

To be a vibrant provider of care



2021-22
Annual Report

OUR ROLE

Beaufort and Skipton Health Service is committed to delivering a range of health and community services to improve the health and well-being of the Beaufort and Skipton communities.

OUR VISION

To be a vibrant provider of care.

OUR MISSION

To enable all people in our community to be connected, healthy and live well.

STRATEGIC GOALS

GOAL
1

OUR CONSUMERS

We will engage with our consumers to ensure we deliver services that meet the health and well-being needs of our communities.

GOAL
2

OUR QUALITY AND SAFETY

We will deliver safe, high quality, person centred care.

GOAL
3

OUR PEOPLE

We will enable a skilled, engaged and motivated workforce.

GOAL
4

OUR BUSINESS

We will ensure strong business performance, financial governance and sustainability.

GOAL
5

OUR PARTNERS

We will partner to deliver an integrated and connected system.

OUR VALUES

TEAMWORK

COMPASSION

ACCOUNTABILITY

RESPECT

EXCELLENCE

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ESTABLISHMENT OF BEAUFORT AND SKIPTON HEALTH SERVICE:

Beaufort and Skipton Health Service was established on 1 October 1996 and incorporates the Ripon Peace Memorial Hospital and the Skipton and District Memorial Hospital. With the opening of Beaufort Primary Care Facility in 1996, and the Community Health Centre in Skipton in 2001, Beaufort and Skipton Health Service plays a key role in the provision of public health services for the needs of a diverse community.

Beaufort and Skipton Health Service serves nearly 6000 people in the Beaufort, Skipton and surrounding areas.

Our catchment area extends from Derrinallum and Lismore in the south, to Lexton and Amphitheatre in the north, and stretches to include Streatham, Linton and Snake Valley. Beaufort and Skipton Health Service covers portions of the Pyrenees, Corangamite and Golden Plains Shires.

This Annual Report 2020-2021 provides information to all stakeholders about the performance of the Health Service. The report highlights services provided, operational achievements and challenges during the 2021-2022 financial year.

TRADITIONAL OWNERS

Beaufort and Skipton Health Service acknowledges the Wadawurrung people, as the traditional custodians of the land and their continuing connection to land, water and community. We pay our respects to them and their culture, and to elders both past and present.



Beaufort and Skipton Health Service acknowledges the support of the Victorian and Commonwealth Governments.

ACKNOWLEDGEMENTS

Editor: Narelle Harrison

Graphic Design: Digital Outlaw

Printer: Sovereign Press

NATURE AND RANGE OF SERVICES

Beaufort and Skipton Health Service provides programs and services across two campuses. The clinical areas are divided into Acute Health, Residential Aged Care (nursing home and hostel), Home Based Services (e.g. District Nursing, Transition Care Program and Home Care Packages), Community Programs (e.g. Health Promotion), Community and Allied Health and Medical Practice services.

Throughout 2021-2022 Beaufort and Skipton Health Service have continued to provide COVID-19 testing and vaccination clinics for the community.

CLINICAL

- Acute Inpatient Unit
- Infection Control services to support clinicians
- Palliative Care
- Urgent Care
- Bed Based Transition Care Program

RESIDENTIAL SERVICES INCLUDING RESPITE

- Beaufort Hostel
- Skipton Hostel
- Beaufort Higher Care Needs
- Skipton Higher Care Needs
- Leisure & Lifestyle Team

COMMUNITY SERVICES

- Chronic Disease Management
- District Nursing
- Community Transport
- Diabetes Education
- Dietetics
- Health Promotion
- Home Care Packages
- Occupational Therapy
- Physiotherapy
- Podiatry
- Exercise Physiologist
- Social Support Groups (Men's Group, Women's Group, Gait and Balance, Strength Training and Beaufort Blokes)
- Social Work including Mental Health Support
- Transition Care Program
- Healthy@Home Program

MEDICAL CLINIC (SKIPTON)

- General Practitioners
- Practice Nurses
- COVID-19 Vaccination Clinic

VISITING SERVICES

- Maternal & Child Health (Skipton)
- Speech Pathology
- Remedial Massage (Beaufort)
- Drug and Alcohol Counselling (Beaufort)

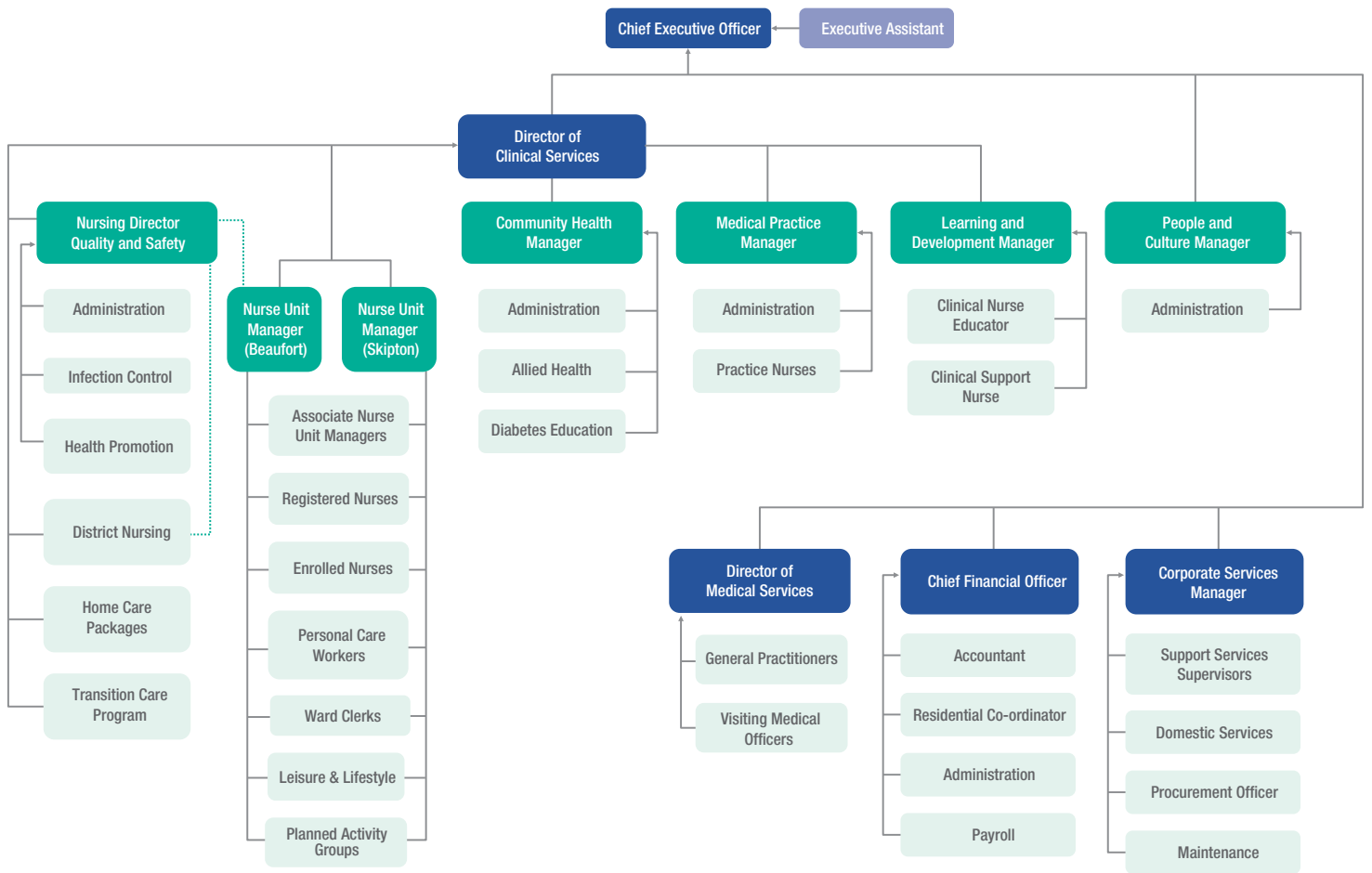
SUPPORT SERVICES

- Accommodation (staff & students)
- Building Projects
- Catering (internal and Meals on Wheels)
- Cleaning, linen & waste
- Finance and Administration
- Maintenance
- Procurement and Contracts Management / Fleet Vehicles

DEVELOPMENT & IMPROVEMENT

- Accreditation programs
- Consumer feedback
- Community engagement
- Education, Training and Professional Development
- Information & Communication Technology
- Occupational Health & Safety
- Organisational Development
- Quality & Safety
- People & Culture
- Graduate Nurse Program
- Undergraduate clinical placements

ORGANISATIONAL STRUCTURE



BOARD CHAIR AND CHIEF EXECUTIVE OFFICERS REPORT

On behalf of the staff and Board of Directors we are pleased to present the Beaufort and Skipton Health Service Annual Report for 2021–2022.



Despite the many challenges brought about by the COVID-19 pandemic, our team have continued to respond efficiently and positively to the multitude of changes required throughout the year. All our staff have remained committed to the quality and safety of our Health Service, delivering continuous care with resilience and diligence, in a constantly changing and challenging environment. We extend our thanks to them all, and to the community for the patience and understanding during various interruptions and visitor restrictions that were required, often on short notice, to ensure the protection of our residents and wider community.

This past year, significant milestones have been reached across the organisation, some of which will be detailed in this report. This would have not been possible without the commitment, dedication and expertise of the Beaufort and Skipton Health Service Board of Directors, General Practitioners and staff.

Beaufort and Skipton Health Service were awarded the Australian Organisational Excellence Award, from Huron Studer for the continued improvement in our performance across quality and safety, culture and finance. This is an outstanding achievement and is due to the sustained and continued commitment of our staff, executive and board.

We were delighted to congratulate and recognise Dr. Malcolm Anderson as he celebrated 50 years of medical service. Dr. Anderson has played an important role in the Health Service since commencing with us nine years ago.

Along with this commendation we also acknowledge and thank Dr. Badrika Kahawatta for his ongoing service and commitment at the Skipton Medical Practice. Our Visiting Medical Officers Dr. Chamika Gamage, Dr. Phil Kyaw and Dr. Pushpa Ravindranayagam also continue to provide medical care for residents and patients at the Beaufort campus, for which we extend our appreciation.

Mention must also be made about the ongoing support by the Beaufort and Skipton Health Service Foundation Limited. We thank them for their commitment and look forward to continuing to work together in the year ahead.

The Chief Executive Officer position, as it currently stands has been extended for a further five years. With this contract extension we can look forward to continuing to build an effective and sustainable Health Service well into the future. With this confidence a solid focus will remain on building a positive and value based staff and organisational culture, and continued work on securing funding for the Master Plan redevelopment for the Beaufort campus.

The Health Service was also able to generously allow the secondment of the Chief Executive Officer, Meryn Pease to extend her expertise in supporting another rural Health Service for a period of two months. Our thanks goes to Mary Cushing who was Acting Chief Executive Officer and for the Executive and Leadership Teams for their support during this time.



In other significant moments the Board reluctantly accepted the resignation of Director Karlie Tucker. Karlie joined the Board in 2017 and has been a conscientious and committed Director while working on and with the Board and Executive staff in supporting areas such as effective governance, improved management practices, and program developments over her tenure of the past five years.

Jenny Trengove notably also completed her term as a Board Director on 30 June 2022. Jenny served six years on the Board and held positions on various Board sub-committees during this time. We are grateful for her dedication and commitment to the Health Service and her local community.

David Lenehan, Tony Edney and Daniel Terry were all re-appointed to the Board of Directors for three-year terms and we are pleased to welcome Lauren Baker, a new appointment onto our Board, commencing on 1 July 2022. Lauren has an extensive background in People and Culture Management and will be a valuable addition to the Health Service Board of Directors.

“

We were advised that our application for the Victorian Health Building Authority, Regional Health Infrastructure Fund (RHIF) Round 5 2020/2021 was successful. Funding of \$330,000.00 was awarded for works to be completed at the Beaufort campus. This will enable the construction of three additional ensuites for the Beaufort campus acute unit and a purpose built building for the storage and management of sterile stock and other consumables.

In addition to this Residential Aged Care Bed replacements to the value of \$28,000 were provided along with COVID-19 related supplies (including personal protective equipment, Rapid Antigen Tests and air purifiers), valued at \$224,000.00. We thank the Department of Health (including the regional office) for their ongoing support during the last twelve months.

It must be said that the Covid-19 pandemic has continued to impact finances, both directly and indirectly, for the Health Service. For this reason, significant focus has been given to improving financial performance and maintaining efficient and effective cost control.

This has of course been done while never losing sight of any opportunities to invest in the growth of services offered to the community. A great example of this can be seen in the investment into Home Care Packages.

With so many unprecedented changes, challenges and lockdowns, staff fatigue and mental health are notably an ongoing focus and priority. We have remained committed to making readily available any effective services and available tools to care for our staff, patients and community around this important area of health care need.

Beaufort and Skipton Health Service is looking forward to continuing to delivering safe and high quality services to our communities in 2022 – 2023 and beyond.



David Lenehan

Board Chair

Beaufort and Skipton
Health Service




Meryn Pease

Chief Executive Officer

Beaufort and Skipton
Health Service

RESPONSIBLE BODIES DECLARATION AS AT 30 JUNE 2022

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Beaufort and Skipton Health Service for the year ending 30 June 2022.



David Lenehan

Board Chair

Beaufort & Skipton Health Service
10th October 2022

OBJECTIVES, FUNCTIONS, POWERS AND DUTIES

THE GOVERNING BODY

Beaufort and Skipton Health Service is a public Health Service established under the Health Services Act 1988 (Vic). The Responsible Minister is the Minister for Health.

RESPONSIBLE MINISTERS

For the reporting period 1 July 2021 – 30 June 2022 Beaufort and Skipton Health Service was accountable, through its Board of Directors to:

The responsible Minister is the Minister for Health:

From 1 July 2021 to 27 June 2022

The Hon Martin Foley MP

Minister for Health

Minister for Ambulance Services

Minister for Equality

From 27 June 2022 to 30 June 2022

The Hon Mary-Anne Thomas MP

Minister for Health

Minister for Ambulance Services

2021-22 YEAR IN REVIEW

We are proud to have achieved significant accomplishments over the last twelve months and these are detailed in our following strategic pillars.

OUR CONSUMERS

- A Women's Health and Wellbeing Forum scheduled for September 2021 was postponed to March 2022, due to COVID-19 restrictions. This successful Women's Health and Wellbeing forum was held in conjunction with Rotary Club of Beaufort and the Beaufort Country Women's Association of Victoria (CWA). Over 75 community members attended the forum with overwhelmingly positive feedback received. Key speakers included Professor Cassandra Szoeki (Director of Melbourne University Healthy Ageing Program), Leonie Tellefson (Diabetes Educator) and Belinda Collihole (Lifeline Ballarat).
- Whilst it has been difficult to attract a Psychologist to enhance our mental health counselling services, we have been able to secure a Drug and Alcohol Counselling service onsite through Uniting Care Ballarat. This provides a much needed service for our local community.
- Discussions were held with Grampians Health Dental Service to establish a visiting service to Beaufort and Skipton communities however this requires DHSV funding to progress.
- We have continued to provide COVID-19 testing and vaccination clinics across both campuses, with good uptake from the community. The COVID 19 Vaccine Ambassador Program funding allowed us to provide information to the community on the importance of getting vaccinated against COVID-19, overcoming barriers and provided pathways to vaccination. This funding allowed us to collaborate with Pyrenees Shire Council and Maryborough District Health Service to deliver an online forum, panel style discussion about the COVID-19 vaccine of younger people, with 26 people watching live and 126 viewing at a later stage. In addition, a media tile was developed to inform the community of ongoing changes. COVID-19 social media posts reached 30,350 people in total, with each post reaching on average 287 people.
- A new message manager system was installed, enabling us to improve timely communication with our resident's families.
- The exceptional service provided by our Home Care Package team has seen the number of packages increase substantially over the last twelve months. This has seen an increase in local service providers for our community.
- The purchase of new Dermatoscope equipment at the Skipton Medical Practice has provided an additional service for our community that will assist with early detection of skin cancers.



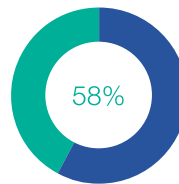
OUR QUALITY AND SAFETY

- Consumer feedback for the year consisted of 63 compliments and 35 complaints. This has been bolstered by the launch of the Care Opinion program in April 2022. Care Opinion Australia is a not-for-profit organisation and site where patients, residents and the community can share stories about their experience of care at our Health Service. This provides an additional platform for consumers to give valuable feedback. Our Feedback process and documentation was also updated and new Consumer Information Boards introduced across the Health Service.
- Funding in excess of \$45,000.00 was secured through the Grampians Region Partnership Telehealth and DHHS Public Sector Residential Aged Care Service (PSRACS) - Enhancing Telehealth and Residents Communication Grants. This allowed us to purchase a significant amount of equipment such as new desktop computers for our GP's, iPads, cameras, phones and portable telehealth carts, enabling us to increase our capability to provide state of the art telehealth services for our residents, patients and the community.
- Our staff COVID-19 vaccination program resulted in 100% of staff receiving their third booster vaccination dose. Our staff flu vaccination program results were 98%.
- A pressure injury rounding program was implemented to focus on reducing the amount of pressure injuries. In addition to this a falls rounding program 'Happy Feet', was also implemented to assist in preventing falls for those residents and clients at highest risk. These programs have been embraced by the staff and have resulted in improved outcomes.
- As an innovative approach to education the embedding of quick five minute targeted daily education sessions were introduced. These occur in the morning 'Huddles' and are called the 'Huddle Hops'. Sessions include consumer feedback, clinical skills, policy and procedures, staff requests and organisation priorities.
- The Commonwealth Aged Care Quality and Safety Commission granted an extension of our Residential Aged Care Accreditation to 9 February 2023 (Beaufort) and 9 February 2024 (Skipton). The National Safety and Quality Health Service (NSQHS) accreditation is scheduled for 9 to 11 August 2022.



OUR PEOPLE

All Beaufort and Skipton Health Service employees were invited to participate in the 2021 People Matters Survey.



We are pleased to report a participation rate of 58%.

An increase of 4% from the 2020 survey (54%).

This result, compared to the sector-wide result of 39%, reflects the impact of our dedicated campaign to increase trust and participation. A People Matter Survey Action Plan was developed from these results to identify areas of focus throughout the year.



Safer Care Victoria in partnership with the Victorian Public Sector Commission conducted a new wellbeing survey that measures and tracks healthcare worker wellbeing. The "Pulse" survey complemented the annual People Matter Survey.

The staff response to burnout was over 20% lower than the State response rate. Likewise for the stress level responses. In addition, our staff positive wellbeing result was above the State response level. The staff negative wellbeing result was 46% compared to the State result of 26%. Staff fatigue and mental health is an area of ongoing focus through our Be Well Be Safe program.



*The 2021 People Matter Survey included questions not included in the 2020 survey, therefore comparison results were not available for the following responses.

The five overall highest responses were:



The five overall lowest responses were:



OUR PEOPLE (continued)

- This year we proudly acknowledged and congratulated 15 staff who achieved recognition of service awards at our Annual General Meeting. These staff were Rhonda Slater (30 Years), Sharee Court, Judith Layley, Maree McCartney, Deborah Keith, Elizabeth Phillips, Rosemary Anderson, Judy Howlett (25 Years), Robert Walters, Barbara Peeters, Dorothy Fleay, Sandra Briody, Garry Thompson (20 Years), Margaret Tiley (15 Years) and Tracy Ho (10 Years).
- Georgie Jenkins was awarded the annual Gill Checkley Memorial Scholarship. To develop her training, Georgie spent seven weeks working with remote indigenous communities in the Northern Territory.

In May 2022 we celebrated 'International Nurses Day' by acknowledging all staff for their hard work and commitment throughout the year. Each staff member was presented with an individually signed card and a show bag filled with products that were generously donated from many local businesses and suppliers.



- Two of our Personal Care Workers and one Food and Domestic Services Assistant were successful in obtaining a traineeship to undertake study to become an Endorsed Enrolled Nurse. These staff members will undertake their formal study as part of Grampians Health - Ballarat trainee program.
 - Beaufort and Skipton Health Service continued to support staff to undertake on the job training. This included a traineeship in Community Services, individual support and an apprenticeship in Commercial Cookery.
 - Fourteen staff took part in the Assessment Investigation and Management in Care of the Older Person (AIMTOP) program. These staff were provided the opportunity for 24 hours of structured learning over four weeks, specifically targeting gerontology including dementia care.
 - We continue to support undergraduate nursing and allied health students across the Health Service to fulfil placement requirements for their respective degrees. Feedback from these students on their placements has been overwhelmingly positive.
 - An Occupational Therapy graduate completed his final clinical placement with us through the 'Going Rural' program. Following his placement this graduate was offered full time employment with the Health Service, with mentoring support provided by OT Dynamics.
 - Beaufort and Skipton Health Service have participated in the transition to a collaborative regional learning management system that supports all of the Health Services in the Grampians region.
 - All staff were invited to complete the Training Needs Analysis Survey. A total of 187 staff were asked to complete the survey, with 43 responses received. This survey was utilised to determine and develop the Training Plan for the Health Service.
 - Beaufort and Skipton Health Service recognises and values diversity of its workforce. To assist us with embedding these principles a Diversity and Inclusion Framework has been developed. In alignment with this framework a Workforce Gender Equality Action Plan and Cultural Safety Action Plan has been established. Progress of actions will be monitored and reported to the Board of Directors, Executive and Leadership Committees.
- The Be Well, Be Safe Healthcare Worker Wellbeing program aimed to ensure healthcare workers had wellbeing support during the COVID-19 surge. Feedback and suggestions received from staff enabled the purchase of additional microwave ovens, larger refrigerators for staff meal areas and phone charging stations. The program also covered expenses for a variety of eligible wellness activities such as gym memberships, fitness classes, massages, fitness equipment including fitness footwear.

OUR BUSINESS

- The Board of Directors, Executive and staff were delighted to accept the Australian Organisational Excellence Award from Huron Studer Group. This award was in recognition of the improvements that have been made to employee and patient engagement, safety and quality indicators, financial performance and service provision to our community. This award was accepted on behalf of all our staff, as it is their commitment to community, residents, patients, clients, teams and colleagues that has driven these improvements across our Health Service.
- The Regional Health Infrastructure Fund (RHIF) was established to improve health services and agencies in rural and regional Victoria. The funding was available to expand capacity, improve safety, quality and efficiency and deliver better care to patients, no matter where they live. The Health Service submitted an application for the RHIF Round 5 2020/21, to add three additional ensuites to the Beaufort Acute wing and to also build a new procurement and maintenance shed. This application was successful and a grant of \$329,682.00 was awarded to complete these works. An architect was engaged to develop the specification and to seek a qualified builder to undertake the work. We are currently finalising the specifications and contracts and are hoping to commence work in the coming months.
- Beaufort and Skipton Health Service had positive financial results and continued to strengthen this position throughout the year by embedding sound financial controls and business case development.
- The Health Service has supported the growth of services to the community, for example through the Home Care Package program. Business cases were developed for additional staff to support areas in demand and ensure the growth was funded and warranted based on operational requirements.
- The Financial Management Improvement Plan continued in 2021-2022. There was improvement with Residential Aged Care, Acute Private Patient, Medical Practice and Home Care Packages services revenue. Notable targets not met were related to leave utilisation where workforce pressures have been experienced, primarily as a result of COVID-19 outbreak prevention strategies. Savings in utilities fell short of estimates due to the increased unit costs of LPG and electricity.
- The State Government offered rebates to help subsidise the replacement of lighting to LED lights across the Health Service. The total installation cost for this project was \$52,714.22 and it is expected that this will enable considerable savings for lighting across both campuses.

OUR PARTNERS

- Beaufort and Skipton Health Service, East Grampians Health Service, East Wimmera Health Service partnered to conduct a review and procurement for linen services. The alliance has concluded the evaluation and outcomes of the tender process and currently awaiting final approval.
- In partnership with Grampians Health, Ballarat campus, Beaufort and Skipton Health Service provides high level bed based care for Transitional Care Program clients in our region. This has seen us exceed 100% occupancy continuously over the last twelve months, ensuring access for the broader community.
- We continue to forge strong partnerships with the Pyrenees and Corangamite Shires for various health promotion activities, emergency response planning and a local safety group.
- The Regional Family Violence Multi Agency Risk Assessment and Management (MARAM) Framework coordinator, partnered with us, to ensure our systems, policies and referral pathways were in place to enable us to assist our community.
- We have strong partnerships with the Western Victoria Primary Health Network to ensure that we are able to provide accessible and appropriate Allied Health services to the community.
- We continue to foster our collaborative partnership with Ambulance Victoria, through shared learnings and education opportunities.
- Partnering within the Grampian Region continued with shared strategies as detailed in the Statement of Priorities Section of this report.

BOARD OF DIRECTORS AND EXECUTIVE TEAM

BOARD DIRECTORS

(as at 30 June 2022)

The Beaufort and Skipton Health Service Board of Directors oversees the strategic direction and management of the Health Service and ensures that all services provided are consistent with the Health Service's by-laws, the Health Services Act 1998 and any applicable Victorian and Commonwealth legislation.

Board Chair

David Lenehan

Deputy Chair

Karlie Tucker (resigned 21 June 2022)

Members

David Lenehan

Karlie Tucker

Jenny Trengove

Tony Edney

Tanya Barun

Jo Hall

Dr. Daniel Terry

Dr. Marg Way

Nigel Jarvis

Cameron Montgomery (was appointed on 1 July 2021 but was unable to take up this position and resigned before attending any meetings).

Finance Audit and Risk Committee

Nigel Jarvis (Committee Chair)

Tanya Barun

David Lenehan

James Hogan (Independent Non Board Member)

EXECUTIVE TEAM

(as at 30 June 2022)

Chief Executive Officer

Meryn Pease

RN, RM, Ba Ap.Sc (Nsg), MHA, GAICD, FACN

Director of Medical Services

Dr. Craig Winter

(MB, BS, FACEM, MBA, GMQ)

Director of Clinical Services

Mary Cushing

RN, GradDipAdvNurs(CritCare) DipProjMan

Chief Financial Officer

Chris Nykoluk

BCom (Acct) CPA

Corporate Services Manager

Darren White

WORKFORCE

WORKFORCE DATA

Hospitals Labour Category	June Current Month FTE*		Average Monthly FTE**	
	2021	2022	2021	2022
Nursing	73.69	76.48	73.76	75.17
Admin	18.77	16.88	16.67	18.46
Hotel and Allied Services	23.25	22.21	22.54	22.36
Hospital Medical Officers	-	-	-	-
Ancillary Staff	5.47	6.01	4.49	5.57

Recruitment, selection and employment within Beaufort and Skipton Health Service comply with employment conditions as specified in relevant Industrial Awards and Enterprise Bargaining Agreements.

Policies and procedures are in place to ensure employment related decisions are based on merit, and relevant legislation is complied with. Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed.

OCCUPATIONAL HEALTH AND SAFETY

The *Occupational Health and Safety Act 2004* was established to secure the health, safety and welfare of employees and other people in the workplace.

Beaufort and Skipton Health Service acknowledges its moral, financial and legal responsibility to effectively manage all of its Occupational Health and Safety (OH&S) risks. The Workplace Health, Safety and Wellbeing Framework and policy is in place and provides structure and direction for managing a safe work environment. Our focus has been on improved reporting of occupational health and safety incidents in the workplace. Staff are encouraged to enter incidents into the Victorian Health Incident Management System (VHIMS). Incidents are discussed and appropriate actions are identified at the weekly Clinical Activity Review and Evaluation (CARE) meeting and at the bi monthly Occupational Health and Safety Committee meetings. Oversight of incidents is also provided through the Health Service Key Performance Dashboard Reporting that is reviewed by the Finance Audit and Risk Management Committee and the Board of Directors. In addition to this, Occupational Health and Safety Committee minutes are reported through the Finance Audit and Risk Management Committee.

The Health Service's OH&S performance against the established measure is summarised on the right.

Occupational Health and Safety Statistics	2021-22	2020-21	2019-20
The number of reported hazards/ incidents for the year per 100 FTE	71.77	75.89	56.23
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.81	4.26	2.72
The average cost per WorkCover claim for the year	0.00	\$2,156	\$81,454

WORKFORCE

OCCUPATIONAL VIOLENCE

Beaufort and Skipton Health Service continue to be actively involved in reducing the risk to employees from Occupational Violence.

Occupational violence statistics	2021-22
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	75
Number of occupational violence incidents reported per 100 FTE	60.48
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	4%

Definitions of occupational violence:

- **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- **Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- **Accepted Workcover claims** – accepted Workcover claims that were lodged in 2021-22.
- **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.

FINANCIAL OVERVIEW

An operating result of \$379,276 was achieved for the financial year ended 30 June 2022. Financial improvement strategies continued to be implemented across the health service's operations to further strengthen the financial sustainability of the Health Service and an improved cash position was achieved.

Activity through the Transition Care Program, high occupancy in Residential Aged Care and the continued growth in the care plan management of Home Care Packages contributed to the operating result of the health service. The response to COVID continued through the financial year, with vaccination and testing clinics operated by the health service.

Investment in telehealth capability was undertaken through equipment funded by the Victorian Department of Health and in conjunction with the Health Service Partnership in the Grampians Region.

A managerial revaluation was undertaken on the land and buildings of the health service in line with financial reporting policy, with advice from the Valuer - General Victoria on the movement in land values. The net revaluation increased asset values by \$3.766m.

Operational and budgetary objectives and performance against objectives

Each year Beaufort and Skipton Health Service establishes an operational budget, guided by the Health Service's strategic objectives. In addition, the budget takes into account the service delivery profile which has been designed to meet community needs. In 2021-2022 the Health Service aimed to achieve a break-even result before capital and specific items, and achieved a surplus of \$379,276.

Significant changes in financial position during the year

There were no significant changes to the financial position of the Health Service during the year.

FINANCIAL OVERVIEW

FINANCIAL SUMMARY

	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
*Operating Result	379	834	598	(1,191)	(1,297)
Total Revenue	17,995	17,434	16,357	15,939	14,209
Total Expenses	(19,020)	(17,117)	(16,431)	(17,149)	(17,145)
Net Result from Transactions	(1,025)	317	(74)	(1,210)	(2,936)
Total Other Economic Flows	(106)	131	(65)	102	3
Net Result	(1,131)	447	(139)	(1,108)	(2,933)
Total Assets	30,918	26,910	25,722	26,505	21,645
Total Liabilities	(12,003)	(10,631)	(10,094)	(9,624)	(8,956)
Net Assets / Total Equity	18,915	16,279	15,628	16,881	12,689

* The Operating result is the result for which the Health Service is monitored in its Statement of Priorities.

Reconciliation between the Net result from transactions reported in the model to the Operating result as agreed in the Statement of Priorities

	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
*Net Operating Result	379	834	598	(1,191)	(1,297,400)
Capital purpose income	93	1,159	791	1,062	291,384
Specific income	N/A	N/A	N/A	N/A	N/A
COVID-19 State Supply Arrangements: Assets received free of charge or for nil consideration under the State Supply	212	94	11	N/A	N/A
State Supply items consumed up to 30 June 2021	(212)	(94)	(11)	N/A	N/A
Assets provided free of charge	N/A	N/A	N/A	N/A	N/A
Assets received free of charge	328	N/A	N/A	N/A	N/A
Expenditure for capital purpose	(184)	(119)	(23)	(104)	(252,122)
Depreciation and amortisation	(1,639)	(1,556)	(1,440)	(977)	(1,582,141)
Impairment of non financial assets	N/A	N/A	N/A	N/A	N/A
Finance costs (other)	(2)	(1)	N/A	N/A	(114,672)
Net result from transactions	(1,025)	(317)	(74)	(1,210)	(2,954,951)

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

FINANCIAL OVERVIEW

CONSULTANCIES

Details of consultancies (under \$10,000)

In 2021-2022, there was one consultancy where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2021-2022 in relation to these consultancies is \$4,800.00 (excl. GST).

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

In 2021-2022, there was two consultancy where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred during 2021-2022 in relation to these consultancies is \$61,409.00 (excl. GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (Ex GST)	Expenditure 2018-19 (Ex GST)	Future Expenditure (Ex GST)
Studer Group Australia Pty Ltd	Coaching Services	01/07/2021	30/06/2022	\$44,159	\$44,159	N/A
Global One Technologies Pty Ltd	Infrastructure Assessment	01/07/2021	24/11/2021	\$17,250	\$17,250	N/A

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2021-2022 is \$0.792m (excluding GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
	Total expenditure	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
Total (excluding GST)			
\$665,808	\$125,962	-	\$125,962

LEGISLATION

FREEDOM OF INFORMATION ACT 1982

The Freedom of Information Act provides applicants with the opportunity to request information. Exemptions can apply that relate to privacy or patients and third parties. Requests to Beaufort and Skipton Health Service are handled in accordance with the provision of the Freedom of Information Act 1982.

During 2021-2022, five requests were received by the Health Service, which were satisfactorily resolved. All applications must be made in writing to the Chief Executive Officer who is the designated Freedom of Information officer on the 'Freedom of Information Application Form'.

Legislated fees apply as per the list below:

Application Fees

- Application fee - \$30.10 (non-refundable unless fee is waived)

Access Charges

- Search charges - \$20 per hour or part of an hour
- Supervision charges - \$5 per quarter hour
- Photocopying charges - 20c per black and white A4 page

Providing access in a form other than photocopying

- The reasonable costs incurred by the agency in providing the copy.

Further information may be found on the FOI website, and in the Freedom of Information (FOI) Act 1982.

BUILDING ACT 1993

Beaufort and Skipton Health Service complies with the *Building Act 1993* and Standards for Publicly Owned Buildings November 1994, as under FRD22 (Section 5.19b). To ensure Beaufort and Skipton Health Service is compliant a Buildings Standards and Condition Assessment Report, a Fire Safety Audit Report and essential safety maintenance measures are maintained.

PUBLIC INTEREST DISCLOSURE ACT 2012

Alleged improper conduct by the Beaufort and Skipton Health Service, its employees or the Board of Directors is taken very seriously. This can include corrupt conduct, substantial mismanagement of public resources or conduct involving substantial risk to public health or safety.

The *Public Interest Disclosure Act 2012* is designed to protect people who disclose information about serious wrongdoings within the Victorian Public Sector and to provide a framework for the investigation of these matters.

Disclosures of improper conduct by Beaufort and Skipton Health Service or its employees may be made to:

The Public Interest Disclosure Co-Ordinator
Meryn Pease
bshs@bshs.org.au

or

The Ombudsman Victoria
Level 22, 459 Collins Street, Melbourne, 3000
Tel: 9613 6222 Toll free: 1800 806 314

NATIONAL COMPETITION POLICY

Any negotiations entered into have been in line with the Government's policy on National Competition as outlined in the Guide to Implementing Competitively Neutral Pricing Principles.

CARERS RECOGNITION ACT 2012

Carers are valued and are important members of the community. The Health Service actively promotes recognition of their vital role. Policies have been established to ensure employees understand their obligations in relation to this Act, and carry out their duties to reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

SAFE PATIENT CARE ACT 2015

The hospital has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.

LEGISLATION

LOCAL JOBS ACT 2003

Beaufort and Skipton Health Service complies with the requirements of the *Local Jobs Act 2003*. There were no reportable disclosures during the 2020-2021 reporting period.

GENDER EQUALITY ACT 2020

As a Victorian Public Sector entity, Beaufort and Skipton Health Service is implementing the recommendations and taking positive action towards achieving the objectives set out in the Gender Equality Act 2020.

A baseline audit analysis was completed and has highlighted priority areas for inclusion in the Gender Equality Action Plan.

The Workplace Gender Equality Action Plan was submitted in June 2022. This Action Plan will enable the cultural change required to improve gender equality within the Health Service. The benefits for gender equality in the Health Service will focus on the attraction and retention of staff, enhance the organisational performance, provide a platform for growth and meet community expectations.

The Health Service will report on the progress of the BSHS Gender Equality Action Plan by:

- Reporting to the commission every two years on results of our workforce gender audits, and progress on actions
- Managing the development of an annual implementation plan
- Ongoing monitoring and reviews by the People and Culture Committee, with biannual reports to the Board, Executive team and Leadership team.

INFORMATION PRIVACY ACT 2000 AND HEALTH RECORDS ACT 2001

Policies have been established to ensure that health information of patients, residents and clients remains confidential and secure. All consumers of our service receive a brochure which outlines how their health information will be used and by whom. The Chief Executive is the designated Privacy Officer and manages all enquiries relating to these two Acts. No written requests were received during the reporting period in relation to the Privacy Act.

EX-GRATIA EXPENSES

Beaufort and Skipton Health Service made no ex-gratia payments during the financial year.

COMPETITIVE NEUTRALITY

Any negotiations entered into have been in line with the Government's policy on National Competition as outlined in the Guide to Implementing Competitively Neutral Pricing Principles.

CAR PARKING FEES

Beaufort and Skipton Health Service is not required to comply with the Department of Health hospital circular on car parking fees as it does not operate any fee paying car park spaces.

ENVIRONMENTAL PERFORMANCE

In 2021 - 2022 Beaufort and Skipton Health Service continued with improving efficiencies and reducing costs through careful environmental impact management.

Work has continued on the installation of the Skipton Bio Energy Straw Heating System. Olive pits were sourced as an alternative fuel after there were inadequate supplies of straw pellets available. This bio energy plant will generate enough energy to meet the hot water and hydronic heating requirements of the Skipton hospital, reducing the need for liquefied petroleum gas (LPG) supplies.

The State Governance rebate enabled the replacement of all lighting to light emitting diode (LED) lighting which will enable considerable savings for the Health Service.

ENVIRONMENTAL IMPACTS & ENERGY USAGE

Energy use	2019-20	2020-21	2021-22
Electricity (MWh)	490	417	423
Liquefied Petroleum Gas (kL)	146	174	128
Boiler Woodchips (t)	104	92	165
Carbon emissions (thousand tonnes of CO ₂ e)			
Electricity	0.54	0.49	0.49
Liquefied Petroleum Gas	0.25	0.28	0.22
Total emissions	0.79	0.77	0.71

FACTORS INFLUENCING ENVIRONMENTAL IMPACTS

	2019-20	2020-21	2021-22
Floor area (m ²)	4,416	4,596	4,596

YEAR-ON-YEAR EMISSIONS COMPARISON

Carbon emissions	2019-20	2020-21	2021-22
CO ₂ e(t) per m ²	0.18	0.17	0.15
Utility costs			
Total utility cost	\$238,922	\$189,630	\$219,603
Electricity cost	\$105,654	\$85,740	\$100,142
Liquefied Petroleum Gas cost	\$118,708	\$91,010	\$93,706
Boiler Woodchip cost	\$14,560	\$12,880	\$25,755
Utility costs			
Total utility spend (\$/m ²)	\$54.10	\$41.26	\$47.78
Elec(\$/kWh)	\$0.22	\$0.21	\$0.24
LPG(\$/kL)	\$0.81	\$0.55	\$0.73

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION AVAILABLE ON REQUEST:

FRD 22 section 5.20 requires agencies to provide the following statement:

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- 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 Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the 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 Health Service, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

ATTESTATIONS

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, David Lenehan, on behalf of the Responsible Body, certify that the Beaufort and Skipton Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



David Lenehan
Board Chair
Beaufort and Skipton Health Service
10th October 2022

DATA INTEGRITY COMPLIANCE ATTESTATION

I, Meryn Pease, certify that Beaufort and Skipton Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Beaufort and Skipton Health Service has critically reviewed these controls and processes during the year.



Meryn Pease
Accountable Officer
Beaufort and Skipton Health Service
10th October 2022

INTEGRITY, FRAUD AND CORRUPTION COMPLIANCE ATTESTATION

I, Meryn Pease certify that Beaufort and Skipton 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 Beaufort and Skipton Health Service during the year.



Meryn Pease
Accountable Officer
Beaufort and Skipton Health Service
10th October 2022

CONFLICT OF INTEREST

I, Meryn Pease, certify that Beaufort and Skipton 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 Beaufort and Skipton 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.



Meryn Pease
Accountable Officer
Beaufort and Skipton Health Service
10th October 2022

REPORTING AGAINST THE STATEMENT OF PRIORITIES **2021-22**

In 2021-2022 Beaufort and Skipton Health Service assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

STRATEGIC PRIORITY 1

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

OUTCOMES

- Successfully supported rollout and administration of COVID-19 vaccination program to Beaufort and Skipton communities, consumers and staff in collaboration with Grampians Public Health Unit and Western Victoria Primary Health Network. This included weekly vaccination clinics for first, second and booster vaccinations.
- Provided daily availability of testing facilities for community members for both Polymerase Chain Reaction (PCR) and Rapid Antigen Tests (RAT). Stood up additional clinics in response to local community COVID-19 outbreaks.
- Actively participated in the COVID-19 Ambassador Program to raise awareness of the COVID-19 vaccination program within the local community. This included using community feedback to help inform planning and decision making and increase vaccine confidence in the community.
- Implementation of COVID-19 monitor program to assist in the daily monitoring of COVID-19 positive community members. Collaboration between East Grampians Health Service, Maryborough District Health and West Wimmera Health Service to develop shared model to ensure ongoing resourcing, coordination and support are available.
- Robust COVID-19 plans and resources were developed and regularly updated to reflect the changing environment. The Outbreak Management Plan was enacted successfully during outbreaks. Rapid and targeted response ensured outbreaks were contained and managed efficiently and effectively.
- Staff supported through supply of appropriate and adequate Personal Protective Equipment (PPE) supplies, targeted and continuous education and provision of fit testing through the Respiratory Protection Program for all staff.

REPORTING AGAINST THE STATEMENT OF PRIORITIES **2021-22**

STRATEGIC PRIORITY 2

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

OUTCOMES

- BSHS is a pilot site for the newly established Regional Geriatric Residential-in-Reach Service, as part of the overarching Timely Transfer of the Older Person project. This enables our residents with changed behaviour and complex care needs access and review by a Geriatrician and Nurse Specialist.
- BSHS has been extensively involved with the implementation of the new electronic Learning Management System (eLMS) from tendering, to agreement on preferred education platform and content. The eLMS provides a shared platform for agreed education modules across the region.
- Telehealth project – Funding has been received from the Health Service Partnership and the Department of Health (Aged Care branch) to purchase necessary equipment to improve access via telehealth for consumer consultations across all BSHS services.

STRATEGIC PRIORITY 3

Engage with the community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary “catch-up” care to support them to get back on track. Work collaboratively with your Health Service Partnership to implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.

OUTCOMES

- In April 2022 we appointed a part time Healthy@Home Program Manager and have enrolled our first clients into the program. The Healthy@Home initiative aims to keep our most vulnerable consumers, especially those with complex health issues, healthier at home to reduce avoidable hospitalisations and presentations to our Urgent Care Centre.

REPORTING AGAINST THE STATEMENT OF PRIORITIES 2020-21

STRATEGIC PRIORITY 4

Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in the Health Service Partnership and through the Partnership's engagement with Regional Mental Health and Wellbeing Boards.

OUTCOMES

- The Health Service has been successful in the recruitment of an additional Social Worker and strengthened referral processes into available and appropriate mental health services.
- In March 2022 a Women's Health and Wellbeing forum was held in partnership with local organisations. An area of focus within the forum was a presentation from Lifeline Ballarat supporting mental health and suicide prevention in the community.

STRATEGIC PRIORITY 5

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

OUTCOMES

- Beaufort and Skipton Health Service is committed to improving the health and wellbeing of First Nation Peoples. Meaningful changes have been made to organisational activities, structures and behaviours to make the health service culturally safe and respectful for First Nations patients, clients and staff.
- The eight expectations of the Department of Health Cultural Safety Framework have been incorporated into the Health Services' Cultural Safety Plan which has been progressively implemented.
- In partnering with East Grampians Health Service and Stawell Regional Health, Beaufort and Skipton Health Service was able to recruit an Aboriginal Hospital Liaison Officer.
- The Health Services Acknowledgement of Country statement has been refreshed across the organisation.
- Signs and plaques are displayed, acknowledging traditional custodians/owners and significant events.
- Cultural Safety training completed as part of staff mandatory training days.
- To ensure sustainability of Cultural Safety Program at BSHS, a new contract has been signed with Grampians Health Ballarat for Cultural Safety Support guidance.

KEY 2021-22 HEALTH SERVICE PERFORMANCE PRIORITIES

HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE MEASURE	TARGET	RESULT
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	89%
Percentage of healthcare workers immunised for influenza	92%	83%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	*N/A
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	*N/A
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	*N/A

* Less than 10 responses were received for the period due to the relative size of the Health Service

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE MEASURE	TARGET	RESULT
Organisational culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	79%

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE MEASURE	TARGET	RESULT
Operating result (\$m)	\$0.00	\$0.38
Average number of days to receive patient fee debtors	60 days	51
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.93
Actual number of days available cash, measured on the last day of each month	14 days	17
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	\$379,276

ACTIVITIES AND FUNDING

FUNDING TYPE	2021-2022 ACTIVITY ACHIEVEMENT	
Small Rural		
Small Rural Primary Health & HACC	936	Service Hours
Small Rural Residential Care	15,835	Bed days
Small Rural Acute	19	NWAU (TAC & DVA)

DISCLOSURE INDEX

The annual report of the Beaufort and Skipton Health Service 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 requirement.

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FRD 22 Manner of establishment and the relevant Ministers	03,08	FRD 22 Compliance with building and maintenance provisions of <i>Building Act 1993</i>	19
FRD 22 Purpose, functions, powers and duties	08	FRD 22 Application and operation of <i>Public Interest Disclosure Act 2012</i>	19
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FRD 22 Activities, programs and achievements for the reporting period	09	FRD 22 Application and operation of <i>Carers Recognition Act 2012</i>	19
FRD 22 Significant changes in key initiatives and expectations for the future	06,07	FRD 22 Summary of the entity's environmental performance	21
<i>Management and Structure</i>		FRD 22 Additional information available on request	22
FRD 22 Organisational structure	05	Other relevant reporting directives	
FRD 22 Workforce data/employment and conduct principles	15	FRD 25D <i>Local Jobs First Act 2003</i> disclosures	20
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FINANCIAL REPORT

Beaufort and Skipton Health Service presents its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with the information about Beaufort and Skipton Health Service's stewardship of the resources entrusted to it.

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Beaufort and Skipton Health Service

Financial Statements

Financial Year ended 30 June 2022

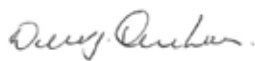
Board member's, accountable officer's, and chief financial officer's declaration

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

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

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

We authorise the attached financial statements for issue on 10th October 2022.



David Lenehan
Chair, Board of Directors

Beaufort
10th October 2022



Meryn Pease
Chief Executive Officer

Beaufort
10th October 2022



Chris Nykoluk
Chief Financial Officer

Beaufort
10th October 2022

Independent Auditor's Report

To the Board of Beaufort and Skipton Health Service

Opinion	<p>I have audited the financial report of Beaufort and Skipton Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Financial Management Act 1994, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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
7 November 2022



Dominika Ryan
as delegate for the Auditor-General of Victoria

**Beaufort and Skipton Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022**

		2022	2021
	Note	\$	\$
Revenue and Income from Transactions			
Operating Activities	2.1	17,459,673	16,881,389
Non-Operating Activities	2.1	22,798	19,784
Share of Revenue From Joint Operations	8.7	513,149	497,474
Total Revenue and Income from Transactions		17,995,620	17,398,647
Expenses from Transactions			
Employee Expenses	3.1	(13,235,765)	(12,362,107)
Supplies and Consumables	3.1	(1,714,145)	(964,808)
Finance Costs	3.1	(1,781)	(1,132)
Depreciation and Amortisation	4.4	(1,639,139)	(1,555,545)
Share of Expenditure From Joint Operations	8.7	(607,015)	(533,791)
Other Operating Expenses	3.1	(1,815,822)	(1,659,569)
Other Non-Operating Expenses	3.1	(6,715)	(40,008)
Total Expenses from Transactions		(19,020,381)	(17,116,960)
Net Result from Transactions - Net Operating Balance		(1,024,761)	281,687
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	(885)	35,285
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(24,505)	(110,307)
Share of Other Economic Flows From Joint Arrangements	8.7	690	35,227
Other Gain/(Loss) from Other Economic Flows	3.2	(81,797)	205,552
Total Other Economic Flows included in Net Result		(106,497)	165,757
Net Result for the Year		(1,131,258)	447,444
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(b)	3,766,659	203,522
Total Other Comprehensive Income		3,766,659	203,522
Comprehensive Result for the Year		2,635,401	650,966

This statement should be read in conjunction with the accompanying notes

**Beaufort and Skipton Health Service
Balance Sheet as at 30 June 2022**

	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	8,105,493	6,648,587
Receivables and Contract Assets	5.1	1,049,207	920,499
Other Non-Financial Assets	5.2	56,437	122,960
Share of Assets in Joint Operations	8.7	269,009	439,770
Total Current Assets		9,480,146	8,131,816
Non-Current Assets			
Receivables and Contract Assets	5.1	602,836	529,055
Property, Plant and Equipment	4.1(a)	20,635,785	17,932,586
Right-of-use Assets	4.2(a)	71,657	84,944
Share of Assets in Joint Operations	8.7	127,314	231,368
Total Non-Current Assets		21,437,592	18,777,953
Total Assets		30,917,737	26,909,770
LIABILITIES			
Current Liabilities			
Payables and Contract Liabilities	5.3	2,211,841	1,522,108
Borrowings	6.1	31,032	27,190
Employee Benefits	3.3	3,079,643	2,720,750
Other Liabilities	5.4	6,087,002	5,580,048
Share of Liabilities in Joint Operations	8.7	123,866	305,506
Total Current Liabilities		11,533,384	10,155,602
Non-Current Liabilities			
Borrowings	6.1	107,955	142,671
Employee Benefits	3.3	361,847	332,348
Total Non-Current Liabilities		469,802	475,019
Total Liabilities		12,003,187	10,630,621
Net Assets		18,914,550	16,279,149
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.3	18,564,188	14,797,529
Restricted Specific Purpose Reserve		115,909	75,909
Contributed Capital		11,378,023	11,378,023
Accumulated Deficit		(11,143,570)	(9,972,312)
Total Equity		18,914,550	16,279,149

This statement should be read in conjunction with the accompanying notes

**Beaufort and Skipton Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2022**

	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Reserves	Contributed Capital	Accumulated Deficits	Total
	\$	\$	\$	\$	\$
Balance as at 30 June 2020	14,594,007	330,105	11,378,023	(10,673,952)	15,628,183
Net Result for the Year	-	-	-	447,444	447,444
Other Comprehensive Income for the Year	203,522	-	-	-	203,522
Transfer from/(to) accumulated deficits	-	(254,196)	-	254,196	-
Balance as at 30 June 2021	14,797,529	75,909	11,378,023	(9,972,312)	16,279,149
Net Result for the Year	-	-	-	(1,131,258)	(1,131,258)
Other Comprehensive Income for the Year	3,766,659	-	-	-	3,766,659
Transfer from/(to) accumulated deficits	-	40,000	-	(40,000)	-
Balance as at 30 June 2022	18,564,188	115,909	11,378,023	(11,143,570)	18,914,550

This statement should be read in conjunction with the accompanying notes

**Beaufort and Skipton Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2022**

Note	2022 \$	2021 \$
Cash Flows from Operating Activities		
Receipts		
Operating Grants from Government - State	8,019,899	8,351,187
Operating Grants from Government - Commonwealth	5,431,696	4,737,119
Capital Grants from Government - State	119,603	409,901
Capital Donations and Bequests Received	22,197	23,310
Patient Fees Received	1,215,431	1,183,389
Interest Received	22,798	19,784
Other Receipts	2,476,446	1,841,237
Other Capital Receipts	11,216	90,630
GST Received From ATO	361,719	411,202
Total Receipts	17,681,005	17,067,759
Payments		
Employee Expenses	(12,948,312)	(12,114,847)
Finance Costs	(1,781)	(1,132)
Payments for Supplies & Consumables	(3,201,968)	(2,926,913)
GST Paid to the ATO	(313,906)	(416,766)
Total Payments	(16,465,967)	(15,459,658)
Net Cash flows from Operating Activities	8.1 1,215,039	1,608,101
Cash Flows from Investing Activities		
Purchase of Non-Financial Assets	(238,022)	(1,557,943)
Proceeds from Disposal of Non-Financial Assets	3,123	69,801
Net Cash flows used in Investing Activities	(234,899)	(1,488,142)
Cash Flows from Financing Activities		
Receipt of Accommodation Deposits	1,595,000	595,000
Repayment of Accommodation Deposits	(927,897)	(424,933)
Receipt/(Repayment) of Monies Held in Trust	(163,145)	295,838
Repayment of Borrowings	(14,038)	-
Repayment of Principal Portion of Lease Liabilities	(13,154)	(7,206)
Net Cash flows from/(used in) Financing Activities	476,766	458,699
Net Increase/(Decrease) in Cash and Cash Equivalents	1,456,906	578,658
Cash and Cash Equivalents at Beginning of Financial Year	6,648,587	6,069,929
Cash and Cash Equivalents at End of Financial Year	6.2 8,105,493	6,648,587

This statement should be read in conjunction with the accompanying notes

Beaufort and Skipton Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

Structure

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

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

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of preparation of the financial statements

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

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

Beaufort and Skipton Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

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

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest dollar. 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 Beaufort and Skipton Health Service and its controlled entities on Monday, 10th October 2022.

Note 1.2 Impact of COVID-19 pandemic

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

The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises that it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

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

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

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

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

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering our services

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Joint arrangements

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

Beaufort & Skipton Health Service has an interest in a Jointly Controlled Operation. The Jointly Controlled Operation is Grampians Rural Health Alliance.

Details of the joint arrangements are set out in Note 8.7.

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.6 Accounting standards issued but not yet effective

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

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

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Standard	Adoption Date	Impact
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Note 1.8 Reporting Entity

The financial statements include all the controlled activities of Beaufort and Skipton Health Service.

Its principal address is:

28 Havelock Street
Beaufort, Victoria 3373

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

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 2: Funding delivery of our services

Beaufort & Skipton Health Service's overall objective is to provide quality health service that delivers person centred care to our patients, residents, community and staff. Beaufort & Skipton Health Service is predominantly funded by grant funding for the provision of outputs. Beaufort & Skipton 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 increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Funding provided included:

- COVID-19 grants to fund community awareness of COVID-19 coronavirus pandemic, additional staff costs due to the pandemic, and the operation of vaccination clinic to administer vaccines to staff and the community
- Personal protective equipment and COVID-19 Rapid Antigen Tests provided as resources free of charge

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 2.1: Revenue and income from transactions

Note	2022 \$	2021 \$
Operating Activities		
Revenue from contracts with customers		
Government Grants (State) - Operating	160,958	145,022
Government Grants (Commonwealth) - Operating	5,079,704	4,570,543
Patient and resident fees	1,457,512	1,238,712
Commercial activities (i)	425,992	448,500
Total revenue from contracts with customers	7,124,166	6,402,777
Other sources of income		
Government Grants (State) - Operating	7,655,323	7,990,563
Government Grants (Commonwealth) - Operating	52,750	-
Government Grants (State) - Capital	50,003	1,042,937
Other capital purpose income	11,216	(4,993)
Capital donations	22,197	23,310
Consumables received free of charge or for nominal consideration	2.2 212,330	93,951
Assets received free of charge or for nominal consideration	2.2 328,377	-
Other revenue from operating activities (including non-capital donations)	2,003,311	1,332,845
Total other sources of income	10,335,507	10,478,612
Total revenue and income from operating activities	17,459,673	16,881,389
Non-operating activities		
Other interest	22,798	19,784
Total income from non-operating activities	22,798	19,784
Total revenue and income from transactions	17,482,471	16,901,173

(i) Commercial activities represent business activities which Beaufort and Skipton Health Service enter into to support their operations.

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

	2022 \$	2021 \$
Beaufort and Skipton Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	425,992	448,500
Over time	6,698,174	5,954,277
Total revenue from contracts with customers	7,124,166	6,402,777

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 – *Income for not-for-profit entities*, 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 Beaufort and Skipton Health Service’s goods or services. Beaufort and Skipton Health Services 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 Beaufort and Skipton Health Service’s revenue streams, with information detailed below relating to Beaufort and Skipton Health Service’s significant revenue streams:

Government grant	Performance obligation
▪ Commonwealth Aged Care Funding	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 claims are submitted monthly.
▪ Commonwealth Home Support Programme Grants (CHSP)	The performance obligations for CHSP grants are the number of hours of care provided to eligible people through Allied Health and Therapy Services, Nursing and Social Support Groups to maximise their independence at home and in the community, in accordance with the grant agreement. Revenue is recognised at a point in time when the services are delivered.
▪ Western Victoria Primary Health Network - Chronic Conditions of Care Grant (CCMC)	The performance obligations for CCMC grants are the number of occasions of care provided through Allied Health and Therapy Services to eligible people living with chronic and complex conditions, in accordance with the grant agreement. Revenue is recognised at a point in time following completion of a patient visit to the Allied Health and Therapy Services.
▪ Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.	For other grants with performance obligations the Beaufort and Skipton Health Service exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Capital grants

Where Beaufort and Skipton 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 Beaufort and Skipton 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

Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Other income

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a special purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

How we recognise revenue and income from non-operating activities

Interest Income

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

Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

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

	2022 \$	2021 \$
Personal Protective Equipment (PPE) and COVID-19 Rapid Antigen Tests received free of charge under state supply arrangements	212,330	93,951
Assets received free of charge or for nominal consideration	328,377	-
Total fair value of assets and services received free of charge or for nominal consideration	540,707	93,951

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

Personal protective equipment

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

Generally, the State Supply Arrangement stipulates that Health Purchasing Victoria (trading as HealthShare Victoria) sources, secures and agrees terms for the purchase of PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. Beaufort and Skipton Health Service received these resources free of charge and recognised them as income.

Contributions

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

On initial recognition of the asset, Beaufort and Skipton Health Service recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Beaufort and Skipton Health Service recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

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

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Beaufort and Skipton Health Service as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Beaufort and Skipton 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 Department of Health.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 3: The cost of delivering our services

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

Structure

- 3.1 Expenses from transactions
- 3.2 Other economic flows
- 3.3 Employee benefits and related on-costs
- 3.4 Superannuation

Telling the COVID-19 story

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

Additional costs were incurred to:

- implement COVID safe practices throughout Beaufort and Skipton Health Service including increased Infection Prevention Control staffing, increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Beaufort and Skipton Health Service applies significant judgment when classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Beaufort and Skipton 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.</p> <p>Employee benefit liabilities are classified as a non-current liability if Beaufort and Skipton 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.</p>
Measuring employee benefit liabilities	<p>Beaufort and Skipton Health Service applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 3.1: Expenses from transactions

	Note	2022 \$	2021 \$
Salaries and wages		9,972,841	9,475,473
On-costs		2,411,309	2,055,853
Agency expenses		743,620	728,949
Workcover premium		107,995	101,832
Total employee expenses		13,235,765	12,362,107
Drug supplies		34,327	29,378
Medical and surgical supplies		348,366	194,531
Other supplies and consumables		1,331,452	740,899
Total supplies and consumables		1,714,145	964,808
Finance costs		1,781	1,132
Total finance costs		1,781	1,132
Fuel, light, power and water		250,760	230,132
Repairs and maintenance		117,809	190,857
Maintenance contracts		127,678	142,440
Medical indemnity insurance		20,318	18,635
Other administrative expenses		1,227,088	1,060,867
Expenditure for capital purposes		72,169	16,638
Total other operating expenses		1,815,822	1,659,569
Total operating expenses		16,767,513	14,987,616
Depreciation expense	4.4	1,639,139	1,555,545
Total depreciation		1,639,139	1,555,545
Bad and doubtful debt expense		6,715	40,008
Total other non-operating expenses		6,715	40,008
Total non-operating expenses		1,645,854	1,595,553
Total expenses from transactions		18,413,366	16,583,169

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 premiums.

Supplies and consumables

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

Finance costs

Finance costs include:

- amortisation of discounts or premiums relating to borrowings
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Other operating expenses

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

- fuel, light and power
- repairs and maintenance
- other administrative expenses; and
- expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

The Department of Health also makes certain payments on behalf of Beaufort and Skipton 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

	2022 \$	2021 \$
Net gain on disposal of property plant and equipment	(885)	35,285
Total net gain/(loss) on non-financial assets	(885)	35,285
Allowance for impairment losses of contractual receivables	(28,189)	(109,791)
Other gains/(losses) from other economic flows	3,684	(516)
Total net gain/(loss) on financial instruments	(24,505)	(110,307)
Share of net profits/(losses) of joint entities, excluding dividends	690	35,227
Total share of other economic flows from joint arrangements	690	35,227
Net gain/(loss) arising from revaluation of long service liability	(81,797)	205,552
Total other gains/(losses) from other economic flows	(81,797)	205,552
Total other gains/(losses) from economic flows	(106,498)	165,757

How we recognise other economic flows

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

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

Net gain/(loss) on non-financial assets

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

- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 7.2 Financial risk management objectives and policies
- disposals of financial assets and derecognition of financial liabilities.

Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 3.3: Employee benefits and related on-costs

	2022 \$	2021 \$
Current provisions		
<i>Accrued days off</i>		
- Unconditional and expected to be settled within 12 months (i)	19,559	15,048
<i>Annual leave</i>		
- Unconditional and expected to be settled within 12 months (i)	1,050,917	937,727
- Unconditional and expected to be settled after 12 months (ii)	170,157	158,840
<i>Long service leave</i>		
- Unconditional and expected to be settled within 12 months (i)	294,501	235,788
- Unconditional and expected to be settled after 12 months (ii)	1,201,850	1,071,042
	2,736,985	2,418,445
<i>Provisions related to employee benefit on-costs</i>		
- Unconditional and expected to be settled within 12 months (i)	167,977	148,570
- Unconditional and expected to be settled after 12 months (ii)	174,682	153,735
Total current employee benefits	3,079,643	2,720,750
Non-current provisions		
Conditional long service leave (ii)	320,355	295,420
Provisions related to employee benefit on-costs (ii)	41,493	36,928
Total non-current employee benefits	361,847	332,348
Total employee benefits	3,441,490	3,053,098

(i) The amounts disclosed are nominal amounts.

(ii) The amounts disclosed are discounted present values.

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

	2022 \$	2021 \$
Current employee benefits and related on-costs		
Unconditional accrued days off	22,004	16,929
Unconditional annual leave entitlements	1,373,709	1,233,638
Unconditional long service leave entitlements	1,683,930	1,470,183
Total current employee benefits and related on-costs	3,079,643	2,720,750
Non-current employee benefits and related on-costs		
Conditional long service leave	361,847	332,348
Total non-current employee benefits and related on-costs	361,847	332,348
Total employee benefits and related on-costs	3,441,490	3,053,098
Attributable to:		
Employee benefits	3,057,338	2,713,865
Provision for related on-costs	384,152	339,233
Total current employee benefits and related on-costs	3,441,490	3,053,098

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

	2022 \$	2021 \$
Carrying amount at the start of the year	3,053,098	3,153,928
Additional provisions recognised	1,322,231	833,009
Amounts incurred during the year	(933,838)	(933,838)
Carrying amount at the end of the year	3,441,490	3,053,098

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

How we recognise employee benefits

Employee benefit recognition

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

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

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

Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Beaufort & Skipton 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 Beaufort & Skipton Health Service expects to settle wholly within 12 months; or
- Present value – if Beaufort & Skipton Health Service does not expect to settle wholly within 12 months

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2022 \$	2021 \$	2022 \$	2021 \$
Defined contribution plans:				
Aware Super	782,550	707,365	-	-
Hesta	247,846	229,220	-	-
Other	132,620	113,226	-	-
Total	1,163,016	1,049,811	-	-

How we recognise superannuation

Employees of Beaufort & Skipton Health Service are entitled to receive superannuation benefits and Beaufort and Skipton Health Service contributes to defined contribution plans.

Defined contribution superannuation plans

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

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

Beaufort and Skipton Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 4: Key assets to support service delivery

Beaufort & Skipton 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 Beaufort & Skipton Health Service to be utilised for delivery of those outputs.

Structure

- 4.1 Property, plant & equipment
- 4.2 Right-of-use assets
- 4.3 Revaluation surplus
- 4.4 Depreciation
- 4.5 Impairment of assets

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life and residual value of property, plant and equipment	<p>Beaufort and Skipton 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.</p> <p>The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Beaufort and Skipton Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Identifying indicators of impairment	<p>At the end of each year, Beaufort and Skipton Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 4.1: Property, plant and equipment

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

	2022	2021
	\$	\$
Land at fair value - Freehold	1,900,000	1,069,172
Total land at fair value	1,900,000	1,069,172
Buildings at fair value	17,429,054	18,282,310
Less accumulated depreciation	-	(2,443,776)
Total buildings at fair value	17,429,054	15,838,534
Works in progress at cost	94,346	97,134
Total land and buildings	19,423,400	17,004,840
Plant and equipment at fair value	2,147,046	1,639,508
Less accumulated depreciation	(1,240,728)	(1,045,112)
Total plant and equipment at fair value	906,318	594,396
Medical equipment at fair value	405,708	352,930
Less accumulated depreciation	(199,167)	(146,749)
Total medical equipment at fair value	206,541	206,181
Motor vehicles at fair value	319,528	319,528
Less accumulated depreciation	(220,002)	(192,358)
Total motor vehicles at fair value	99,526	127,170
Total plant and equipment and vehicles at fair value	1,212,385	927,747
Total property, plant and equipment	20,635,785	17,932,587

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

	Land	Buildings	Work in Progress	Plant and Equipment	Medical Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	865,650	15,356,777	693,766	511,965	131,876	193,742	17,753,776
Additions	-	-	1,245,037	196,384	116,521	-	1,557,943
Disposals	-	-	(2,452)	-	-	(32,063)	(34,515)
Revaluation increments/(decrements)	203,522	-	-	-	-	-	203,522
Net transfers between classes	-	1,725,713	(1,839,217)	113,504	-	-	-
Depreciation (refer Note 4.4)	-	(1,243,956)	-	(227,457)	(42,216)	(34,510)	(1,548,140)
Balance at 30 June 2021	1,069,172	15,838,534	97,134	594,396	206,181	127,169	17,932,586
Additions	-	-	328,418	181,157	56,825	-	566,400
Disposals	-	-	-	-	(4,008)	-	(4,008)
Revaluation increments/(decrements)	830,828	2,935,831	-	-	-	-	3,766,659
Net transfers between classes	-	4,826	(331,206)	326,380	-	-	-
Depreciation (refer Note 4.4)	-	(1,350,137)	-	(195,616)	(52,456)	(27,644)	(1,625,853)
Balance at 30 June 2022	1,900,000	17,429,054	94,346	906,318	206,541	99,526	20,635,785

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Beaufort and Skipton Health Service's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022 for Land and 30 June 2019 for Buildings.

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Beaufort and Skipton 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.

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

Subsequent measurement

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

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

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

Revaluation

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

Where an independent valuation has not been undertaken at balance date, Beaufort and Skipton 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%, Beaufort and Skipton Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Beaufort and Skipton Health Service's land and building property was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- increase in fair value of land of 78% (\$830,828)
- increase in fair value of buildings of 20% (\$2,935,831).

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

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

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

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

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

The revaluation reserve 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.

Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 4.2: Right-of-use assets

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

	2022	2021
	\$	\$
Right-of-use motor vehicles at fair value	92,350	92,350
Less accumulated depreciation	(20,692)	(7,406)
Total right-of-use motor vehicles at fair value	71,658	84,944

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

	Right-of-use Motor Vehicles
	\$
Balance at 1 July 2020	-
Additions	92,350
Disposals	-
Depreciation (refer Note 4.4)	(7,406)
Balance at 30 June 2021	84,944
Additions	-
Disposals	-
Depreciation (refer Note 4.4)	(13,286)
Balance at 30 June 2022	71,658

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased vehicles	3 years

Initial recognition

When a contract is entered into, Beaufort and Skipton 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.

Beaufort and Skipton Health Service's motor vehicle lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Beaufort and Skipton Health Service holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. The health service has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Beaufort and Skipton Health Service's dependency on such lease arrangements.

Subsequent measurement

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

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

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

**Beaufort and Sipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 4.3: Revaluation surplus

	2022 \$	2021 \$
Property, plant and equipment revaluation surplus		
Balance at the beginning of the reporting period	14,797,529	14,594,007
Revaluation Increment		
- Land (refer Note 4.1(b))	830,828	203,522
- Buildings	2,935,831	-
Balance at the end of the reporting period*	18,564,188	14,797,529
* Represented by:		
- Land	1,616,900	786,072
- Buildings	16,947,288	14,011,457
	18,564,188	14,797,529

Note 4.4: Depreciation

	2022 \$	2021 \$
Buildings	1,350,137	1,243,956
Plant and equipment	195,616	227,458
Medical equipment	52,456	42,216
Motor vehicles	27,644	34,510
Total depreciation – property, plant and equipment	1,625,853	1,548,140
Right-of-use assets		
Right-of-use motor vehicles	13,287	7,406
Total depreciation – right-of-use assets	13,287	7,406
Total depreciation	1,639,140	1,555,546

How we recognise depreciation

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

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

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

	2022	2021
Buildings		
- Structure Shell Building Fabric	7-40 years	7-40 years
- Site Engineering Services	7-30 years	7-30 years
- Fitout	7-15 years	6-28 years
- Trunk Reticulated Building Systems	7-20 years	7-20 years
Plant and Equipment	3-20 years	3-20 years
Medical Equipment	5-10 years	5-10 years
Motor Vehicles	5-7 years	5-7 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.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 4.5: Impairment of assets

How we recognise impairment

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

Beaufort and Skipton Health Service did not record any impairment losses in property, plant and equipment for the year ended 30 June 2022.

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 5: Other assets and liabilities

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

Structure

- 5.1 Receivables and contract assets
- 5.2 Other assets
- 5.3 Payables and contract liabilities
- 5.4 Other liabilities

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Beaufort and Skipton 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 Beaufort and Skipton 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. Beaufort and Skipton 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	Beaufort and Skipton Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 5.1: Receivables and contract assets

Current receivables and contract assets	Note	2022 \$	2021 \$
Contractual			
Trade debtors		528,256	248,191
Patient fees		354,073	392,058
Contract assets - state government	5.1(b)	-	77,524
Contract assets - commonwealth government	5.1(b)	251,689	131,301
Accrued revenue		2,316	109,411
Allowance for impairment losses	5.1(a)	(115,387)	(113,489)
Total contractual receivables		1,020,948	844,996
Statutory			
GST receivable		28,259	75,503
Total statutory receivables		28,259	75,503
Total current receivables and contract assets		1,049,207	920,499
Non-current receivables			
Long service leave - Department of Health		602,836	529,055
Total non-current receivables		602,836	529,055
Total receivables and contract assets		1,652,043	1,449,554
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>			
Total receivables and contract assets		1,652,043	1,449,554
GST receivable		(28,259)	(75,503)
Total financial assets	7.1(a)	1,623,784	1,374,051

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

	2022 \$	2021 \$
Balance at the beginning of year	(113,489)	(37,772)
Increase in allowance	(115,387)	(113,489)
Amounts written off during the year	26,291	34,172
Reversal of allowance written off during the year as uncollectable	87,198	3,600
Balance at the end of year	(115,387)	(113,489)

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. Beaufort & Skipton 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**, includes 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. Beaufort & Skipton 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*.

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

Impairment losses of contractual receivables

Refer to Note 7.2(c) for Beaufort and Skipton Health Service's contractual impairment losses.

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 5.1(b): Contract assets

	2022 \$	2021 \$
Balance at the beginning of year	208,825	43,194
Add: Additional costs incurred that are recoverable from the customer	7,219,339	6,468,113
Less: Transfer to trade receivable or cash at bank	(7,167,031)	(6,293,039)
Less: impairment allowance	(9,443)	(9,443)
Total contract assets	251,689	208,825
* Represented by:		
- Current assets	251,689	208,825
	251,689	208,825

How we recognise contract assets

Contract assets relate to the Beaufort and Skipton 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 next year.

Note 5.2: Other non-financial assets

	2022 \$	2021 \$
Current		
Prepayments	56,437	122,960
Total other non-financial assets	56,437	122,960

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in prior to 30 June 2022 and covering a term extending beyond that period.

Note 5.3: Payables and contract liabilities

Note	2022 \$	2021 \$
Current payables and contract liabilities		
Contractual		
Trade creditors	72,334	64,816
Accrued salaries and wages	451,580	470,722
Accrued expenses	183,742	142,114
Department of Health	348,817	174,363
Deferred capital grant income	71,804	2,204
Contract liabilities	1,083,564	667,889
Total contractual payables	2,211,841	1,522,108
Total current payables and contract liabilities	2,211,841	1,522,108
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(d))</i>		
Total payables and contract liabilities	2,211,841	1,522,108
Deferred capital grant income	(71,804)	(2,204)
Contract liabilities	(1,083,564)	(667,889)
Total financial liabilities	1,056,473	852,015

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salary and wages payable represent liabilities for goods and services provided to Beaufort and Skipton Health Service prior to the end of the financial year that are unpaid.
- **Statutory payables**, which mostly includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 5.3(a): Deferred capital grant income

	2022 \$	2021 \$
Opening balance of deferred grant income	2,204	618,520
Grant consideration for capital works received during the year	85,936	195,000
Deferred grant income recognised as revenue due to completion of capital works	(16,336)	(811,316)
Closing balance of deferred capital grant income	71,804	2,204

How we recognise deferred capital grant income

Grant consideration was received from the Victorian Department of Health for the Refurbishment of Beaufort Nursing Home, Sensory Gardens at the Beaufort and Skipton Sites and the Skipton Bioenergy project. Grant income is recognised progressively as the asset is constructed, since this is the time when Beaufort and Skipton Health Service satisfies its obligations. The progressive percentage costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Beaufort and Skipton Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Beaufort and Skipton Health Service expects to recognise all of the remaining deferred capital grant income for capital works by 30 June, 2023.

Note 5.3(b) Contract liabilities

	2022 \$	2021 \$
Opening balance of contract liabilities	667,889	435,374
Payments received for performance obligations not yet fulfilled	7,539,842	6,635,292
Revenue recognised for the completion of a performance obligation	(7,124,167)	(6,402,777)
Total contract liabilities	1,083,564	667,889

How we recognise contract liabilities

Contract liabilities relate to consideration received in advance from customers in respect of the Victorian Department of Health and the Commonwealth Department of Health and Aged Care.

The balance of contract liabilities was significantly higher than the previous reporting period due to extension of funding agreements paid in advance for future performance obligations.

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

Maturity analysis of payables

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

Note 5.4: Other liabilities

	Note	2022 \$	2021 \$
Current monies held in trust*			
- Refundable Accommodation Deposits and Bonds		5,892,272	5,222,173
- Patient Monies Held in Trust		194,730	357,875
Total Other Liabilities		6,087,002	5,580,048
*Monies held in trust represented by:			
Cash assets	6.2	6,087,002	5,580,048
		6,087,002	5,580,048

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 Beaufort and Skipton 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*.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 6: How we finance our operations

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

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

Structure

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Beaufort and Skipton Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> ▪ 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	<p>Beaufort and Skipton Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Beaufort and Skipton Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Beaufort and Skipton Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Beaufort and Skipton Health Service is reasonably certain to exercise such options.</p> <p>Beaufort and Skipton Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 6.1: Borrowings

	Note	2022 \$	2021 \$
Current borrowings			
Lease liability (i)	6.1(a)	13,451	13,152
Victorian Department of Health loan (ii)		17,581	14,038
Total current borrowings		31,032	27,190
Non-current borrowings			
Lease liability (i)	6.1(a)	58,539	71,990
Victorian Department of Health loan (ii)		49,416	70,681
Total non-current borrowings		107,955	142,671
Total borrowings	7.1(a)	138,987	169,861

(i) Secured by the assets leased.

(ii) This is an unsecured loan which bears no interest.

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Department of Health 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. The measurement basis subsequent to initial recognition depends on whether Beaufort and Skipton Health Service has categorised its liability as financial liabilities at 'amortised cost'.

Subsequent measurement

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

Maturity analysis of borrowings

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

Defaults and breaches

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

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 6.1(a): Lease liabilities

Beaufort and Skipton Health Service's lease liabilities are summarised below:

	2022 \$	2021 \$
Total undiscounted lease liabilities	74,018	88,950
Less unexpired finance expenses	(2,028)	(3,808)
Net lease liabilities	71,990	85,142

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

	2022 \$	2021 \$
Not longer than one year	13,451	14,933
Longer than one year but not longer than five years	60,567	74,017
Minimum future lease liability	74,018	88,950
Less unexpired finance expenses	(2,028)	(3,808)
Present value of lease liability	71,990	85,142
* Represented by:		
- Current liabilities	11,969	13,152
- Non-current liabilities	60,021	71,990
	71,990	85,142

How we recognise lease liabilities

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

To apply this definition, Beaufort and Skipton 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 Beaufort and Skipton Health Service and for which the supplier does not have substantive substitution rights
- Beaufort and Skipton 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 Beaufort and Skipton Health Service has the right to direct the use of the identified asset throughout the period of use, and
- Beaufort and Skipton 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.

Beaufort and Skipton Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased vehicles	3 years

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.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

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 Beaufort and Skipton Health Services incremental borrowing rate. Our lease liability has been discounted by 2.74%.

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.

The following types of lease arrangements, contain extension and termination options:

- Vehicle Leases include extension and termination options up to the maximum lease terms under the Victorian Government Standard Motor Vehicle Policy.

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

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

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, extension and termination options were not exercised and there was no financial effect to the health service.

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.

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 6.2: Cash and cash equivalents

	Notes	2022 \$	2021 \$
Cash on hand (excluding monies held in trust)		780	780
Cash at bank (excluding monies held in trust)		628,203	137,787
Cash at bank - CBS (excluding monies held in trust)		1,389,509	929,972
Total cash held for operations		2,018,492	1,068,539
Cash on hand (monies held in trust)		4,881	4,881
Cash at bank - CBS (monies held in trust)		6,082,121	5,575,167
Total cash held as monies in trust		6,087,002	5,580,048
Total cash and cash equivalents	7.1(a)	8,105,493	6,648,587

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks and deposits at call.

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

	2022 \$	2021 \$
Capital expenditure commitments		
Less than one year	357,686	4,504
Total capital expenditure commitments	357,686	4,504
Operating expenditure commitments		
Less than one year	45,673	60,499
Total operating expenditure commitments	45,673	60,499
Total commitments for expenditure (inclusive of GST)	403,359	65,003
Less GST recoverable from the Australian Tax Office	(36,548)	(5,909)
Total commitments for expenditure (exclusive of GST)	366,811	59,094

How we disclose our commitments

Our commitments relate to expenditure.

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 GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditure cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

There are no restrictions placed upon the lessee by entering into these leases.

Refer to Note 6.1 for further information.

Beaufort and Skipton Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 7: Risks, contingencies and valuation uncertainties

Beaufort & Skipton 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 the health service is related mainly to fair value determination.

Structure

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Beaufort and Skipton Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Beaufort and Skipton Health Service uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Beaufort and Skipton 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 Beaufort and Skipton 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. Beaufort and Skipton Health Service does not this use approach to measure fair value. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Beaufort and Skipton 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. Beaufort and Skipton Health Service categorises non-specialised land and non-specialised buildings in this level. ▪ Level 3, where inputs are unobservable. Beaufort and Skipton Health Service categorises specialised land, specialised buildings, plant, equipment, vehicles, right-of-use motor vehicles in this level.

**Beaufort and Skipton Health Service
Notes to the Financial Statements
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Note 7.1: Financial instruments

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

Note 7.1(a): Categorisation of financial instruments

		Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
30 June 2022	Note	\$	\$	\$
Contractual financial assets				
Cash and cash equivalents	6.2	8,105,493	-	8,105,493
Receivables and contract assets	5.1	1,623,784	-	1,623,784
Total financial assets (i)		9,729,277	-	9,729,277
Financial liabilities				
Payables	5.3	-	1,056,473	1,056,473
Borrowings	6.1	-	138,988	138,988
Refundable Accommodation Deposits and Bonds	5.4	-	5,892,272	5,892,272
Patient Monies Held in Trust	5.4	-	194,730	194,730
Total financial liabilities (i)		-	7,282,463	7,282,463
30 June 2021				
	Note	\$	\$	\$
Contractual financial assets				
Cash and cash equivalents	6.2	6,648,587	-	6,648,587
Receivables and contract assets	5.1	1,374,051	-	1,374,051
Total financial assets (i)		8,022,638	-	8,022,638
Financial liabilities				
Payables	5.3	-	852,015	852,015
Borrowings	6.1	-	169,861	169,861
Refundable Accommodation Deposits and Bonds	5.4	-	5,222,173	5,222,173
Patient Monies Held in Trust	5.4	-	357,875	357,875
Total financial liabilities (i)		-	6,601,924	6,601,924

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

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when Beaufort and Skipton Health Service becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Beaufort and Skipton 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 cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Beaufort & Skipton 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 interest on the principal amount outstanding on specific dates.

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

Beaufort and Skipton Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Beaufort and Skipton Health Service recognises the following assets in this category:

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

Categories of financial liabilities

Financial liabilities are recognised when Beaufort and Skipton 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. Beaufort & Skipton Health Service recognises the following liabilities in this category:

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

Offsetting financial instruments

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 7.2: Financial risk management objectives and policies

As a whole, Beaufort and Skipton 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.

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

Beaufort and Skipton 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. Beaufort and Skipton 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 Beaufort and Skipton Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Beaufort and Skipton 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 Beaufort and Skipton Health Service's credit risk profile in 2021-22.

Impairment of financial assets under AASB 9 *Financial Instruments*

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

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss would be immaterial.

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.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Contractual receivables at amortised cost

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

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

30 June 2022	Note	Current	Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years	Total
Expected loss rate		6.5%	6.8%	7.2%	14.0%	31.2%	
Gross carrying amount of contractual receivables	5.1	462,096	169,111	23,315	227,217	129,333	1,011,072
Loss allowance		30,041	11,527	1,678	31,798	40,342	115,386
30 June 2021	Note	Current	Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years	Total
Expected loss rate		7.2%	7.7%	8.2%	18.2%	43.5%	
Gross carrying amount of contractual receivables	5.1	433,042	17,305	38,024	166,486	109,380	764,237
Loss allowance		31,212	1,328	3,130	30,211	47,608	113,489

Statutory receivables and debt investments at amortised cost

Beaufort and Skipton 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.

Beaufort and Skipton 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. The health service manages its liquidity risk by:

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

Beaufort and Skipton 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.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

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

30 June 2022	Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates			
				Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
Payables (i)	5.3	1,056,473	1,056,473	1,056,473	-	-	-
Borrowings	6.1	138,988	138,988	1,109	3,341	23,629	110,909
Other Financial Liabilities							
- Refundable Accommodation Deposits (ii)	5.4	5,892,272	5,892,272	-	353,536	1,579,129	3,959,607
- Other	5.4	194,730	194,730	-	-	194,730	-
Total Financial Liabilities		7,282,463	7,282,463	1,057,582	356,877	1,797,488	4,070,515

30 June 2021	Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates			
				Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
Payables (i)	5.3	852,015	852,015	852,015	-	-	-
Borrowings	6.1	169,861	169,861	1,085	3,266	22,839	142,671
Other Financial Liabilities							
- Refundable Accommodation Deposits (ii)	5.4	5,222,173	5,222,173	-	313,330	1,399,542	3,509,300
- Other	5.4	357,875	357,875	-	-	357,875	-
Total Financial Liabilities		6,601,924	6,601,924	853,100	316,596	1,780,256	3,651,971

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

(ii) Maturity dates between 1-5 years are based upon historical redemption rates.

Note 7.2 (c) Market risk

Beaufort and Skipton Health Service's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 1.5% up or down

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Beaufort and Skipton 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. Beaufort and Skipton Health Service has minimal exposure to cash flow interest rate risks through cash and deposits.

Note 7.3: Contingent assets and contingent liabilities

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

Beaufort and Skipton Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

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
- Lease liabilities

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.

Beaufort and Skipton 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.

Beaufort and Skipton 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 Beaufort and Skipton 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.

**Beaufort and Sipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

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

Note	Carrying amount 30 June 2022 \$	Fair value measurement at end of reporting period using:		
		Level 1 <i>i</i> \$	Level 2 <i>i</i> \$	Level 3 <i>i</i> \$
Land at fair value				
	585,000	-	585,000	-
	1,315,000	-	-	1,315,000
Total of land at fair value	1,900,000	-	585,000	1,315,000
Buildings at fair value				
	479,468	-	479,468	-
	16,949,586	-	-	16,949,586
Total of buildings at fair value	17,429,054	-	479,468	16,949,586
Plant, equipment and vehicles at fair value				
	99,525	-	-	99,525
	206,541	-	-	206,541
	906,318	-	-	906,318
Total of plant, equipment and vehicles at fair value	1,212,384	-	-	1,212,384
Right-of-use motor vehicles at fair value				
	71,658	-	-	71,658
Total of right-of-use motor vehicles at fair value	71,658	-	-	71,658
Total non-financial physical assets at fair value	20,613,096	-	1,064,468	19,548,628

Note	Carrying amount 30 June 2021 \$	Fair value measurement at end of reporting period using:		
		Level 1 <i>i</i> \$	Level 2 <i>i</i> \$	Level 3 <i>i</i> \$
Land at fair value				
	325,910	-	325,910	-
	743,262	-	-	743,262
Total of land at fair value	1,069,172	-	325,910	743,262
Buildings at fair value				
	428,910	-	428,910	-
	15,409,624	-	-	15,409,624
Total of buildings at fair value	15,838,534	-	428,910	15,409,624
Plant, equipment and vehicles at fair value				
	127,170	-	-	127,170
	206,181	-	-	206,181
	594,396	-	-	594,396
Total of plant, equipment and vehicles at fair value	927,747	-	-	927,747
Right-of-use motor vehicles at fair value				
	84,944	-	-	84,944
Total of right-of-use motor vehicles at fair value	84,944	-	-	84,944
Total non-financial physical assets at fair value	17,920,397	-	754,820	17,165,577

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

Beaufort and Skipton Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

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, Beaufort Skipton 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

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to 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, Beaufort & Skipton Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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 Beaufort & Skipton 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 Beaufort & Skipton Health Service's specialised land was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

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

Vehicles

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

Plant and equipment

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 2022.

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Reconciliation of level 3 fair value measurement

Note	Land \$	Buildings \$	Plant, Equipment and Vehicles \$	Right-of-use Motor Vehicles \$
Balance at 1 July 2020	605,650	14,894,867	837,583	-
Additions/(Disposals)	-	1,725,713	280,842	92,350
<i>Gains or (losses) recognised in net result</i>				
- Depreciation	-	(1,210,956)	(304,183)	(7,406)
Reclassification in/(out) level 3	-	-	113,504	-
<i>Items recognised in other comprehensive income</i>				
- Revaluation	137,612	-	-	-
Balance at 30 June 2021	743,262	15,409,624	927,747	84,944
Additions/(Disposals)	-	4,826	233,974	-
<i>Gains or (losses) recognised in net result</i>				
- Depreciation	-	(1,317,137)	(275,716)	(13,286)
Reclassification in/(out) level 3	-	-	326,380	-
<i>Items recognised in other comprehensive income</i>				
- Revaluation	571,738	2,852,273	-	-
Balance at 30 June 2022	1,315,000	16,949,586	1,212,384	71,658

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

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land	Market approach	Community Service Obligation adjustments (i)
Non-specialised buildings	Market approach	N/A
Specialised buildings	Current replacement cost approach	Cost per square metre Useful life
Plant and equipment	Current replacement cost approach	Cost per unit Useful life
Motor vehicles	Market approach Current replacement cost approach	N/A Cost per unit

(i) A community service obligation (CSO) of 10% and 25% was applied to Beaufort and Skipton Health Service's specialised land in Beaufort and Skipton respectively.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 8: Other Disclosures

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

Structure

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

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Note 8.1: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	2022 \$	2021 \$
Net result for the year	(1,131,258)	447,444
Non-cash movements		
Depreciation	1,639,139	1,555,545
Grampians Rural Health Alliance Jointly Controlled Operation	93,176	1,092
Assets received free of charge	(328,377)	-
(Gain)/Loss on revaluation of long service leave liability	81,797	(205,552)
Loss allowance for receivables	1,897	75,717
Net (gain)/loss on disposal of non-financial assets	885	(35,285)
Gain/(Loss) from investing and financing activities	(3,683)	516
Movements in Assets and Liabilities		
(Increase) in receivables and contract assets	(204,386)	(211,840)
(Increase)/Decrease in prepaid expenses	66,524	(15,666)
Increase/(Decrease) in payables and contract liabilities	692,730	(108,593)
Increase in provisions	306,595	104,723
Net cash inflow from operating activities	1,215,039	1,608,101

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

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.

	Period
Responsible Ministers	
The Honourable Mary-Anne Thomas: Minister for Health	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	27 Jun 2022 - 30 Jun 2022
The Honourable Gabrielle Williams: Minister for Mental Health	27 Jun 2022 - 30 Jun 2022
The Honourable Colin Brooks: Minister for Disability, Ageing and Carers	27 Jun 2022 - 30 Jun 2022
The Honourable Martin Foley: Minister for Health	1 Jul 2021 - 27 Jun 2022
Minister for Ambulance Services	1 Jul 2021 - 27 Jun 2022
The Honourable James Merlino: Minister for Mental Health	1 Jul 2021 - 27 Jun 2022
Minister for Disability, Ageing and Carers	11 Oct 2021 - 6 Dec 2021
The Honourable Luke Donnellan: Minister for Disability, Ageing and Carers	1 Jul 2021 - 11 Oct 2021
The Honourable Anthony Carbines: Minister for Disability, Ageing and Carers	6 Dec 2021 - 27 Jun 2022
Governing Board	
Mr David Lenehan (Chair of the Board)	1 Jul 2021 - 30 Jun 2022
Mrs Karlie Tucker	1 Jul 2021 - 21 Jun 2022
Mrs Jenny Trengove	1 Jul 2021 - 30 Jun 2022
Mr Tony Edney	1 Jul 2021 - 30 Jun 2022
Ms Tanya Barun	1 Jul 2021 - 30 Jun 2022
Ms Jo Hall	1 Jul 2021 - 30 Jun 2022
Dr Daniel Terry	1 Jul 2021 - 30 Jun 2022
Mr Nigel Jarvis	1 Jul 2021 - 30 Jun 2022
Dr Margaret Way	1 Jul 2021 - 30 Jun 2022
Accountable Officer	
Mrs Meryn Pease (Chief Executive Officer)	1 Jul 2021 - 30 Jun 2022

Remuneration of Responsible Persons

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

Income Band	2022 No.	2021 No.
\$0 - \$9,999	9	9
\$240,000 - \$249,999	1	1
Total Numbers	10	10

	2022 \$	2021 \$
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	304,383	301,180

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

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 8.3: Remuneration of executives

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

	2022	2021
	\$	\$
Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)		
Short term benefits	568,321	567,633
Post-employment benefits	51,644	46,704
Other long-term benefits	22,882	32,660
Terminations benefits	-	-
Total Remuneration (i)	642,847	646,998
Total Number of Executives	4	4
Total Annualised Employee Equivalent (ii)	3.22	3.26

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

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

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

Short-term employee benefits

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

Post-employment benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 8.4: Related parties

Beaufort & Skipton Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

- All key management personnel and their close family member and personal business interests
- Cabinet ministers and their close family members, and
- Jointly controlled operations – A member of the Grampians Rural Health Alliance Information Technology Joint Venture Alliance, and
- All hospitals 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 Beaufort & Skipton Health Service and its controlled entities, directly or indirectly.

Key management personnel

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

	Period
Governing Board	
Mr David Lenehan (Chair of the Board)	1 Jul 2021 - 30 Jun 2022
Mrs Karlie Tucker	1 Jul 2021 - 21 Jun 2022
Mrs Jenny Trengove	1 Jul 2021 - 30 Jun 2022
Mr Tony Edney	1 Jul 2021 - 30 Jun 2022
Ms Tanya Barun	1 Jul 2021 - 30 Jun 2022
Ms Jo Hall	1 Jul 2021 - 30 Jun 2022
Dr Daniel Terry	1 Jul 2021 - 30 Jun 2022
Mr Nigel Jarvis	1 Jul 2021 - 30 Jun 2022
Dr Margaret Way	1 Jul 2021 - 30 Jun 2022
Executive Directors	
Mrs M Pease - Chief Executive Officer	1 Jul 2021 - 30 Jun 2022
Dr C Winter - Director of Medical Services	1 Jul 2021 - 30 Jun 2022
Mrs M Cushing - Director of Clinical Services	1 Jul 2021 - 30 Jun 2022
Mr D White - Corporate Services Manager	1 Jul 2021 - 30 Jun 2022
Mr C Nykoluk - Chief Financial Officer	1 Jul 2021 - 30 Jun 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.

	2022	2021
	\$	\$
Compensation - KMPs		
Short term employee benefits (i)	844,315	826,058
Post-employment benefits	74,069	67,238
Other long-term benefits	28,844	32,660
Terminations benefits	-	-
Total Compensation (ii)	947,229	925,956

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

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

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Significant transactions with government-related entities

Beaufort & Skipton Health Service received funding from the Department of Health of \$8,157,461 (2021:\$8,685,201) and indirect contributions of \$50,938 (2021: \$30,354).

Expenses incurred by Beaufort & Skipton Health Service in delivering Services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and Services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

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

Transactions with key management personnel 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 the Beaufort & Skipton Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: None).

There were no related party transactions required to be disclosed for the Beaufort & Skipton Service Board of Directors and Executive Officers in 2022 (2021: None).

Note 8.5: Remuneration of auditors

	2022	2021
Victorian Auditor-General's Office	\$	\$
Audit of the financial statements	20,900	20,500
Total remuneration of auditors	20,900	20,500

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

**Beaufort and Skipton Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

Note 8.7: Jointly controlled operations

Joint arrangement	Principal activity	Ownership Interest	
		2022	2021
Grampians Rural Health Alliance	In June 2008, the Department of Health issued circular number 17/2008, which outlines government requirements for the operation of rural health Information and Communication Technology (ICT) alliances. The policy outlines the accepted governance model for the operation of the ICT alliances. The policy requires public hospitals, public health services and multipurpose services which are declared or established under the Health Services Act 1988, to enter into the alliance for the region in which they operate, in accordance with a Joint Operation Agreement. Consistent with this policy, the Grampians Rural Health Alliance came into effect on 9th of December 2008.	5.86%	5.85%

Beaufort and Skipton Health Services interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2022	2021
	\$	\$
Current assets		
Cash and cash equivalents	150,619	313,843
Receivables	70,336	59,503
Other current assets	48,054	66,424
Total current assets	269,009	439,770
Non-current assets		
Property, plant and equipment	127,314	231,368
Total non-current assets	127,314	231,368
Total assets	396,323	671,138
Current liabilities		
Payables	57,062	159,962
Other current liabilities	66,804	145,543
Total current liabilities	123,866	305,505
Total liabilities	123,866	305,505
Net Assets	272,457	365,633
Equity		
Accumulated surpluses	272,457	365,633
Total equity	272,457	365,633

* Figures obtained from the unaudited GRHA annual report.

Beaufort and Skipton Health Service Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Beaufort and Skipton Health Services interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2022 \$	2021 \$
Revenue		
Operating activities	504,045	437,078
Non-operating activities	9,104	60,396
Total revenue from income and transactions	513,149	497,474
Expenses from transactions		
Operating expenses	(482,309)	(432,064)
Non-operating activities	(124,706)	(101,727)
Total expenses from transactions	(607,015)	(533,791)
Other economic flows included in the net result		
Change in equity share of joint operation	690	35,227
Total other economic flows included in the net result	690	35,227
Comprehensive result for the year	(93,176)	(1,090)

* Figures obtained from the unaudited GRHA annual report.

Contingent Liabilities and Capital Commitments

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

Note 8.8: Equity

Contributed capital

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

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

Note 8.9: Economic Dependency

Beaufort & Skipton Health Service is dependent on the Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Beaufort & Skipton Health Service.



Beaufort & Skipton
Health Service



BEAUFORT CAMPUS

28 Havelock Street, Beaufort Victoria 3373
P: +61 3 5349 1600

Incorporating:

Beaufort Hospital, Beaufort Hostel,
Beaufort Nursing Home and
Beaufort and Skipton Community Health

SKIPTON CAMPUS

2 Blake Street, Skipton Victoria 3361
P: +61 3 5340 1100

Incorporating:

Skipton Hospital, Brigadoon Hostel,
Mackinnon Nursing Home, Skipton Medical Practice
and Beaufort and Skipton Community Health