

# Annual Report 2022 - 2023



# CONTENTS



Disclosure Index	Page 3
Ministerial Directions	Page 6
Manner of Establishment and the Relevant	Page 6
This vision and mission of the health service	Page 6
Attestations	Page 4
Chair and Chief Executive Report—'The Year in Review' (incorporating Key Initiatives and Projects)	Page 7
Corporate Governance	Page 10
Board of Management	Page 10
Organisation Structure	Page 11
Workforce Data	Page 12
Occupational Health and Safety	Page 12
Occupational Violence	Page 13
Financial Results	Page 14

### Acknowledgment of Traditional Owners

Omeo District Health acknowledges the traditional owners of the land on which the health service is located. We recognise and respect their cultural heritage, beliefs and relationship with the lands.

We pay our respects to elders past and present and thank them for their contribution to our health service.





# DISCLOSURE INDEX

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

Legislation	Requirement	Page Reference
<b>Ministerial Directions</b>		
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant ministers	6
FRD 22	Purpose, functions, powers and duties	6
FRD 22	Nature and range of services provided	9
FRD 22	Activities, programs and achievements for the reporting period	7
FRD 22	Significant changes in key initiatives and expectations for the future	7
<b>Management and structure</b>		
FRD 22	Organisational structure	11
FRD 22	Workforce data/employment and conduct principles	12
FRD 22	Occupational Health and Safety	12
<b>Financial Information</b>		
FRD 22	Summary of the financial results for the year	14
FRD 22	Significant changes in financial position during the year	14
FRD 22	Operational and budgetary objectives and performance against objectives	14
FRD 22	Subsequent events	15
FRD 22	Details of consultancies under \$10 000	15
FRD 22	Details of consultancies above \$10 000	15
FRD 22	Disclosure of ICT expenditure	15
<b>Legislation</b>		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	16
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	16
FRD 22	Application and operation of <i>Public Interest Disclosure Act 2012</i>	16
FRD 22	Statement on National Competition Policy	16
FRD 22	Application and operation of <i>Carers Recognition Act 2012</i>	16
FRD 22	Additional Information available on request	13
FRD 24	Environmental data reporting	17
FRD 25	<i>Local Jobs First Act 2003</i> disclosures	16
SD 5.1.4	Financial Management Compliance attestation	14
SD 5.2.3	Declaration in report of operations	7
<b>Attestations</b>		
	Attestation on Data Integrity	4
	Attestation on managing Conflicts of Interest	4
	Attestation on Integrity, fraud and corruption	5
	Compliance with HealthShare Victoria (HSV) Purchasing Policies	5
<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2022 – 2023	18
	Occupational Violence reporting	13
	Reporting obligations under the <i>Safe Patients Care Act 2015</i>	5
	Gender Equality Act 2020	16
	Environmental Performance reporting	17

# ATTESTATIONS

## Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Omeo District Health for the year ending 30 June 2023.



.....  
Simon Lawlor  
Board Chair,  
Omeo  
23/08/2023

## Data Integrity declaration

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



.....  
Mary Manescu  
Chief Executive Officer,  
Omeo District Health  
23/08/2023

## Conflict of Interest Declaration

I, Mary Manescu certify that Omeo District Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Omeo District Health and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



.....  
Mary Manescu  
Chief Executive Officer,  
Omeo District Health  
23/08/2023



# ATTESTATIONS

## Integrity, Fraud and Corruption

I, Mary Manescu certify that Omeo District health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Omeo District health during the year.



.....  
Mary Manescu  
Chief Executive Officer,  
Omeo District Health  
23/08/2023

## Compliance with Health Share Victoria (HSV) Purchasing Policies

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



.....  
Mary Manescu  
Chief Executive Officer,  
Omeo District Health  
23/08/2023

## Safe Patient Care Act 2015

Omeo District Health has no matter to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.



.....  
Mary Manescu  
Chief Executive Officer,  
Omeo District Health  
23/08/2023

## Manner of establishment and the relevant Ministers

We are a public health service established under the Health Services Act 1988 (Vic).

### **Minister for Health**

The Hon Mary-Anne Thomas  
From 1 July to 30 June 2023

### **Minister for Mental Health**

The Hon Gabrielle Williams  
From 1 July 2022 to 30 June 2023

### **Other relevant Ministers:**

#### **Minister for Ambulance Services**

The Hon Mary-Anne Thomas  
From 1 July to 2 December 2022  
The Hon Gabrielle Williams  
From 5 December 2022 to 30 June 2023

#### **The Minister for Disability, Ageing and Carers**

The Hon Colin Brooks  
From 1 July 2022 to 5 December 2022  
The Hon Lizzie Blandthorn  
From 5 December 2022 to 30 June 2023

## Purpose, Functions, Powers and Duties

ODH operates under a guiding Strategic Plan which outlines a clear Vision & Mission Statement and a set of Strategic Pillars and Key Objectives.

### **The Vision of the Health Service is**

We care about creating a healthy community.

### **The Mission of Omeo District Health is**

To promote and enhance the health and wellbeing of the people of the East Gippsland High Country.



# Chair and Chief Executive Report

## The Year in Review

### Key Initiatives and Projects

On behalf of Omeo District Health Board of Directors, we are pleased to present the Omeo District Health Annual Report for the year ending 30 June 2023 in accordance with the *Financial Management Act 1994*.

The financial year 2022-23 has been a year of change and recovery, as we acknowledged past events, refocused and looked to the future with a sense of hope and commitment for new growth and opportunities.

We firstly wish to thank our consumers, their families and friends for their patience and understanding as we had to adapt and regroup. We also like to acknowledge and thank our staff and volunteers for their tireless effort and contribution throughout the pandemic and beyond.

#### Healthy communities

A key achievement for the year is the improvement of our medical cover. A prime example of our determination to continue to provide local access to primary care. Our medical cover not only provides continuity of care, but also ensures early intervention for clients with chronic conditions and complex needs. As a result, many consumers over the age of 65 have benefited from a range of comprehensive assessments and plans, helping them better address their individual health care needs.

Our Home Based Services were also expanded to better meet our community needs, with more clients from around the Omeo region accessing a range of home care packages and other available programs, ensuring much needed care and support at home.

Improved access to Allied Health services has seen more clients receiving support including a new and more regular podiatry service and a regular foot clinic.

A great deal of effort by our health promotion team and others saw the successful implementation of a number of community events increasing awareness about gender based violence, Women's Health and Wellness, dementia care and more.

#### Collaborative partnerships

We refreshed our former partnership with Gippsland

Lakes Community Health through the provision of weekly physiotherapy and exercise physiology services from Omeo District Health.

Our continued partnership with the Royal Flying Doctors Service ensures that the Omeo community has retained access to dental care locally. Building on that partnership we also established a virtual model of care that enables access to a range of specialists including geriatricians, pain specialists, psychiatrists and more.

Our regional and sub-regional partnerships have also continued to grow and mature, through the set-up of the Better at Home program for Hospital in the Home and other future services.

We also established new business support type partnerships within the Gippsland region and beyond, including with Bairnsdale Regional Health Service, La Trobe Regional Health and Alpine Health.

#### People and Culture

At an operational level we implemented a redesign process, providing further clarity on accountabilities for clinical and non-clinical service streams.

The Community Health Centre was also established as a result of this process, bringing together the Omeo Medical Centre and Allied Health teams together for enhanced collaboration, coordination and support.

We embraced technology and applied virtual care models to a number of services, including urgent care. Our successful transition to the Victorian Virtual Emergency Department enables timely access to higher level emergency care and better capacity to respond to a range of urgent care presentations in alignment with other public system partners and Ambulance Victoria.

We also increased our recruitment efforts to better safeguard our nursing cover and are exploring other workforce models that can address our needs.

# Chair and Chief Executive Report

## The Year in Review

### Key Initiatives and Projects

#### Quality Care and Safety

Omeo District Health has retained accreditation for a range of quality and safety schemes it maintains.

A new consumer feedback arrangement has been trialled through the Care Opinion platform, which helps with timely feedback on patient experience but also contributes to our culture of continuous improvement.

#### Effective Governance

A number of frameworks, structures and systems support Omeo District Health to ensure effective and appropriate governance.

Safe medical practice including credentialing and scope of practice, continues to be supported via sub-regional arrangements led by Bairnsdale Regional Health.

A review of our committees structures was undertaken, with new arrangements added to strengthen the governance and oversight of our assets and future capital redevelopment plans.

Clinical and financial outcomes are within expected benchmarks and compare well against peers and over time. There are also low levels of staff injury rates.

We acknowledge the contribution and thank our Board for ensuring robust governance and oversight of all our assurance systems.

#### Sustainable Services

A number of digital transformation projects were commissioned including the roll-out of an electronic asset management system which consolidates the organisational asset register, planned maintenance schedules and capacity to record reactive repairs, condition reporting and lifecycle analysis.

Our commitment to more sustainable and energy efficient measures led to the successful upgrade of our hospital windows with double glazing, making a notable difference to ambiance and energy bills.

With support from the Rural Health and Regional Infrastructure grant we were also able to upgrade our stor-

age facilities for medical supplies ensuring alignment with latest infection control requirements.

Thanks to a generous bequest by the Patty Oram Estate we were able to refurbish and commission the *Oram Suite*, which helps us provide accommodation for nurses and other healthcare staff that come to support us sometimes from distant parts of Australia and overseas.

#### Expectations for the future

There is more that can be done to further support and enhance the health and wellbeing of our East Gippsland high country communities.

Re-establishing our core staffing capacity and streamlining our service models including a higher level of digital maturity and more care delivered at or closer to home, are key priorities for the year ahead.

Maintaining current accreditation status will also be a priority, requiring considerable and ongoing effort to update our systems and processes impacted by the pandemic.

We also need to adapt and innovate to address the recommendations from the various Royal Commissions, other reform and government policy direction.

We remain committed to meaningful and mutually beneficial partnerships and innovative models of care that can address our community needs in a financially responsible and value based way.

Mary Manescu

Simon Lawlor





# Nature and range of services provided

## Acute Care

4 acute beds for general medical care  
Urgent care centre

## Residential Aged Care

10 high level care beds  
4 low level care beds  
Lifestyle program  
Respite care  
Virtual visiting program for residents  
Gentle exercise program for residents  
Aged care family liaison officer

## District Nursing Services

Home visiting  
Post – acute care program  
Post discharge support  
Transitional care program in the community

## Ancillary Services

Radiology  
Pathology

## Subacute Care

Transitional care program  
Rehabilitation  
Volunteer program  
Community gym and exercise classes  
Pre-employment physical testing program service  
In venue family day care service

## Home Based Services

Home respite  
Personal Care  
Domestic Assistance  
Home Maintenance  
Meals on Wheels  
Social Support Group  
Community Transport

## Medical Services

Omeo Medical Centre

## Dental Services

Royal Flying Doctor Service  
Public dental Service  
Private dental service

## Use of Facilities

Community Group Meetings

## Allied Health & Community Services

Chronic Disease Management  
Counselling/Social Work  
Equipment Loan  
Podiatry  
Foot Care  
Health Promotion and Education  
Information and Referral  
Occupational Therapy  
Physiotherapy  
Speech Pathology  
Youth Program  
Allied Health Assistant  
High Country Men's Shed  
Mental Health Nurse

## Supporting Portfolios

Administration  
Food and Environmental Services  
Infection Control  
Maintenance and Gardens  
Occupational Health and Safety  
Regional Assessment Service  
Clinical Education

## Visiting Services

Palliative Care Service

# Corporate Governance

The goal of the Board is to ensure, through robust governance and a clear strategic direction, the provision of excellent care for our residents, patients and clients as well as ensuring a safe working environment for our staff.

The main functions of the Board are to guide the entity in accordance with government policy. This involves providing strategic leadership, monitoring performance and ensuring accountability and compliance.

## Board of Management

Mr Simon Lawlor, Chair

Ms Leecia Angus, Vice Chair

Mr Harry Thomas, Treasurer

Ms Ann Ferguson

Ms Penny Barry

Ms Marianne Shearer

Ms Melita Ryan

Dr Jeremy Sternson

## Board of Management, Committee Membership and Attendance

From 1st July 2022 to 30th June 2023

Director/ Independent Member	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	# A	Av.
<b>BOARD MEETINGS</b>														
S. Lawlor (Chair)	1	1	1	1	1	1	Nil	1	1	1	0	1	10	90.91%
L. Angus (Vice Chair)	1	1	1	1	1	1		1	1	1	0	0	9	81.82%
A. Ferguson	1	0	0	0	1	0		1	1	0	0	0	4	36.36%
P. Barry	0	0	1	1	1	0		1	1	1	1	1	8	72.73%
M. Shearer	1	1	1	1	1	1		1	1	1	1	1	11	100%
H. Thomas	1	1	1	1	1	1		1	1	1	1	1	11	100%
M. Ryan	1	1	1	1	1	0		1	1	1	1	1	10	90.91%
J. Sternson	1	1	1	1	0	0		1	1	1	1	1	9	81.82%
N. O'Connell	1		1			1			1				4	100%

1 = Present 0 = Apology L/A = Leave of Absence



# Corporate Governance

## Community and Consumer Partnership Committee

Ms Penny Barry, Chair  
Ms Marianne Shearer  
Mr Harry Thomas  
Dr Jeremy Sternson  
Ms Leecia Angus

## Clinical Governance Committee

Ms Marianne Shearer, Chair  
Dr Jeremy Sternson  
Mr Harry Thomas  
Mr Simon Lawlor  
Ms Melita Ryan  
Ms Penny Barry

## Finance, Risk and Audit Committee

Mr Harry Thomas, Chair  
Ms Ann Ferguson  
Ms Leecia Angus  
Ms Melita Ryan

## Nomination & Remuneration Committee

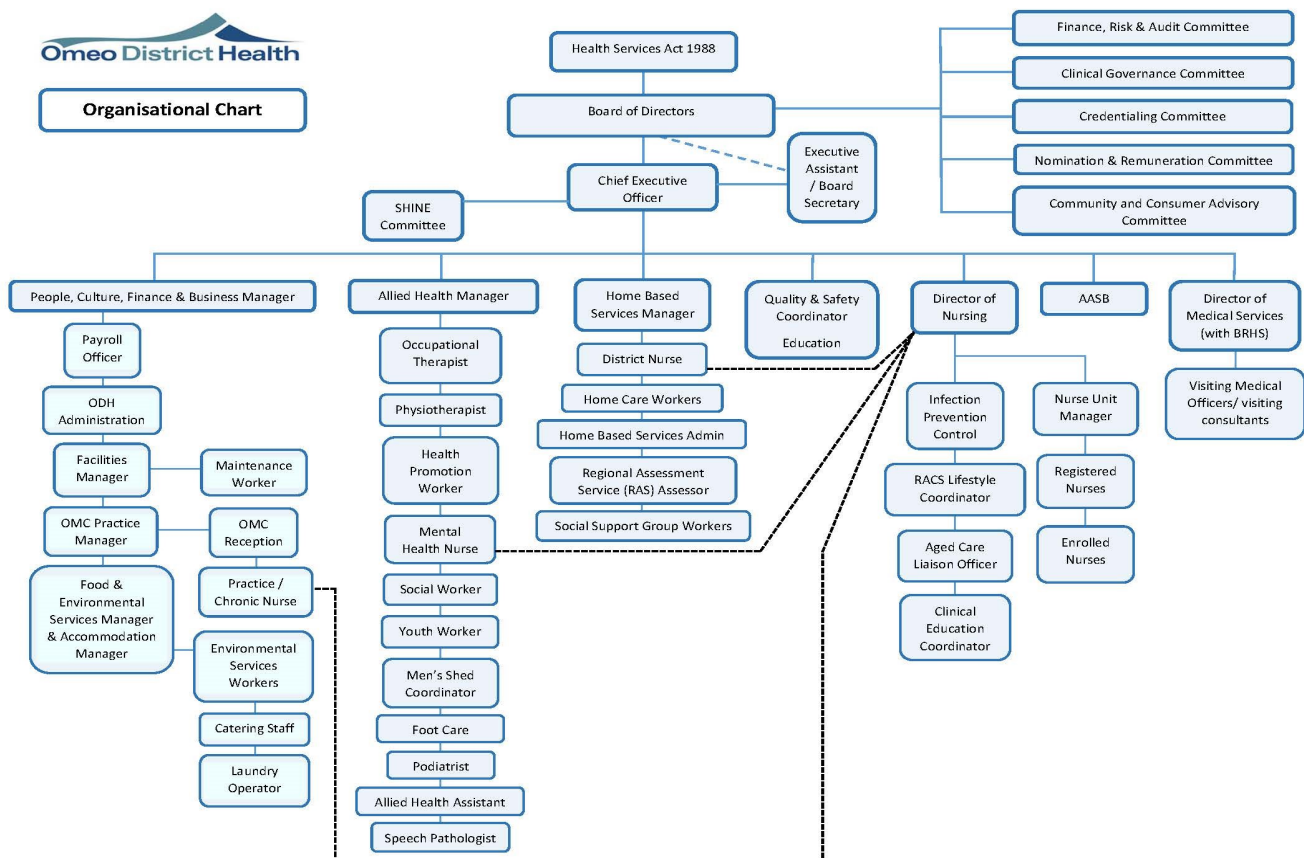
Ms Natalie O'Connell, Chair  
Mr Simon Lawlor  
Ms Melita Ryan  
Ms Leecia Angus  
Ms Ann Ferguson

## Credentialing & Privileging Committee

Ms Marianne Shearer  
Mr Jeremy Sternson  
Mr Simon Lawlor

## Executive Team

Mr Frank Megens, Acting Chief Executive Officer  
(1 July 2022—07 Aug 2022)  
Ms Mary Manescu, Chief Executive Officer  
(8 Aug 2022 - 30 June 2023)  
Mr Darren Fitzpatrick, Director of Nursing



## Workforce Data

### Equal Employment Opportunity (EEO)

Omeo District Health is subject to the requirements of Quality Opportunity Act 1995 and applies appropriate merit and equity principles in its management of staff. The Health Service all staff to take responsibility for fair, non discriminatory behavior.

HOSPITALS	JUNE		JUNE	
Labour Category	Current Monthly FTE*		Average Monthly FTE**	
	2022	2023	2022	2023
Nursing	16.69	15.88	15.51	16.42
Admin & Clerical	11.2	7.05	10.34	7.18
Medical Support	1.75	2.53	2.53	1.37
Hotel & Allied Services	8.77	7.86	7.57	8.30
Medical Officers	1.0	1.00	1.0	1.00
Hospital Medical Officers	N/A	N/A	N/A	N/A
Sessional Clinicians	N/A	N/A	N/A	N/A
Ancillary Staff (Allied Health)	7.75	13.08	8.98	11.42

## Occupational Health and Safety

Occupational Health and Safety (OHS) is monitored and reported through regular Quality and Safety Committee meetings, with minutes of the meeting reported through the sub committee of the Board, Clinical Governance. The Clinical Governance Committee also receives a quality and risk report bi-monthly. Review of incidents and identified risks from across the organisation result in changes, upgrades or education as appropriate. This process is assisted by the electronic 'Riskman' incident reporting program.

Each work discipline has the opportunity to escalate any concerns to one of the elected Health and Safety Representatives (HSRs).

Occupational Health and Safety Data	2020 – 2021	2021 - 2022	2022 - 2023
Number of reported hazards/incidents for the year per 100FTE *	631.13	517.196	33.56
The number of 'lost me' standard WorkCover claims for the year per 100 FTE	6.30	5.17	2.23
The average cost per WorkCover claim for the year ('000)	\$7 908	\$15 343	\$48 661

\*Note results for 2022-23 reflect ODH's updated methodology for data collection and reporting

# Occupational Violence

Definitions of occupational violence:

**Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

**Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

**Accepted Workcover claims** – accepted Workcover claims that were lodged in 2022-23.

**Lost time** – is defined as greater than one day.

**Injury, illness or condition** – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

	2022 - 2023
WorkCover accepted claims with an occupational violence cause per 100FTE	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	12
Number of occupational violence incidents reported per 100FTE	26.85
Percentage of occupational violence incidents resulting in a statutory injury, illness or condition	0%

## Additional Information

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):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the entity;
- Details of any major external reviews carried out on the entity;
- Details of major research and development activities undertaken by the entity;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;



# Financial Results

## Financial Management Compliance

I, Simon Lawlor, on behalf of the Responsible Body, certify that Omeo District Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Simon Lawlor  
Board Chair,  
Omeo District Health  
09/10/2023

	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000
<b>OPERATING RESULT*</b>	21	0	8	-125	-80
Total revenue	8,604	8,911	6,803	6,357	5,772
Total expenses	8,990	9,215	7,244	6,655	6,372
<b>Net result from transactions</b>	-386	-304	-441	-298	-600
Total other economic flows	-10	86	61	8	1
<b>Net result</b>	-396	-218	-380	-290	-599
Total assets	10,459	10,163	10,151	10,084	9,998
Total liabilities	3,269	2,577	3,248	2,801	2,425
<b>Net assets/Total equity</b>	7,190	7,586	6,903	7,283	7,573

\* 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 to the Statement of Priorities Operating Result

	2022 – 2023 (\$000)
Operating result	21
Capital purpose income	319
Specific income	
COVID 19 State Supply Arrangements Assets received free of charge or for nil consideration under the State Supply	229
State supply items consumed up to 30 June 2023	-229
Assets provided free of charge	
Assets received free of charge	
Expenditure for capital purpose	
Depreciation and amortisation	-726
Impairment of non-financial assets	
Finance costs (other)	
<b>Net result from transactions</b>	<b>-386</b>

## Performance against operational and budgetary objectives:

Omeo District Health recorded a net operating result of \$21k before capital and specific items in 2022-23. The Statement of Priorities operating target was a net operating deficit of \$0, a slightly better than budgeted outcome for 2022 2023 were achieved.

## Significant event occurring after balance date:

There were no events subsequent to the balance sheet date that may have a significant effect on the operational objectives of the organisation in subsequent years.

## Consultancies information

### Details of consultancies (under \$10 000)

In 2022 - 2023, there were 7 consultancies where the total fees payable to the consultants were less than \$10 000. The total expenditure incurred during 2022 - 2023 in relation to these consultancies is \$28 779.

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

In 2022 - 2023, there were 3 consultancies where the total fees payable to the consultants were less than \$10 000 or greater. The total expenditure incurred during 2022 - 2023 in relation to these consultancies is \$140 016.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2022 – 2023 (excluding GST)	Future expenditure (excluding GST)
Anchor Construction	Preliminary works	25/04/2023	N/A	N/A	\$15 836	N/A
AACS	Transition to AN-ACC	26/03/2023	N/A	N/A	\$18 000	N/A
KPMG	Forensic Review	12/10/2022	N/A	N/A	\$106 180	N/A

## Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2022 - 2023 is \$0.827 million (excluding GST) with the details show below:

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non – BAU) ICT		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$0.466 million	\$0.361 million	\$0.352 million	\$0.009 million

# Disclosures required under legislation

## **Freedom of Information Act 1982**

Omeo District Health is subject to the *Freedom of Information Act (Victoria) 1982*. All health service records are accessible to the limitations imposed by the Act. The public may seek access to such records by making a written request to the Chief Executive Officer. In the year ended 30 June 2023, four (4) applications for access to documents under the Freedom of Information Act were received.

## **Building Act 1993**

In the year ended 30 June 2023, all buildings of Omeo District Health were fully compliant with the Building Act 1993 and Building Regulations 2006.

## **Public Interest Disclosures Act 2012**

Omeo District Health has in place appropriate procedures for disclosure in accordance with the Public Interest Act. No disclosures were made under the Act in 2022-2023.

## **National Competition Policy**

In accordance with the national competition principles agreed by the Federal and State Governments in April 1995, Omeo District Health has implemented policies and procedures to ensure compliance with the National Competition Policy. These programs and policies include tendering for the provision of goods and services as per obligations within Health Share Victoria Procurement policy. ODH underwent audit against Health Share Victoria procurement policies and procedures and are implementing a range of minor improvements to our processes to ensure compliance with the policies.

## **Carers Recognition Act 2012 Statement**

The Carers Recognition Act 2012 recognises, promotes and values the role of people in care relationships. Omeo District Health understands the different needs of persons in care relationships and that care relationships bring benefits to the patients, their carers and to the community. Omeo District Health service takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient and family centered care and to involving carers in the development and delivery of our services.

## **Local Jobs First Act 2003**

In 2022-2023 there were no contracts requiring disclosure under the Local Jobs First Policy.

## **Gender Equality Act 2020**

Omeo District Health is a defined entity under the *Gender Equality Act 2020*. Under this Act, a defined entity has an obligation to its staff and community to promote and demonstrate gender equality in the workplace. A Gender Equality Action Plan has been developed and data submitted for review annually and renewal every four years. Based on data already analysed, Omeo District Health has been found to be compliant with the obligations under the Act. Omeo District Health believes reducing inequality creates an environment of security, safety and trust.

# Environmental Performance

ODH has aimed to achieve a reduction on the services impact on the environment, maximising the financial benefit of these activities and abiding by the community's moral expectations, set out in the Environmental Sustainability Framework. ODH has successfully replaced all windows with double glazed windows throughout the service, installed solar panels and has migrated to an electronic asset management system to reduce paper waste. ODH continues to encourage a culture of environmental sustainability across the organisation.

*Please see following page for data.*

## Direct Spend—ABN Wash

The Government acknowledges that regional small and medium enterprises such as Omeo District Health play a critical role in the sustainability of regional economies and communities. In applying the Social Procurement Framework, government departments and agencies are encouraged to consider how they can use place-based approaches to address entrenched disadvantage and support regional small and medium enterprises. Omeo District Health engaged a number of Social Procurement Providers during the year:

- 4 Suppliers were engaged.
- Total spend of \$7,783.94.

Omeo District Health is committed to engaging Social Procurement Suppliers and will review the requirements of the Social Procurement Framework in future years to consider the social impacts of purchases through their procurement processes.

# Statement of Priorities (SoP) - Part A:

## Strategic Priorities

Omeo District Health contributed to the Operational Plan 2022-23 through the following strategic priorities:

### Keep people healthy and safe in the community:

#### Maintain COVID-19 readiness

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

#### Progress:

Achieved – through the

- Regular update of our COVID plan and adjustment of our restrictive practices applying latest available evidence and a risk based approach
- COVID and Influenza vaccination are routinely offered to residents and staff

### Care closer to home:

#### Delivering more care in the home or virtually

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

#### Progress:

Achieved – through the

- implementation of the Better at Home program, starting initially with the Hospital in the Home through a brokered arrangement with Bairnsdale Regional Health Service
- Expanding Home Based Services through more home care packages provided to eligible clients
- Successful transition to the Victorian Virtual Emergency Department for the Urgent Care Centre

### Keep improving care:

#### Improve quality and safety of care

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

#### Progress:

Achieved – through the

- Development and implementation of our duty of candour policy
- Staff education on restrictive practices, dementia care and behavioural of concerns



# Statement of Priorities (SoP) - Part A:

## Strategic Priorities continued

### Plan update to nutrition and food quality standards

Develop a plan to implement nutrition and quality of food standards in 2022-23 (by December of 2023)

#### Progress:

Achieved - through the

- Development and implementation of a policy (delivered in March 2023)
- Compliance validation with the drinks policy directive (achieved in 2022)
- Confirmation of standardised recipes and upload into the Food Checker of 5 days of meals to validate compliance with *Healthy Choices* directive (by December 2023)

### Climate Change Commitments

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

#### Progress:

Achieved – through the

- Replacement of all external windows with double glazing
- Rollout of a number of digital transformation initiatives reducing reliance on paper printouts

### Asset Maintenance and Management

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

#### Progress:

Achieved – through the

- Commissioning of an electronic asset management that captures assets location, condition and lifecycle data and enables digital scheduling of planned maintenance works, as well as tracking of reactive repairs

## Improve Aboriginal health and wellbeing:

### Improve Aboriginal cultural safety

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

# Statement of Priorities (SoP) - Part A:

## Strategic Priorities continued

### Progress:

Achieved — through the

- Development of a 'Diversity, inclusion and belonging policy' that outlines inclusive practices for all, ensuring everyone feels safe, valued and supported whilst at Omeo District Health. It includes specific guidance on inclusive practices for Aboriginal and Torres Strait Islander people
- A procedure is in place for the identification of Aboriginal people receiving Home Based Services
- This further complements practices at the Omeo Medical Centre and for inpatient and residential care
- Cultural safety training is provided as part of the annual mandatory training program for all staff

## Moving from competition to collaboration:

### Foster and develop local partnerships

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

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

### Progress:

Achieved – through the

- Implementation of a Hospital in the Home for Omeo District Health brokered agreement with Bairnsdale Regional Health - as part of the broader Better at Home program
- Participation in the Bushfire mental health program

## A stronger workforce:

### Improve workforce wellbeing

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

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

### Progress:

Achieved – through the

- Engagement of relevant partners and participation in various events and awareness training
- Implementation of Mental Health First Aid training for managers
- Allocated funding for trauma counselling and support in addition to the EAP arrangements
- Rollout of a series of culture workshop, expected behaviours, code of conduct and values
- Increase availability of staff accommodation through the 'Oram Suite' redevelopment

## Statement of Priorities (SoP) - Part B: Performance Priorities

### High Quality and Safe Care

Key performance measure	Target	Result
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	85%	N/A
Percentage of healthcare workers immunised for influenza	92%	62%
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	*Full compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	*Full compliance
Victorian Healthcare Experience Survey – percentage of positive patient	95%	*Full compliance

- Results suppressed due to less than 10 responses.

Key performance measure	Target	Result
<b>Organisational Culture</b>		
People matter survey—Percentage of staff with an overall positive response to safety culture survey questions	62%	48%

Key performance indicator	Target	Result
Operating result (\$m)	\$0.00	\$0.02
Average number of days to pay trade creditors	60 days	36 days
Average number of days to receiving patient fee debtors	60 days	24 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.6
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June 2023.	Variance ≤ \$250,000	Not Achieved
Actual number of days available cash, measured on the last day of each month.	14 days	85 days

## Statement of Priorities (SoP) - Part C: Activity and Funding

Funding type	2022 - 2023 Activity achievement
Small Rural Acute	14 NWAU
Small Rural Primary Health & HACC	335
Small Rural Residential Care	3844

# Independent Auditor's Report

## To the Board of Omeo District Health

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



Gordon Robertson  
*As delegate for the Auditor-General of Victoria*



# Financial Statements

## Financial Year ended 30 June 2023

### ***Board member's, accountable officer's, and chief finance & accounting officer's declaration***


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

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

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

We authorise the attached financial statements for issue on 9 October, 2023.

#### **Board member**



Simon Lawlor

Chair

Omeo  
09 October 2023

#### **Accountable Officer**

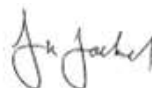


Mary Manescu

Chief Executive Officer

Omeo  
09 October 2023

#### **Chief Finance & Accounting Officer**



Steven Jackel

Chief Finance and Accounting Officer

Omeo  
09 October 2023

**Omeo District Health**  
**Comprehensive Operating Statement**  
**For the Financial Year Ended 30 June 2023**

		<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
<b>Note</b>			
<b>Revenue and income from transactions</b>			
Operating activities	2.1	7,931,881	8,393,800
Non-operating activities	2.1	84,065	13,672
Share of revenue from joint operations	8.7	588,285	503,114
<b>Total revenue and income from transactions</b>		<b>8,604,231</b>	<b>8,910,586</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(6,115,212)	(6,071,017)
Supplies and consumables	3.1	(255,710)	(417,190)
Finance costs	3.1	(22,158)	(27,135)
Depreciation and amortisation	3.1	(726,476)	(739,359)
Other administrative expenses	3.1	(1,184,427)	(1,136,824)
Other operating expenses	3.1	(214,203)	(286,912)
Share of expenditure from joint operations	8.7	(472,177)	(536,518)
<b>Total Expenses from transactions</b>		<b>(8,990,363)</b>	<b>(9,214,955)</b>
<b>Net result from transactions - net operating balance</b>		<b>(386,132)</b>	<b>(304,369)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on sale of non-financial assets	3.2	(4,512)	59,469
Other gain/(loss) from other economic flows	3.2	(5,617)	27,013
<b>Total other economic flows included in net result</b>		<b>(10,129)</b>	<b>86,482</b>
<b>Net result for the year</b>		<b>(396,261)</b>	<b>(217,887)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment revaluation surplus	4.3	-	901,251
<b>Total other comprehensive income</b>		<b>-</b>	<b>901,251</b>
<b>Comprehensive result for the year</b>		<b>(396,261)</b>	<b>683,364</b>

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

**Omeo District Health**  
**Balance Sheet**  
**As at 30 June 2023**

		<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
	<b>Note</b>		
<b>Current assets</b>			
Cash and cash equivalents	6.2	3,653,667	2,693,816
Receivables	5.1	302,859	649,719
Prepaid expenses		125,280	109,514
<b>Total current assets</b>		<b>4,081,806</b>	<b>3,453,049</b>
<b>Non-current assets</b>			
Receivables	5.1	103,034	112,516
Property, plant and equipment	4.1(a)	6,136,666	6,528,908
Right of use assets	4.2 (a)	137,621	68,931
<b>Total non-current assets</b>		<b>6,377,321</b>	<b>6,710,355</b>
<b>Total assets</b>		<b>10,459,127</b>	<b>10,163,404</b>
<b>Current liabilities</b>			
Payables	5.2	646,899	552,200
Contract liabilities	5.3	407,626	306,517
Borrowings	6.1	125,534	71,822
Employee benefits	3.3	935,576	877,208
Other liabilities	5.4	1,066,069	690,000
<b>Total current liabilities</b>		<b>3,181,704</b>	<b>2,497,747</b>
<b>Non-current liabilities</b>			
Borrowings	6.1	10,822	10,581
Employee benefits	3.3	76,508	68,722
<b>Total non-current liabilities</b>		<b>87,330</b>	<b>79,303</b>
<b>Total liabilities</b>		<b>3,269,034</b>	<b>2,577,050</b>
<b>Net assets</b>		<b>7,190,093</b>	<b>7,586,354</b>
<b>Equity</b>			
Property, plant and equipment revaluation surplus	4.3	6,008,600	6,008,600
Restricted specific purpose reserve	SCE	106,508	106,508
Contributed capital	SCE	1,793,235	1,793,235
Accumulated surplus/(deficit)	SCE	(718,250)	(321,989)
<b>Total equity</b>		<b>7,190,093</b>	<b>7,586,354</b>

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

**Omeo District Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2023**

		<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
<b>Note</b>			
<b>Cash Flows from operating activities</b>			
		5,284,973	4,487,786
	Operating grants from government - State		
	Operating grants from government - Commonwealth	1,188,271	1,427,458
	Capital grants from government - State	98,778	268,132
	Patient fees received	873,125	567,197
	Donations and bequests received	220,731	-
	GST received from ATO	234,138	267,624
	Interest and investment income received	84,065	13,672
	Other receipts	664,851	1,083,574
	<b>Total receipts</b>	<b>8,648,932</b>	<b>8,115,443</b>
	Payments to employees	(6,056,587)	(6,010,669)
	Payments for supplies and consumables	(122,950)	(214,076)
	Payments for medical indemnity insurance	(7,736)	(7,123)
	Payments for repairs and maintenance	(86,787)	(181,454)
	Finance Costs	(22,158)	(27,135)
	GST paid to ATO	(211,684)	(236,847)
	Other payments	(1,203,766)	(1,238,586)
	<b>Total payments</b>	<b>(7,711,668)</b>	<b>(7,915,890)</b>
	<b>Net cash flows from/(used in) operating activities</b>	<b>937,264</b>	<b>199,553</b>
8.1			
<b>Cash Flows from investing activities</b>			
	Purchase of property, plant and equipment	(407,435)	(889,132)
	Proceeds from disposal of property, plant and equipment	-	59,469
	<b>Net cash flows from/(used in) investing activities</b>	<b>(407,435)</b>	<b>(829,663)</b>
<b>Cash flows from financing activities</b>			
	Repayment of borrowings	53,953	(28,339)
	Receipt of accommodation deposits	740,000	-
	Repayment of accommodation deposits	(363,931)	(761,247)
	<b>Net cash flows from /(used in) financing activities</b>	<b>430,022</b>	<b>(789,586)</b>
	<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>959,851</b>	<b>(1,419,696)</b>
	Cash and cash equivalents at beginning of year	2,693,816	4,113,512
	<b>Cash and cash equivalents at end of year</b>	<b>3,653,667</b>	<b>2,693,816</b>
6.2			

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

**Omeo District Health**  
**Statement of Changes in Equity**  
**For the Financial Year Ended 30 June 2023**

	Note	Property, Plant and Equipment Revaluation Surplus \$	Restricted Specific Purpose Reserve \$	Contributed Capital \$	Accumulated Surplus/ (Deficits) \$	Total \$
<b>Total</b>						
<b>Balance at 30 June 2021</b>		<b>5,107,349</b>	<b>106,508</b>	<b>1,793,235</b>	<b>(104,102)</b>	<b>6,902,990</b>
Net result for the year		-	-	-	(217,887)	(217,887)
Other comprehensive income for the year		901,251	-	-	-	901,251
<b>Balance at 30 June 2022</b>		<b>6,008,600</b>	<b>106,508</b>	<b>1,793,235</b>	<b>(321,989)</b>	<b>7,586,354</b>
Net result for the year		-	-	-	(396,261)	(396,261)
Other comprehensive income for the year		-	-	-	-	-
<b>Balance at 30 June 2023</b>		<b>6,008,600</b>	<b>106,508</b>	<b>1,793,235</b>	<b>(718,250)</b>	<b>7,190,093</b>

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



**Omeo District Health**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2023**

## **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*

# Omeo District Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

## Note 1: Basis of preparation

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

This section explains the basis of preparing the financial statements.

### ***Note 1.1: Basis of preparation of the financial statements***

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

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

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

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

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

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

The financial statements are presented in Australian dollars.

# Omeo District Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

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

The annual financial statements were authorised for issue by the Board of Omeo District Health on 09 October 2023.

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

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

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

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

# Omeo District Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### **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
NWU	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 Omeo District Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Omeo District Health has the following joint arrangements:

- Gippsland 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 relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Depreciation and amortisation
- Note 4.5: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 5.4: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

# Omeo District Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### **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 Omeo District Health and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards - Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of No-for-profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

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

# Omeo District Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### ***Note 1.7 Goods and Services Tax (GST)***

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

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

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

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

#### ***Note 1.8 Reporting Entity***

The financial statements include all the controlled activities of Omeo District Health.

Omeo District Health's principal address is:

Easton Street  
Omeo, Victoria 3898

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



## Note 2: Funding delivery of our services

Omeo District Health's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Omeo District Health is predominantly funded by grant funding for the provision of outputs. Omeo District Health 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 and income recognised to fund the delivery of our services decreased during the financial year which was attributable to the scaling back of the the COVID-19 public health response in 2022-23.

Additional funding was also provided to:

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

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>Omeo District Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Omeo District Health 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>Omeo District Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining time of capital grant income recognition	<p>Omeo District Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>
Assets and services received free of charge or for nominal consideration	<p>Omeo District Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Where a reliable market value exists it is used to calculate the equivalent value of the service being provided. Where no reliable market value exists, the service is not recognised in the financial statements.</p>

## Note 2.1 Revenue and income from transactions

	Total 2023 \$	Total 2022 \$
<b>Operating activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (Commonwealth) - Operating	1,104,373	1,342,291
Patient and resident fees	940,481	582,290
Commercial activities <sup>1</sup>	346,635	467,915
<b>Total revenue from contracts with customers</b>	<b>2,391,489</b>	<b>2,392,496</b>
<b>Other sources of income</b>		
Government grants (State) - Operating	4,893,084	4,916,004
Government grants (State) - Capital	98,778	268,132
Assets received free of charge or for nominal consideration	229,334	221,272
Other revenue from operating activities (including non-capital donations)	319,196	595,896
<b>Total other sources of income</b>	<b>5,540,392</b>	<b>6,001,304</b>
<b>Total revenue and income from operating activities</b>	<b>7,931,881</b>	<b>8,393,800</b>
<b>Non-operating activities</b>		
<b>Income from other sources</b>		
Other interest	84,065	13,672
<b>Total other sources of income</b>	<b>84,065</b>	<b>13,672</b>
<b>Total income from non-operating activities</b>	<b>84,065</b>	<b>13,672</b>
<b>Total revenue and income from transactions</b>	<b>8,015,946</b>	<b>8,407,472</b>

1. Commercial activities represent business activities which Omeo District Health enter into to support their operations.

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

Omeo District Health disaggregates revenue by the timing of revenue recognition.

#### Goods and services transferred to customers:

	Total 2023 \$	Total 2022 \$
At a point in time	2,044,854	1,924,581
Over time	346,635	467,915
<b>Total revenue from contracts with customers</b>	<b>2,391,489</b>	<b>2,392,496</b>

## How we recognise revenue and income from operating activities

### Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

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

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

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

Government grant	Performance obligation
Commonwealth Aged Care	Funding is provided for the provision of care for aged care residents within facilities at Omeo District Health. The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers. Revenue is recognised at the point in time when the service is provided within the residential aged care facility.

### Capital grants

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

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

### Patient and resident fees

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

### Commercial activities

Revenue from commercial activities includes items such as provision of meals and property rental. Commercial activity revenue is recognised over time, upon provision of the goods or service to the customer.

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

	<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
Cash donations and gifts	220,731	48,465
Plant and equipment	-	21,020
Personal protective equipment	8,603	151,787
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>229,334</b>	<b>221,272</b>

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

#### Donations and bequests

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

#### Personal protective equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment. 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. Omeo District Health received these resources free of charge and recognised them as income.

#### Contributions of resources

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

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

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

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

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

## 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 in the balance sheet***

***3.4 Superannuation***

### Telling the COVID-19 story

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

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Omeo District Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Omeo District Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Omeo District Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>Omeo District Health 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> <ul style="list-style-type: none"> <li>• an inflation rate of 4.35%, reflecting the future wage and salary levels</li> <li>• durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 22% and 86%</li> <li>• discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.</li> </ul> <p>All other entitlements are measured at their nominal value.</p>

### Note 3.1 Expenses from transactions

	<b>Total 2023</b>	<b>Total 2022</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
Salaries and wages	4,544,618	4,963,585
On-costs	457,332	462,114
Agency expenses	491,316	133,427
Fee for service medical officer expenses	541,612	479,411
Workcover premium	80,334	32,480
<b>Total employee expenses</b>	<b>6,115,212</b>	<b>6,071,017</b>
Drug supplies	12,780	37,311
Medical and surgical supplies	73,446	218,352
Other supplies and consumables	169,484	161,527
<b>Total supplies and consumables</b>	<b>255,710</b>	<b>417,190</b>
Finance costs	22,158	27,135
<b>Total finance costs</b>	<b>22,158</b>	<b>27,135</b>
Other administrative expenses	1,184,427	1,136,824
<b>Total other administrative expenses</b>	<b>1,184,427</b>	<b>1,136,824</b>
Fuel, light, power and water	119,680	98,335
Repairs and maintenance	86,787	181,454
Medical indemnity insurance	7,736	7,123
<b>Total other operating expenses</b>	<b>214,203</b>	<b>286,912</b>
<b>Total operating expense</b>	<b>7,791,710</b>	<b>7,939,078</b>
Depreciation and amortisation	726,476	739,359
<b>Total depreciation and amortisation</b>	<b>726,476</b>	<b>739,359</b>
<b>Total non-operating expense</b>	<b>726,476</b>	<b>739,359</b>
<b>Total expenses from transactions</b>	<b>8,518,186</b>	<b>8,678,437</b>



## **Note 3.1 Expenses from transactions (continued)**

### **How we recognise expenses from transactions**

#### **Expense recognition**

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

#### **Employee expenses**

Employee expenses include:

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

#### **Supplies and consumables**

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

#### **Finance costs**

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred)
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases* .

#### **Other operating expenses**

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

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

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

#### **Non-operating expenses**

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

### Note 3.2 Other economic flows included in net result

	Total 2023 \$	Total 2022 \$
Net gain/(loss) on disposal of property plant and equipment	(4,512)	59,469
<b>Total net gain/(loss) on non-financial assets</b>	<b>(4,512)</b>	<b>59,469</b>
Net gain/(loss) arising from revaluation of long service liability	(5,617)	27,013
<b>Total other gains/(losses) from other economic flows</b>	<b>(5,617)</b>	<b>27,013</b>
<b>Total gains/(losses) from other economic flows</b>	<b>(10,129)</b>	<b>86,482</b>

#### 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.

#### 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 and
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

#### 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.

### Note 3.3 Employee benefits in the balance sheet

	Total 2023 \$	Total 2022 \$
<b>Current employee benefits and related on-costs</b>		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	15,130	16,009
	<b>15,130</b>	<b>16,009</b>
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	405,717	323,311
	<b>405,717</b>	<b>323,311</b>
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	57,768	51,346
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	353,341	392,604
	<b>411,109</b>	<b>443,950</b>
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	57,922	43,622
Unconditional and expected to be settled after 12 months <sup>ii</sup>	45,698	50,316
	<b>103,620</b>	<b>93,938</b>
<b>Total current employee benefits and related on-costs</b>	<b>935,576</b>	<b>877,208</b>
<b>Non-current provisions and related on-costs</b>		
Conditional long service leave <sup>ii</sup>	67,727	60,864
Provisions related to employee benefit on-costs <sup>ii</sup>	8,781	7,858
<b>Total non-current employee benefits and related on-costs</b>	<b>76,508</b>	<b>68,722</b>
<b>Total employee benefits and related on-costs</b>	<b>1,012,084</b>	<b>945,930</b>

<sup>i</sup> The amounts disclosed are nominal amounts.

<sup>ii</sup> The amounts disclosed are discounted to present values.

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

	Total 2023 \$	Total 2022 \$
<b>Current employee benefits and related on-costs</b>		
Unconditional accrued days off	16,963	17,788
Unconditional annual leave entitlements	454,874	359,251
Unconditional long service leave entitlements	463,739	500,169
<b>Total current employee benefits and related on-costs</b>	<b>935,576</b>	<b>877,208</b>
<b>Non-current provisions and related on-costs</b>		
Conditional long service leave entitlements	76,508	68,722
<b>Total non-current employee benefits and related on-costs</b>	<b>76,508</b>	<b>68,722</b>
<b>Total employee benefits and related on-costs</b>	<b>1,012,084</b>	<b>945,930</b>

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

Carrying amount at start of year	101,796	93,913
Additional provisions recognised	84,464	139,956
Net (gain)/loss arising from revaluation of long service leave	5,617	(27,013)
Amounts incurred during the year	(92,747)	(105,060)
<b>Carrying amount at end of year</b>	<b>99,130</b>	<b>101,796</b>

#### How we recognise employee benefits

##### Employee benefit recognition

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

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

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

- Nominal value – if Omeo District Health expects to wholly settle within 12 months or
- Present value – if Omeo District Health does not expect to wholly settle within 12 months.

### **Note 3.3 (b) Provision for related on-costs movements schedule (continued)**

#### **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 the Omeo District Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Omeo District Health expects to wholly settle within 12 months or
- Present value – if Omeo District Health does not expect to wholly settle within 12 months.

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

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

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

### Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2023 \$	Total 2022 \$	Total 2023 \$	Total 2022 \$
<b>Defined contribution plans:</b>				
Aware Super	289,494	304,365	-	-
Hesta	71,887	77,351	-	-
Other	94,637	37,127	-	-
<b>Total</b>	<b>456,018</b>	<b>418,843</b>	-	-

#### How we recognise superannuation

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

#### Defined contribution superannuation plans

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

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

## Note 4: Key assets to support service delivery

Omeo District Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Omeo District Health 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 and amortisation***

***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
Measuring fair value of property, plant and equipment and investment properties	<p>Omeo District Health obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Omeo District Health 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>Omeo District Health 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, Omeo District Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>▪ If an asset's value has declined more than expected based on normal use</li> <li>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>▪ If an asset is obsolete or damaged</li> <li>▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life</li> <li>▪ If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>



## Note 4.1 Property, Plant and Equipment

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

	Total 2023 \$	Total 2022 \$
Land at fair value - Freehold	375,000	375,000
<b>Total land at fair value</b>	<b>375,000</b>	<b>375,000</b>
Buildings at fair value	4,644,641	4,644,641
Less accumulated depreciation	(411,656)	-
<b>Total buildings at fair value</b>	<b>4,232,985</b>	<b>4,644,641</b>
Leasehold improvements at fair value	318,280	268,530
Less accumulated depreciation	(68,459)	(24,078)
<b>Total leasehold improvements at fair value</b>	<b>249,821</b>	<b>244,452</b>
Works in progress at fair value	67,403	12,566
<b>Total land and buildings</b>	<b>4,925,209</b>	<b>5,276,659</b>
Plant and equipment at fair value	2,065,024	1,907,432
Less accumulated depreciation	(1,205,574)	(1,023,907)
<b>Total plant and equipment at fair value</b>	<b>859,450</b>	<b>883,525</b>
Motor vehicles at fair value	63,761	63,761
Less accumulated depreciation	(29,260)	(22,884)
<b>Total motor vehicles at fair value</b>	<b>34,501</b>	<b>40,877</b>
Furniture and fittings at fair value	803,734	769,486
Less accumulated depreciation	(486,228)	(441,639)
<b>Total furniture and fittings at fair value</b>	<b>317,506</b>	<b>327,847</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>1,211,457</b>	<b>1,252,249</b>
<b>Total property, plant and equipment</b>	<b>6,136,666</b>	<b>6,528,908</b>

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

	Note	Land	Buildings	Leasehold Improvements	Building works in progress	Plant & equipment	Motor vehicles	Furniture & Fittings	Total
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>		<b>273,000</b>	<b>4,339,927</b>	<b>75,505</b>	-	<b>575,603</b>	<b>58,485</b>	<b>121,604</b>	<b>5,444,124</b>
Additions		-	-	193,024	12,566	467,767	-	236,790	910,147
Revaluation increments/(decrements)		102,000	799,251	-	-	-	-	-	901,251
Depreciation	4.4	-	(494,537)	(24,077)	-	(159,845)	(17,608)	(30,547)	(726,614)
<b>Balance at 30 June 2022</b>	<b>4.1 (a)</b>	<b>375,000</b>	<b>4,644,641</b>	<b>244,452</b>	<b>12,566</b>	<b>883,525</b>	<b>40,877</b>	<b>327,847</b>	<b>6,528,908</b>
Additions		-	-	49,750	54,837	172,385	-	34,248	311,220
Disposals		-	-	-	-	(4,512)	-	-	(4,512)
Depreciation	4.4	-	(411,656)	(44,381)	-	(191,948)	(6,376)	(44,589)	(698,950)
<b>Balance at 30 June 2023</b>	<b>4.1 (a)</b>	<b>375,000</b>	<b>4,232,985</b>	<b>249,821</b>	<b>67,403</b>	<b>859,450</b>	<b>34,501</b>	<b>317,506</b>	<b>6,136,666</b>

**Land and Buildings Carried at Valuation**

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

**How we recognise property, plant and equipment**

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

**Initial recognition**

Items of property, plant and equipment (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.

#### **Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset**

##### **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, Omeco District Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (GVV) 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%, Omeco District Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Omeco District Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

A managerial assessment was undertaken as at 30 June 2022, the cumulative movement of this assessment was greater than 10% for land and buildings since the last revaluation, as a result a managerial revaluation adjustment was required as at 30 June 2022.

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

- no movement in fair value of land.
- increase in fair value of buildings of 7%. (\$296,309)

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

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

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the 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 surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

**Note 4.2 Right-of-use assets**

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

	Total 2023 \$	Total 2022 \$
Right of use vehicles at fair value	189,794	93,579
Less accumulated depreciation	(52,173)	(24,648)
<b>Total right of use vehicles at fair value</b>	<b>137,621</b>	<b>68,931</b>
<b>Total right of use vehicles at fair value</b>	<b>137,621</b>	<b>68,931</b>
<b>Total right of use assets</b>	<b>137,621</b>	<b>68,931</b>

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

	Note	Right-of-use - Vehicles \$	Total \$
<b>Balance at 1 July 2021</b>		<b>81,676</b>	<b>81,676</b>
Depreciation	4.4	(12,745)	(12,745)
<b>Balance at 30 June 2022</b>	4.2 (a)	<b>68,931</b>	<b>68,931</b>
Additions		96,215	96,215
Depreciation	4.4	(27,525)	(27,525)
<b>Balance at 30 June 2023</b>	4.2 (a)	<b>137,621</b>	<b>137,621</b>

### How we recognise right-of-use assets

Where Omeo District Health 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. Omeo District Health 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	2 to 5 years

### Initial recognition

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

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

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

### 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.

## Note 4.3 Revaluation Surplus

	<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
Balance at the beginning of the reporting period	6,008,600	5,107,349
<b>Revaluation increment</b>		
- Land	4.1 (b) -	102,000
- Buildings	4.1 (b) -	799,251
<b>Balance at the end of the Reporting Period*</b>	<b>6,008,600</b>	<b>6,008,600</b>
<b>* Represented by:</b>		
- Land	373,000	373,000
- Buildings	5,635,600	5,635,600
	<b>6,008,600</b>	<b>6,008,600</b>

## Note 4.4 Depreciation

	Total 2023 \$	Total 2022 \$
<b>Depreciation</b>		
Buildings	411,656	494,537
Plant and equipment	182,166	150,063
Motor vehicles	6,376	17,608
GHA Assets	9,782	9,782
Furniture and fittings	44,589	30,547
Leasehold Improvements	44,381	24,077
<b>Total depreciation - property, plant and equipment</b>	<b>698,950</b>	<b>726,614</b>
<b>Right-of-use assets</b>		
Right of use - vehicles	27,525	12,745
<b>Total depreciation - right-of-use assets</b>	<b>27,525</b>	<b>12,745</b>
<b>Total depreciation</b>	<b>726,475</b>	<b>739,359</b>

### How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets 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.

	2023	2022
Buildings		
- Structure shell building fabric	20 to 40 years	20 to 40 years
- Site engineering services and central plant	20 to 37 years	20 to 37 years
Central Plant		
- Fit Out	10 to 21 years	10 to 21 years
- Trunk reticulated building system	10 to 21 years	10 to 21 years
Plant and equipment	3 to 13 years	3 to 13 years
Furniture and fitting	10 to 13 years	10 to 13 years
Motor Vehicles	3 to 7 years	3 to 7 years

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

#### **Note 4.5: Impairment of assets**

##### **How we recognise impairment**

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

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

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

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

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

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

Omeo District Health did not record any impairment losses for the year ended 30 June 2023.



## Note 5: Other assets and liabilities

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

### Structure

#### 5.1 Receivables

#### 5.2 Payables

#### 5.3 Contract liabilities

#### 5.4 Other liabilities

### Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

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

## Note 5.1 Receivables

	<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
<b>Notes</b>		
<b>Current receivables</b>		
<b>Contractual</b>		
Inter hospital debtors	25,631	30,063
Trade receivables	181,868	177,558
Accrued revenue	95,360	26,539
Amounts receivable from governments and agencies	-	415,559
<b>Total contractual receivables</b>	<b>302,859</b>	<b>649,719</b>
<b>Non-current receivables</b>		
<b>Contractual</b>		
Long service leave - Department of Health	103,034	112,516
<b>Total contractual receivables</b>	<b>103,034</b>	<b>112,516</b>
<b>Total non-current receivables</b>	<b>103,034</b>	<b>112,516</b>
<b>Total receivables and contract assets</b>	<b>405,893</b>	<b>762,235</b>
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>		
Total receivables and contract assets	405,893	762,235
GST receivable	-	-
<b>Total financial assets classified as receivables</b>	<b>405,893</b>	<b>762,235</b>

7.1(a)

## Note 5.1 Receivables (continued)

### How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

### Impairment losses of contractual receivables

Refer to Note 7.2 (a) for Omeo District Health's contractual impairment losses.

## Note 5.2 Payables

Note	Total 2023 \$	Total 2022 \$
<b>Current payables</b>		
<b>Contractual</b>		
Trade creditors	169,786	194,845
Accrued salaries and wages	201,748	119,982
Accrued expenses	165,806	67,852
Department of Health	-	50,000
Amounts payable to governments and agencies	8,650	18,000
<b>Total contractual payables</b>	<b>545,990</b>	<b>450,679</b>
<b>Statutory</b>		
Australian Taxation Office	100,909	101,521
<b>Total statutory payables</b>	<b>100,909</b>	<b>101,521</b>
<b>Total current payables</b>	<b>646,899</b>	<b>552,200</b>
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>		
Total payables	646,899	552,200
Australian Taxation Office	(100,909)	(101,521)
Total financial liabilities classified as payables	<b>7.1(a) 545,990</b>	<b>450,679</b>

### How we recognise payables

Payables consist of:

- Contractual payables, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Omeo District Health prior to the end of the financial year that are unpaid.
- Statutory payables** comprises 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 60 days.

## Note 5.3 Contract liabilities

### Opening balance of contract liabilities

Grant consideration for sufficiently specific performance obligations received during the year

Revenue recognised for the completion of a performance obligation

### Total contract liabilities

#### \* Represented by:

- Current contract liabilities

Total 2023 \$	Total 2022 \$
306,517	205,015
299,803	101,502
(198,694)	-
<b>407,626</b>	<b>306,517</b>
407,626	306,517
<b>407,626</b>	<b>306,517</b>

### How we recognise contract liabilities

Contract liabilities include consideration received in advance for the Commonwealth Home Support Programme (CHSP).

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

### Current monies held in trust

Refundable accommodation deposits

### Total current monies held in trust

### Total other liabilities

#### \* Represented by:

- Cash assets

Notes	Total 2023 \$	Total 2022 \$
	1,066,069	690,000
	<b>1,066,069</b>	<b>690,000</b>
	<b>1,066,069</b>	<b>690,000</b>
6.2	1,066,069	690,000
	<b>1,066,069</b>	<b>690,000</b>

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

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

## Note 6: How we finance our operations

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

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

### Structure

#### ***6.1 Borrowings***

#### ***6.2 Cash and cash equivalents***

#### ***6.3 Commitments for expenditure***

#### ***6.4 Non-cash financing and investing activities***

### Telling the COVID-19 story

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

## 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>Omeo District Health 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"> <li>• has the right-to-use an identified asset</li> <li>• has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>• can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>Omeo District Health 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>Omeo District Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Omeo District Health 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> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 4% and 5%.</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 Omeo District Health is reasonably certain to exercise such options.</p> <p>Omeo District Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> <li>• If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

## Note 6.1 Borrowings

	<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
<b>Note</b>		
<b>Current borrowings</b>		
Lease liability <sup>(i)</sup>	125,534	71,822
<b>Total current borrowings</b>	<b>125,534</b>	<b>71,822</b>
<b>Non-current borrowings</b>		
Lease liability <sup>(i)</sup>	10,822	10,581
<b>Total non-current borrowings</b>	<b>10,822</b>	<b>10,581</b>
<b>Total borrowings</b>	<b>136,356</b>	<b>82,403</b>

<sup>i</sup> Secured by the assets leased.

### How we recognise borrowings

Borrowings refer to lease liabilities and other interest-bearing arrangements.

### Initial recognition

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

### Subsequent measurement

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

### Maturity analysis

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

### Defaults and breaches

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



## Note 6.1 (a) Lease liabilities

Omeo District Health's lease liabilities are summarised below:

Total undiscounted lease liabilities  
Less unexpired finance expenses  
**Net lease liabilities**

<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
137,363	84,104
(1,007)	(1,701)
<b>136,356</b>	<b>82,403</b>

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

Not longer than one year  
Longer than one year but not longer than five years  
**Minimum future lease liability**  
Less unexpired finance expenses  
**Present value of lease liability**

<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
126,461	73,523
10,902	10,581
<b>137,363</b>	<b>84,104</b>
(1,007)	(1,701)
<b>136,356</b>	<b>82,403</b>

**\* Represented by:**

- Current liabilities
- Non-current liabilities

**How we recognise lease liabilities**

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

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

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

Omeo District Health's lease arrangements consist of the following:

<b>Type of asset leased</b>	<b>Lease term</b>
Leased vehicles	2 to 3 years

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

### **Separation of lease and non-lease components**

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

### **Initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Omeo District Healths incremental borrowing rate. Our lease liability has been discounted by rates of between 4% to 5%.

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.

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).

### **Subsequent measurement**

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

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

## Note 6.2 Cash and Cash Equivalents

	Total 2023 \$	Total 2022 \$
Cash on hand (excluding monies held in trust)	205	205
Cash at bank (excluding monies held in trust)	342,425	170,643
Cash at bank - CBS (excluding monies held in trust)	2,244,968	1,832,968
<b>Total cash held for operations</b>	<b>2,587,598</b>	<b>2,003,816</b>
Cash at bank (monies held in trust)	1,066,069	690,000
<b>Total cash held as monies in trust</b>	<b>1,066,069</b>	<b>690,000</b>
<b>Total cash and cash equivalents</b>	<b>3,653,667</b>	<b>2,693,816</b>

### How we recognise cash and cash equivalents

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

## Note 6.3 Commitments for expenditure

There are no capital or operating requirements at 30 June 2023 (2022 \$Nil)

## Note 6.4 Non-cash financing and investing activities

	Total 2023 \$'000	Total 2022 \$'000
Acquisition of plant and equipment by means of Leases	96,215	-
<b>Total non-cash financing and investing activities</b>	<b>96,215</b>	<b>-</b>

## Note 7: Risks, contingencies and valuation uncertainties

Omeo District Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the 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, Omeo District Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>

## Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Omeo District Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> <li>▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Omeo District Health's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach.</li> <li>▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Omeo District Health's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach.</li> <li>▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Omeo District Health does not use this approach to measure fair value.</li> </ul> <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"> <li>▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Omeo District Health does not categorise any fair values within this level.</li> <li>▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Omeo District Health categorises non-specialised land and right-of-use concessionary land in this level.</li> <li>▪ Level 3, where inputs are unobservable. Omeo District Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.</li> </ul>

### **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 Omeo District Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

### **Note 7.1 (a) Categorisation of financial instruments**

	Note	Financial Assets at			Financial Liabilities		Total
		Amortised Cost	at Amortised Cost	\$		\$	
<b>Total</b>							
<b>30 June 2023</b>							
<b>Contractual Financial Assets</b>							
Cash and Cash Equivalents	6.2	3,653,667	-				3,653,667
Receivables	5.1	405,893	-				405,893
<b>Total Financial Assets<sup>i</sup></b>		<b>4,059,560</b>	<b>-</b>				<b>4,059,560</b>
<b>Financial Liabilities</b>							
Payables	5.2	-	545,990				545,990
Borrowings	6.1	-	136,356				136,356
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-	1,066,069				1,066,069
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>1,748,415</b>				<b>1,748,415</b>

## Note 7.1 (a) Categorisation of financial instruments (continued)

Total	Note	Amortised Cost	at Amortised Cost	Total
30 June 2022		\$	\$	\$
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	6.2	2,693,816	-	2,693,816
Receivables	5.1	762,235	-	762,235
<b>Total Financial Assets<sup>i</sup></b>		<b>3,456,051</b>	<b>-</b>	<b>3,456,051</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	450,679	450,679
Borrowings	6.1	-	82,403	82,403
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-	690,000	690,000
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>1,223,082</b>	<b>1,223,082</b>

<sup>i</sup> 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 Omeo District Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Omeo District Health commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

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

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

## **Note 7.1 (a) Categorisation of financial instruments (continued)**

### **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 Omeo District Health solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Omeo District Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

### **Categories of financial liabilities**

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

### **Financial liabilities at amortised cost**

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

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

Omeo District Health recognises the following liabilities in this category:

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



## Note 7.1 (a) Categorisation of financial instruments (continued)

### Offsetting financial instruments

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

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

### Derecognition of financial assets

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

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

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

### Derecognition of financial liabilities

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

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

### Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

## **Note 7.2: Financial risk management objectives and policies**

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

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

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

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

### ***Note 7.2 (a) Credit risk***

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

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

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

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

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

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

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

## Note 7.2 (a) Credit risk

### Impairment of financial assets under AASB 9

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

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

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

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

### Contractual receivables at amortised cost

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

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

30 June 2023		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
<b>Expected loss rate</b>		0.0%	0.0%	0.0%	0.0%	0.0%	
	Gross carrying amount of contractual receivables	220,588	14,190	23,298	44,783	103,034	<b>405,893</b>
<b>Loss allowance</b>		-	-	-	-	-	-
30 June 2022							
<b>Expected loss rate</b>		0.0%	0.0%	0.0%	0.0%	0.0%	
	Gross carrying amount of contractual receivables	590,782	4,421	3,536	50,980	112,516	<b>762,235</b>
<b>Loss allowance</b>		-	-	-	-	-	-

## **Note 7.2 (a) Contractual receivables at amortised cost (continued)**

### **Statutory receivables and debt investments at amortised cost**

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

Omego District Health also has investments in five-year government bonds and debentures.

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.

Omego District Health 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.

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

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

## Note 7.2 (b) Payables and borrowings maturity analysis

		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	Note	\$	\$	\$	\$	\$	\$	\$
	5.2	545,990	545,990	545,990	-	-	-	-
	6.1	136,356	136,356	2,280	4,560	118,694	10,822	-
	5.4	1,066,069	1,066,069	-	-	500,000	566,069	-
		1,748,415	1,748,415	548,270	4,560	618,694	576,891	-
		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	Note	\$	\$	\$	\$	\$	\$	\$
	5.2	450,679	450,679	450,679	-	-	-	-
	6.1	82,403	82,403	1,230	2,466	68,126	10,581	-
	5.4	690,000	690,000	-	-	345,000	345,000	-
		1,223,082	1,223,082	451,909	2,466	413,126	355,581	-

<sup>i</sup> Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

## **Note 7.2 (c) Market risk**

Omeo District Health's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

### **Sensitivity disclosure analysis and assumptions**

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

- a change in interest rates of 1.5% 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. Omeo District Health does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

### **Note 7.3: Contingent assets and contingent liabilities**

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

#### **Contingent assets**

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

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

#### **Contingent liabilities**

Contingent liabilities are:

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

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

## **Note 7.4: Fair Value Determination**

### **How we measure fair value**

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

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets

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

### **Valuation hierarchy**

In determining fair 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.

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

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

### **Identifying unobservable inputs (level 3) fair value measurements**

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

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



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

	Note	Total carrying amount 30 June 2023	Fair value measurement at end of reporting period using:		
		\$	Level 1 <sup>i</sup> \$	Level 2 <sup>i</sup> \$	Level 3 <sup>i</sup> \$
Non-specialised land		125,000	-	125,000	-
Specialised land		250,000	-	-	250,000
<b>Total land at fair value</b>	<b>4.1 (a)</b>	<b>375,000</b>	<b>-</b>	<b>125,000</b>	<b>250,000</b>
Non-specialised buildings		282,306	-	282,306	-
Specialised buildings		3,950,679	-	-	3,950,679
Leasehold Improvements		249,821	-	-	249,821
<b>Total buildings at fair value</b>	<b>4.1 (a)</b>	<b>4,482,806</b>	<b>-</b>	<b>282,306</b>	<b>4,200,500</b>
Plant and equipment	4.1 (a)	859,450	-	-	859,450
Motor vehicles	4.1 (a)	34,501	-	34,501	-
Furniture and fittings	4.1 (a)	317,506	-	-	317,506
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>1,211,457</b>	<b>-</b>	<b>34,501</b>	<b>1,176,956</b>
Right of use assets at fair value	4.2 (a)	137,621	-	-	137,621
<b>Total right-of-use assets at fair value</b>		<b>137,621</b>	<b>-</b>	<b>-</b>	<b>137,621</b>
<b>Total non-financial physical assets at fair value</b>		<b>6,206,884</b>	<b>-</b>	<b>441,807</b>	<b>5,765,077</b>

		Total carrying amount 30 June 2022	Fair value measurement at end of reporting period using:		
		\$	Level 1 <sup>i</sup> \$	Level 2 <sup>i</sup> \$	Level 3 <sup>i</sup> \$
Non-specialised land		125,000	-	125,000	-
Specialised land		250,000	-	-	250,000
<b>Total land at fair value</b>	<b>4.1 (a)</b>	<b>375,000</b>	<b>-</b>	<b>125,000</b>	<b>250,000</b>
Non-specialised buildings		297,292	-	297,292	-
Specialised buildings		4,347,349	-	-	4,347,349
Leasehold Improvements		244,452	-	-	244,452
<b>Total buildings at fair value</b>	<b>4.1 (a)</b>	<b>4,889,093</b>	<b>-</b>	<b>297,292</b>	<b>4,591,801</b>
Plant and equipment	4.1 (a)	883,525	-	-	883,525
Motor vehicles	4.1 (a)	40,877	-	40,877	-
Furniture and fittings	4.1 (a)	327,847	-	-	327,847
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>1,252,249</b>	<b>-</b>	<b>40,877</b>	<b>1,211,372</b>
Right of use assets at fair value	4.2 (a)	68,931	-	-	68,931
<b>Total right-of-use assets at fair value</b>		<b>68,931</b>	<b>-</b>	<b>-</b>	<b>68,931</b>
<b>Total non-financial physical assets at fair value</b>		<b>6,585,273</b>	<b>-</b>	<b>463,169</b>	<b>6,122,104</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## **Note 7.4 (a) Fair value determination of non-financial physical assets (continued)**

### **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.

Omeo District Health has assumed the current use of a non-financial 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, Omeo District Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

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

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

#### **Note 7.4 (a) Fair value determination of non-financial physical assets (continued)**

##### **Vehicles**

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

##### **Furniture, fittings, plant and equipment**

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

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

#### 7.4 (b): Reconciliation of level 3 fair value measurement

	Land <sup>i</sup> Level 1 i	Buildings <sup>i</sup>	Leasehold Improvements <sup>i</sup>	Plant and Equipment <sup>i</sup> Level 1 i	Furniture & fittings <sup>i</sup>	Right-of-use vehicles
Note	\$	\$	\$	\$	\$	\$
<b>Total</b>	<b>155,000</b>	<b>4,079,568</b>	<b>75,505</b>	<b>575,603</b>	<b>121,604</b>	<b>81,676</b>
<b>Balance at 1 July 2021</b>						
Additions/(Disposals)	-	-	193,024	467,767	236,790	-
Assets provided free of charge	-	-	-	-	-	-
- Depreciation and amortisation	-	(479,716)	(24,077)	(159,845)	(30,547)	(12,745)
- Revaluation	95,000	747,497	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>250,000</b>	<b>4,347,349</b>	<b>244,452</b>	<b>883,525</b>	<b>327,847</b>	<b>68,931</b>
Additions/(Disposals)	-	-	49,750	167,873	34,248	96,215
- Depreciation and Amortisation	-	(396,670)	(44,381)	(191,948)	(44,589)	(27,525)
<b>Balance at 30 June 2023</b>	<b>250,000</b>	<b>3,950,679</b>	<b>249,821</b>	<b>859,450</b>	<b>317,506</b>	<b>137,621</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 7.4.

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

(i) A community service obligation (CSO) of 20-30% was applied to the Omeo District Health's specialised land.

## Note 8: Other disclosures

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

### Structure

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

***8.2 Responsible 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***

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

		<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
<b>Net result for the year</b>		(396,261)	(217,887)
<b>Non-cash movements:</b>			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	4,512	(59,469)
Depreciation and amortisation of non-current assets	4.4	726,475	739,359
Assets and services received free of charge	2.2	-	(21,020)
<b>Movements in Assets and Liabilities:</b>			
(Increase)/Decrease in receivables and contract assets		356,342	(390,096)
(Increase)/Decrease in prepaid expenses		(15,766)	29,977
Increase/(Decrease) in payables and contract liabilities		195,808	150,975
Increase/(Decrease) in employee benefits		66,154	(32,286)
<b>Net cash inflow from operating activities</b>		<b>937,264</b>	<b>199,553</b>

## Note 8.2 Responsible persons disclosures

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

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

	<b>Period</b>
The Honourable Mary-Anne Thomas MP	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
<b>Governing Boards</b>	
Mr. S. Lawlor	1 Jul 2022 - 30 Jun 2023
Mrs. M. Ferguson	1 Jul 2022 - 30 Jun 2023
Mr. J. Sternson	1 Jul 2022 - 30 Jun 2023
Mrs. J M Shearer	1 Jul 2022 - 30 Jun 2023
Ms. P Barry	1 Jul 2022 - 30 Jun 2023
Mr H Thomas	1 Jul 2022 - 30 Jun 2023
Mrs. L Angus	1 Jul 2022 - 30 Jun 2023
Mrs. M Ryan	1 Jul 2022 - 30 Jun 2023
<b>Accountable Officers</b>	
Mrs Mary Manescu (Chief Executive Officer)	8 Aug 2022 - 30 June 2023
Mr Frank Megens (Acting Chief Executive Officer)	1 Jul 2022 - 7 Aug 2022

## Note 8.2 Responsible persons (continued)

### Remuneration of Responsible Persons

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

Income Band	Total 2023 No	Total 2022 No
\$0 - \$10,000	8	11
\$10,000 - \$19,999	-	1
\$30,000 - \$39,999	1	-
\$200,000 - \$209,999	1	-
\$610,000 - \$619,999	-	1
<b>Total Numbers</b>	<b>10</b>	<b>13</b>

	Total 2023 \$	Total 2022 \$
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>\$241,085</b>	<b>\$636,114</b>

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

## Note 8.3 Remuneration of executives

### Remuneration of executive officers

(including Key Management Personnel disclosed in Note 8.4)

	Total Remuneration 2023 \$	2022 \$
Short-term benefits	109,627	207,937
Post-employment benefits	15,329	21,653
Other long-term benefits	1,598	1,552
<b>Total remuneration<sup>i</sup></b>	<b>126,554</b>	<b>231,142</b>
Total number of executives	1	2
Total annualised employee equivalent <sup>ii</sup>	1.0	1.0

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

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

Total remuneration payable to executives during the year included additional executive officers.

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.



## Note 8.4: Related Parties

The Board of Directors, Chief Executive Officer and the Executive Directors of Omeo District Health are deemed to be KMPs.

Entity	KMPs	Position Title
Omeo District Health	Mr. S. Lawlor	Board Chair
Omeo District Health	Mrs. M. Ferguson	Board Member
Omeo District Health	Mr. J. Sternson	Board Member
Omeo District Health	Mrs. J M Shearer	Board Member
Omeo District Health	Ms. P Barry	Board Member
Omeo District Health	Mr H Thomas	Board Member
Omeo District Health	Mrs. L Angus	Board Member
Omeo District Health	Mrs. M Ryan	Board Member
Omeo District Health	Mrs Mary Manescu	Chief Executive Officer (8 Aug 2022 - 30 June 2023)
Omeo District Health	Mr Frank Megens	Acting Chief Executive Officer (1 Jul 2022 - 7 Aug 2022)
Omeo District Health	Mr Darren Fitzpatrick	Director of Nursing

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 Department of Parliamentary services' Financial Report.

### Compensation - KMPs

Short-term Employee Benefits <sup>i</sup>

Post-employment Benefits

Other Long-term Benefits

Termination Benefits

**Total "**

Total 2023 \$	Total 2022 \$
322,247	811,081
38,754	45,223
6,638	1,552
-	9,400
<b>367,639</b>	<b>867,256</b>

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

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

## **Note 8.4: Related Parties (continued)**

### **Significant transactions with government related entities**

Omeo District Health received funding from the Department of Health of \$4,944,486 (2022: \$5,119,724) and indirect contributions of \$47,277 (2022: \$64,413)

Expenses incurred by Omeo District Health in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

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

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

### **Transactions with KMPs and other related parties**

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

Outside of normal citizen type transactions with Omeo District Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: none).

There were no related party transactions required to be disclosed for the Omeo District Health Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

## Note 8.5: Remuneration of Auditors

### Victorian Auditor-General's Office

Audit of the financial statements

**Total remuneration of auditors**

<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
18,860	15,850
<b>18,860</b>	<b>15,850</b>

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

There are no events occurring after the Balance Sheet date.

## Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2023	2022
		%	%

Gippsland Health Alliance	Information Technology	2.26	2.35
---------------------------	------------------------	------	------

Omeo District Health's interest in the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2023	2022
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	221,915	73,825
Receivables	107,930	121,054
<b>Total current assets</b>	<b>329,845</b>	<b>194,879</b>
<b>Non-current assets</b>		
Property, plant and equipment	17,072	25,506
<b>Total non-current assets</b>	<b>17,072</b>	<b>25,506</b>
<b>Total assets</b>	<b>346,917</b>	<b>220,385</b>
<b>Current liabilities</b>		
Payables	50,008	26,016
Right of Use Lease Liability - Current	4,736	5,202
<b>Total current liabilities</b>	<b>54,744</b>	<b>31,218</b>
<b>Non-current liabilities</b>		
Right of Use Lease Liability - Current	7,261	10,581
<b>Total non-current liabilities</b>	<b>7,261</b>	<b>10,581</b>
<b>Total liabilities</b>	<b>62,005</b>	<b>41,799</b>
<b>Net assets</b>	<b>284,912</b>	<b>178,586</b>
<b>Equity</b>		
Accumulated surplus	284,912	178,586
<b>Total equity</b>	<b>284,912</b>	<b>178,586</b>

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

	2023	2022
	\$	\$
<b>Revenue and income from transactions</b>		
Revenue from Operating Activities	588,285	503,114
<b>Total revenue and income from transactions</b>	<b>588,285</b>	<b>503,114</b>
<b>Expenses from transactions</b>		
Other Expenses from Continuing Operations	472,177	536,518
Depreciation	9,782	9,782
<b>Total expenses from transactions</b>	<b>481,959</b>	<b>546,300</b>
<b>Net result from transactions</b>	<b>106,326</b>	<b>(43,186)</b>

**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 Omeo District Health.

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

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

**Specific restricted purpose reserves**

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

**Note 8.9: Economic dependency**

Omeo District Health 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 Omeo District Health.