance team. The Building Committee chaired by Peter Nemtsas and later Ben Maw, and the Marketing and Fundraising Committee, chaired by Ian Whiting, also remained very active, planning asset upgrades including the future Op Shop rebuild and other fundraising activities.

We acknowledge the significant contribution made by Kathy Taylor, who retired from the Board in June, having provided invaluable expertise and assistance in Board discussions over the past 9 years and as Board Chair for 5 years. We also thank and acknowledge the following Directors who completed their appointments at the end of June: Michelle Stocks (9 years), Therese O'Loughlin (6 years); Peter Nemtsas (5 years); Alice Bennett (5 years); and Claire Winter-Irving (1 year).

And Chief Executive

From July 2023, we welcome five new Directors with the Governor in Council appointing Vesna Allan, Claire Goodwin, Angela Hurren, Melika Sukunda and Kym Peter to the Hesse Rural Health Board of Directors.

Working collaboratively with the Department of Health, we have ensured a continued focus remains on maintaining the financial viability of Hesse. We have finished the financial year with a net surplus of $17.5K and are grateful for the support we have received from both the State and Commonwealth governments and our many service partners. The value of strong partnerships cannot be underestimated.

The year saw numerous infrastructure projects completed to continually upgrade our facilities. The nurse call system was upgraded within our acute and residential aged care areas, and our main entrance, acute and corporate areas were repaired following significant storm damage. Other important projects included the installation of a 99kW solar system as a key initiative of our Environmental Management Plan, a refresh was undertaken to the Winchelsea Community Health Centre, upgraded heating and cooling installed at the Rokewood Community Health Centre, and a relocation of the defibrillator to the external wall at our Beeac Community Health Centre.
We are grateful for the extraordinary support we continue to receive from our community.

We are fortunate for the fundraising support, strong community representation on our Board committees and an active Consumer Advisory Committee.
In addition, a strong and active group of Auxiliary volunteers provide us not just with additional fundraising, but a strong connection to our community. We wish to extend our thanks to all our Auxiliary volunteers for their continued and ongoing dedication to, and support of, the health service.

We are extraordinarily proud of our staff and volunteers, they are our greatest asset and have repeatedly shown resilience, flexibility and professionalism. They exemplify our IICARE values of Innovation, Integrity, Caring, Accountability, Respect and Excellence. We thank all our staff and volunteers for their dedication and commitment to the continued achievements of fantastic health outcomes.

We look forward to another busy and challenging year ahead. We will continue to finalise funded infrastructure projects and further implement the recommendations of the Royal Commission into Aged Care Quality and Safety to improve resident and consumer experiences and safety at Hesse. Finally, we will continue to focus on our greatest asset, our workforce. To listen to their experiences, ideas and feedback and work with them to improve engagement, safety and wellbeing, and ultimately enable the delivery of services that improve client outcomes in our community.

Ian Whiting
Board Chair

Carissa Brock
Chief Executive Officer

Declaration & Attestations

Responsible Bodies Declaration

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

Ian Whiting, Chair
5 September 2023

Attestations

Financial Management Compliance Attestation

I, Ian Whiting, on behalf of the Responsible Body, certify that the Hesse Rural Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Ian Whiting, Chair
5 September 2023

Data Integrity

I, Carissa Brock, certify that Hesse Rural Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Hesse Rural Health Service has critically reviewed these controls and processes during the year.

Carissa Brock, Chief Executive Officer
5 September 2023

Conflict of Interest

I, Carissa Brock, certify that Hesse Rural Health Service 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 Hesse Rural Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Carissa Brock, Chief Executive Officer
5 September 2023

Integrity, Fraud & Corruption

I, Carissa Brock, certify that Hesse Rural Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Hesse Rural Health Service during the year.

Carissa Brock, Chief Executive Officer
5 September 2023

Compliance with Health Share Victoria (HSV) Purchasing Policies

I, Carissa Brock, certify that Hesse Rural Health Service 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.

Carissa Brock, Chief Executive Officer
5 September 2023

Board Of Directors & Governance

Hesse is governed by a Board of Directors appointed by the Governor in Council by the recommendation of the Victorian State Minister for Health.

Ian Whiting (Chair)
GAICD
Appointed: 2020

Alice Bennett
MAppMan(Nurs), BN, MN, RN
Appointed: 2017
Ceased: Oct 2022

Mikel Dean
BCom, CPA
Appointed: 2018

Chris Edwards
Bsc(Hons), MBBS Grad Cert Clin Ed FACEM,
Appointed: 2022

Ben Maw
RN, GradDipBus, GAICD,
Appointed: 2022

Peter Nemtsas
Dip Bus Admin, CertIV TrngAssmnt
Appointed: 2018

Therese O'Loughlin
BSc (BioHealth), GDip (Epidemiol & Biostats), RM, RN
Appointed: 2017

Michelle Stocks
MAICD
Appointed: 2014

Kathy Taylor
BBus GDipOHM, MAICD
Appointed: 2014

Claire Winter-Irving
BComm (Strategic)
Appointed: 2022

Care & Clinical Governance
T O'Loughlin (Chair), C Edwards, M Dean and P Nemtsas.

Finance, Risk & Audit
K Taylor (Chair), M Dean, B Maw, I Whiting, C Edwards and C Winter-Irving

Building Planning
B Maw (Chair), P Nemtsas, K Taylor and I Whiting.

Marketing and Fundraising
I Whiting (Chair), M Stocks and C Winter-Irving.

Consumer and Community Advisory Committee
M Stocks and C Winter-Irving.

Organisational Structure

Board of Directors

Board Secretariat/
Executive Administration

Chief Executive Officer
Carissa Brock
BBus, BComp,
MCHSM, MHlthAdmin

Director of Medical Services
Dr Ken Cheng

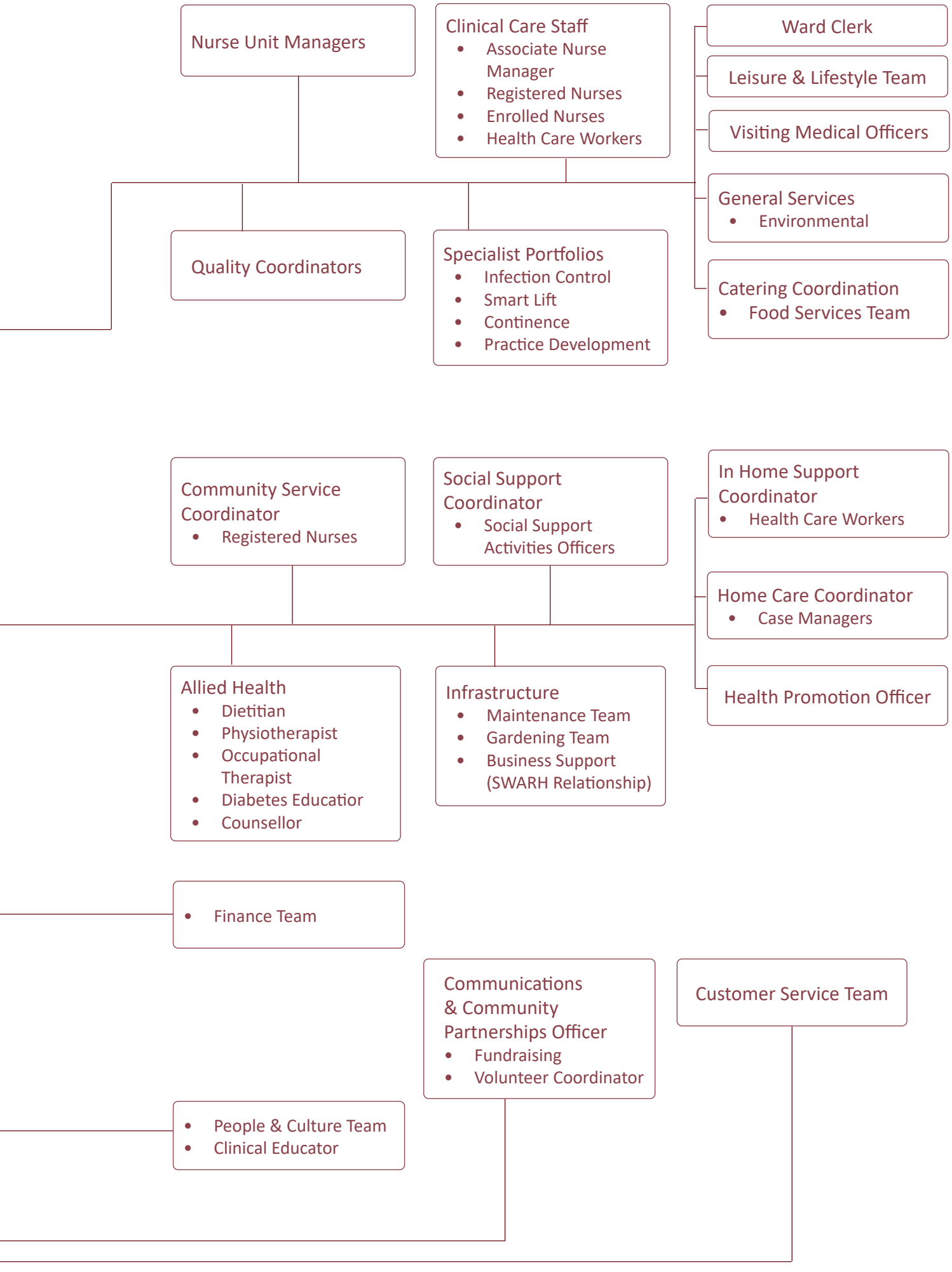
Director of Clinical Services
Margie McLeod
RN, BN, Certcritcare,
MPH, GAICD
Acute Care
Urgent Care
Residential Aged Care
Dementia Care
Respite
Pallative Care

Director of Community Services
Sue Ryan
RM, RN, MACN
Community Nursing
Allied Health
Health Promotion
Social Support
Home Support Services
Primary Prevention Programs
Home Care Package Management

Chief Financial Officer
& Chief Procurement Officer
Nab Khoda
BBA, MPA

Manager People & Culture
Antionette Burgess
BMgmt, BASc(Hons),
DipMtgR

HESSE RURAL HEALTH


Nurse Unit Managers
Clinical Care Staff
• Associate Nurse Manager
• Registered Nurses
• Enrolled Nurses
• Health Care Workers
Ward Clerk
Leisure & Lifestyle Team
Visiting Medical Officers
General Services
• Environmental
Catering Coordination
• Food Services Team
Quality Coordinators
Specialist Portfolios
• Infection Control
• Smart Lift
• Continence
• Practice Development
Community Service Coordinator
• Registered Nurses
Social Support Coordinator
• Social Support Activities Officers
In Home Support Coordinator
• Health Care Workers
Home Care Coordinator
• Case Managers
Health Promotion Officer
Allied Health
• Dietitian
• Physiotherapist
• Occupational Therapist
• Diabetes Educatior
• Counsellor
Infrastructure
• Maintenance Team
• Gardening Team
• Business Support (SWARH Relationship)
• Finance Team
Communications & Community Partnerships Officer
• Fundraising
• Volunteer Coordinator
Customer Service Team
• People & Culture Team
• Clinical Educator

Statement Of Priorities

Hesse Rural Health Service contributed to the Department of Health Operational Plan 2022-2023 through the following strategic priorities.

Part A: Strategic Priorities

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.

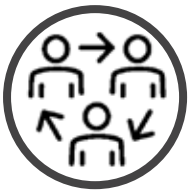
Outcome: Complete
Throughout the year the Health Service continually reviewed and updated Hesse's COVID-19 Exposure and Outbreak Management Procedures, testing multiple times and liaising with the department and Barwon South West Public Health Unit when procedures enacted.

The Health Service continued to develop and implement COVID-19 visitor management that reflected latest Department of Health Victoria guidelines and responded to patient, staff and visitor safety, as well as best possible care outcomes.

Hesse ensured administration of COVID-19 vaccinations to all Health Service staff and aged care residents occurred in accordance with compliance obligations, and participated in raising awareness and engagement through social media and community centre campaigns of COVID-19 vaccinations to members of our local community.

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 at Home program and mental health reform.

Outcome: Complete
Officers of Hesse attended meetings of the Health Service Partnership and actively participated in many of the regional collaboration projects including:

- Better at Home
- COVID-19 Barwon South West (BSW) Team Meeting
- Aged Care Reforms Steering Committee
- Residential In-Reach Program including accessing the geriatrician service for residential aged care
- Virtual Care Project Steering Committee and BSW Virtual Care Network
- Regional Education Collaboration


Residential
Aged Care
Weekly
Wheelchair
Walks

Delivering Enhanced Healthcare Through Virtual Tools

As our community reaches a new COVID-19 normal, it is important we recognise the shift in how people access and deliver healthcare since the pandemic. Hesse continues to ensure that our consumers can access care virtually, allowing for services to be delivered closer to home.

When clinically appropriate, virtual care can be used to bring together people from multiple locations, providing an easy way to connect and share information with residents, clients, families and colleagues. Hesse's virtual care is designed to complement and enhance access to in-person care, offering choice when virtual is the best option to meet a consumer's needs.

An investment in virtual care initiatives has enabled Hesse to offer this service at all of our community health sites and in all community service programs. Utilisation of virtual care by our consumers has particularly increased in our Counselling and Dietetic services, and internally increased with virtual multidisciplinary care meetings and daily Community Nursing team care planning meetings from across our multiple Community Health Centres.

Within Residential Aged Care, our external Allied Health providers use virtual care to deliver services to our residents. For our Urgent Care Centre, Hesse accesses the Barwon Health Acute Referral Service (BARS), allowing clinician engagement in secondary consultations with an Emergency Physician. Hesse staff also utilise virtual care modes to participate in multidisciplinary meetings with neighbouring health services, professional development and network meetings.

Harnessing advances in virtual care and digital health tools such as remote patient monitoring will be the future focus for Hesse, as we expand the range of care needs that can be met safely at or closer to home.

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 at Home program.

Outcome: Complete

Within our Urgent Care Centre and Residential Aged Care Facilities, Hesse implemented the Barwon Health Acute Referral Service (BARS) to compliment and support our Nurse-led models and on-call Visiting Medical Officers.

Hesse worked with other partnership agencies in the sub-region to deliver Better at Home initiatives, building upon the range of services delivered at home and via virtual care. The Better at Home program increased access to care across a range of services in the Barwon South West including Hospital in the Home, Rehabilitation, Geriatric Evaluation Management and Hospital At Risk Program. Hesse will continue to progress the Better at Home initiatives in our local community over the next twelve months.

The embedding of Hesse's Virtual Care Model resulted in the average consultation hours increasing by 76% over the year.

Sustainable Growth For Our In Home Care & Support Services

Hesse continues to experience extensive growth in Home Care Packages (HCP), starting with 4 packages in Winchelsea in 2018, to now supporting 95 HCP recipients within our community. This growth has seen services being provided further across our region, into the Golden Plains Shire and North East of Winchelsea.

The Hesse Home Care Package Program helps older consumers with higher care needs to live independently in their own homes. For many people, living in the comfort of their own home and maintaining strong links with their community is an important part of growing older. Our packages are offered within a restorative, re-enablement framework, empowering our consumers to be as independent as possible by addressing both their assessed care needs and identified goals.

History of Home Care Packages at Hesse

2015 Home care packages program developed as part of Commonwealth Aged Care reforms

2018 Hesse commenced Home Care Program starting with 4 HCP clients.

2020 Reached 50 packages in October

2021 Hesse becomes a Commonwealth Home Support Programme (CHSP) provider when Surf Coast Shire transition from program, adding $180K of services to strengthen our ability in providing home support services to our HCP clients

2021 Established HCP office at 53 Hesse Street for clients to access

2022 Opened second HCP office at Bannockburn

2023 Reached 95 packages

Our HCP Case Managers understand the importance of accessing services within our rural community. They work with our consumers to identify their goals and needs through the completion of the initial consumer intake, organise coordination of service delivery, and the preparation and monitoring of consumer package budget, providing an end to end service. Their provision of direct care is all about building on what clients can do, rather then what they can't do, liaising regularly with the consumer to ensure appropriate ongoing service provision meets their needs.

Hesse's In Home support services are able to assist consumers with all facets of their individual support needs; whether it be gardening, home maintenance, house cleaning, personal care or provision of transport for shopping or to attend a medical appointment. Hesse also continues to develop a strong In Home support service arm, with our Home Care Worker (HCW) workforce now including 15 permanent staff.

Where Hesse is unable to provide a service internally, we have more than 30 HCP contracts in place to ensure a broad range of services can be delivered across our catchment.

Hesse continues to evolve our home care services to ensure we provide ongoing quality services and support to our consumers. This includes preparing for the transition towards the new Support at Home Program, scheduled from July 2025.

HESSE RURAL HEALTH

Celebrating Postnatal Care

Hesse have been providing Postnatal Care at Home for over 25 years, with the first weeks following the birth of a newborn baby different for every family. Postnatal Care at Home involves midwives supporting Postnatal women and their families in their transition from hospital to their own home.

For uncomplicated births, a post birth discharge can occur from 4-6 hours post birth and following a caesarian section discharge can be anywhere from 24-48 hours. The midwife plays an integral role in caring for mothers recovering from the physical demands of birth, whilst developing the skills and confidence required to care for their newborn.

Hesse provides Postnatal Care at Home to our community on behalf of our neighbouring health services, most commonly our referrals are received from Barwon Health. On average Hesse, receive 2-3 new referrals a week and provide care for 100 postnatal mothers and babies per year.

The service is available for referred visits 6 days of the week (excludes Sundays and Public Holidays), with most women receiving 1-2 visits, depending on clinical need. Support is provided most commonly in the home but arrangements can be made for clinic consultations or virtual care.

Midwifery care provided during the postnatal visits can include baby weight monitoring and newborn screening tests, breastfeeding and formula feeding support, education on baby behavior and safe sleeping advice, emotional support and psychological wellbeing care including screening for postnatal depression, treatment of and education about post birth physical care needs, and referrals to relevant community and hospital services such as pediatricians, GPs, physiotherapists, lactation consultants.

"The Hesse postnatal visits I've had with both my births have had a tremendously positive impact on my health, mental and bonding and confidence I had with my babies. They have saved multiple visits to Barwon Health in the early days, for breast feeding, wound care and mental health. Whilst the hospital has its own education topics to cover before discharge, they are not nearly as relevant or thorough as what I received through the Hesse midwives program. These visits should be available to all parents, rural or urban and whether or not they are first time parents".
– Elise McNamara

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.

Outcome: Complete

The Health Service implemented the following clinical improvements with assistance from SCV resources:

- Just Culture: Embed as part of safety culture within Hesse's Clinical Governance Framework, and made a key focus at annual Staff Forums.
- Falls Review Tool: Increase understanding of current state in relation to falls prevention and improve outcomes from falls adverse event reviews.
- Statutory Duty of Candour: Implementation of procedure following a serious adverse patient safety event, enabling valuable quality and safety improvement processes in relation to serious incidents.

Hesse's Clinical Governance Framework:

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.

Outcome: Complete

The Health Service established a multi-disciplinary working party to complete a gap analysis that identified the initiatives required to meet the nutrition and food quality standards for Victorian hospitals and aged care (Adult Standards).

An implementation plan was developed from the identified initiatives, with progress made to ensure implementation completed by December 2023. Identified initiatives already completed include:

- Through dietitian analysis, confirmation that current menu meets baseline diet requirements, such as sufficient minimum energy and protein to meet population needs.
- Creation of additional seasonal menu, nutritional analysis completed and residents surveyed on new dishes.
- Introduction of a "Chef's choice hot breakfast" twice weekly.
- Expansion and review of short order complimentary menu for all meal services with inclusion of vegetarian options.

Our Counselling Service

In response to growing community need, Hesse introduced a new Counselling service in late 2022. Providing one-on-one general counselling for adult members of our community, our counsellor has offered support to individuals experiencing depression, anxiety, grief and loss, relationship issues, parenting issues, self-esteem issues, adjusting to life transitions and managing emotions and problematic behaviours.

In addition to the one-on-one service provision, Creative Therapy groups for women aged 16 and over were provided for Rokewood, Winchelsea and Beeac. Creative therapies have been used for centuries to explore issues, develop interpersonal skills, resolve problems and build self-esteem. It is a gentle, yet effective way for a group of people to work safely together. It can help create supportive connections in communities and develop trust with counsellors and each other.

Hesse program participants came together weekly for six weeks to participate in guided creative activities, including a guided relaxation, warm up drawing and then an activity related to a theme such as self-awareness, self-reflection, feeling positive, being in the flow and future self. Participants use pastels, paints, pictures and felt pens to create a response to questions and discussion.

This is a valuable service for our community, with data from the Australian Bureau of Statistics[1] demonstrating an increase in reports of poor mental health across most of the local government areas in our catchment. Rates of mental ill health in the Hesse community were reported to be slightly higher than the state-wide average. Around 60 clients have accessed the new counselling service, with some clients having a small number of sessions while others have regular weekly or fortnightly sessions to manage ongoing issues.

1Australian Bureau of Statistics (2021), Census All persons Quick-Stats

"I have found the tools and strategies we talk about in counselling really helpful. I feel like I can communicate properly and be heard. I have not been heard since childhood"
- Counselling Client

Consumer Stories

Consumer stories are an important way for Hesse to hear about lived experiences. They provide rich information such as how Hesse provides communication, coordinates care and understands personal factors that impact on a person's health or aged care journey.

This is an important way of focussing on and improving the delivery of person-centred care. Unlike statistical measures about safety and effectiveness or surveys of consumer experience, hearing people's stories about care provide information about whole of life and whole of system experiences of health outcomes.

Hesse has completed five consumer stories in the past year. Three in residential aged care, one that transgressed our acute, respite and residential aged care services, and one consumer story from community based services. These stories are shared with the Hesse Quality Leadership Committee, the Board of Directors and the Consumer and Community Advisory Committee.

One consumer story traced a person's journey through the voluntary assisted dying experience and highlighted the need for further education of care staff in this area. The community consumer story outlined the journey for a married couple in a rural community; demonstrating the importance of the breadth of Hesse services required in order to manage their health needs. This included primary prevention programs, case management and multidisciplinary care planning.

Morven (pictured left) was a resident at the Hesse Housing Hub for over 20 years before becoming a resident of Hesse's Chelsea Lodge aged care facility in September 2022. Morven has settled in well to Chelsea Lodge and enjoys the friendships she has created in residential aged care.

Morven and her husband raised their family in Winchelsea, before the couple moved to the Hesse Housing Hub. Since her husband's passing 15 years ago, Morven remained in her Hub unit where she could easily access the Hesse Social Support activity groups and be close to the Uniting Church. These activities maintained her connections with the Winchelsea community.

Established by the acquisition of five independent living units in Winchelsea from the Surf Coast Shire in 2017, the Hesse Housing Hub is conveniently located in Hesse Street, near the centre of the Winchelsea township.

The Hub now comprises of five individual rental units providing affordable housing for elderly citizens that require assistance with stable ongoing accommodation, empowering residents to live independently and become part of a supported community.

The Hesse Housing Hub offer several benefits such as maintaining independence, and access to aged care support and services, being situated beside Hesse Home Care services. Residents eligible for Hesse's Community Support and/or Home Care Packages programs, can be provided with support for tasks including housekeeping, meals and maintenance. In addition, residents have easy access to the local shopping centre, Medical Clinic, Community Health Programs, Social Support Program and the Winchelsea Community House.

HESSE RURAL HEALTH

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.

Outcome: Complete

The Health Service reviewed and implemented Hesse's Asset Management Policy and Asset Management Plan in early 2023 to ensure AMAF compliance. As part of the Internal Audit program, the Health Service completed an internal audit of the AMAF in March 2023, with no adverse or high risk items identified. Medium to low risk items identified are already planned by the Health Service and in progress.

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.

Outcome: Complete

The Health Service undertook environment program planning with the Regional Environmental Sustainability Manager, participating in the Regional Environmental Network and establishing an Environmental Management Plan detailing how Hesse will consciously manage our environmental impact over the next three years and contribute to a reduction in carbon emissions within our business practices.

Plan initiatives implemented to date include:

- A 99kW solar system installed on the roof of the Winchelsea Hospital and office buildings.
- Establishment of Hesse's Hospital Reception as a community B-cycle Drop-off point for batteries, ensuring collection and transporting of the batteries to an accredited B-cycle recycling facility.

Facility Upgrades

Hesse utilises sensor mats throughout our acute and residential aged care facilities as a falls prevention strategy. If a consumer is unable to use the call bell to request assistance, the sensor mats alert staff that the consumer is mobile so that they can provide assistance or supervision.

Our previous sensor mat system was not integrated with the nurse-call system. The alarms would potentially disturb other consumers and the receiving of the alert was dependent on whether the staff member was within the vicinity to hear the alert.

This year, a new sensor mat system was installed which integrated to the new upgraded nurse call system. Sensor mat alarms now appear on the staff pager as a “priority alert” so they are immediately aware of the consumer movement and can respond in a timely way.

Call bell response times and sensor mat response times are analysed through a regular audit by the Quality Leadership Team. The average response time during the February 2023 audit was 2 minutes and the median response time was 1 minute. This was a significant improvement compared to the 2022 audit, where the average response time was 4 minutes and the median was 2 minutes.

Bed upgrades
In late 2022, Hesse received 22 new residential aged care beds as part of Department of Health bed replacement initiative for public sector residential aged care services, funded by the State Government. This included 5 king single beds that provides added space and comfort for residents with a larger frame.

All the new beds are electronic and have the ability to be lowered close to the floor if needed as a falls prevention strategy. The new beds were also fitted with pressure relieving mattresses.

Solar
As part of Hesse’s Environmental Management Plan, the installation of a 99kW roof mounted solar system was undertaken at our main site in Winchelsea. This initiative enhances our health system resilience in preparing for the impacts of climate change, by contributing to our commitment to reducing or avoiding carbon emissions. When the electricity generated from the system is not consumed by the building, it is then exported to the grid to provide a green energy contribution.

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, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.
- Develop discharge plans for every Aboriginal patient.

Outcome: Complete

The Health Service commenced embedding Hesse's Aboriginal and Torres Strait Island Cultural Safety Framework throughout the organisation, including the following key initiatives:

- Creation of Statement of Intent outlining Hesse's commitment to supporting First Nations people in achieving equitable health outcomes and providing a culturally safe environment.
- Welcome signage placed on all entrances to Hesse sites.
- Expression of Interest developed for First Nations Artwork at main site entrance.
- Installation of third flag pole at main site to accommodate Torres Strait Islander flag.
- Update Hesse Policy and Procedure relating to First Nations.
- Increased public awareness of identification (Ask the Question poster & pamphlets).
- Discharge plans in place and auditing commenced for First Nations patients.

Celebrating & Valuing Indigenous Australians' Culture

Hesse continues the journey of embedding our Aboriginal and Torres Strait Islander Cultural Safety Framework through the development of our Aboriginal Cultural Safety Plan. Our Plan provides a platform for greater self-determination, and our commitment on closing the gap in health outcomes that still exists between Aboriginal and non-Aboriginal Australians. The plan incorporates eight domains of Cultural Safety, with key measures and deliverables expected from each domain to ensure culturally safe care for Aboriginal and Torres Strait Islander patients and their families.

To strengthen our efforts, the plan includes a statement of intent detailing our commitment to supporting First Nations people in achieving equitable health outcomes and providing a culturally safe environment. Hesse continues to provide opportunities for learning, through the sharing of information and resources about the Wadawurrung people of the Kulin Nation, and the Gulidjan and Gadubanud peoples of the Eastern Maar Nation, the Traditional Custodians of the lands and waters on which Hesse delivers our health care services.

This plan also identifies initiatives for Hesse to create a culturally safe and welcoming environment for the Aboriginal and Torres Strait Islander community as well as Aboriginal and Torres Strait Islander staff.

Hesse provides education to staff on the importance of cultural safety, offering training modules and improved welcoming signage. Hesse held regular events encouraging staff to become involved and celebrate Aboriginal culture, recognising important dates such as National Reconciliation Week, NAIDOC Week, National Sorry Day and Close the Gap Day. All are important opportunities for the Hesse community to come together and celebrate First Nations cultures.

Statement of Intent

Hesse is committed to closing the ongoing health gap that still exists between Aboriginal and Torres Strait Islander Australians and non-Indigenous Australians. Participation, access and engagement in all aspects of our health service will be equitable, collaboratively supportive and culturally appropriate.

Client Journey

Uncle Billy is a very proud Elder of Yorta Yorta Nation. Traditional Yorta Yorta lands lie on both sides of the Murray River roughly from Cohuna to Albury/Wodonga. Uncle Billy's journey with Hesse began in 2022, when he relocated to Winchelsea and was referred to Hesse Rural Health for Home Care services.

Hesse Case managers reviewed Uncle Billy's care needs, identifying the level of supports required to remain living independently at home. Uncle Billy was assigned a Home Care Package, and Hesse assists him to receive services including cleaning, gardening, home modification and delivered meals. An important aspect of Uncle Billy's Care coordination is supporting Uncle Billy's ongoing connection with the Wathaurong Elders group.

In collaboration with Barwon Health, Hesse has a multidisciplinary care team arrangement in place to support Uncle Billy while he prepares for a total knee reconstruction. Hesse Nursing and Allied Health services have been vital to Uncle Billy's ongoing pain management and optimizing his health and wellbeing. Uncle Billy's engagement with Hesse physiotherapist has focused on increasing his current mobility and strength to assist with post-surgical rehabilitation, and optimising lower limb function by building strength through his legs, hips and ankles to maximise function while waiting for the operation. He is also supported by the Hesse Dietician with nutrition management and meal preparation skills, while our Occupational Therapist assisted to improve the safety of his home environment.

Uncle Billy's connection to Hesse goes beyond him receiving care. Uncle Billy has been a strong advocate and provided advise on the Cultural Safety of Hesse services for First Nations people. He has advised Hesse on best practice regarding creating a welcoming environment, provided education and advice on First Nations issues, and is an active member of the working group for the Hesse First Nation Art Work creation. During NADIOC week, Uncle Billy visited both our Residential Aged Care and Social Support groups to demonstrate Indigenous painting styles and share a 'yarn' about First Nations culture.

As a small Rural Health service, Hesse has been able to provide Uncle Billy with a personalised service and regular face to face catch ups to enable him to thrive in his new community.

Uncle Billy also recently joined our Social Support group, where he enjoys the freedom to come and go according to his needs, and knows there is always a seat at the table accompanied by smiling faces, friendly conversation and a hot nutritious meal. Uncle Billy is helping develop a First Nation inspired lunch for the group, where by he will share First Nations traditions with the group.

Uncle Billy has had an "excellent experience" with Hesse, and continues to enjoy the ease of accessing Hesse's diversity of services.

" Hesse are really terrific, they've been very helpful and friendly. They really do care. I've never been with a service like this".
- Uncle Billy

HESSE RURAL HEALTH

Commitment To The Prevention Of Family Violence

Health service staff are in a unique position to identify and provide early support to victim survivors of family violence and their families. A whole-of-organisation model, implementing the Strengthening Hospital Response to Family Violence (SHRFV) initiative ensures Hesse staff have skills and experience, personally and professionally, to play a central role in reducing the enduring impact of family violence. Hesse is committed to the prevention of family violence and effective response, and is an active participant of SHRFV.

Key achievements this year included appointing a dedicated SHRFV project officer and establishing a Family Violence Working Group that assists with project planning and staff education. With mandated responsibilities to align with the Multi Agency Risk Assessment and Management (MARAM) Framework in our response to family violence, Hesse partnered with Barwon Health and South West Healthcare for staff training modules to be developed for each level of responsibility.

A key item of our MARAM alignment action plan was completed in May, when the SHRFV project officer presented to all staff at the Hesse Staff Forums.

This included informing staff of their responsibility to identify signs of family violence, how to assess and manage risk in clients, and an update on Hesse's workplace family violence response officers, who are available to any staff who may be experiencing family violence.

Working in partnership with Melbourne University on the second iteration of the System Audit Family Violence Evaluation (SAFE), Hesse will measure the changes we have achieved internally under the SHRFV initiative and provide us with a report and recommendations to further progress our work.

Hesse's policies, procedures, governance and leadership, along with organisational culture, reflect our recognition of family violence as a women's health issue, and we remain committed to the prevention of family violence through the promotion of gender equality across our community.

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.

Outcome: Complete

The Health Service continued to invest in the ongoing professional development and wellbeing of our workforce, with the implementation of initiatives including:

- A SHRFV session presented to all staff at the annual Staff Forums and a Workplace Response to Family Violence Training session held for all senior managers.
- The establishment of a Family Violence Working Group to support the organisational alignment to MARAM in our response to family violence.
- Facilitated the participation of OVA training for clinical staff, in addition to the Hesse specific OVA training offered to all staff.
- Continued implementation of Hesse's Employee Wellbeing Program, such as introducing the Staff Internal Wellness Voucher Program.

Supporting Our Team

As we continue to embed our staff elected IICARE values into our Hesse culture, we strengthen the opportunities to identify and celebrate our diverse workforce and community. Our Gender Equity Action Plan outlines the actions Hesse is progressing to achieve gender equality in our workforce, and reinforces our commitment to an equitable workplace that provides equal opportunity to all of our employees.

Actions implemented this year from the plan include the refresh of our uniform guide, undertaken through consultation with staff to ensure they are not made to feel vulnerable or disrespected for their personal choices or beliefs, and the review and communication of family violence leave procedures to ensure they are sympathetic to those who suffer the effects of family violence, and in line with sector best practice.

Other additional initiatives over the past year include the updating of employee email signatures to include the progressive pride flag; signage on all our sites to promote that people from all cultures and genders are welcome to work with Hesse and access our services; and the recognition and celebration of days including IDAHOBIT Day and Pride Month.

Leadership Coaching Circles

In late 2022, Hesse implemented a coaching and leadership program for our team leaders and managers. This investment focused on increasing leadership potential through shared problem solving via coaching circles, with a focus on real issues and challenges for the individuals involved. This supportive environment empowered our leaders to self-reflect and develop new ways of thinking and working, learn from each other and provide assistance through organisational change and transition. A key focus was promoting and supporting the health and wellbeing of their teams and themselves, to reduce any potential for overwhelment and overburden.

The evaluation demonstrated the program was valuable to the participants and their roles at Hesse, with all implementing learnings from the program into changed behaviours. The program was found to contribute to the participant's sense of health and wellbeing, time management and stress management skills.

Occupational Health & Safety Statistics	2020-21	2021-22	2022-23
Number of reported hazards / incidents for the year per 100 FTE staff members.	64.07	42.24	46.00
The number of lost time standard Workcover claims for the year per 100 FTE staff members.	4.75	2.63	1.25
The average cost per Workcover claim for the year	$20,963	$13,504	$39,172

Training & Development

Hesse continues to invest in the ongoing professional development of our team, with an increased focus on education and awareness in the areas of Dementia and Occupational Violence and Aggression in the workplace.

Hesse provides care services to consumers being supported to live at home with dementia, and over 50% of residents in Residential Aged Care at Hesse have a diagnosis of dementia. Hesse has a 10 bed memory support unit, Werruna which specialises in a person centred dementia care model.

Conducted by Dementia Australia, Enabling Edie is an award-winning, immersive virtual reality program that enables participants to see the world through the eyes of a person living with dementia. By participating in this training, the Hesse staff gain valuable knowledge in the perspective of someone living with dementia, identifying support needs in partnership with the consumer and their carer, and the development of a dementia support plan that focuses on enabling a person living with dementia.

The evaluation from staff who participated, showed that knowledge and confidence in these topics had increased significantly.

The Occupational Violence and Aggression course was conducted by the Department of Health. Topics included risk assessment, reading the signs, responding to incidents including de-escalation techniques, responsibilities and reporting incidents.

'I learnt about the lighting and patterns in the room and colours are very important for dementia patients to recognise objects and places much easier.
"I learnt how to deal with confrontation"
'I found it all very informative and knowledgeable. I can apply it to my workplace to improve the wellbeing of the residents and their family'
- Participants

Annual Staff Scholarship

The Charlie McDonald Scholarship is a professional development opportunity that assists to increase the learning and development of Hesse's workforce. As a client of Hesse's social support program, and in the latter part of his life a resident at Hesse Lodge, in 2017 the late Charlie McDonald estate provided to Hesse Rural Health the largest bequest received to date, approximately $169,000. This kind gesture of financial support reflected Charlie's consideration and appreciation for the care, accommodation and kindness received at Hesse.

When the bequest was received, the Hesse Consumer and Community Advisory Committee recommended to the Board of Directors a small portion be set aside for a staff scholarship until such time that a capital project required the funds. This was an exciting consumer driven contribution to the learning and development of Hesse's workforce. In 2021, the bequest was utilised to assist the purchase of 53 Hesse St (the social support and previous ADASS building Charlie attended for many years), however a small allocation was made available by the Board of Directors in the last few years to retain a staff scholarship in his name.

Hesse staff applications for the scholarship are reviewed annually by the Hesse Consumer and Community Advisory Committee.
Recent successful applicants awarded a scholarship include:

Amanda Worland, Cook – Cert IV in Commercial Cookery
Amanda completed her certificate through the Australian Apprenticeship arrangements, providing valuable skills and knowledge to enhance our in-house catering service for patients, residents and staff.

Brooke Greig, Community Health Nurse – Cervical Screening & Sexual Health Training
Brooke attended a cervical screening workshop run by Sexual Health Victoria and is required to complete a practical component. This investment in qualification will enable Hesse to offer cervical screening at our Community Centre at Rokewood.

Caisha Tanis, Business Support Officer – Cert IV in Procurement & Contracting
Caisha acquired valuable practical skills required to undertake procurement within a government entity.


Kim

Additional Care Staff For Residential Aged Care

Hesse is committed to responding to the Australian Government's aged care reforms in response to the 2021 Final Report of the Royal Commission into Aged Care Quality and Safety, to be implemented from 2022-25. The activities of these reforms aim to ensure older people are treated with the respect they deserve, a strong and valued aged care workforce is secured, a new regulatory model is designed, and new aged care assessment arrangements are embedded.

In October 2022, the Australian Government introduced the new AN-ACC (Australian National Aged Care Classification) funding model and care minute targets for residential aged care services. Care minutes refer to the care time that older people living in government-funded residential aged care services receive from registered nurses, enrolled nurses and health care workers. These care minute targets become a mandatory responsibility from October 2023.

In recognising this reform, in late 2022 Hesse underwent a care staff rostering review within our residential aged care facilities. In February 2023, a new Associate Nurse Unit Manager (ANUM) position was established Monday to Friday within the Chelsea Lodge facility that includes the Werruna Memory Support Unit.

Adding the Chelsea Lodge ANUM provides valuable knowledge and expertise to ensure delivery of comprehensive, person-centred care to the 31 residents within these areas. This additional ANUM supports the facility Nurse Unit Manager to provide clinical assessment and management, assist with medical rounds, establish and review comprehensive care plans and provide supervision and support to the care team.

This Registered Nurse support is in addition to the Hesse or facility ANUMs that are rostered on all shifts. The roster change also introduced an additional Enrolled Nurse on all morning and afternoon shifts within the Hesse Nursing Home. Overall, this resulted in an additional 19 shifts per week added into the default roster across our residential aged care facilities.

Occupational Violence Statistics	2022-23
1. Workcover accepted claims with an occupational violence cause per 100 FTE.	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported.	18
4. Number of occupational violence incidents reported per 100 FTE.	18
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

DEFINITIONS: for the purposes of the above statistics the following definitions apply.
Occupational violence: any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
Incidents: an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
Accepted Workcover claims: accepted Workcover claims that were lodged in 2022-23.
Lost time: is defined as greater than one day.
Injury, illness or condition: this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Workforce Statistics - Full Time Equivalent (FTE)	June Current Month FTE*		Average Monthly FTE*	
	2022	2023	2021-22	2022-23
Nursing	35.8	37	31.0	38
Administration & Clerical	16.1	17.5	13.5	16.1
Medical Support	0.0	0.0	0.0	0.0
Hotel & Allied Services	39.1	42.1	40.0	42.2
Medical Officers	0.0	0.0	0.0	0.0
Hospital Medical Officers	0.0	0.0	0.0	0.0
Ancillary Staff (Allied Health)	3.0	3.0	3.6	3.9
Sessional Clinicians	0.0	0.0	0.0	0.0
Total	**94.0**	**99.6**	**88.1**	**100.2**

Hesse provided a monthly dataset of our current Full Time Equivalent (FTE) and other payroll information to the Department under the Minimum Employee Data Set (MDS).

In 2022 Hesse introduced a graduate community health program with appointments across Health Promotion and Physiotherapy

Empowering Community Voice

Guided by the Hesse Consumer Engagement and Participation Framework, our Consumer and Community Advisory Committee (C&CAC) provides consumer involvement and participation that is considerate of the consumer experience and contributes to effective health care outcomes for our community.

The C&CAC utilised this year to review and reflect on their purpose, and participated in formal Consumer Representative training with other community advisory committees of our neighbouring health services. This training allowed the committee to revisit the important role our consumer representatives play in creating conversations between Hesse and the broader community. It aimed to increase the confidence of members in finding their voice and understanding the value they bring to the consumer advisory role.

The C&CAC maintained a membership of 6 representatives during the past year with the addition of one new community member, providing valuable insights and perspectives on our health service offering.

Additionally, each member of the committee carries a portfolio they represent, having contact or experience engaging with:

- Residential Aged Care (Lorraine Stubbs)
- Winchelsea Community Groups (Lesley Christie)
- Hospital Axillary (Sue Hutton)
- Hesse Volunteers (Maria Tolley)
- Rural Communities - Beeac (Donald Lang)
- Hesse Care & Clinical Governance Committee (Lyn Batson)

This review identified a need to expand representation from minority groups within our community, with new Ambassador roles to be established.

Key activities in which the committee was actively involved, included helping to prepare for both our National and Aged Care accreditation visits. C&CAC members were involved in a 'mock admission', with the assessors recognising this quality initiative as an innovative approach to best practice. The C&CAC also play an important role in reviewing our publications and marketing material for consumers before being published.

"The Consumer engagement training was a great chance to meet other consumers in our area- hopefully provide a chance to network with them on future issues. I was pleased to see we were in the forefront with some of our innovations"

Patient experience surveys and other mechanisms for feedback continue to be integral to informing the committees work plan. The committee also held a meeting at our Community Health Centre in Rokewood, after attending the centres Biggest Morning Tea celebration. This provided a valuable opportunity to better understand the issues facing consumers from our rural communities.

During the year, the committee farewelled Board Director Michelle Stocks, who was a founding member and represented the Board on the committee for 9 years including holding the Chair role for the most part of her involvement. Her passionate approach to community advocacy provided many valuable contributions to consumer outcomes.

The Hesse Board of Directors are very appreciative of the critical role this Sub-Committee provides, and values all consumer representatives for their past and ongoing feedback, knowledge sharing and assistance.

HESSE RURAL HEALTH

Intergenerational Community Engagement

Hesse strives to incorporate a sense of community and engagement, and implements proactive initiatives to bridge generational gaps in our local communities. In our Social Support Groups and across Residential Aged Care, we engage in programs and initiatives that promote intergenerational community engagement to enrich the lives of our clients and wider community. Intergenerational programs aim to lower issues of social isolation by allowing different generations to come together, learn from one another and form new friendships.

The relationships formed between generations also improves communities by combating negative stereotypes and ageism. Studies have found that intergenerational practice can have positive impacts on physical and mental health and wellbeing, reduced feelings of loneliness and increased social connectedness, social cohesion and civil participation. Intergenerational communication especially between our youngest and elder community members provides the next generation with community roots, history and a sense of continuity and perspective. In our elderly it inspires respect, wisdom and purpose.

Our dedicated Social Support and Residential Aged Care Lifestyle teams organise regular community engagement activities, craft sessions, speakers and opportunities for communication with the wider community across varying interests and ages. Community group engagement included involvement from the Winchelsea Lions Club, Winchelsea Men's Shed, Birregurra Motor Enthusiasts Club, Morris Minor Club, Hospital Auxiliary, Local Police, and Winchelsea Community House.

"Always good things happening, things of interest"
– Margaret Hutton

Other activities have included the Beeac Social Support Group sharing several craft sessions with a junior class from Beeac Primary School, and the Winchelsea playgroup visiting our Residential Aged Care Facility every three month. In December, over 50 Winchelsea Primary School students and residents of Hesse Rural Health exchanged Christmas cards.

This was a new initiative, suggested by one of Hesse's residents, Peter Groves, who wanted to "bridge the gap" between aged care and the next generation.

"Very nice notes, very responsive...it's important to familiarise the community with aged care"
– Peter Groves

This was a lovely gesture enjoyed by both the children from grades 3, 4, 5 and 6 who really enjoyed the experience, and our residents. The students were most surprised by the handwriting of their pen pals, an art form long lost. Hopefully this will be the start of an ongoing beautiful relationship between our residents and each of the Winchelsea Primary School students.

Hesse also continues to engage with ten schools across our catchment area, offering a six week farm safety program that aims to reduce farm-related injuries, identify preventative risk factors and increase rural children's awareness and knowledge of potential farm related hazards. The weekly content is in line with the key hazards causing child farm injury on Australian farms.

Clinical Incidents & Reviews

Clinical incident reporting and the evaluation of this data assists us to improve clinical practice and care outcomes. It is an important aspect of risk management. A clinical incident is defined by the Australian Commission on Safety and Quality in Health Care as 'an event or circumstance that resulted or could have resulted in unintended and/or unnecessary harm to a person and/or a complaint, loss or damage'. Falls, medication safety events and skin tears are examples of commonly reported incidents but any clinical risk may be reported. Staff report incidents via the online incident management system called Riskman.

Staff reported a total of 449 incidents, a 4% increase from the previous year, averaging 37 incidents per month. The increased reporting rates are welcome as it provides Hesse with a clearer understanding of clinical risk through trend analysis, as well as the opportunity to manage the incident and put measures in place to minimise both individual and systemic risk. Hesse Rural Health strives for a no-blame culture to ensure staff feel comfortable to report to allow for matters to be addressed, with the increase in both the incident number and variety of incidents reported a reflection of this culture. All clinical incidents are followed up by managers and with broader staff input through the weekly incident review meeting, and monitored at the Quality Leadership Committee and the Clinical Governance and Ethics Committee.

All incidents are given an incident severity rating from 1 to 4, with 1 signifying 'severe' and 4 as 'no harm/ near miss'. No incidents that occurred were rated 'severe'.

In-depth case reviews are undertaken by a multi-disciplinary team for incidents rated as 'moderate' to better understand the factors preceding the incident with the aim to improve systems to minimise the risk of harm and prevent further incidents occurring. These in-depth case views are presented and discussed at the Quality Leadership Committee, General Practitioner meeting and Clinical Governance and Ethics Committee. Five incidents were rated as 'moderate'.

Clinical Incident Type	2022-23	2021-22	2020-21	2019-20
Overall Number of Incidents	**449**	**402**	**430**	**379**
Falls	33%	33%	32%	39%
Medication Errors	20%	13%	17%	21%
Pressure Injuries	3%	6%	5%	4%
Skin Tear	10%	9%	7%	11%
Behavioural	8%	16%	19%	13%
Clinical Deterioration	0%	0%	1%	1%
Diet	1%	0%	1%	0%
Other*	25%	22%	18%	11%

* Other Incidents includes from unknown causes such as bruises, scratches, wounds, blisters and accidental knocks, near miss falls.

Non-Admitted Patients	2022-23	2021-22	2020-21	2019-20
Emergency Medical Treatment	70	49	28	102
Community Contact Hours (Home and Community Care, Commonwealth Home Support and Small Rural Health Service funded)	28,669	25,717	21,596	32,493
District Nursing	6,107	7,191	7,523	6,954
Postnatal Care at Home	332	267	240	253
Community Nursing	1,704	2,209	1,881	1,509
Health Promotion	0*	0*	791	847
Physiotherapy	530	861	597	680
Occupational Therapy	1,450	1,476	1,454	1,573
Dietitian	308	67	170	198
Diabetes Education	193	135	137	241
Social Support Program	17,551	12,207	9,392	15,036
Counselling	362	NA	NA	NA
Other	132	218	90	75

* Hours reported against Community Nursing

19,634 Bed Days (Consolidated) in Residential Aged Care

35 Separations (Consolidated) in Residential Aged Care

Admitted Patients	2022-23	2021-22	2020-21	2019-20
SEPARATIONS				
Acute	27	34	20	44
Non-Acute	0	0	0	0
Same Day	0	0	0	0
Total Hospital Separations	**27**	**34**	**20**	**44**
PATIENT BED DAYS				
Acute	552	269	332	525
Non-Acute	0	0	0	0
Same Day	0	0	0	0
Total Hospital Patient Days	**552**	**269**	**332**	**525**

Fundraising Initiatives

Fundraising for the new Hesse Bus

After 25 years of loyal service and many a fantastic trip for our Social Support and Residential Aged Care clients, Hesse needed to retire our large 19 Seater Toyota Coaster (bus). Our bus was originally purchased through community fundraising, and a Bus Appeal was once again launched on its retirement.

Hesse has many and varied social groups that rely on this bus for transport on a daily basis. For some of our clients this bus is a lifeline for a social outing and enables them access to much needed support. Our bus fundraising appeal once again seeks community assistance to secure a new bus, that can seat at least 20 people and provides for accessibility.

To launch the appeal, Hesse held an 'Open Gardens of Winchelsea' fundraising event in November. Consistent feedback from the day was the beauty each garden had to offer, and how different each garden was. The day was an overwhelming success with close to 1,000 in attendance, and $31,185 raised towards the Hesse Bus Appeal at the end of June 2023.

"The gardens were beautiful"
"Most of these properties you would drive past without a second glance, but once you went down their driveways you entered another world of colour, tranquillity and beauty."

Hesse Op Shop Rebuild Appeal

Following the devastating fire in November 2020, Hesse launched the Op Shop Rebuild Appeal in 2021 to contribute towards the redevelopment of the health services' property at 44-46 Main Street.

This involves the restoration of the existing building as a first stage, now with planning approval. The proposed design embraces and recognises the sites' valued heritage to ensure the legacy of both the former Orchard bakery and attached dwelling on site are protected. A second stage is proposed to extend the footprint at the rear of the building.

This year, preliminary works commenced following the issuing of the planning permit to utilise the site for an Op Shop. This included investigative works to determine the scope of the rebuild requirements to enable the finalisation of the building plans.

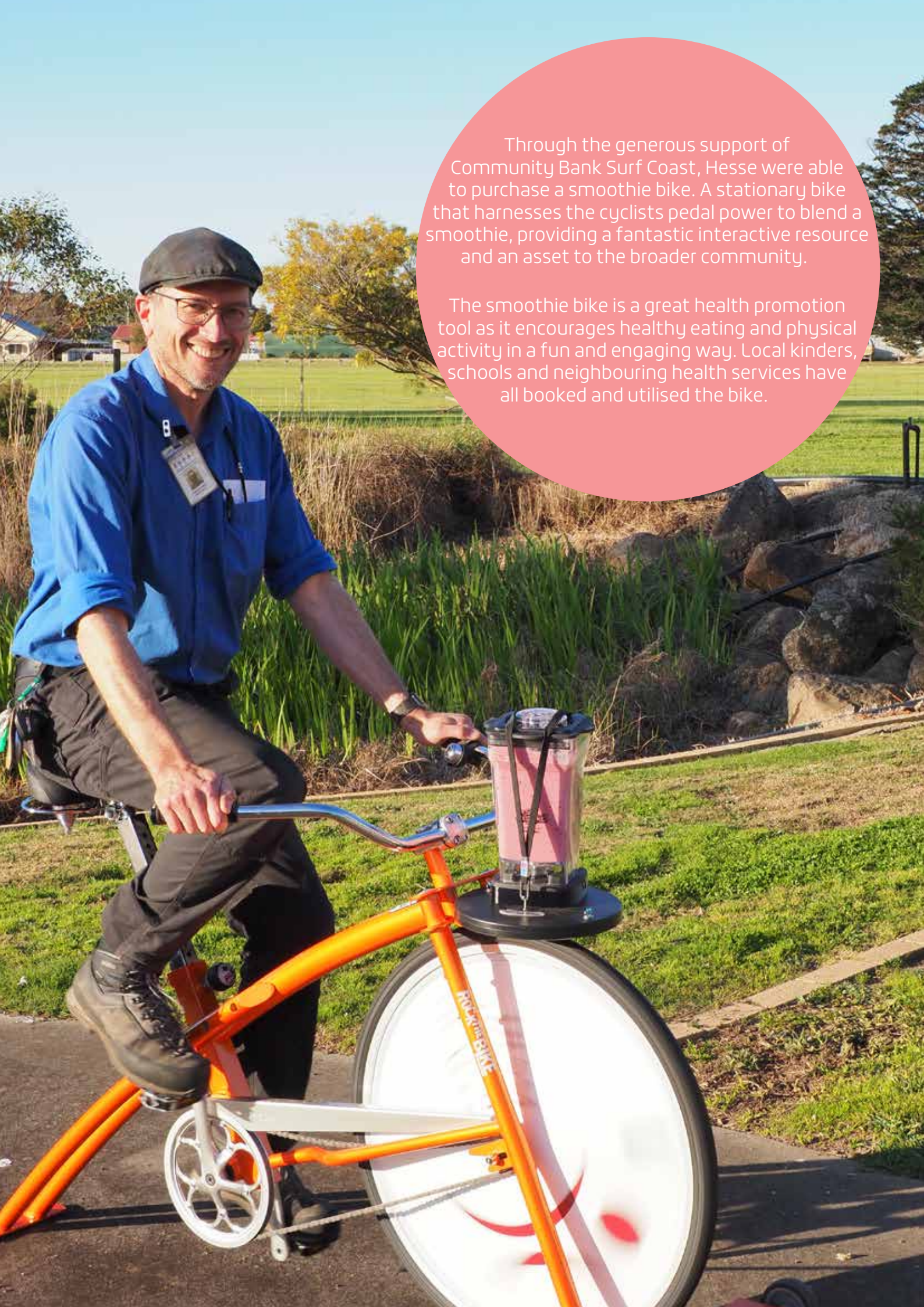
$72,225
Op Shop Rebuild Appeal 2022-23

Our dedicated Hospital Auxiliary Volunteers also re-opened a temporary Op Shop at 10 Willis Street, reinstating an important service to the Winchelsea community and a much appreciated funding stream for Hesse.

Our generous community continue to show great support to our Op Shop Rebuild Appeal, with $72,225 raised in the 2022-23 financial year. We are thankful for this support, including $15,179 raised from the Ingleby Twilight Cocktail Party held in October (a community fundraising event), and $50,000 in a matched co-contribution by the Winchelsea Community Bank.

Fundraising endeavours for the Op Shop Rebuild Appeal remain ongoing, with a target to raise $400,000. At the end of June 2023, $201,209 had been raised through community and local business donations.

Hesse is very grateful to the many contributions received from individuals, community organisations and businesses, as well as the very passionate Marketing and Fundraising Committee for their numerous successful events including cake stalls, raffle, and the wonderful Open Gardens event.



Through the generous support of Community Bank Surf Coast, Hesse were able to purchase a smoothie bike. A stationary bike that harnesses the cyclists pedal power to blend a smoothie, providing a fantastic interactive resource and an asset to the broader community.

The smoothie bike is a great health promotion tool as it encourages healthy eating and physical activity in a fun and engaging way. Local kinders, schools and neighbouring health services have all booked and utilised the bike.

Statement Of Priorities

Part B: Performance Priorities

High Quality and Safe Care Key Performance Measures	Target	Outcome
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	94%
Percentage of healthcare workers immunised for influenza	92%	98%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses - Quarter One, Two and Three	95%	No result due to less than 10 responses in 2022-23
Victorian Healthcare Experience Survey – percentage of positive patient experience responses - Quarter Two	95%	No result due to less than 10 responses in 2022-23
Victorian Healthcare Experience Survey – percentage of positive patient experience responses - Quarter Three	95%	No result due to less than 10 responses in 2022-23

Strong Governance, Leadership & Culture

PEOPLE MATTER SURVEY	Target	Outcome
Percentage of staff with an overall positive response to safety culture survey questions Safety Culture Amongst Healthcare Workers	62%	75%

Key Performance Indicators

KEY PERFORMANCE INDICATOR	Target	2022-23 Result
Operating Result ($m)	$0	$0
Average Number of Days to Paying Trade Creditors	60 Days	53 days
Average Number of Days to receiving Patient Fee Debtors	60 Days	24 days
Adjusted Current Asset Ratio	0.7	0.7
Actual number of days available cash, measured on the last day of each month	14 days	3 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30th June.	Variance ≤ $250,000	Achieved

Part C: Activity & Funding

Funding Type

FUNDING TYPE	ACHIEVED
Small Rural Acute	3
Small Rural Primary Health & HACC	5,560
Small Rural Residential Care	8,625

Disclosures Required Under Legislation

Freedom of Information (FOI) 1982

Hesse operates within the guidelines defined within the Freedom of Information Act 1982 and its subsequent amendments. For access to medical records there is a mandatory application fee of $29.60 that must accompany the written charges for searching, photocopying and postage.

A member of the public wishing to access information should make a written request to the Chief Executive Officer, Hesse Rural Health, 8 Gosney Street, Winchelsea, VIC 3241 or on 5267 1200. Further information may be sought from www.foi.vic.gov.au.

For the 12 months ending 30 June 2023, Hesse Rural Health received 2 valid applications, 1 was withdrawn.

Buildings and Maintenance

Hesse complies with the Building Act 1993, and relevant provisions of the 'National Construction Code' for publicly owned buildings during maintenance and redevelopment. An essential fire safety service maintenance program is in place.

Public Interest Disclosures Act 2012 (Vic)

Hesse is compliant with obligations under the Public Interests Disclosures Act 2012 (Vic). Protected disclosures may be made to the CEO or the Disclosures Coordinator DHHS on 1300 131 431 or public.interest.disclosures@dffh.vic.gov.au. No disclosures were made.

Competitive Neutrality

Hesse is compliant with the requirements of the government statement 'Competitive Neutrality Policy Victoria'. The purpose is to account for advantages arising out of public ownership.

National Competition Policy

Hesse is compliant with the National Competition Policy and all requirements of the Competitive Neutrality Policy Victoria and any subsequent reforms.

Safe Patient Care Act 2015

Hesse 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

In 2022-23, there were no jobs requiring disclosure under the 'Local Jobs First Policy'. There were no applications made in the July 2022 to June 2023 reporting period.

Carers Recognition Act 2012

The Carers Recognition Act 2012 recognises, promotes and values the role of people in care relationships. Hesse understands the benefits care relationships bring to patients, residents, their carers and the community. Hesse is compliant with Section 11 of the Act, and takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of the care relationship principles. This is reflected in our commitment to a model of patient and family centred care, and the involvement of carers in the development and delivery of our service.

Occupational Health & Safety Act 2004

Policies and procedures provide guidance for safety in the workplace. Designated work-groups have been established and health and safety representatives are elected. OH&S incidents are recorded and monitored and site audits undertaken. OH&S meetings occur quarterly. No major industrial accidents were reported during the year.

Privacy

Hesse complies with legislation relating to confidentiality and privacy including the Health Services Act 1988 (Vic.), Health Records Act 2001 (Vic.), Privacy Act 1988 (Commonwealth) and Privacy & Data Protection 2014 (Vic.). Policies ensure that personal health information remains confidential, secure and accessible under Freedom Of Information guidelines.

Subsequent Impacts

There were no events subsequent to 30th June 2021 that would significantly effect Hesse's operations in subsequent years.

Gender Equality Act 2020 - Workforce Inclusion policy

Hesse has initiated a workforce inclusion action plan consistent with the Gender Equality Act 2020. Hesse has conducted a workplace gender audit that analysed workforce data from payroll and Human Resources, employee experience data from the Victorian public sector's annual employee opinion survey and added data where available. We conducted a gender impact assessment of policies, programs and services that have a direct and significant impact on the public. As part of this assessment Hesse reviewed programs such as grants and public events, services such as public infrastructure development and community development and policies such as equal access and community engagement policies.

Additional Information Available on Request

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares, held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Services
- 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 the report of operations;
- Details of overseas visits undertaken including a summary of the objectives and the outcomes of each visit;
- Details of promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the entity, the purposes if each committee and the extent to which the purposes have been achieved; and
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Social Procurement

During the reporting period Hesse had no contracts with Social Procurement Framework commitments. No case study is able to be provided.

Hesse is committed to implementing future social procurement initiatives that utilises our buying power to deliver social and sustainable outcomes that help to build a fair, inclusive and sustainable Victoria.

From FY2023-24 an ABN Wash tool will be used to generate direct spend data with social benefit suppliers (i.e. social enterprises, Aboriginal businesses and Australian disability enterprises) for inclusion in future Annual Reports.

Environmental Performance

Hesse Rural Health is committed to improving the health and wellbeing of the people and communities we serve. All environmental performance indicators including energy (as well as transportation), waste, water, greenhouse gas emissions, sustainable buildings and infrastructure, and sustainable procurement are measured and reported.

Hesse acknowledges and accepts our responsibility to provide a leadership role for environmental sustainability across waste management, recycling and smart energy use.

It is an expectation that all Hesse team members play their part to minimise unnecessary energy waste and actively participate in renewable environmentally friendly initiatives.

For the purpose of the following environmental reporting, the organisational boundary is our main Winchelsea site at 8 Gosney Street. This includes the Winchelsea Hostel & Nursing Home Society Inc.'s Chelsea Lodge Hostel.

While best efforts have been made to collect environmental data for activities, in some cases an estimate has been used. Where it was impracticable to report relevant data or an estimation, an explanatory note is provided on our planned activities to improve data collection for future Annual Reports.

Energy Use

The following data has been captured and measured through our environmental data exchange portal.

Electricity Use	2022-23	2021-22	2020-21
EL1 Total Electricity Consumption (MWh)			
Purchased	436.6	462.6	442.7
Self Generated	36.6	-	-
EL1 Total Electcity Consumption	**473.2**	**-**	**-**
EL2 Onsite Electricity Generated (MWh)			
Consumption Behind The Meter			
Solar Electricity	36.6	-	-
Total Consumption Behind The Meter	**36.6**	**-**	**-**
Exports			
Solar Electricity	0	0	0
Total Electricity Exported	**0**	**0**	**0**
EL2 Total Onsite Electricity Generated	**36.6**	**-**	**-**
EL3 Onsite Installed Generation Capacity (kW converted to MW)			
Diesel Generator	0.3	0.3	0.3
Solar System	0.1	0.1	0
EL3 Total Electricity Offsets	**0.4**	**0.4**	**0.3**
EL4 Total Electricity Offsets (MWh)			
LGCs Voluntarily retired on the entity's behalf	0	0	0
GreenPower	0	0	0
Renewable Power Percentage In The Grid	82.0	86.0	83.8
Certified climate Active Carbon Neutral Electricity Purchased	0	0	0
EL4 Total Electricity Offsets	**82.1**	**86.0**	**83.8**

Stationary Energy

The following data has been captured and measured through our environmental data exchange portal.

Stationary Energy	2022-23	2021-22	2020-21
F1 Total Fuels Used In Building & Machinery (MJ)			
Natural Gas	2,311,386.3	2,212,188.0	2,621,234.4
LPG	174,449.1	211,423.7	189,707.3
F1 Total Fuels Used In Building	**2,485,835.4**	**2,423,611.7**	**2,810,941.7**
F2 Greenhouse Gas Emissions From Stationary Fuel Consumption (Tonnes CO2-e)			
Natural gas	119.1	113.9	135.1
LPG	10.6	12.8	11.5
F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	129.7	126.8	146.6

Transportation

The following data has been estimated by annualising available data within our fleet management system for Jan-Jun 2023. Full year actual data will be available for publication in future Annual Reports.

Transportation Energy	2022-23	2021-22	2020-21
T1 Total Energy Used In Transportation (vehicle fleet) Within the Entity (MJ)			
Petrol	24,488.2	-	-
E10	101.3	-	-
Diesel	5,573.9	-	-
Total energy used in transportation (vehicle fleet) (MJ)	**30,163.5**	**-**	**-**
T2 Number & Proportion Of Vehicles In The Organisational Boundary			
T2 Road Pasenger Vehicles			
Unleaded	21	-	-
Diesel	4	-	-
T2 Total	**25**	**-**	**-**
T3 Greenhouse Gas Emissions From Transportation (Vehicle Fleet) (Tonnes CO2-e)			
*Not available for reporting period. Data to be collected for publication in future Annual Reports.			

Total Energy Use

The following data has been captured and measured through our environmental data exchange portal.

Total Energy	2022-23	2021-22	2020-21
E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]			
Total energy usage from stationary fuels (F1) [MJ]	2,485,835.4	2,423,611.7	2,810,941.7
Total energy usage from transport (T1) [MJ]	*	-	95,711.8
Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]	2,485,835.4	2,423,611.7	2,906,653.5
E2 Total energy usage from electricity [MJ]			
Total energy usage from electricity [MJ]	1,703,642.2	1,665,359.3	1,593,907.4
E3 Total energy usage segmented by renewable and non-renewable sources [MJ]			
Renewable	427,383.7	309,590.3	301,726.6
Non-renewable (E1 + E2 - E3 Renewable)	3,762,093.9	3,779,380.7	4,198,834.3
E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	508.2	514.1	525.89
Energy per unit of LOS [MJ/LOS]	8,087.8	15,200.6	13,267.6
Energy per unit of Separations [MJ/Separations]	155,165.8	120,263.8	220,242.5
Energy per unit of floor space [MJ/m2]	742.3	724.5	780.5

Water Use

The following data has been captured and measured through our environmental data exchange portal.

Water Use	2022-23	2021-22	2020-21
W1 Total Units Of Metered Water Consumed (kl)			
Potable water [kL]	5,164.5	6,309.1	5,321.6
Total units of water consumed [kl]	**5,164.5**	**6,309.1**	**5,321.6**
W2 Units Of Metered Water Consumed Normalised By FTE, Headcount, Floor area, Or Other Entity Or Sector Specific Quantity			
Water per unit of Aged Care OBD (kL/Aged Care OBD)	0.6	0.8	0.6
Water per unit of LOS (kL/LOS)	9.9	23.5	16.0
Water per unit of Separations (kL/Separations)	191.3	185.6	266.1
Water per unit of floor space (kL/m2)	0.9	1.1	0.9

Sustainable Buildings & Infrastructure

The following data has been captured and measured through our environmental data exchange portal.

Sustainable Buildings & Infastructure	2022-23
B1	No newly completed entity-owned buildings for an environmentally sustainable design (ESD) to be incorporated into.
B2	No new entity leases entered into to review meeting requirement for the preference of higher-rated office buildings and those with a Green Lease Schedule.
B3	No newly completed entity-owned buildings or substantial tenancy fit-outs to determine a NABERS Energy rating for.
B4	No newly completed entity-owned non-office building or infrastructure projects or upgrades with a value over $1 million, for an environmental performance ratings to be conducted.
B5	No environmental performance ratings conducted for entity-owned assets portfolio on building, facility, or any infrastructure type.

Normalisation Factors

The following data has been captured and measured through our environmental data exchange portal.

Normalisation Factors	2022-23	2021-22	2020-21
1000km (Corporate)	-	-	-
1000km (Non-emergency)	-	-	-
Aged Care OBD	8,244.0	7,953.0	8,376.0
ED Departures	0.0	0.0	0.0
FTE	100.2	98.0	92.0
LOS	518.0	269.0	332.0
OBD	8,762.0	8,222.0	8,708.0
PPT	8,789.0	8,256.0	8,728.0
Separations	27.0	34.0	20.0
TotalAreaM2	5,644.0	5,644.0	5,644.0

NOTE: Indicators are not reported where data is unavailable or an indicator is not relevant to the organisation's operations

Waste & Recycling

The following data has been captured and measured through our environmental data exchange portal.

Waste & Recycling	2022-23	2021-22	2020-21
WR1 Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)	*	-	-
General waste	*	-	-
Offsite treatment	*	-	-
Clinical waste - sharps	40.1	24.8	42.5
Clinical waste - treated	570.4	396.0	493.9
Recycling/recovery (disposal)	*	-	-
Total units of waste disposed [kg]	**610.5**	**420.8**	**536.4**
WR1 Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)	*	-	-
General waste	*	-	-
Offsite treatment	*	-	-
Clinical waste - sharps	6.57%	5.89%	7.92%
Clinical waste - treated	93.43%	94.11%	92.08%
Recycling/recovery (disposal)	*	-	-
WR2 Percentage of office sites covered by dedicated collection services for each waste stream			
Printer cartridges	100%	-	-
Batteries	100%	-	-
e-waste	100%	-	-
Soft plastics	100%	-	-
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 offsite treatment per PPT [(kg offsite treatment)/PPT]	**0.1**	**0.1**	**0.1**
WR4 Recycling rate [%]			
Weight of recyclable and organic materials [kg]		-	-
Weight of total waste [kg]	610.5	420.8	536.4
Recycling rate [%]	*	-	-
WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]			
tonnes CO2-e	0.8	0.6	0.7

*Not available for reporting period. Data to be collected for publication in future Annual Reports.

Greenhouse Gas Emissions

The following data has been captured and measured through our environmental data exchange portal.

Greenhouse Gas Emissions	2022-23	2021-22	2020-21
G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]			
Carbon Dioxide	129.3	126.4	152.6
Methane	0.3	0.3	0.3
Nitrous Oxide	0.1	0.1	0.1
Total	**129.7**	**126.8**	**153.0**
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]	129.7	126.8	146.6
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]	*	-	6.5
Medical/Refrigerant gases	*	-	
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	**129.7**	**126.8**	**153.0**
G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]			
Electricity	299.9	337.8	345.3
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]	**299.9**	**337.8**	**345.3**
G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)			
Commercial air travel	0	0	0
Waste emissions (WR5)	0.8	0.6	0.7
Indirect emissions from Stationary Energy	51.4	46.5	51.0
Indirect emissions from Transport Energy	*	-	0.3
Paper emissions	*	-	2.1
Any other Scope 3 emissions	8.8	11.9	8.8
Total scope three greenhouse gas emissions [tonnes CO2e]	**60.9**	**58.9**	**62.9**
G(Opt) Net greenhouse gas emissions (tonnes CO2e)			
Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO2e]	490.6	523.5	561.2
Carbon Neutral Electricity	0.0	0.0	0.0
Green Power Electricity	0.0	0.0	0.0
Purchased LGCs	0.0	0.0	0.0
Any Offsets purchased	0.0	0.0	0.0
Net greenhouse gas emissions [tonnes CO2e]	**490.6**	**523.5**	**561.2**

*Not available for reporting period. Data to be collected for publication in future Annual Reports.

Financial Overview

CFO Report

In 2022-23 Hesse worked through a challenging year as we continued to adapt and ensure we maintained financially sustainable. We remained focused on ensuring efficient use of available resources, while remaining committed to delivering our Residential Aged Care, Acute, 24/7 Urgent Care and expanded Community Services.

Hesse's financial performance was impacted by our ongoing response to COVID-19 with increased workforce expenditure, and a number of financial commitments falling due such as the final repayment on Hesse's independent living accommodation. Financial sustainability support was provided by the Department of Health to bolster cash holdings, and enable the achievement of a positive operating position amongst the challenging environment.

We targeted a break-even outcome and achieved a small operating surplus for the year of $17.5K. Operating activities resulted in a net cash inflow of $15M, with $1.4M being used in investing and financing activities. Overall, cash holdings decreased by $634K with total cash on hand amounting to $6.4M at 30 June 2023 compared to $7M at the end of the previous year, impacted by a change in Commonwealth funding transition from 'in advance' to 'in arrears'. Total cash detailed on the cashflow statement includes Residential Aged Care Accommodation Deposits and other restricted funds.

Total cash available to the health service at the end of the financial year was $136K (excluding restricted cash) compared to ($19K) the previous year.

To improve future cash holdings and ensure the most efficient and effective use of all resources, Hesse implemented a Financial Strategy including a Financial Management Improvement Plan throughout the year, whilst ensuring we continue to deliver the highest standards of care to our consumers. These key improvements will continue to be implemented in future financial years to ensure we rebuild our cash reserves and maintain financial sustainability.

Hesse is proud to have meet all budgetary objectives from operating performance to debtor and creditor control, and management are pleased to present fully compliant financial reports.

Nab Khoda
Chief Financial Officer

FINANCIAL INFORMATION	2022-23	2021-22	2020-21	2019-20
Operating Results *	$17,471	$ 99,901	$106,013	$311,910
Total Revenue	$15,633,704	$13,372,594	$12,685,618	$11,879,232
Total Expenses	($15,942,216)	($13,850,301)	($13,318,587)	($12,551,439)
Net Result from Transactions	($308,512)	($477,707)	($632,969)	($672,207))
Total Other Economic Flows	$18,742	$134,187	$931,877	($17,068)
Net Result	($289,770)	($343,520)	$298,908	($689,275)
Total Assets	$27,011,691	$27,935,756	$25,201,030	$23,009,455
Total Liabilities	$12,861,429	$13,495,724	$13,111,684	$11,215,389
Net Assets / Total Equity	$14,150,262	$14,440,032	$12,089,346	$11,263,360
* The Operating result is the result for which the health service is monitored in its Statement of Priorities				

INFORMATION & COMMUNICATION TECHNOLOGY	2022-23
Business as Usual Expense (exc GST)	$293,175
Non-Business as Usual Expense (exc GST)	
Operational Expenditure	N/A
Capital Expenditure	$139,905
Total	**$433,080**

RECONCILIATION OF NET RESULT FROM TRANSACTIONS AND OPERATING RESULT	2022-23
Operating Result	$17,471
Capital Purpose Income	$660,412
Specific Income	N/A
COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	$64,701
State supply items consumed up to 30 June 2023	N/A
Assets provided free of charge	N/A
Assets received free of charge	N/A
Expenditure for Capital Purpose	$760,353
Depreciation and Amortisation	$1,309,790
Impairment of Non-Financial Assets	N/A
Finance Costs (Other)	N/A
Net Results from Transactions	($308,512)

CONSOLIDATED ACTIVITY FUNDING 2022-23 ACTIVITY STATEMENT

40.64 Acute admitted, sub acute admited, emergency services, non-admitted NWAU

CONSULTANTS

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (Exc GST)	Expenditure 2022-23 (Exc GST)	Future Expenditure (Exc GST)
Consultancies: (valued at $10,000 or greater)						
Western District Health Service	Sub regional	July 2022	January 2023	$20,000.00	$20,937.50	$0.00

In 2022-23, there was one consultancy where the total fees payable to the consultant was $10,000 or greater. The total expenditure incurred during 2022-23 in relation to the consultancy was $20,937.50 (Exc GST).

Consultancies: (valued up to $10,000)						
NA	NA	NA	NA	$0.00	$0.00	$0.00

In 2022-23, there were no consultancies where the total fees payable were less than $10,000. The total expenditure incurred during 2022-23 in relation to consultancy was $0 (Exc GST).

Disclosure Index

The Annual Report of Operations of Hesse Rural 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.

MINISTERIAL DIRECTIONS

Charter and Purpose

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FRD 22	Purpose, functions, powers and duties	02
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FRD 22	Significant changes in key initiatives and expectations for the future	06

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FINANCIAL REPORT

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Hesse Rural Health Service

Opinion	I have audited the financial report of Hesse Rural Health Service (the health service) which comprises the: • 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. 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 *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Other information	My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service'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
27 September 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

Hesse Rural Health Service

Financial Statements

Financial Year Ended 30 June 2023

Board Member's, Accountable Officer's And Chief Finance & Accounting Officer's Declaration

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

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

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

We authorise the attached financial statements for issue on this day.

MR I. WHITING Chairperson	MRS C. BROCK Chief Executive Officer	MR N. Khoda Chief Finance Officer
Winchelsea Dated: 22nd September, 2023	Winchelsea Dated: 22nd September, 2023	Winchelsea Dated: 22nd September, 2023

Hesse Rural Health Service

Financial Statements

Financial Year Ended 30 June 2023

Comprehensive Operating Statement

	Note	Parent 2023 $	Parent 2022 $	Consolidated 2023 $	Consolidated 2022 $
Revenue and Income from transactions					
Operating activities	2.1	11,973,859	10,001,699	15,084,184	12,942,997
Non-operating activities	2.1	95,645	26,206	203,011	26,206
Share of revenue from joint operations	8.8	346,509	403,391	346,509	403,391
Total revenue and income from transactions		**12,416,013**	**10,431,296**	**15,633,704**	**13,372,594**
Expenses from transactions					
Employee expenses	3.1	(9,509,805)	(7,994,966)	(11,849,959)	(10,030,431)
Supplies & consumables	3.1	(309,844)	(252,810)	(665,817)	(619,584)
Depreciation	3.1	(654,699)	(625,043)	(1,030,790)	(1,000,350)
Other operating expenses	3.1	(1,245,665)	(1,030,793)	(2,090,175)	(1,820,330)
Share of expenditure from joint operations	8.8	(305,475)	(379,606)	(305,475)	(379,606)
Total expenses from transactions		**(12,025,488)**	**(10,283,218)**	**(15,942,216)**	**(13,850,301)**
Net result from transactions - net operating balance		**390,525**	**148,078**	**(308,512)**	**(477,707)**
Other economic flows included in net result					
Net gain on non-financial assets	3.2	25,986	78,764	25,986	78,764
Other gain/(loss) from other economic flows	3.2	(7,561)	56,886	(7,561)	56,886
Share of other economic flows from joint operations	8.8	317	(1,463)	317	(1,463)
Total other economic flows included in net result		**18,742**	**134,187**	**18,742**	**134,187**
Net result for the year		**409,267**	**282,265**	**(289,770)**	**(343,520)**
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant & equipment revaluation surplus	4.3	-	1,526,341	-	2,694,206
Total other comprehensive income		**-**	**1,526,341**	**-**	**2,694,206**
Comprehensive result for the year		**409,267**	**1,808,606**	**(289,770)**	**2,350,686**

This statement should be read in conjunction with the accompanying notes

Hesse Rural Health Service

Financial Statements

Financial Year Ended 30 June 2023

Balance Sheet

	Note	Parent Entity 2023 $	Parent Entity 2022 $	Consolidated 2023 $	Consolidated 2022 $
Current Assets					
Cash and cash equivalents	6.2	1,658,348	1,687,623	6,147,207	6,629,542
Receivables	5.1	945,092	972,607	1,027,100	1,046,634
Prepaid expenses		76,564	63,069	76,565	63,069
Share of assets in joint operations	8.8	338,635	525,383	338,635	525,383
Total Current Assets		**3,018,639**	**3,248,682**	**7,589,507**	**8,264,628**
Non-Current Assets					
Receivables	5.1	681,175	548,267	681,175	548,267
Investment property	4.5	1,691,324	1,627,527	1,691,324	1,627,527
Property, plant & equipment	4.1	11,055,575	11,235,970	16,435,292	16,981,966
Right of use assets	4.2	400,360	354,541	400,360	354,541
Share of assets in joint operations	8.8	214,033	158,827	214,033	158,827
Total Non-Current Assets		**14,042,467**	**13,925,132**	**19,422,184**	**19,671,128**
TOTAL ASSETS		**17,061,106**	**17,173,814**	**27,011,691**	**27,935,756**
Current Liabilities					
Payables	5.2	821,040	421,696	848,777	457,319
Contract liabilities	5.3	77,694	26,281	77,694	26,281
Borrowings	6.1	134,296	132,820	134,296	132,820
Employee benefits	3.3	1,762,384	1,516,730	2,226,679	1,921,194
Other liabilities	5.4	2,330,524	3,436,291	8,419,053	9,713,671
Share of liabilities in joint operations	8.8	365,690	511,007	365,690	511,007
Total Current Liabilities		**5,491,628**	**6,044,825**	**12,072,189**	**12,762,292**
Non-Current Liabilities					
Borrowings	6.1	341,155	322,040	341,155	322,040
Employee benefits	3.3	319,371	313,799	394,730	364,572
Share of liabilities in joint operations	8.8	53,355	46,820	53,355	46,820
Total Non-Current Liabilities		**713,881**	**682,659**	**789,240**	**733,432**
TOTAL LIABILITIES		**6,205,509**	**6,727,484**	**12,861,429**	**13,495,724**
NET ASSETS		**10,855,597**	**10,446,330**	**14,150,262**	**14,440,032**
EQUITY					
Property, plant & equipment revaluation surplus	4.3	5,830,613	5,830,613	10,593,094	10,593,094
Contributed capital	SCE	3,527,113	3,527,113	4,514,616	4,514,616
Accumulated surpluses/(deficits)	SCE	1,497,871	1,088,604	(957,448)	(667,678)
TOTAL EQUITY		**10,855,597**	**10,446,330**	**14,150,262**	**14,440,032**

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

Hesse Rural Health Service

Financial Statements

Financial Year Ended 30 June 2023

Statement of Changes in Equity

Consolidated	Note	Property, Plant & Equipment Revaluation Surplus $	Contributed Capital $	Accumulated Surpluses / (Deficits) $	Total $
Balance at 1 July 2021		**7,898,888**	**4,514,616**	**(324,158)**	**12,089,346**
Net result for the year		-	-	(343,520)	(343,520)
Other comprehensive income for the year		2,694,206	-	-	2,694,206
Balance at 30 June 2022	4.3	**10,593,094**	**4,514,616**	**(667,678)**	**14,440,032**
Net result for the year		-	-	(289,770)	(289,770)
Other comprehensive income for the year		-	-	-	-
Balance at 30 June 2023	4.3	**10,593,094**	**4,514,616**	**(957,448)**	**14,150,262**

Parent	Note	Property, Plant & Equipment Revaluation Surplus $	Contributed Capital $	Accumulated Surpluses / (Deficits) $	Total $
Balance at 1 July 2021		**4,304,272**	**3,527,113**	**806,339**	**8,637,724**
Net result for the year		-	-	282,265	282,265
Other comprehensive income for the year		1,526,341	-	-	1,526,341
Balance at 30 June 2022		**5,830,613**	**3,527,113**	**1,088,604**	**10,446,330**
Net result for the year		-	-	409,267	409,267
Other comprehensive income for the year		-	-	-	-
Balance at 30 June 2023		**5,830,613**	**3,527,113**	**1,497,871**	**10,855,597**

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

Cash Flow Statement

	Note	Parent Entity 2023 $	Parent Entity 2022 $	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities					
Operating grants from State Government		5,489,671	4,164,118	5,489,671	4,164,118
Operating grants from Commonwealth Government		4,520,482	3,989,105	6,628,390	5,951,569
Capital grants from State Government		301,239	249,261	301,239	249,261
Patient and resident fees received		936,086	688,348	1,917,487	1,614,804
Donations received		858	581	858	581
GST received from ATO		196,536	190,334	196,536	190,334
Interest received		54,406	26,206	161,772	26,206
Other receipts		311,377	671,393	324,412	679,408
Total receipts		**11,810,655**	**9,979,346**	**15,020,365**	**12,876,281**
Payments to employees		(8,821,231)	(7,502,219)	(11,076,968)	(9,940,647)
Payments for supplies & consumables		10,759	(253,679)	(345,214)	(620,453)
Finance costs		(18,138)	(4,371)	(18,138)	(4,371)
Other payments		(1,618,209)	(1,421,134)	(2,470,607)	(2,212,381)
Total payments		**(10,446,819)**	**(9,181,403)**	**(13,910,927)**	**(12,777,852)**
Net cash flows from operating activities	8.1	**1,363,836**	**797,943**	**1,109,438**	**98,429**
Cash flows from investing activities					
Purchase of property, plant and equipment		(547,988)	(589,140)	(557,800)	(589,140)
Proceeds from sale of non-financial assets		53,851	32,420	53,851	32,420
Capital donations received		250,000	89,962	250,000	89,962
Additions to investment properties		(63,797)	(32,941)	(63,797)	(32,941)
Net cash flows used in investing activities		**(307,934)**	**(499,699)**	**(317,746)**	**(499,699)**
Cash flows from financing activities					
Receipt of borrowings		150,880	263,702	150,880	263,702
Repayment of borrowings		(130,289)	(231,321)	(130,289)	(231,321)
Receipt/(repayment) of monies held in trust		(91,094)	(563,946)	(91,094)	(563,946)
Receipt of accommodation deposits		1,485,000	1,710,000	3,031,780	3,740,517
Repayment of accommodation deposits & resident loan obligations		(2,499,673)	(2,416,070)	(4,235,304)	(3,034,282)
Net cash flows used in financing activities		**(1,085,176)**	**(1,237,635)**	**(1,274,027)**	**174,670**
Net decrease in cash and cash equivalents held		**(29,274)**	**(939,391)**	**(482,335)**	**(226,600)**
Cash and cash equivalents at beginning of year		1,687,623	2,627,014	6,629,542	6,856,142
Cash and cash equivalents at end of year	6.2	**1,658,349**	**1,687,623**	**6,147,207**	**6,629,542**

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

Hesse Rural Health Service

Notes To The Financial Statements

Financial Year Ended 30 June 2023

Note 1: Basis Of Preparataion

Structure

These financial statements represent the audited general purpose financial statements for Hesse Rural Health Service and its controlled entity for the year ending 30 June 2023. The purpose of the report is to provide users with information about the health service's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation of the financial statements

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

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

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

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

The financial statements are prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are presented in Australian dollars.

All amounts shown in the financial statements have been rounded to the nearest dollar, unless otherwise stated. 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 Hesse Rural Health Service and its controlled entity on September 22, 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 the health service, they are disclosed in the explanatory notes. For Hesse Rural Health Service, this includes:

Note 2: Funding delivery of our services
Note 3: The cost of delivering our services
Note 4: Key assets to support service delivery
Note 5: Other assets and liabilities
Note 6: How we finance our operations.
Note 8: Other Disclosures.

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
AIMS	Agency Information Management System
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation
SWARH	South West Alliance of Rural Health

Note 1.4 Principles of consolidation

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

Hesse Rural Health Service controls Winchelsea Hostel and Nursing Home Society Inc.

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

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

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

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

Transactions between segments within Hesse Rural Health Service have been eliminated to reflect the extent of Hesse Rural Health Service's operations as a group.

Note 1.5 Joint arrangements

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

Hesse Rural Health Service is a member of South West Alliance of Rural Health, which has been classifed as a joint operation.

Details of the joint arrangements are set out in Note 8.8.

Note 1.6 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and 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 3.1: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Depreciation
- Note 4.5: Investment property
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 6.1 (a): Lease liabilities
- Note 7.4: Fair value determination

Note 1.7 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	Reporting periods beginning on or after 1 January 2024	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	Reporting periods on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	Reporting periods 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 the health service in future periods.

Note 1.8 Goods and Services Tax (GST)

Income, expenses, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the Balance Sheet inclusive of the amount of GST receivable or payable. 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, are disclosed as operating cash flow.

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

Note 1.9 Reporting Entity

The financial statements include all the controlled activities of Hesse Rural Health Service.

Hesse Rural Health Service's principal address is:
8 Gosney Street
WINCHELSEA VIC 3241

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

Note 2: Funding Delivery Of Our Service

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

Hesse Rural Health Service is predominantly funded by grant funding for the provision of outputs. Hesse Rural Health Service also receives income from the supply of services.

Structure
2.1 Revenue and income from transactions
2.2 Fair value of assets and services received free of charge or for nominal consideration

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic and scaling down the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Hesse Rural Health Service 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 Hesse Rural Health Service to recognise revenue as or when Hesse Rural 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	Hesse Rural Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Hesse Rural Health Service applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure Hesse Rural 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	Hesse Rural Health Service applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. The value of PPE received free of charge from State supply is determined by Monash Health and advised to Hesse Rural Health Service.

Note 2.1: Revenue and income from transactions

	Note	Consolidated 2023 $	Consolidated 2022 $
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		30,348	-
Government grants (Commonwealth) - Operating		6,539,623	5,890,821
Patient and Resident Fees		1,800,865	1,704,578
Commercial activities*		29,507	31,700
Total revenue from contracts with customers	**2.1(a)**	**8,400,343**	**7,627,099**
Other sources of income			
Government grants (State) - Operating		5,592,230	4,369,290
Government grants (State) - Capital		201,670	343,551
Government grants (Commonwealth) - Operating		150,443	77,755
Other Capital purpose income		-	49,438
Assets received free of charge or for nominal consideration	**2.1(b)**	529,967	297,129
Other income from Operating Activities		209,531	178,735
Total other sources of income		**6,683,841**	**5,315,898**
Total revenue and income from operating activities		**15,084,184**	**12,942,997**
Non-operating activities			
Income from other sources			
Interest		161,772	26,206
Rental income		41,239	-
Total Income from other sources		**203,011**	**26,206**
Total revenue from non-operating activies		**203,011**	**26,206**
Total revenue and income from transactions		**15,287,195**	**12,969,203**

* Commercial activities represent business activities which Hesse Rural Health Service enters into to support its operations.

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

	Consolidated 2023 $	Consolidated 2022 $
Hesse Rural Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	8,400,343	7,627,099
Over time	-	-
Total revenue from contracts with customers	**8,400,343**	**7,627,099**

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, the health service:

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

If a contract liability is recognised, Hesse Rural Health Service 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), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

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

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

Government grant	Performance obligation
Commonwealth funding for HACC programs.	Revenue is recognised monthly as the programs are run and the contact visits are being met. These performance obligations have been selected as they align with the terms and conditions of the funding provided.
Commonwealth funding for residential aged care (bed subsidies).	The performance obligations for Commonwealth Aged Care Funding are the number and mix of residents in the Aged Care facilities. Revenue is recognised at a point in time which is when AIMS data is submitted monthly.

Capital grants

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

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

Patient and Resident Fees

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

Commercial activities

Revenue from commercial activities includes items such as Adult Day Activity Support Services (ADASS) revenue, provision of meals and occasional childcare fees. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

How we recognise revenue and income from non-operating activities

Rental income - investment properties

Rental income from investment properties is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Interest Income

Interest income is recognised on a time proportionate basis that takes in 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.

	Consolidated 2023 $	Consolidated 2022 $
Cash donations and gifts	250,858	89,962
Personal protective equipment and other consumables	64,701	104,793
Other services - VMIA insurance, LSL	214,408	102,373
Total fair value of assets and services received free of charge or for nominal consideration.	529,967	297,128

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 Hesse Rural Health Service usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

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

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

Contributions of resources

Hesse Rural Health Service may receive assets for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when Hesse Rural Health Service 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 Hesse Rural Health Service as a capital contribution transfer.

Volunteer services

Hesse Rural Health Service has a number of volunteers who generously contribute their time to support staff led program and service activities. Activities undertaken by volunteers include friendly visiting to aged residents, assistance with small group programs, transportation of clients and residents on outings or to appointments, pastoral care and consumer representation on advisory committees. The volunteer program provides opportunities for broader community and social engagement.

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

Hesse Rural Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The DH makes some payments on behalf of Hesse Rural Health Service as follows:

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

Note 3: The Cost Of Delivering Service

This section provides an account of the expenses incurred by Hesse Rural Health Service Service in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the costs 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 services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Hesse Rural Health Service Service applies significant judgment when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Hesse Rural Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Hesse Rural Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	Hesse Rural Health Service applies significant judgment when measuring its employee benefit liabilities. Hesse Rural Health Service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if Hesse Rural 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: - an inflation rate of 4.35%, reflecting the future wage and salary levels - durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 43% and 87% - discounting at the rate of 4.06%, as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1: Expenses from transactions

	Note	Consolidated 2023 $	Consolidated 2022 $
Salaries and wages		10,343,567	8,904,784
On-costs		987,836	812,476
Agency expenses		143,162	24,194
Fee for service medical officer expenses		87,339	78,194
Workcover premium		288,055	210,783
Total Employee Expenses		**11,849,959**	**10,030,431**
Drug supplies		18,895	13,491
Medical and surgical supplies		251,067	258,163
Other supplies and consumables		395,855	347,930
Total Supplies and Consumables		**665,817**	**619,584**
Finance costs		18,138	4,371
Domestic supplies		245,716	210,331
Patient transport		2,975	3,732
Fleet expenses		110,101	99,261
Insurance		32,870	-
IT expenses		293,174	218,531
Other administrative expenses		779,692	720,300
Fuel, light, power and water		175,902	174,105
Repairs and maintenance		229,293	289,533
Maintenance contracts		96,493	42,980
Medical indemnity insurance		95,447	46,208
Expenditure for capital purposes		10,374	10,978
Total Other Operating Expenses		**2,090,175**	**1,820,330**
Total Operating Expenses		**14,605,951**	**12,470,345**
Depreciation (refer Note 4.4)	4.4	1,030,790	1,000,350
Total Depreciation		**1,030,790**	**1,000,350**
Total Expenses from Transactions		**15,636,741**	**13,470,695**

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;
- workcover premium.

Supplies and consumables

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

Finance costs

Finance costs include:
- finance charges in respect of finance leases which are recognised in accordance with *AASB 16 Leases* .

Other Operating Expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:
- Fuel, light and power;
- Repairs and maintenance;
- Other administrative expenses;
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1000).

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

Non-operating expenses

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

Note 3.2: Other economic flows

	Consolidated 2023 $	Consolidated 2022 $
Net gain/(loss) on revaluation of investment property	-	69,586
Net gain/(loss) from fair value adjustment of resident loan obligations - independent living units	1,800	(15,300)
Net gain/(loss) on disposal of property plant and equipment	24,186	24,478
Total net gain/(loss) on non-financial assets	**25,986**	**78,764**
Net gain/(loss) arising from revaluation of long service liability	(7,561)	56,886
Total other gains/(losses) from other economic flows	**(7,561)**	**56,886**
Total gains/(losses) from other economic flows	**18,425**	**135,650**

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Net gain/ (loss) on non-financial assets

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:
- Revaluation gains/ (losses) of investment properties
- Revaluation gains/ (losses) of non-financial physical assets
- Net gain/ (loss) on disposal of non-financial assets, recognised at the date of disposal

Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes:
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 7.1 Financial Instruments.

Note 3.3: Employee benefits and related on-costs

	Consolidated 2023 $	Consolidated 2022 $
Current employee benefits and related on-costs		
Accrued days Off		
-Unconditional and expected to be settled wholly within 12 months	15,889	11,680
	15,889	**11,680**
Annual leave		
-Unconditional and expected to be settled wholly within 12 months*	838,535	755,485
-Unconditional and expected to be settled wholly after 12 months**	133,432	127,355
	971,967	**882,840**
Long service leave		
-Unconditional and expected to be settled wholly within 12 months*	212,002	181,618
-Unconditional and expected to be settled wholly after 12 months**	738,788	633,321
	950,790	**814,939**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be utilised within 12 months*	152,909	109,710
- Unconditional and expected to be utilised after 12 months**	135,124	102,025
	288,033	**211,735**
Total current employee benefits and related on-costs	**2,226,679**	**1,921,194**
Non-current employee benefits and related on-costs		
Conditional long service leave	341,029	319,694
Provisions related to employee benefit on-costs	53,701	44,878
Total non-current employee benefits and related on-costs	**394,730**	**364,572**
Total employee benefits and related on-costs	**2,621,409**	**2,285,766**

* The amounts are disclosed are nominal amounts

** The amounts disclosed are discounted to present value

Note 3.3 (a): Employee benefits and related on-costs	**Consolidated 2023**	**Consolidated 2022**
Current employee benefits and related on-costs	**$**	**$**
Unconditional long service leave entitlements	1,238,823	925,387
Unconditional annual leave entitlements	971,967	984,127
Unconditional accrued days off	15,889	11,680
Total current employee benefits and related on-costs	**2,226,679**	**1,921,194**
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	394,730	364,572
Total non-current employee benefits and related on-costs	**394,730**	**364,572**
Total Employee Benefits and Related On-Costs	**2,621,409**	**2,285,766**
Attributable to:		
Employee benefits	2,279,675	2,074,031
Provision for related on-costs	341,734	211,735
Total employee benefits and related on-costs	**2,621,409**	**2,285,766**

Note 3.3 (b): Provision for related on-costs movement schedule	**Consolidated 2023**	**Consolidated 2022**
	$	**$**
Carrying amount at start of year	2,285,766	2,252,867
Additional provisions recognised	1,487,999	954,119
Amounts incurred during the year	(1,144,795)	(921,220)
Net gain/loss arising from revaluation of long service leave liability	(7,561)	-
Carrying amount at end of year	**2,621,409**	**2,285,766**

How we recognise employee benefits

Employee Benefit Recognition

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

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 Hesse Rural Health Service 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 Hesse Rural Health Service expects to wholly settle within 12 months; or
- Present value – if Hesse Rural Health Service does not expect to wholly settle within 12 months.

Long service leave (LSL)
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 Hesse Rural Health Service 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 Hesse Rural Health Service expects to wholly settle within 12 months; or
* Present value – if Hesse Rural Health Service 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 expense
Provision for on-costs, such workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.4: Superannuation

	Paid Contributions for the year		Contributions Outstanding at year-end	
	Consolidated	Consolidated	Consolidated	Consolidated
	2023	2022	2023	2022
Defined contribution plans:	$	$	$	$
Aware Super (previously First State Super)	894,046	686,072	93,790	119,545
Other		6,859		-
Total	**894,046**	**692,931**	**93,790**	**119,545**

How we recognise superannuation

Employees of Hesse Rural Health Service are entitled to receive superannuation benefits and it contributes to defined contribution plans only.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of Hesse Rural Health

Defined contribution superannuation plans
Defined contribution (i.e. accumulation) superannuation plans, 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 Hesse Rural Health Service are disclosed above.

Note 4: Key Assets To Support Service Delivery

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

Structure

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 of property, plant and equipment	Hesse Rural Health Service assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. Hesse Rural Health Service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where Hesse Rural Health Service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Hesse Rural Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Identifying indicators of impairment	At the end of each year, Hesse Rural Health Service assesses impairment by evaluating the conditions and events specific to Hesse Rural Health Service that may be indicative of impairment triggers. Where an indication exists, Hesse Rural Health Service tests the asset for impairment. Hesse Rural Health Service considers a range of information when performing its assessment, including considering: - If an asset's value has declined more than expected based on normal use - If a significant change in technological, market, economic or legal environment which adversely impacts the way Hesse Rural Health - If an asset is obsolete or damaged - If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life - If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, Hesse Rural Health Service applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1: Property, plant and equipment

Note 4.1(a): Gross carrying amount and accumulated depreciation	Consolidated 2023 $	Consolidated 2022 $
Land		
Land - Freehold	4,753,000	4,753,000
Total land at fair value	4,753,000	4,753,000
Buildings		
Buildings at fair value	11,477,648	11,438,396
Less accumulated depreciation	(844,842)	-
Total buildings at fair value	10,632,806	11,438,396
Works in Progress at Cost	557,207	345,450
Total land and buildings	**15,943,013**	**16,536,846**
Plant and equipment at fair value	641,471	536,445
Less accumulated depreciation	(393,768)	(349,852)
Total plant and equipment at fair value	247,703	186,593
Motor vehicles at fair value	270,606	335,986
Less accumulated depreciation	(245,582)	(291,529)
Total motor vehicles at fair value	25,024	44,457
Medical equipment at fair value	166,382	149,705
Less accumulated depreciation	(106,450)	(99,176)
Total medical equipment at fair value	59,932	50,529
Furniture and fittings at fair value	947,550	915,382
Less accumulated depreciation	(787,930)	(751,841)
Total furniture and fittings at fair value	159,620	163,541
Total plant, equipment, furniture, fittings and vehicles at fair value	**492,279**	**445,120**
Total property, plant and equipment	**16,435,292**	**16,981,966**

Note 4.1(b): Reconciliations of the carrying amounts by class of asset

Consolidated	Note	Land	Buildings	Motor Vehicles	Plant & Equipment	Medical Equipment	Furniture & Fittings	Total Consolidated
		$	$	$	$	$	$	$
Balance at 1 July 2021		**3,788,647**	**10,446,768**	**81,581**	**186,593**	**19,204**	**163,541**	**14,659,321**
Additions		3,630	451,216	-	46,767	35,702	51,825	589,140
Disposals		-	-	(7,942)	-	-	-	(7,942)
Revaluation Increments		960,723	1,733,483	-	-	-	-	2,694,206
Depreciation	4.4	-	(847,621)	(29,182)	(34,267)	(4,377)	(37,312)	(952,759)
Balance at 1 July 2022	4.1(a)	**4,753,000**	**11,783,846**	**44,457**	**186,593**	**50,529**	**163,541**	**16,981,966**
Additions		-	251,009	-	106,158	16,677	33,076	406,920
Disposals		-	-	-	-	-	-	-
Revaluation Increments		-	-	-	-	-	-	-
Depreciation	4.4	-	(844,842)	(19,433)	(45,048)	(7,274)	(36,997)	(953,594)
Balance at 30 June 2023	4.1(a)	**4,753,000**	**11,190,013**	**25,024**	**247,703**	**59,932**	**159,620**	**16,435,292**

Land and buildings carried at valuation

The Valuer-General Victoria undertook to revalue all of Hesse Rural Health Service's owned 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 building valuation was 30 June 2019, and the land valuation was 30 June 2022.

How we recognise property, plant and equipment

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

Initial Recognition
Items of property, plant and equipment (excluding right-of-use assets) 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.

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, Hesse Rural Health Service perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

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

An independent revaluation of Hesse Rural Health Service's buildings was performed by the Valuer-General of Victoria (VGV) in May 2019, and an independent revaluation of Hesse Rural Health Service's land was performed by the VGV in June 2022. The valuation, which complies with 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.

As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- Decrease in the fair value of land of 1.89% ($89,870 decrease from 30 June 2022).
- Increase in the fair value of buildings of 6.88% ($760,902 increase from 30 June 2022))

As the cumulative movement was less than 10% for land since the last independent revaluation, a managerial revaluation adjustment was not required as at 30 june 2023.

As the cumulative movement is less than 10% for buildings since the last revaluation, a managerial revaluation adjustment was not 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 surplus reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

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

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

Note 4.2: Right-of-use assets

Note 4.2(a): Gross carrying amount and accumulated depreciation	Consolidated 2023 $	Consolidated 2022 $
Right-of-use buildings at fair value	31,146	31,146
Less accumulated depreciation	(19,537)	(6,454)
Total right of use buildings at fair value	11,609	24,692
Right-of-use equipment and vehicles at fair value		
- Equipment	104,984	104,984
Less accumulated depreciation	(104,984)	(98,398)
- Motor vehicles	477,995	376,250
Less accumulated depreciation	(89,244)	(52,987)
Total right of use equipment and vehicles at fair value	388,751	329,849
Total right of use property, equipment and vehicles	**400,360**	**354,541**

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

Consolidated	Note	Right-of-use Buildings $	Right-of-use Vehicles $	Right-of-use Equipment $	Total Consolidated $
Balance at 1 July 2021		**-**	**95,130**	**12,154**	**107,284**
Additions		31,146	263,702	-	294,848
Disposals		-	-		-
Depreciation expense	4.4	(6,454)	(35,569)	(5,568)	(47,591)
Balance at 1 July 2022	4.2(a)	**24,692**	**323,263**	**6,586**	**354,541**
Additions		-	150,881	-	150,881
Disposals		-	(27,866)	-	(27,866)
Depreciation expense	4.4	(13,083)	(57,527)	(6,586)	(77,196)
Balance at 30 June 2023	4.2(a)	**11,609**	**388,751**	**-**	**400,360**

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased buildings	2 years
Leased motor vehicles	3 years
Leased equipment	5 years

Initial recognition

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

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

- any lease payments made at or before the commencement date
- any initial direct costs incurred, and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Hesse Rural Health Service's motor vehicle lease agreements contain purchase options which Hesse Rural Health Service is not reasonably certain to exercise at the completion of the lease.

Subsequent measurement

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

Hesse Rural Health Service performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

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

Note 4.3: Revaluation surplus

	Note	Consolidated 2023 $	Consolidated 2022 $
Balance at the beginning of the reporting period		10,593,094	7,898,888
Revaluation Increments			
- Land	4.1(b)	-	960,723
- Buildings	4.1(b)	-	1,733,483
Balance at the end of the reporting period		**10,593,094**	**10,593,094**
Represented by:			
- Land		2,922,055	2,922,055
- Buildings		7,671,039	7,671,039
		10,593,094	**10,593,094**

Note 4.4: Depreciation

	Consolidated 2023 $	Consolidated 2022 $
Property, plant and equipment		
Buildings	844,842	847,621
Plant & equipment	45,048	34,267
Motor vehicles	19,433	29,182
Medical equipment	7,274	4,377
Furniture and fittings	36,997	37,312
Total depreciation - property, plant and equipment	**953,594**	**952,759**
Right-of-use assets		
- Right of use buildings	13,083	6,454
- Right of use equipment and vehicles	64,113	41,137
Total depreciation - right-of-use assets	**77,196**	**47,591**
Total Depreciation	**1,030,790**	**1,000,350**

How we recognise depreciation

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

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

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

	2023	2022
Buildings		
- Structure Shell Building Fabric	50 to 75 years	50 to 75 years
- Site Engineering Services and Central Plant	30 to 40 years	30 to 40 years
Central Plant		
- Fit Out	25 to 30 years	25 to 30 years
- Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	5 to 10 years	5 to 10 years
Medical equipment	5 to 10 years	5 to 10 years
Motor vehicles	6 to 10 years	6 to 10 years

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

Note 4.5: Investment property

Note 4.5(a): Gross carrying amount	Consolidated 2023 $	Consolidated 2022 $
Investment property at fair value	1,691,324	1,627,527
Total investment property at fair value	**1,691,324**	**1,627,527**

Note 4.5(b): Reconciliation of carrying amount	Consolidated 2023 $	Consolidated 2022 $
Balance at Beginning of Period	1,627,527	1,525,000
Additions	63,797	32,941
Net Gain/(Loss) from fair value adjustments	-	69,586
Balance at End of Period	**1,691,324**	**1,627,527**

Hesse Rural Health Service has classified independent living units as investment property for the purposes of AASB140 Investment Property.

How we recognise investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of Hesse Rural Health Service's.

Initial recognition

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to Hesse Rural Health Service.

Subsequent measurement

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of Hesse Rural Health Service's investment properties have been arrived on the basis of an independent valuation carried out by the Valuer General as at 30 June 2022. The valuation was determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition.

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

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight line basis over the lease term.

Note 4.6: Impairment of assets

How we recognise impairment

At the end of each reporting period, Hesse Rural Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

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

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

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

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

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

Hesse Rural Health Service did not record any impairment losses for the year ended 30 June 2023.

Note 5: Other Assets And Liabilities

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

Structure
5.1 Receivables
5.2 Payables
5.3 Contract liabilities
5.4 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the 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	Hesse Rural Health Service uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Hesse Rural Health Service has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Hesse Rural Health Service applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	Hesse Rural Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, Hesse Rural 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.
Recognition of other provisions	Other provisions include Hesse Rural Health Service's obligation to restore leased assets to their original condition at the end of a lease term. Hesse Rural Health Service applies significant judgement and estimate to determine the present value of such restoration costs.

Note 5.1: Receivables

	Consolidated 2023 $	Consolidated 2022 $
Current receivables		
Contractual		
Patient and Resident Fees	98,702	215,324
Trade receivables	867	867
Accrued revenue	627,277	627,277
Amounts receivable from governments and agencies	257,994	144,905
Allowance for expected credit losses	(16,600)	(16,600)
Total contractual receivables	**968,240**	**971,773**
Statutory		
GST Receivable	58,860	74,861
Total statutory receivables	**58,860**	**74,861**
Total current receivables	**1,027,100**	**1,046,634**
Non-current receivables		
Contractual		
Long Service Leave - Department of Health	681,175	548,267
Total contractual receivables	**681,175**	**548,267**
Total non-current receivables	**681,175**	**548,267**
Total receivables	**1,708,275**	**1,594,901**
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))		
Total receivables	1,708,275	1,594,901
Allowance for expected credit losses	16,600	16,600
GST receivable	(58,860)	(74,861)
Total financial assets classified as receivables	1,666,015	1,536,640

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

Balance at beginning of year	(16,600)	(16,600)
Increase in allowance		-
Amounts written off during the year	-	-
Balance at end of year	**(16,600)**	**(16,600)**

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. Hesse Rural Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

• **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits 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. Hesse Rural 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) Contractual receivables at amortised costs for Hesse Rural Health Service's contractual impairment losses.

How we recognise contract assets

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

Note 5.2: Payables

	Notes	Consolidated 2023 $	Consolidated 2022 $
Current payables			
Contractual			
Trade creditors		297,916	213,141
Accrued salaries and wages		225,346	108,390
Accrued expenses		104,604	48,613
Deferred grant revenue	5.2(a)	169,562	69,993
Inter-health service creditors		40,675	17,182
Amounts payable to governments and agencies		10,674	-
Total contractual payables		**848,777**	**457,319**
Total current payables classified as payables		**848,777**	**457,319**
(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables		848,777	457,319
Deferred grant income		(169,562)	(69,993)
Total financial liabilities		**679,215**	**387,326**

How we recognise payables

Payables consist of:

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

• S**tatutory payables** comprise Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms are usually Net 30 days.

Note 5.2 (a) Deferred capital grant revenue	Consolidated 2023 $	Consolidated 2022 $
Opening balance of deferred capital grant income	69,993	87,064
Grant consideration for capital works received during the year	275,031	315,524
Deferred capital grant income recognised as income due to completion of capital works	(175,462)	(332,595)
Closing balance of deferred capital income	169,562	69,993

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health for Regional Health Infrastructure Funding projects. Grant revenue is recognised progressively as the assets are constructed, since this is the time when Hesse Rural Health Service satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the % of completion of the capital works. As a result, Hesse Rural Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Hesse Rural Health Service expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2024.

Note 5.3 Contract liabilities

	Consolidated 2023 $	Consolidated 2022 $
Opening balance of contract liabilities	26,281	147,699
Grant consideration for sufficiently specific performance obligations received during the year	77,694	25,791
Revenue recognised for the completion of a performance obligation	(26,281)	(147,699)
Total contract liabilities	77,694	26,281
Represented by		
Current contract liabilities	77,694	26,281
	77,694	26,281

How we recognise contract liabilities:

Contract liabilities include consideration received in advance from the State Government in respect of:
- *TAC* and *DVA NWAU* variable funding
- *Investing in Future Health Workforce* grant
- *Medication management project* grant

The balance of contract liabilities was higher than the previous reporting period due to the specific purpose funding received.

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 5.4: Other Liabilities

	Consolidated 2023 $	Consolidated 2022 $
Current monies held in trust		
Patient monies	60,147	38,722
Refundable accommodation deposits	8,353,595	9,249,319
Other monies - Staff welfare fund	5,311	-
Other monies - Home Care Packages	-	117,830
Total monies held in trust*	**8,419,053**	**9,405,871**
Resident loan obligations - independent living units	-	307,800
Total Other Liabilities	**8,419,053**	**9,713,671**
*** Represented by:**		
Cash assets	5,466,122	6,321,766
Other financial assets	-	131,174
Land and Buildings - Residential Aged Care	2,952,931	2,952,931
	8,419,053	**9,405,871**

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 Hesse Rural Health Service upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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

Resident loan obligations - independent living units

Resident loan obligations are ingoing contributions made by residents occupying units subject to independent living agreements. Hesse Rural Health Service acquired these liabilities upon acquisition of the independent living units. The resident loan obligations are revalued annually based on the current market value of the investment property (refer note 3.2). The amount repayable to the resident under the independent living agreement is based on a percentage of the current market value of the investment property. 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.

Note 6: How We Finance Our Operations

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

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

Structure
6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure
6.4 Non-cash financing and investing activities

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic and scaling down of the Covid-19 public health response during the year ended 30 June 2023.

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	Hesse Rural Health Service applies significant judgement to determine if a contract is or contains a lease by considering if Hesse Rural - 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	Hesse Rural Health Service applies significant judgement when determining if a lease meets the short-term or low value lease Hesse Rural Health Service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, Hesse Rural Health Service applies the low-value lease exemption. Hesse Rural 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 Hesse Rural Health Service applies the short-term lease exemption.
Discount rate applied to future lease payments	Hesse Rural Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for Hesse Rural Health Service's lease arrangements, Hesse Rural Health Service uses its incremental borrowing rate, which is the amount Hesse Rural Health Service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Hesse Rural Health Service is reasonably certain to exercise such options. Hesse Rural Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: - If there are significant penalties to terminate (or not extend), Hesse Rural 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, Hesse Rural Health Service is typically reasonably certain to extend (or not terminate) the lease. - Hesse Rural Health Service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Consolidated 2023 $	Consolidated 2022 $
Current borrowings		
Lease liability (i)	107,902	106,427
Advances from government	26,394	26,393
Total current borrowings	**134,296**	**132,820**
Non-Current borrowings		
Lease liability (i)	293,605	249,097
Advances from government	47,550	72,943
Total non-current borrowings	**341,155**	**322,040**
TOTAL BORROWINGS	**475,451**	**454,859**

(i) Secured by the assets leased.

How we recognise borrowings

Borrowings refer to interesting bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (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
Please refer to Note 7.2 (b) for the maturity analysis of borrowings.

Defaults and breaches
During the current and prior year, there have been no defaults and breaches of any of the borrowings.

Note 6.1 (a) Lease liabilities

Hesse Rural Health Service's lease liablities are summarised below:

	Consolidated 2023 $	Consolidated 2022 $
Total undiscounted lease liabilities	416,187	367,978
Less unexpired finance expenses	(14,680)	(12,455)
	401,507	**355,524**

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

	Consolidated 2023 $	Consolidated 2022 $
Not later than one year	113,297	111,748
Later than one year but not longer than five years	302,891	256,231
Minimum future lease liability	**416,188**	**367,979**
Less unexpired finance expenses	(14,680)	(12,455)
Present value of lease liability	**401,507**	**355,524**
*** Represented by:**		
- Current liabilities	107,902	106,427
- Non-current liabilities	293,605	249,097
	401,507	**355,524**

How we recognise lease liabilities

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Hesse Rural Health Service and for which the supplier does not have substantive substitution rights

- Hesse Rural Health Service has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Hesse Rural Health Service has the right to direct the use of the identified asset throughout the period of use and

- Hesse Rural Health Service has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Hesse Rural Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased equipment	5 years
Leased vehicles	3 years
Leased building	2 years

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

Type of payment	Description of payment	Type of leases captured
Short-term lease payments	Leases with a term less than 12 months	Monthly rental of container and site office, room rental.

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Hesse Rural Health Service's incremental borrowing rate. Our lease liability has been discounted by 2.25%

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

Hesse Rural Health Service's current leases do not contain extension and termination options.

Subsequent measurement

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

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

Note 6.2: Cash and Cash Equivalents

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash on Hand (excluding monies held in trust)		-	-
Cash at Bank (excluding monies held in trust)		681,085	307,776
Total cash held for operations		**681,085**	**307,776**
Cash at Bank (Monies held in trust)		5,466,122	6,321,766
Total cash held as monies in trust		**5,466,122**	**6,321,766**
Total Cash and Cash Equivalents	**7.1(a)**	**6,147,207**	**6,629,542**

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash 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

There were no commitments for expenditure for the year ending 30 June 2023 (2022: NIL).

How we disclose our commitments

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

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

Note 6.4: Non-cash financing and investing activities

	Consolidated 2023 $	Consolidated 2022 $
Acquisition of buildings and motor vehicles by means of leases	150,881	294,848
Total non-cash financing and investing activities	**150,881**	**294,848**

Note 7: Risks, Contingencies & Valuation Uncertainties

Introduction

Hesse Rural Health Service 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 Hesse Rural Health Service is related mainly to fair value determination.

Structure

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

Note 7.1: Financial Instruments

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

Note 7.1(a) Categorisation of financial instruments

Consolidated 30 June 2023	Note	Financial Assets at Amortised Cost $	Contractual Financial Liabilities at Amortised Cost $	Total $
Financial Assets				
Cash and Cash Equivalents	6.2	6,147,207	-	6,147,207
Receivables				
- Trade Debtors	5.1	99,569	-	99,569
- Other receivables	5.1	1,566,446	-	1,566,446
Total Financial Assets (i)		**7,813,222**	-	**7,813,222**
Financial Liabilities				
Payables	5.2	-	679,215	679,215
Borrowings	6.1	-	475,451	475,451
Other Financial Liabilities				
- Refundable Accommodation Deposits	5.3	-	8,353,595	8,353,595
- Other monies held in trust	5.3	-	60,147	60,147
Total Financial Liabilities (i)		-	**9,568,408**	**9,568,408**

Consolidated 30 June 2022	Note	Financial Assets at Amortised Cost $	Contractual Financial Liabilities at Amortised Cost $	Total $
Financial Assets				
Cash and Cash Equivalents	6.2	6,629,542	-	6,629,542
Receivables				
- Trade Debtors	5.1	216,191	-	216,191
- Other receivables	5.1	1,320,449	-	1,320,449
Total Financial Assets (i)		**8,166,182**	-	**8,166,182**
Financial Liabilities				
Payables	5.2	-	387,326	387,326
Borrowings	6.1	-	454,859	454,859
Other Financial Liabilities				
- Refundable Accommodation Deposits	5.3	-	8,543,084	8,543,084
- Resident loan obligations - independent living units	5.3	-	292,500	292,500
- Other monies held in trust	5.3	-	720,498	720,498
Total Financial Liabilities (i)		-	**10,398,267**	**10,398,267**

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:
• the assets are held by Hesse Rural Health Service to collect the contractual cash flows, and
• the assets' contractual terms give rise to cash flows that are solely payments of principal and interests on the principal amount outstanding on specific dates.

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

Hesse Rural Health Service recognises the following assets in this category:
• cash and deposits; and
• receivables (excluding statutory receivables).

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

Hesse Rural Health Service recognises the following liabilities in this category:
- Payables (excluding statutory payables)
- Borrowings (leases)
- 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, Hesse Rural Health Service 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 Hesse Rural Health Service 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
- Hesse Rural Health Service 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
- Hesse Rural Health Service has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset or
    - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Derecognition of financial liabilities

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

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

Note 7.2: Financial risk management objectives and policies

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

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

Hesse Rural Health Service's main financial risks include credit risk, liquidity risk, and interest rate risk. Hesse Rural Health Service manages these financial risks in accordance with its financial risk management policy.

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

Note 7.2(a) Credit risk

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

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

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

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

Contractual 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 Hesse Rural Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Hesse Rural Health Service's credit risk profile in 2022-23.

Impairment of financial assets under AASB 9

Hesse Rural Health Service 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 Hesse Rural Health Service's contractual receivables and its investment in debt instruments.

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

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

Contractual receivables at amortised cost

Hesse Rural Health Service applies AASB 9 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.Hesse Rural Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Hesse Rural Health Service determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows:

30 June 2023	Current	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Total
	$	$	$	$	$	$
Expected loss rate	**0%**	**2.5%**	**2.5%**	**62.8%**	**20%**	
Gross carrying amount of contractual receivables	30,708	25,039	19,130	24,692	-	99,569
Loss allowance	**-**	**626**	**478**	**15,496**	**-**	**16,600**

30 June 2022	Current	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Total
	$	$	$	$	$	$
Expected loss rate	**0%**	**2.5%**	**2.5%**	**20.0%**	**20%**	
Gross carrying amount of contractual receivables	17,943	75,760	55,962	66,526	-	216,191
Loss allowance	**-**	**1,894**	**1,399**	**13,307**	**-**	**16,600**

Statutory receivables at amortised cost

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

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

Note 7.2 (b) Liquidity risk

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

Hesse Rural Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. Hesse Rural Health Service manages its liquidity risk by:

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

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

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

		Consolidated		Maturity Dates			
Consolidated 30 June 2023	**Note**	**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 Months**	**3 Months - 1 Year**	**1-5 Years**
Financial liabilities at amortised cost		**$**	**$**	**$**	**$**	**$**	**$**
Payables	5.2	679,215	679,215	679,215		-	-
Borrowings	6.1	475,451	475,451	3,134	9,402	121,760	341,155
Other Financial Liabilities	5.3						
- Refundable Accommodation Deposits		8,353,595	8,353,595	-	-	3,021,203	5,332,392
- Other monies held in trust		60,147	60,147	50,207	9,940	-	-
Total Financial Liabilities		**9,568,408**	**9,568,408**	**732,556**	**19,342**	**3,142,963**	**5,673,547**

		Consolidated		Maturity Dates			
Consolidated 30 June 2022	**Note**	**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 Months**	**3 Months - 1 Year**	**1-5 Years**
Financial liabilities at amortised cost		**$**	**$**	**$**	**$**	**$**	**$**
Payables	5.2	387,326	387,326	387,326		-	-
Borrowings	6.1	454,859	454,859	3,134	9,402	120,284	322,040
Other Financial Liabilities	5.3						
- Refundable Accommodation Deposits		8,543,084	8,543,084	-	-	2,128,577	6,414,507
- Resident loan obligations - independent living units		292,500	292,500	-	-	-	292,500
- Other monies held in trust		720,498	720,498	710,558	9,940	-	-
Total Financial Liabilities		**10,398,267**	**10,398,267**	**1,101,018**	**19,342**	**2,248,861**	**7,029,047**

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

Note 7.2 (c) Market risk

Hesse Rural Health Service's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks 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. Hesse Rural Health Service does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

Note 7.3: Contingent Assets and Contingent Liabilities

Details of maximum estimates for contingent assets or contingent liabilities are included in the following table:

Contingent liabilities **Quantifiable**	**Consolidated 2023** **$**	**Consolidated 2022** **$**
Guarantees and indemnities - financial guarantee for payroll services	100,000	100,000
Total quantifiable contingent liabilities	**100,000**	**100,000**

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 Hesse Rural 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 Hesse Rural 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
- Right-of-use assets
- Investment properties

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

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:
- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs shall be 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

Balance at 30 June 2023

	Note	Consolidated carrying amount	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
		$	$	$	$
Non-specialised land		2,152,000	-	2,152,000	-
Specialised land		2,601,000	-	-	2,601,000
Total of land at fair value	4.1(a)	**4,753,000**	**-**	**2,152,000**	**2,601,000**
Non-specialised buildings		205,089		205,089	-
Specialised buildings		10,427,717	-	-	10,427,717
Total of buildings at fair value	4.1(a)	**10,632,806**	**-**	**205,089**	**10,427,717**
Plant and equipment at fair value	4.1(a)	247,703	-	-	247,703
Motor Vehicles at fair value	4.1(a)	25,024	-	-	25,024
Medical equipment at fair value	4.1(a)	59,932	-	-	59,932
Furniture and fittings at fair value	4.1(a)	159,620	-	-	159,620
Total other plant, equipment and vehicles at fair value		**492,279**	**-**	**-**	**492,279**
Right-of-use buildings	4.2(a)	11,609	**-**	**-**	11,609
Right-of-use plant, equipment and vehicles	4.2(a)	388,751	**-**	**-**	388,751
Total right-of-use assets at fair value		**400,360**			**400,360**
Investment property	4.5(a)	1,691,324	**-**	1,691,324	**-**
Total investment property at fair value		**1,691,324**	**-**	**1,691,324**	**-**
Total non-financial physical assets at fair value		**17,969,769**	**-**	**4,048,413**	**13,921,356**

Balance at 30 June 2022

	Note	Consolidated carrying amount	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
		$	$	$	$
Non-specialised land		2,148,370	-	2,148,370	-
Specialised land		2,604,630	-	-	2,604,630
Total of land at fair value	4.1(a)	**4,753,000**	**-**	**2,148,370**	**2,604,630**
Non-specialised buildings		205,089		205,089	-
Specialised buildings		11,233,307	-	-	11,233,307
Total of buildings at fair value	4.1(a)	**11,438,396**	**-**	**205,089**	**11,233,307**
Plant and equipment at fair value	4.1(a)	186,593	-	-	186,593
Motor Vehicles at fair value	4.1(a)	44,457	-	-	44,457
Medical equipment at fair value	4.1(a)	50,529	-	-	50,529
Furniture and fittings at fair value	4.1(a)	163,541	-	-	163,541
Total other plant, equipment and vehicles at fair value		**445,120**	**-**	**-**	**445,120**
Right-of-use buildings	4.2(a)	24,692	**-**	**-**	24,692
Right-of-use plant, equipment and vehicles	4.2(a)	329,849	**-**	**-**	329,849
Total right-of-use assets at fair value		**354,541**	**-**	**-**	**354,541**
Investment property	4.5(a)	1,627,527	**-**	1,627,527	**-**
Total investment property at fair value		**1,627,527**	**-**	**1,627,527**	**-**
Total non-financial physical assets at fair value		**18,618,584**	**-**	**3,980,986**	**14,637,598**

How we measure fair value of non-financial physical assets

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

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

In accordance with AASB 13 Fair Value Measurement paragraph 29, Hesse Rural Health Service 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, non-specialised buildings and investment properties

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

For non-specialised land and non-specialised buildings and investment properties, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 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, Hesse Rural Health Service's 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 used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. 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. 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 Hesse Rural Health Service, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Hesse Rural Health Service's' specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the building valuation is 30 June 2019, and the effective date of the land valuation is 30 June 2022..

Vehicles
Hesse Rural Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Hesse Rural 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 and furniture and fittings) 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

Consolidated	Land $	Buildings $	Motor Vehicles $	Plant and equipment $	Medical equipment $	Right-of-use assets $
Balance at 1 July 2021	2,089,738	10,186,898	81,581	323,121	19,204	107,284
Additions/(Disposals)	-	8,400	(7,942)	98,592	35,702	294,848
Net transfer between classes				-	-	
Gains or losses recognised in net result						
- Depreciation	-	(838,982)	(29,182)	(71,579)	(4,377)	(47,591)
- Impairment loss	-					
Subtotal	2,089,738	9,356,316	44,457	350,134	50,529	354,541
Items recognised in other comprehensive income						
- Revaluation	514,892	1,876,991	-	-	-	-
Subtotal	514,892	1,876,991	-	-	-	-
Balance at 30 June 2022	**2,604,630**	**11,233,307**	**44,457**	**350,134**	**50,529**	**354,541**
Purchases (sales)	(3,630)	39,252	-	139,234	16,677	123,015
Gains or losses recognised in net result						
- Depreciation	-	(844,842)	(19,433)	(82,045)	(7,274)	(77,196)
- Impairment loss	-					
Subtotal	**2,601,000**	**10,427,717**	**25,024**	**407,323**	**59,932**	**400,360**
Items recognised in other comprehensive income						
- Revaluation	-	-	-	-	-	-
Subtotal	-	-		-	-	-
Balance at 30 June 2023	**2,601,000**	**10,427,717**	**25,024**	**407,323**	**59,932**	**400,360**

Fair value determination of level 3 fair value measurement

Asset class	Fair value level	Valuation approach	Significant inputs (Level 3 only)
Specialised Land (Crown / Freehold)	Level 3	Market approach	Community Service Obligations Adjustments (i)
Specialised buildings	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Level 3	Depreciated replacement cost approach	- Cost per unit; useful life
Plant and equipment	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life

(i) A community service obligation (CSO) of 0% was applied to Hesse Rural Health Service's specialised land.

Note 8: Other Disclosures

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

Structure

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

	Note	Consolidated 2023 $	Consolidated 2022 $
Net Result for the Year		(289,770)	(343,520)
Non-Cash Movements			
Net (gain)/loss from disposal of non financial physical assets		(25,986)	(24,478)
Net (gain)/loss from disposal of financial assets		-	-
Net (gain)/loss on revaluation of independent living units		-	(69,586)
Depreciation	4.4	1,030,790	1,000,350
Revaluation of LSL provision		(7,561)	(56,886)
Revaluation of ILU loan obligation		-	15,300
Movements in assets and liabilities:			
Change in Operating Assets & Liabilities			
Increase/(Decrease) in Payables		442,871	(159,128)
Increase/(Decrease) in Employee Entitlements		335,643	32,899
(Increase)/Decrease in Receivables		(113,374)	(94,309)
(Increase)/Decrease in Other Liabilities		(249,679)	(161,493)
(Increase)/Decrease in Prepayments		(13,496)	(40,720)
Net Cash Inflow From Operating Activities		1,109,438	98,429

Note 8.2: Responsible Persons Disclosures

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

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.

Responsible Ministers:	Period From	To
The Honourable Mary-Anne Thomas MP:		
Minister for Health	1/07/2022	30/06/2023
Minister for Health Infrastructure	5/12/2022	30/06/2023
Minister for Medical Research	5/12/2022	30/06/2023
Former Minister for Ambulance Services	1/07/2022	5/12/2022
The Honourable Gabrielle Williams MP:		
Minister for Mental Health	1/07/2022	30/06/2023
Minister for Ambulance Services	5/12/2022	30/06/2023
The Honourable Lizzy Blandhorn MP:		
Minister for Disability, Ageing and Carers	5/12/2022	30/06/2023
The Honourable Colin Brooks MP:		
Former Minister for Disability, Ageing and Carers	1/07/2022	5/12/2022

	Period	
Governing Board	**From**	**To**
I. Whiting (Chair of the Board)	1/07/2022	30/06/2023
K. Taylor (retired)	1/07/2022	30/06/2023
M. Dean	1/07/2022	30/06/2023
A. Bennett (resigned)	1/07/2022	11/10/2022
P. Nemtsas (resigned)	1/07/2022	30/06/2023
T. O'Loughlin (retired)	1/07/2022	30/06/2023
M. Stocks (retired)	1/07/2022	30/06/2023
B. Maw	1/07/2022	30/06/2023
C. Edwards	1/07/2022	30/06/2023
C. Winter-Irving (resigned)	1/07/2022	30/06/2023
Accountable Officers		
C. Brock (Chief Executive Officer)	1/07/2022	30/06/2023

Remuneration of Responsible Persons

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

Income Band reported in $'000	**Consolidated 2023 $**	**Consolidated 2022 $**
$0 - $9,999	10	11
$150,000 - $159,999	-	1
$170,000 - $179,999	1	-
Total Numbers	**11**	**12**

	2023 $	**2022 $**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$214,564**	**$192,577**

Amounts relating to the Governing Board Members and Accountable Officer of Hesse Rural Health Service's controlled entity are disclosed in the controlled entity's financial statements. Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

Note 8.3: Remuneration of Executives

Remuneration of Executives

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	**Consolidated 2023 $**	**Consolidated 2022 $**
Short-term benefits	351,100	255,860
Post-employment benefits	36,865	26,865
Other long-term benefits	9,353	7,162
Termination benefits	-	-
Total Remuneration (i)	**397,318**	**289,887**
Total number of executives	3	2
Total annualised employee equivalent (AEE) (ii)	2	2

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

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

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

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

Post-employment benefits include 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 include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Note 8.4: Related parties

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members
- controlled entity - Winchelsea Hostel and Nursing Home Society Inc.
- jointly controlled operation - A member of the SWARH IT alliance; and
- all health services and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Key management personnel

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

			Period	
Entity	**KMP's**	**Position Title**	**From**	**To**
Hesse Rural Health Service	I. Whiting	Chair of the Board	1/07/2022	30/06/2023
Hesse Rural Health Service	K. Taylor	Board member (retired)	1/07/2022	30/06/2023
Hesse Rural Health Service	M. Dean	Board member	1/07/2022	30/06/2023
Hesse Rural Health Service	B. Maw	Board member	1/07/2022	30/06/2023
Hesse Rural Health Service	A. Bennett	Board member (resigned)	1/07/2022	11/10/2022
Hesse Rural Health Service	P. Nemtsas	Board member (resigned)	1/07/2022	30/06/2023
Hesse Rural Health Service	T. O'Loughlin	Board member (retired)	1/07/2022	30/06/2023
Hesse Rural Health Service	M. Stocks	Board member (retired)	1/07/2022	30/06/2023
Hesse Rural Health Service	C. Edwards	Board member	1/07/2022	30/06/2023
Hesse Rural Health Service	C. Winter-Irving	Board member (resigned)	1/07/2022	30/06/2023
Hesse Rural Health Service	C. Brock	Chief Executive Officer	1/07/2022	30/06/2023
Hesse Rural Health Service	S. Ryan	Director of Community Services	1/07/2022	30/06/2023
Hesse Rural Health Service	M. McLeod	Director of Clinical Services	1/07/2022	30/06/2023
Hesse Rural Health Service	J. Brockway	Director of Corporate Services (resigned)	1/07/2022	16/08/2022

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.

	Consolidated 2023	Consolidated 2022
Compensation - KMP's	**$**	**$**
Short term employee benefits	544,996	430,472
Post-employment benefits	53,179	40,967
Other long-term benefits	13,707	11,025
Termination benefits	-	-
Total (i)	**611,882**	**482,464**

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

Significant transactions with government related entities

Hesse Rural Health Service received funding from the Department of Health of $5.7 million (2022: $4.7 million).

During the year, Hesse Rural Health Service had the following government-related entity transactions which are undertaken on a normal commercial basis:

- Payroll processing charges paid to Colac Area Health.
- Patient transport fees paid to Ambulance Victoria
- Purchase of drugs and medical supplies from Colac Area Health and South West Healthcare.
- Provision of District Nursing services to Barwon Health, Colac Area Health, Ballarat health service and the Alfred health service.
- Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

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

Transactions with KMP's and other related parties

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

Outside of normal citizen type transactions with Hesse Rural Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests, except for the transactions listed below. 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.

There were no related party transactions required to be disclosed for the Hesse Rural Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2023.

Note 8.5: Remuneration of Auditors

	Consolidated 2023	Consolidated 2022
Victorian Auditor-General's Office	**$**	**$**
Audit of financial statement	40,000	34,400
	40,000	34,400

Note 8.6: Events Occurring after the Balance Date

No matters or circumstances have arisen since the end of the reporting period which further significantly affects or may significantly affect the operations of Hesse Rural Health Service, the results of those operations, or the state of affairs of Hesse Rural Health Service.

Note 8.7: Controlled Entities

Hesse Rural Health Service's interest in controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

Name of Entity	Country of Incorporation	Equity Holding
Winchelsea Hostel and Nursing Home Society Inc.	Australia	100%

Control is established due to both entities having common Board of Management.

Controlled Entities contribution to the consolidated results

Net Result for the year	2023 $ $'000	2022 $ $'000
Winchelsea Hostel and Nursing Home Society Inc.	(699)	(626)

Contingent liabilities and capital commitments

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

Note 8.8: Joint Arrangements

	Principal Activity	2023 %	2022 %
South West Alliance of Rural Health (SWARH)	Information Technology	1.89%	1.90%

Hesse Rural Health Service's interest in assets employed in the above joint arrangement is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2023 $	2022 $
Current Assets		
Cash and cash equivalents	243,668	404,341
Receivables	82,652	106,162
Other assets	12,315	14,880
Total Current Assets	338,635	525,383
Non-Current Assets		
Property, plant & equipment	199,776	142,942
Receivables	14,257	15,885
Total Non-Current Assets	214,033	158,827
Total Assets	552,668	684,210
Current Liabilities		
Payables	119,118	182,432
Finance lease liabilities	23,235	29,882
Deferred income	185,977	247,945
Employee benefits and related on-cost provisions	37,360	50,748
Total Current Liabilities	365,690	511,007
Non-Current Liabilities		
Finance lease liabilities	44,314	38,273
Employee benefits and related on-cost provisions	7,714	5,171
Other liabilities	1,327	3,376
Total Non Current Liabilities	53,355	46,820
Total Liabilities	419,045	557,827
Net Assets	133,623	126,383

Hesse Rural Health Service interest in revenues and expenses resulting from joint arrangements is detailed below, based on unaudited figures:

Revenues		
Operating activities	302,682	400,048
Non-operating activities	43,827	3,343
Total revenue and income from transactions	346,509	403,391
Expenses from transactions		
Employee Benefits	145,706	174,431
Maintenance contract and IT cupport	125,195	160,215
Finance costs	790	1,108
Depreciation	33,784	43,852
Total expenses from transactions	305,475	379,606
Net result from transactions	41,034	23,785
Other economic flows included in the net result		
Revaluation of long service leave	317	(1,463)
Total other economic flows included in the net result	317	(1,463)
Comprehensive result for the year	41,351	22,322

Note 8.9: Economic dependency

Hesse Rural Health Service is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health.

The DH has provided confirmation that it will continue to provide Hesse Rural Health Service adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to October 2024. On that basis, the financial statements have been prepared on a going concern basis.

Note 8.10: 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 Hesse Rural Health Service.

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

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

Specific restricted purpose reserves

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

Contact Us

To access Hesse's broad range of services contact Administration:

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This annual report is prepared in accordance with Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, and outlines the operational and financial performance of Hesse Rural Health from 1 July 2022 to 30 June 2023. The disclosures are made regarding responsible persons for the reporting period.

Additional information is available on request. Our annual reports are available on our website and a hard copy of this issue can be obtained upon request. Hesse is committed to providing accessible services. If you have any difficulty in understanding this annual report, you can contact us to arrange appropriate assistance.

HESSE RURAL HEALTH