

2025-26



Annual Report

HESSE RURAL HEALTH

About Us

For generations, Hesse Rural Health Service (Hesse) has adapted alongside the rural communities we serve, holding fast to the trusted relationships and local knowledge that sit at the heart of rural health care. Today, we support people across Winchelsea, Bannockburn, Inverleigh, Teesdale, Lethbridge, Rokewood, Shelford, Beeac, Moriac and surrounding rural communities.

As an innovate rural health service, we provide acute, aged and community-based services. Particularly focusing on older people, people living with dementia and their carers, children and families, Aboriginal and Torres Strait Islander peoples, people living with chronic conditions, and people facing barriers associated with distance, transport, disability, mental health or social isolation.

Hesse's strength lies in our people, community connections and practical approach. We provide safe and appropriate care locally, partner with others to extend access and capability, influence regional planning and advocate for our communities. As part of the Barwon Local Health Service Network, Hesse will contribute its rural expertise and local knowledge to strengthen planning, pathways and access, while maintaining a clear focus on the needs of the communities we serve.

Hesse proudly operates our health service on the traditional lands of both the Wadawurrung people of the Kulin Nation and the Gulidjan and Gadubanud peoples of the Eastern Maar Nation.

Our Mission
To provide best practice health, aged care and community services to enable the wellbeing of our community

Our Vision
Leading health & wellbeing for our community











Hesse Rural Health acknowledges the Kulin Nation and Eastern Maar Nation as the Traditional Custodians of the lands and waters on which we deliver our health care services. We value the rich culture and continual connection to country, waters, kin and community. We are committed to ensuring a culturally safe environment and improving health outcomes and pathways for First Nations people.

We are committed to providing inclusive services and an inclusive working environment. We believe in equity of healthcare for all.

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Manner of Establishment & Relevent Ministers



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

Minister for Health
The Hon Mary-Anne Thomas MP
1 July 2025 to 15 April 2026

Hon Harriet Shing MP
15 April 2026 to 30 June 2026

Minister for Ambulance Services
The Hon Mary-Anne Thomas MP
1 July 2025 to 15 April 2026

Hon Harriet Shing MP
15 April 2026 to 30 June 2026

Minister for Water
Hon Harriet Shing MP
15 April 2026 to 30 June 2026

Minister for Ageing
The Hon Ingrid Stitt MP
1 July 2025 to 30 June 2026









Hesse Heart



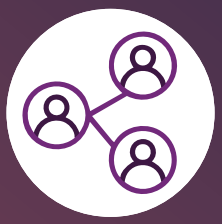
201 Employees



56 Residential Aged Care Beds
96% Average Occupancy



34 Volunteers



11,946 Community
Health Contacts



4 Acute Beds



101 Support at Home Clients
147 Commonwealth Home
Support Program Clients



$18M Operating Income

Approximately
22,396
population*

Approximately
6,652 km²

4 Locations

*calculated from Australian Bureau of Statistics 2021 Census data

Nature & Range Of Services

Hesse offers a broad range of integrated rural health care services across our catchment area;

Acute Care*

Urgent Care Centre*

Residential Aged Care*

- Permanent
- Respite
- Dementia
- Palliative

Community Nursing

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

Allied Health

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

Primary Prevention Programs

- Personal Development
- Screening Programs
- Walking Groups
- Balance & Bones

Home Care

- Personal Care
- Domestic Assistance
- Meal Delivery
- Transport
- Carer Respite
- Home Maintenance

Community Programs

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

Health Promotion Priorities

- Active Living
- Healthy Eating
- Mental Health & Wellbeing

Volunteering





Map Key:

- Shire boundaries
- Hesse Rural Health catchement area
- Cities
- Hesse Rural Health secondary sites
- Hesse Rural Health main site

* Available from Winchelsea site only

MESSAGE FROM
Board Chair & Chief Executive

Reflecting on the 2025-26 year, Hesse celebrates a year of consolidation, growth and development. Every day we have the privilege of caring for our community, to improve health outcomes and shaping a healthier future, and it is with great pride and appreciation we share our 2025-26 Annual Report.

Our staff remain at the heart of Hesse, and we firstly want to acknowledge the dedication and hard work of our staff, volunteers and many partners. We are fortunate to have a group of exceptional staff who make such a positive impact on the wellbeing of our communities, and through their dedication and resilience, continue to demonstrate a continued commitment to our IICARE values of Innovation, Integrity, Caring, Accountable, Respect and Excellence. Your passion to delivering exceptional care underpins everything we do, and on behalf of the Board of Directors and Senior Management Team, we thank you for your contributions.

We especially acknowledge the leadership and great work undertaken by the Community Team (previously led by Sue Ryan and now Amy Madigan Cooke), Clinical & Support Services Team (led by Margie McLeod and Andrea Stubbs), Quality Team (led by Rhiannon Young), People & Culture Team (led by Margaret Barrett), Finance Team (led by Nab Khoda) and our Administration Team (led by Kate Lockhart). Their efforts embody our strong commitment to delivering high-quality care close to home, contributing to Hesse bedding down new services and delivering on our many obligations. That commitment extends to some of the most vulnerable members of our community, and those we care for in the many important stages of life.

We started the year being re-accredited for a further three years against the National Safety and Quality Health Service (NSQHS) Standards for our acute care services (Acute ward, Urgent Care centre, and Community Nursing) in late July. Hesse underwent the short notice assessment process over two days with all applicable requirements of the standards assessed as fully met. The assessors acknowledged a very positive culture of continuous quality improvement, and remarked that our Vision, Mission and Values are well embedded among our staff and reflected strongly in the "Hesse Heart". This was an excellent achievement by our dedicated Hesse team, and we are very pleased that our aims to provide safe, effective, person-centred care were evidenced.

In July we also welcomed a new Board Director appointed by Governor in Council, Coralie Nash, a health care professional passionate about building strong systems through good governance and positive workplace culture. This appointment created a governing Board of ten directors with diverse backgrounds, skills, and experience, that continued to work diligently in providing effective governance. Our Care and Clinical Governance Committee chaired by Dr Chris Edwards and supported by Hesse's quality leadership team, continued to inform the Board with suggested improvements following examination of data relating to patient experiences and indicators. Along with receiving updates on the many quality improvement projects such as those relating to medication management, palliative care, the implementation of nurse practitioners and infection, prevention and control measures.

The Finance, Risk and Audit Committee chaired by Angela Hurren, continued effectively overseeing the mitigation of risk and management of our finances, with support from the Hesse finance and management team. This ongoing strong financial stewardship resulted in the financial year ending in a near break-even position, achieving a small net operating surplus and reflecting the careful financial management of our senior leadership group. Also active were our Communications and Fundraising Committee chaired by Kym Peter, Corporate Governance Committee chaired by Vesna Allan, Project Control Group chaired by Melika Sukunda, which was established to oversee the redevelopment of 44-46 Main St in Winchelsea, and our Consumer Advisory Committee chaired by Simone Wilkie, that continued to ensure direct feedback from our consumers shaped our care and service offerings, building transparency and assisting us in driving real improvements.

Throughout the year we continued enhancing and evolving our services to meet the increasing need of our region, while remaining focused on delivering

person-centred care. We have also seen some important service developments in response to our growing community and demand, including our Urgent Care Centre model that continues to be developed to strengthen our ability to provide timely and effective urgent care for the community close to home. We also expanded professional development opportunities, including the introduction of the Enrolled Nurse Transition to Practice program within residential aged care, and we continued to support staff along the journey of professional development, and strengthened our team to enhance the quality of care we deliver. Additionally, as part of our commitment to ensuring a culturally safe environment and improving health outcomes and pathways for First Nations people, we created a new Diversity, Equity & Inclusion Officer role, with a key objective to guide and assist Hesse in building programs that make a more fair and safe health service for all.

2025 also marked a milestone with the commencement of the Support at Home program from November. Our Care Partners bringing together home-based aged services delivered by Hesse and other partners in a wraparound model of care, planning and supporting our consumers to receive the services they each require. Navigating our Home Care Package consumers to the Australian Government's new Support at Home program reinforced the important role Hesse plays in providing care coordination and advocacy, and we acknowledge and thank all our staff who assisted in helping Hesse consumers to understand their options, access available supports and navigate the new system.

We extend our deepest gratitude to our community members whose unwavering support as advocates and volunteers enriches our health service every day. Partnerships also continue to be a key to our success, and we acknowledge the kind generosity provided from the Winchelsea Community Op Shop, funding the establishment of the Hop In Café in our residential aged care facility, and the Geelong Community Foundation and Give Where You Live Geelong, who continued their support of our Foodbank program to improve access to healthy, affordable food for people experiencing food insecurity.

In the first year of the newly formed Barwon Local Health Service Network, we continued working on other key strategies including participation in a joint clinical service plan, evaluating Nurse Practitioner Models of Care and identifying further opportunities for expanded shared financial and human resource services. As a responsible organisation Hesse remained committed to minimising our environmental footprint, guided by our Environmental Sustainability Plan, resulting in the implementation of key initiatives to reduce energy consumption including partnering with the Barwon South West Region to undertake a heating upgrade at our Winchelsea Community Health Centre.

We know our work does not stop here, and we are planning for the future, guided by our new Strategic Plan to be launched in 2027. As we look ahead, Hesse remains focused on building a resilient and responsive health service that meets the needs of our community. The progress made this year has created a strong foundation for continued excellence and development as we remain committed to supporting our staff in providing the delivery of exceptional, safe, effective, person-centred care delivered close to home, and to improve the health and wellbeing of our community.





Ian Whiting
Board Chair

Carissa Brock
Chief Executive Officer

Our Strategic Plans For The Future

The Hesse Strategic Plan sets our priorities and demonstrates to our valued community and partners, that we are committed to improving the health experience and outcomes for the broad community we service, now and into the future.

Endorsed by the Department of Health, Hesse's Strategic Plan for 2023-25 is available on our website under 'About Us > Publications'.
https://hesseruralhealth.com.au/publications/

This current 2023-25 plan was extended to December 2026, to allow adequate time for thorough consideration and implementation of the Local Health Service Networks and their associated Statement of Expectations into Hesse Rural Health's strategic planning process.

The Strategic Plan guides Hesse's approach in all of its services and ensures we meet the changing needs of our community. The Plan sets the direction and service priorities, enabling Hesse to support and provide its community with access to high-quality health care in the face of changing demand.

As a rural health service, Hesse has become a key asset to the local community it serves and has formed many strong partnerships. With identified future growth and changing needs, Hesse remains committed to shifting the focus from treatment to prevention, enhancing quality of care, reducing variability in health outcomes given social determinants, providing connected care at/or close to home whenever possible, and enabling better universal access. Hesse aims to strengthen and build upon our partnerships, continuing to collaborate with and better serve our community.

To respond to the identified needs and issues, four major priority areas were formed:

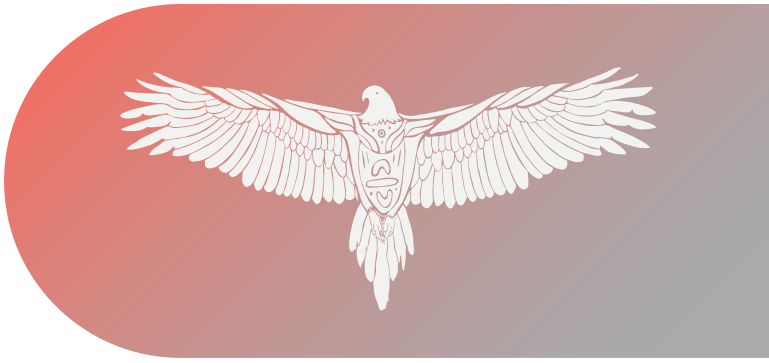
- **Consumers & Community** – Partner with our consumers and community to empower and support their health journey and wellbeing.
- **Governance** – Systems and frameworks ensure service requirements are met, risks mitigated and enable the provision of safe, effective person-centred care.
- **People & Culture** – Promote a values based culture and ensure our workforce is responsive, committed, skilled and supported.
- **Sustainability & Growth** – Future demand is planned and delivered through strategic investment that is enduring with value for money outcomes.

Future demand is planned and delivered through strategic investment that is enduring with value for money outcomes.

In positioning our health service for future readiness and ensuring sustainable, high-quality care for our community, planning for Hesse's next strategic plan has now commenced. As well as the strategic planning process being informed by relevant internal and external documentation, the process is also being informed by stakeholder engagement, organisational performance information, population and service data, and consideration of Hesse's role within the broader health system, including local, regional and system-wide partnerships and integration opportunities.

As part of this process, key stakeholder and community consultation was undertaken from June to ensure the plan supports Hesse in responding to community expectations, evolving service needs, policy settings and financial pressures, whilst maintaining a focus on sustainability, quality, accessibility and delivery for the community and catchment population.

The 2027-2030 plan is expected to be finalised and launched in early 2027.






SHARE


15
Carrie




FATHER'S
DAY BBQ

Declarations & Attestations

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Hesse Rural Health Service for the year ending 30 June 2026.

Ian Whiting, Board Chair
19 September 2026



Attestations

Financial Management Compliance Attestation

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

Ian Whiting, Chair
19 September 2026



Data Integrity

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

Carissa Brock, Chief Executive Officer
19 September 2026



Conflict of Interest

I, Carissa Brock, certify that Hesse Rural Health Service has put in place appropriate internal controls and processes to ensure that it has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Hesse Rural Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Carissa Brock, Chief Executive Officer
19 September 2026



Integrity, Fraud & Corruption

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

Carissa Brock, Chief Executive Officer
19 September 2026



Compliance with Health Share Victoria (HSV) Purchasing Policies

I, Carissa Brock, on behalf of Hesse Rural Health, certify that Hesse Rural Health has no material compliance deficiency with respect to the HSV Purchasing Policies as required by the Health Services Act 1988 (Vic). While instances of non-material non-compliance have been identified during the reporting period, Hesse Rural Health has an agreement in place with HealthShare Victoria to address and rectify these issues. These instances do not constitute material non-compliance and have not had a significant impact on procurement governance or operational integrity. Hesse Rural Health has implemented appropriate internal controls, which have been critically reviewed throughout the year.

Carissa Brock, Chief Executive Officer
19 September 2026



Board of Directors & Governance

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



Ian Whiting
Board Chair
- Finance, Risk & Audit Committee
- Corporate Governance Comittee
- Project Control Group

Appointed: 2020



Vesna Allan
Director
- Chair of Corporate Governance Committee
- Project Control Group

Appointed: 2023



Angela Hurren
Deputy Chair
- Chair of Finance, Risk & Audit Committee
- Consumer Advisory Committee
- Corporate Governance Committee

Appointed: 2023



Philip Kym Peter
Director
- Chair of Communications & Fundraising Committee
- Care & Clinical Governance Commitee

Appointed: 2023



Dr Chris Edwards
Director
- Chair of Care & Clinical Governance Commitee

Appointed: 2021



Melika Sukunda
Director
- Chair of Project Control Group
- Finance, Risk & Audit Committee

Appointed: 2023



Ben Maw
Director
- Communications & Fundraising Committee
- Consumer Advisory Committee
- Corporate Governance Committee

Appointed: 2021



Simone Wilkie
Director
- Chair of Consumer Advisory Committee
- Care & Clinical Governance Committee

Appointed: 2024



Claire Goodwin
Director
- Finance, Risk & Audit Committee

Appointed: 2023



Coralie Nash
Director
- Care & Clinical Governance Committee
- Communications & Fundraising Committee
- Consumer Advisory Committee

Appointed: 2025

Executive Structure

Chief Executive Officer

Leads the Senior Leadership Team to execute the strategy for Hesse Rural Health.



Carissa Brock

Director of Clinical Services

Leads the Acute, Urgent Care and Residential Aged Care services and Support services.



Margie McLeod



Andrea Stubbs (Acting)
Jan 2026 - Jun 2026

Director of Community Services

Leads community based services including Community Nursing, Allied Health, Health Promotion, Social Support and In Home Support services.



Sue Ryan
Jul 2025 - Feb 2026



Amy Madigan Cooke
Apr 2026 - Jun 2026

Chief Financial Officer & Chief Procurement Officer

Leads the implementation of financial governance and fiscal management.



Nab Khoda

Manager of People & Culture

Leads the human resource management objectives in partnership with the Executive Team.



Margaret Barrett

Dr Ken Cheng

Director of Medical Services

Manager of Quality, Risk & Safety

Leads the implementation of clinical governance, quality improvement, risk management and OH&S frameworks.



Rhiannon Young





Year in Review





Intergenerational Links

Hesse's Intergenerational Program with Winchelsea Primary School continues to create meaningful connections between generations, bringing students and residents together to share experiences, stories and laughter.

In the successful second year of the Community Links program as an established part of the Grade 6 school year, students visit Hesse's residential aged care each fortnight. The sessions provide opportunities for students and residents to spend time together through games, craft, conversations and special activities, building relationships that extend beyond the walls of the classroom and aged care.

From games of Bingo and Snakes and Ladders to joining residents for special events such as Pancake Day and Carnival Day, the program encourages participation, teamwork and social connection. Students also bring a little school spirit to Hesse throughout the year, with residents enjoying visits from students in their costumes during Book Week and other special school days.

For residents, the visits provide an opportunity to connect with younger members of the community, sharing their stories and experiences. For students, the program offers a chance to learn from older generations and develop a greater understanding of their local community and its history.

The ongoing partnership reflects Hesse's commitment to creating opportunities for people of all ages to connect, learn from one another and build a stronger, more connected community. As the students themselves have discovered, some of the most valuable lessons can happen when generations simply spend time together.

"I have enjoyed listening to the stories of the residents and learning about how they have seen Winchelsea evolve."

— Arielle Nogueira



Where Old and Young Connect

Written by Winchelsea Primary School students;
Heidi Wilson and Arielle Noguieira

My name is Heidi Wilson, and I go to Winchelsea Primary School.

Each fortnight myself and the other Grade 6 students take part in our Community Links - an intergenerational program.

This is a special part of our school year that gives us a chance to get out and about in our local community and connect with different people we might not usually come across.

Every fortnight we visit Hesse, an aged-care home, where we love to connect with the residents and learn new things.

At Hesse we play a lot of games which teaches us to work as a team and build upon our social skills.

The residents have events like pancake day and carnival day where we take part and support the residents to engage and have a good time together.

I have loved being a part of this program as it has taught me new things and how important it is to connect with those in my local community.



Heidi Wilson



Arielle Nogueira

My name is Arielle Nogueira, and I am in Grade 6 at Winchelsea Primary School.

Each fortnight we have a session in school called community, where we go out into the community of Winchelsea. It is a program called the Community Links - an intergenerational program.

This means that we go to the nursing home across the road from our school which is called Hesse.

When we are there, we play games like bingo or snakes and ladders. This program helps us learn more about the world around us and what we are growing up into.

In addition to this, on our special days at school where the kids dress up, we walk over the road to Hesse and do a parade to show off our costumes.

The sessions at Hesse have been some of the most interesting parts of Grade 6, and I have enjoyed listening to the stories of the residents and learning about how they have seen Winchelsea evolve.

Food Relief Across Our Region

Food security remains a significant priority across the Hesse region, with increasing demand highlighting the importance of accessible, community-based food relief services. Throughout the year, our Food Systems Officer and Health Promotion Officer continued to strengthen partnerships across the local food system while expanding initiatives that improve access to healthy, affordable food for people experiencing food insecurity.

The Winchelsea Community Foodbank continued to provide reliable food relief for local families and individuals, supporting an average of 108 people each week across 18 postcodes. On average, 43 consumers attended the foodbank each week, with food distributed to everyone in their household. During the reporting period, the Foodbank distributed an impressive 24,794 kilograms of food, helping to reduce financial pressure while improving access to nutritious food.

Support also continued for the Rokewood Food Pantry, which distributed 2,343 kilograms of food throughout the year, ensuring residents in our smaller rural communities could access food relief closer to home. Building on the success of these initiatives, our team have also been working closely with community partners such as Golden Plains Shire Council, YMCA Bannockburn, Geelong Community Foundation and Give Where You Live Geelong, to establish a new community food pantry in Bannockburn, expanding access to food relief services across the region and responding to increasing community need.





While food relief remains an essential service, Hesse recognises that addressing food insecurity requires more than providing food alone. This year reinforced the importance of balancing immediate food assistance with longer-term approaches that strengthen local food systems, improve food literacy and support community resilience.

Although the Community Kitchen program concluded during the past year, opportunities to build cooking confidence and food knowledge continue through the provision of practical printed resources that consumers can take home. These resources aim to support healthy meal preparation, reduce food waste and encourage the use of nutritious, affordable ingredients.

Ensuring food relief services are welcoming, inclusive and responsive to community needs remains a key priority. Our Food Systems Officer is currently undertaking a consumer survey to better understand whether the food provided through the Winchelsea Community Foodbank is culturally appropriate and to identify opportunities to improve the service for people from diverse backgrounds. The feedback will help guide future planning and ensure food relief initiatives continue to reflect the needs of the communities they serve.

The continued growth of the Winchelsea Community Foodbank, the ongoing success of the Rokewood Food Pantry and the establishment of the new Bannockburn Food Pantry demonstrate both the ongoing need for accessible food relief and the strength of community collaboration. Together, these initiatives are helping to improve food security, strengthen local partnerships and build a more connected, resilient and inclusive food system for communities across the Hesse region.

Building Confidence in Palliative Care

Providing compassionate, high-quality palliative care is an essential part of supporting our aged care residents and their families. In January, Hesse launched a dedicated Palliative Care Project to strengthen staff capability and enhance the care experience for those entering the final stage of life.

The initiative ran for 6 months and was aligned with Palliative Care Australia's Strategic Plan 2026–2029, which highlights the importance of integrating palliative care into residential aged care services. With funding support provided by Palliative Care Victoria and the Department of Health's PSRACS (Public Sector Residential Aged Care Service) Quality Improvement Grant.

A key component of the project has been the Dignified and Respectful Decisions (DARD) Project, developed by Palliative Care Victoria. Designed to support families navigating decisions about medical treatment and end-of-life care, the project provides practical booklets and educational resources that help guide meaningful conversations between residents, families and care teams. This part of the project was led by Melina Khadka, Registered Nurse, with these resources now used across Hesse to encourage informed, respectful discussions and ensure care decisions reflect each resident's wishes and values.

The second stream of the project was led by Archana Gaunder, Registered Nurse, and focused on building Hesse's internal capability to deliver best-practice palliative care. A comprehensive gap analysis, measured against the National Palliative Care Standards 2022, identified opportunities to strengthen current practices and informed a targeted improvement plan. Staff also contributed through a survey that highlighted their education and training needs, shaping the development of a tailored palliative care training program.

With assistance from John Belfrage, Special Projects Manager, policies and procedures relating to palliative care were also reviewed to ensure they align with current standards and have been incorporated into staff education.

To support ongoing improvement, Hesse is also establishing Palliative Care Champion roles. These champions will provide guidance, mentoring and support to colleagues, helping embed best practice across the organisation. Two staff members have already expressed interest in taking on these important roles.

While the project has concluded, its impact will continue well into the future. Residents and families now have greater access to palliative care information and resources, while staff are better equipped with the knowledge, skills and support needed to provide compassionate, person-centred care. By investing in education, strengthening systems and empowering staff leaders, Hesse is building a sustainable approach to palliative care - ensuring residents receive the dignity, comfort and support they deserve at every stage of their journey.



Increasing Active Living

For Hesse's Health Promotion Plan, recognising the need and introducing "Increasing Active Living" as a dedicated priority created new opportunities to support community members to be more active, connected and engaged in preventative health initiatives. This has seen strong participation in walking groups, exercise classes, workplace wellbeing activities and active living events, highlighting the value of accessible, community-based physical activity. A key outcome throughout the year was the reinforced learning that combining physical activity with opportunities for social connection can increase participation and support multiple health outcomes, particularly in rural communities where social isolation and limited access to services can be barriers to wellbeing.

A major highlight was the introduction of Hesse's first summer water aerobics program at the recently refurbished pool in Winchelsea. The program was developed in response to feedback from the Balance and Bones exercise group participants, who identified a need for local water-based exercise opportunities. Held twice weekly throughout summer, each session attracted an average of 10 participants, with some classes welcoming up to 17 attendees.

Water-based exercise provides a safe, low-impact alternative to land-based activity and offers numerous health benefits. The buoyancy of water reduces pressure on weight-bearing joints, making it ideal for people living with arthritis, chronic pain or mobility limitations. Water also provides natural resistance to improve muscle strength and bone health while supporting cardiovascular fitness. Participant feedback was overwhelmingly positive. Consumers appreciated having a local aquatic exercise option, enjoyed supporting the new community facility and valued exercising in a fun and refreshing environment during the warmer months. Many participants expressed strong interest in seeing the program continue, recognising its value to the community and its potential to expand to people of all ages.

Walking groups also continue to provide important opportunities for physical activity and social connection across the Hesse region. Established groups in Bannockburn, Rokewood and Beeac maintained strong participation throughout the year, while a new walking group was successfully introduced in Teesdale. The addition of the monthly "Backyard Series" encouraged participants to explore different locations across the region while enjoying the health benefits of walking together.

Recognising the importance of social connection, we also combined participants from the Inverleigh exercise group with the Teesdale and Bannockburn walking groups for shared walks followed by coffee and conversation. These gatherings strengthened community connections, encouraged new friendships and created welcoming environments that support ongoing participation.

Together, these initiatives demonstrate our commitment to creating inclusive, community-led opportunities that make active living enjoyable, accessible and sustainable. By responding to local needs and combining physical activity with social connection, these programs are supporting healthier lifestyles, strengthening community wellbeing and helping to reduce barriers to participation for people living across the Hesse region.



Improving Way Finding

Hesse is proud to celebrate a new chapter in how our services are recognised and welcomed across the communities we serve, with new organisational signage now in place at Winchelsea, Beeac and Rokewood.

The refreshed signage provides a clear and consistent identity for Hesse, helping community members, visitors and service users easily identify our sites as well as our range of health and wellbeing services available locally. More than simply a new look, the signage reflects our commitment to being visible, accessible and connected to the communities we serve.

The new organisational signage features our striking First Nations artwork, Harmony of Boundaries. The artwork provides an important visual expression of connection, respect and belonging, recognising the enduring relationship First Nations peoples have with Country and community.

At Winchelsea, the new signage is complemented by the full Harmony of Boundaries mural, that reflects an important part of Hesse's commitment to reconciliation and to creating health services where everyone feels respected and welcome. The rising sun on Wadawurrung (in the top right corner) signifies not only the dawn of a new day but also the promise of renewal and growth. Conversely, the setting sun over Eastern Maar (in the bottom left corner) ushers in the night, revealing the tapestry of stars that illuminate the sky. The central essence of the piece is flowing water, symbolizing the dynamic boundary between the Wadawurrung and Eastern Maar territories. It embodies the life-giving force that binds these two nations, offering sustenance, vitality and a sense of continuity.

Together, the new signage and Harmony of Boundaries mural help tell a story about who we are: an organisation grounded in community, proud of our local connections and committed to building a healthier future for everyone.







Healthy Ageing

This year marked an exciting step forward for Hesse with the planning and allocation of funding received in the first half of 2026 to establish a THRIVE 50+ Healthy Ageing Hub later in 2026. This is a new initiative designed to help people aged 50 years and over stay healthy, connected and independent for longer.

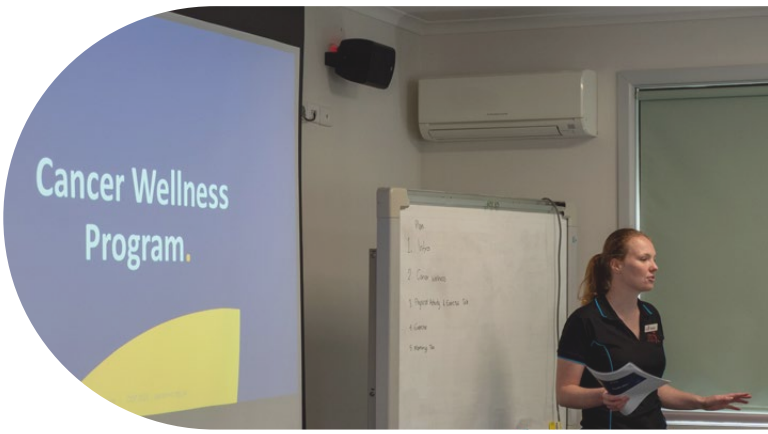
Delivered in partnership with Great Ocean Road Health and Colac Area Health, and funded by the Western Victoria Primary Health Network (WVPHN), the Healthy Ageing Hub focuses on early intervention, prevention and supporting people to navigate the health and aged care system before they reach a point of crisis.

Planning commenced, with a dedicated THRIVE Officer appointed at Hesse to lead the delivery of the program across our communities. The role aims to connect people with local services, provide information and support, encourage social participation and help individuals take positive steps towards maintaining their health and wellbeing as they age.

The Healthy Ageing Hub will build on the strong foundation already established within our Community Services and recognises that healthy ageing is about much more than healthcare alone. Social connection, physical activity, access to information, community participation and managing chronic conditions all play an important role in helping people remain independent and continuing the activities they enjoy.

Over the coming year, the THRIVE 50+ Healthy Ageing Hub will deliver a range of activities and opportunities that support healthy ageing, including community education sessions, navigation support, wellbeing programs and initiatives that reduce social isolation. The program will also strengthen referral pathways and partnerships across the region, making it easier for people to access the services and supports they need.

Many of these activities build on the success of existing programs. Through initiatives such as walking groups, Balance and Bones classes, diabetes education, health and wellbeing workshops, Cancer Connect sessions and community support programs, Hesse has continued to encourage people to take an active role in managing their health and wellbeing.



This commitment to prevention and self-management was also reflected in the continued success of the Your Care Path program, delivered in partnership with Great Ocean Road Health and Colac Area Health. During the year, Hesse exceeded its service delivery targets, achieving 123% of its funded occasions of service and providing strong participation across exercise physiology and allied health programs.

The introduction of the THRIVE 50+ Healthy Ageing Hub represents an exciting opportunity to build on this success and further strengthen support for older people across our communities. By helping people stay active, connected and informed, the THRIVE 50+ Healthy Ageing Hub will support healthier ageing, enhance quality of life and ensure more people can continue living independently in the communities they call home.



Diversity, Equity and Inclusion

Supporting and embracing Diversity, Equity, and Inclusion (DEI) in health is vital for eliminating systemic disparities and improving patient outcomes. Enabling equitable access to tailored, culturally responsive care, fosters mutual trust and helps build a healthcare workforce that understands and reflects the diverse needs of our community. Hesse continues to develop and embed initiatives that strengthen inclusive practices and promotes diversity, with a key initiative being the establishment of a DEI Project Officer role in November 2025.

development of policies, programs and organisational priorities.

Substantial work has also been undertaken to strengthen Hesse's policy framework. This has included the redevelopment of our Aboriginal and Torres Strait Islander Cultural Framework Policy, the review and update of the Diversity and Inclusion Policy, and continued development of a comprehensive Diversity and Inclusion Action Plan alongside the updating of our Aboriginal and Torres Strait Islander Cultural Safety Plan.



A key milestone has been the establishment of the Hesse Staff Diversity Group, a representative staff forum that provides valuable advice and feedback to guide the organisation's DEI initiatives. The group plays an important role in ensuring staff perspectives inform the



Building awareness and capability across the organisation has been a major focus throughout the year. Educational resources, staff activities and learning opportunities were developed to recognise important dates of significance, including International Transgender Day of Visibility, IDAHOBIT, National Reconciliation Week and NAIDOC Week. These initiatives included staff newsletter articles, educational resources, workshops and presentations designed to increase understanding, encourage respectful conversations and foster inclusive behaviours.

Other key achievements during the year included completing the Gender Equality Action Plan (GEAP) Progress Report, developing a new GEAP, creating Hesse's Diversity Statement, developing "Responding to Racism" resources and delivering an Importance of Diversity and Inclusion presentation at Annual Staff Forum days.

Together, these initiatives demonstrate Hesse's ongoing commitment to creating a workplace where diversity is valued, equity is promoted and inclusion is embedded in everyday practice, supporting a positive environment for staff, volunteers, consumers and the wider community.

Gender Equality Action Plan

Hesse continues to strengthen its commitment to workplace gender equality, including meeting all obligations under the Gender Equality Act 2020. A comprehensive workforce gender equality audit was completed, with the required data submitted to the Commission for Gender Equality in the Public Sector. We also prepared and submitted a progress report on our previous Gender Equality Action Plan (GEAP), reflecting on achievements to date and identifying opportunities for further improvement.

The findings from the progress report provided valuable insight into our gender equality performance, informing the development of our new 2026–30 GEAP. Using a data driven approach has enabled us to focus on meaningful actions that will advance gender equality across the organisation.

The development of the new GEAP was supported by consultation with staff representative groups and the Hesse Board of Directors. This collaborative process helped identify key priorities and ensure the plan aligns with the gender equality indicators established by the Commission for Gender Equality in the Public Sector.

The resulting 2026-30 GEAP outlines targeted initiatives to strengthen gender equality outcomes, foster an inclusive workplace culture and address areas where further progress is needed. The plan was submitted ahead of the required deadline and is currently being assessed by the Commission. Once endorsed, it will guide Hesse's ongoing commitment to creating an equitable and inclusive workplace for all.

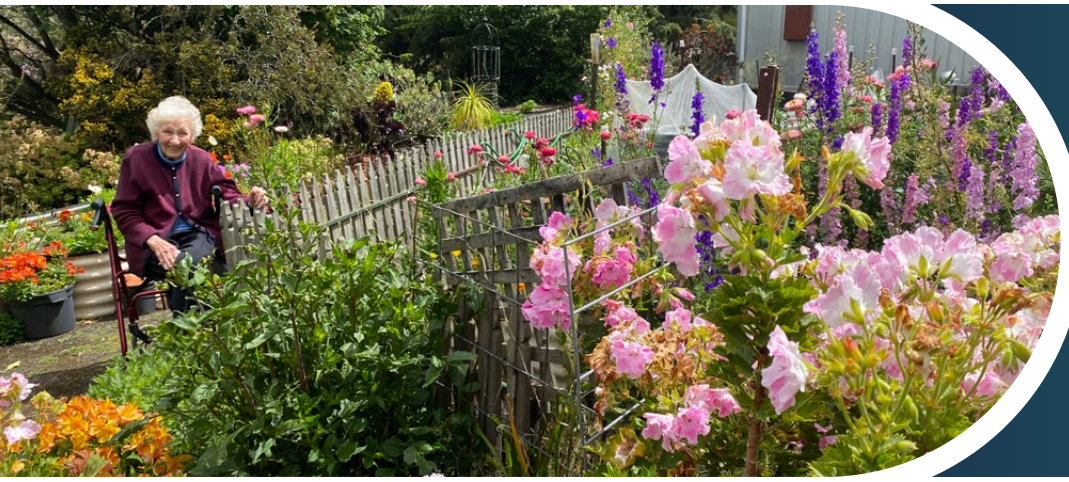


Transitioning to Support at Home

A significant period of change was undertaken as we transitioned our Home Care Package services to the Australian Government's new Support at Home program in November. Representing one of the most substantial reforms to in-home aged care in many years, the program has changed how services are funded, delivered and managed, while maintaining a shared goal of helping older people remain living safely and independently in their own homes.

maintenance and care coordination, helping older people remain independent, connected and engaged in their communities.

The transition also reinforced the importance of strong care coordination and advocacy. As aged care continues to evolve, Hesse has played a vital role in helping consumers understand their options, access available supports and navigate an increasingly complex system.



Throughout 2025, Hesse worked closely with consumers, families and staff to navigate the complexities of the transition. New funding arrangements, service categories and reporting requirements required considerable changes to our systems, processes and ways of working. Existing Home Care Package consumers transitioned under grandfathering arrangements, while new consumers entered the Support at Home program through a revised funding and assessment framework.

As with any major reform, challenges emerged along the way. Understanding processes for new funding allocations, evolving program guidelines and changes to what services could be claimed, created uncertainty for providers and consumers alike. Navigating new service categories and budget management requirements increased the administrative complexity of service delivery and required significant training and adaptation from our Home Care team. Ensuring consumers understood the changes and felt supported throughout the process remained one of our key priorities.

Despite these challenges, our focus never changed, delivering quality care and maintaining continuity of support for the people who rely on our services. By June 2026, Hesse was supporting 101 consumers through Support at Home services across the Golden Plains and Surf Coast local government areas. Our team continues to provide personal care, domestic assistance, transport, social connection, home



Looking ahead, Support at Home presents opportunities to deliver more flexible, person-centred services while supporting the growing number of older people wishing to age in place. Hesse remains committed to working alongside consumers, staff and partners to ensure we are well positioned to meet future demand and continue delivering trusted local care close to home.

Supporting older people to age well, remain independent and stay connected to their communities will continue to be at the heart of everything we do at Hesse.

Our Community Health Centres

This year our Community Health Centres continued to be an important gathering place for the local community, supporting health, wellbeing and connection for people of all ages. Our centres at Beeac, Winchelsea, Rokewood and Bannockburn all remain much more than a healthcare facility. While they are a welcoming and trusted space where people can come together to learn, connect and access services close to home, they are also a vibrant community space often used for workshops, meetings, playgroups and other community activities that bring people together and strengthen local connections.

Our Rokewood centre continued to undergo transformation, with renovations completed at the rear to house our Community Health team, following a dedicated pharmacy space being established in the front of the building last year. That exciting development enabled HealthEZ to further establish a local pharmacy service, operating four days a week from Tuesday to Friday. Having a pharmacy available locally has made it easier for residents to access medications, health advice and everyday healthcare support without the need to travel to larger regional centres.

Like most of our centres, this centre is also home to Hesse's Community Nursing service. However, due to its remoteness, Rokewood also has a Community Health Nurse providing clinical care, health education and support to residents across the region. Another valued part of the centre is the Rokewood Food Pantry. Supported by dedicated local volunteers, the pantry provides free access to food and essential household items for individuals and families experiencing hardship. As cost-of-living pressures continue to affect many rural communities, the pantry has become an important source of practical support while also fostering kindness, connection and community spirit.

Partnerships continue to play a key role in all of our centres' success, with the Rokewood centre partnering with West Wind Energy to utilise the facility each week, helping to keep the centre active and well used. Additionally located at the rear of the site, the Rokewood Men's Shed also plays an important role, providing opportunities for people to share skills, work on projects, build friendships and stay connected.

The continued growth of our Community Centres reflects what can be achieved when community members, volunteers, local organisations and partners work together. As community needs continue to change, our Community Centres remain a place where people can find support, make connections and feel a sense of belonging. From healthcare and food security to social connection and community participation, the centres continue to make a meaningful difference in the lives of local residents and our wider community.



Safer Together

Hesse continues to participate in the Victorian Safer Together Program (STP), a statewide safety and quality improvement initiative led by Safer Care Victoria. The program supports health services to strengthen patient safety and quality by fostering a culture of continuous improvement, collaboration and learning.

Using improvement science and the Model for Improvement, the STP enables health services to design, implement and evaluate quality improvement initiatives while sharing evidence based practice, resources and lessons learned across the Victorian health system. This collaborative approach helps reduce avoidable harm, improve patient outcomes and support the delivery of person-centred, value-based care.

As a member of the Barwon Local Health Service Network, Hesse has actively participated in Safer Together initiatives throughout the year. This has included involvement in the Improving Care of Residents at Risk of Delirium (ICORD) project, aimed at improving the identification and management of delirium risk in residential aged care, as well as participation in Quality in Action workshops that build capability in quality improvement methodologies.

Participation in the STP has also provided valuable opportunities to connect with quality and safety leaders from across the region. These partnerships support the sharing of knowledge, innovative ideas and practical solutions, strengthening Hesse's ongoing commitment to delivering safe, high-quality care for our community.



Improving Care of Residents at Risk of Delirium

Over the past year, Hesse has continued to strengthen the care of residents at risk of delirium through the Improving Care of Residents at Risk of Delirium (ICORD) project. The project's initial focus was on improving the early recognition and detection of delirium, ensuring staff have the knowledge and tools to identify residents who may be at risk.

Significant progress has been achieved, with most staff completing training in delirium detection and assessment. Daily delirium screening using the Single Question in Delirium (SQiD) tool also improved substantially, increasing from a baseline of 0% to 100% compliance during the final four months of the reporting period.

These achievements have strengthened staff capability, supported earlier identification of residents experiencing delirium, and embedded evidence-based assessment practices into routine care.

Building on these strong foundations, the ICORD project has now entered its Enhanced Prevention phase. This next stage focuses on implementing the Delirium Care Bundle and ward-based prevention strategies to reduce the incidence of hospital-acquired delirium and further improve outcomes for residents.

Hop In Cafe

The Hop In Cafe officially opened in October, creating a welcoming social space where residents, staff and visitors can connect over coffee and conversation. Supported by funding from the Winchelsea Community Op Shop, the café was established to enhance resident wellbeing by encouraging social interaction and strengthening community connections.

Initially introduced for our aged care residents before expanding to staff and visitors, the café has quickly become a valued part of life at Hesse. Offering a range of light refreshments in a warm and inclusive environment, the café provides meaningful opportunities for residents to socialise, build friendships and enjoy greater connection within the organisation.

A Lifestyle Activities Assistant said the café has opened up new conversations, noting, "It's a great way for me to hear what our residents are all passionate or concerned about."

The addition of outdoor garden seating has further enhanced the experience during warmer weather, creating an inviting space for people to relax and spend time together. The café has also strengthened relationships between residents and staff by providing informal opportunities for conversation and engagement, including the hosting of regular coffee mornings with residents and management.

The Hop In Café demonstrates Hesse's commitment to supporting wellbeing through initiatives that foster connection, inclusion and a strong sense of community. Its success reflects the positive impact of partnerships with local organisations and the important role shared spaces play in enriching the lives of residents.

For residents, the café has become an important social space. One resident shared, "It's so nice for everyone to be able to mingle in one place." With another resident echoing the sentiment, saying, "It's the one place we can all see each other and talk about things."





Nursing Care at Home

Supporting clients to remain safely at home is at the heart of Hesse's Community Nursing team. Referrals are received from public and private hospitals, general practices, allied health providers and self-referrals, and include a range of funding programs such as Hospital in the Home (HITH), Post Acute Care (PAC), Home and Community Care Program for Younger People (HACC-PYP), Department of Veterans' Affairs (DVA), Transport Accident Commission (TAC), Support at Home (SaH) and the Commonwealth Home Support Programme (CHSP).

Providing a highly skilled, responsive service across the Winchelsea, Bannockburn, Rokewood and Beeac districts, our Community Nursing team delivers care seven days a week as required. During the 2025-26 financial year, the Community Nursing team received 274 referrals, including 123 from the Bannockburn area, 113 from the Winchelsea area and 38 from Rokewood/ Beeac area.

A significant component of the service is the delivery of HITH care in partnership with Barwon Health. HITH enables patients to receive hospital level treatment in the comfort of their own homes while remaining admitted under the care of University Hospital Geelong. During 2025-26, Hesse supported 54 HITH referrals, providing daily clinical visits, ongoing monitoring and close collaboration with the HITH team.

The strong partnership between Hesse and Barwon Health's HITH service enables more people to recover in familiar surroundings, where they are often more comfortable, experience reduced stress and achieve positive health outcomes while continuing to receive specialist hospital care. The complexity of HITH care continues to grow, with clients requiring services such as intravenous therapies, advanced wound management, care of drains and central venous access devices as well as peri-operative nursing support. Our Community nursing team delivered 970 hours of HITH services this year, an increase of 3.4% from last year, showing a steady increase in demand.

To maintain high-quality care, our Community Nurses participated in clinical placements within the HITH Clinic at Barwon Health, strengthening communication, enhancing clinical knowledge and ensuring best practice is shared across both services.

Providing care in clients' homes presents unique challenges. Community Nurses often travel long distances, work independently in isolated settings and adapt to changing environments while managing complex clinical needs. Their expertise, adaptability and commitment ensure rural clients can access safe, high-quality care close to home.



Healthy Settings with Hesse Program

The Healthy Settings with Hesse program is helping more schools and early childhood settings create healthier environments while building trusting relationships and long-term engagement between the Hesse Health Promotion Team and the selected settings.

The program was established in 2024 to support schools across our region create healthier learning environments and boost engagement. Now in its third year, the program supports projects that promote healthy eating, mental health, active living or climate and health. Working in partnership with Surf Coast Shire Council and Golden Plains Shire Council has strengthened the program and further expanded its reach.

The program has grown every year, beginnning with 4 applications from schools in 2024, this expanded to include kindergartens in its second year with 9 applications, to receiving 13 applications in 2026. Projects have included vegetable gardens, gardening equipment, friendship seats, mindfulness resources, emotional regulation books, bike helmets, breakfast club fridges and therapy dog training sessions.

Each application provides an opportunity for our Health Promotion Officer to meet with educators, discuss their project ideas and introduce them to Healthy Places Healthy Futures (formally called the Achievement Program), a free Victorian Government initiative supporting schools and early childhood services to improve health, wellbeing and learning through a whole-setting approach, practical action guides and tailored support. The existance of Healthy Settings with Hesse program has created meaningful relationships and ongoing support beyond the program itself.

Feedback from schools and kindergartens has been overwhelmingly positive, with educators sharing photos and updates demonstrating how these projects are benefiting children, students and the wider learning community. The continued increase in applications shows growing interest and recognition of the program's value. The Healthy Settings with Hesse program demonstrates how small investments, combined with ongoing support and strong partnerships, can create lasting improvements in healthy learning environments.



Building our Future Workforce

Investing and building our workforce is critical for future planning and fostering innovation. Hesse continues to implement a number of strategies, including the strengthening of our partnerships with universities and TAFE providers, providing valuable clinical placement opportunities for students across a range of health disciplines. These partnerships play a vital role in supporting the development of the future rural health workforce and introducing students to the rewarding experiences of working in a rural health setting.

We are proud to welcome students into our organisation and remain committed to providing a safe, supportive and meaningful learning environment. Our dedicated staff generously share their knowledge, skills and experience, helping students develop confidence, enhance their practical abilities and gain insight into both the opportunities and challenges of rural healthcare.

Student feedback continues to reflect the quality of placement experiences at Hesse. Students have described their time with us as “a wonderful placement”, highlighting that “the staff are so supportive and knowledgeable” and that “the staff and residents are very friendly and approachable”. This feedback demonstrates the welcoming culture, professionalism and strong commitment to learning that our staff bring to their roles each day.

We sincerely thank our staff for their continued dedication to mentoring and supporting students. Their commitment to nurturing the next generation of health professionals is a valued contribution to the future sustainability of the health workforce, and we look forward to continuing and expanding these important partnerships in the years ahead.

This year also saw Hesse introduce two new roles, the first being our inaugural Graduate Enrolled Nurse Program. The program has been a significant success, providing a structured and supportive pathway for a graduate Enrolled Nurse to transition confidently into practice within our Residential Aged Care (RAC) service.

Supported by the Department of Health’s 2025-26 Enrolled Nurse Transition to Practice Program, graduates undertake a 6 month rotation at Hesse’s RAC service, followed by a further 6 month rotation with Great Ocean Road Health, where they graduate gain experience across both RAC and Urgent Care. In a reciprocal arrangement, a graduate Enrolled Nurse from Great Ocean Road Health undertakes a six-month rotation at Hesse, creating valuable opportunities for both organisations to share knowledge, skills and experiences.

With Hesse committed to developing and expanding the Nurse Practitioner services in our model of care, the second role introduced was a Nurse Practitioner Candidate. A Nurse Practitioner Candidate is a Registered Nurse completing a Master’s Degree and advanced clinical training to achieve endorsement by the Nursing and Midwifery Board of Australia. With candidates required to work under supervision, they need a health service that can provide clinical and professional supervision and mentorship while they gain the required advanced diagnostic, prescribing, and referral skills. Utilising Hesse’s existing Nurse Practitioner model provided in conjunction with Great Ocean Road Health, this new program was made possible through assistance provided via the Department of Health’s Nurse Practitioner Candidate Support Package, funded through the Commonwealth Government’s Strengthening Medicare – Supporting Older Australians package. This allowed Hesse to appoint a Nurse Practitioner Candidate within our RAC, Acute Care and Urgent Care Centre as they work towards endorsement as a nurse practitioner, while provide high clinical care to our residents and consumers.

The introduction of both the Graduate Enrolled Nurse Program and Nurse Practitioner Candidate roles represents an important investment in our future workforce. By providing them with opportunities to build clinical capability, confidence and professional networks within a rural health environment, the programs support the ongoing delivery of high-quality care for our communities.

Hesse is proud to collaborate with our regional partners to create meaningful learning pathways and support the continued growth of skilled healthcare professionals in rural Victoria.

Strengthening the Hesse Team

Investing in our team remains a high priority, with ongoing professional development opportunities provided to ensure best practice healthcare for our community.

Below are some of the education sessions held to support Hesse staff development during 2025-26.

- Occupational Violence and Aggression Training

Staff safety and wellbeing remain a priority. To support employees in responding to occupational violence and aggression, staff can complete training either online or through a face-to-face program.

Over the past 12 months, more than 40 staff participated in the face-to-face Occupational Violence and Aggression Training delivered by Holland Thomas Specialists Training and Consulting. The interactive program provides practical strategies to build confidence and support staff in preventing and responding to challenging situations.

Staff feedback has been highly positive, with participants valuing the relevance of the training, practical strategies, and engaging delivery. The training ensures employees have the skills and confidence to respond effectively to occupational violence and aggression in their work environment.

- Building Our Health and Safety Culture

In late 2025, four Hesse Health and Safety Representatives (HSRs) completed the five-day Health and Safety Representative training course at The Gordon, gaining practical skills to support workplace safety.

Feedback from the HSRs highlighted the course as informative and practical, with many learnings that can be applied directly within the Hesse environment.

HSRs play an important role in promoting a safe workplace by supporting incident reporting and investigations, participating in workplace inspections, identifying improvement opportunities, and acting as a link between staff and management on health and safety matters.

Their ongoing contribution helps strengthen Hesse's safe and proactive workplace culture.

- Quality Improvement In Action Workshops

Building capability in quality improvement has been a key focus this year, with several Hesse staff participating in Quality Improvement in Action workshops facilitated by Safer Together Program Coordinators.

The workshops introduced participants to the Institute for Healthcare Improvement's Model for Improvement, providing practical tools to support meaningful and sustainable change. Staff developed skills in defining clear problem statements and improvement aims, generating and testing improvement ideas, selecting appropriate measures, and collecting and interpreting data to understand variation over time.

Designed to be highly interactive, the workshops combined practical exercises with real-world examples, enabling participants to apply improvement methods in a supportive learning environment. This hands-on approach has strengthened staff confidence to lead quality improvement initiatives within their own teams, supporting safer, more effective care and better outcomes for the communities Hesse serves.

- Annual Training Days

Annual Training Days ensure employees maintain knowledge and competencies required to deliver safe, high-quality care while meeting legislative and organisational requirements.

In August, all staff attended one of three training days, completing mandatory organisational training and practical clinical education. Mandatory topics included Occupational Health and Safety, Diversity and Inclusion, Hand Hygiene, Privacy and Confidentiality, Cyber Security and Child Safety.

Practical learning stations focused on core clinical competencies, including Medication Safety, Delirium Management, Basic Life Support, and Aseptic Non-Touch Technique, giving staff the opportunity to refresh skills and reinforce best practice.

The Annual Staff Training Days continue to strengthen staff capability, confidence, and the delivery of safe, effective care.



Strengthening Connection, Inclusion and Respect

In May Hesse held its annual Staff Forums, bringing together employees from across the organisation to connect, collaborate and contribute to shaping Hesse's future direction. The Staff Forums are a key component of the Hesse Internal Strengthening Program, providing an important opportunity for staff to come together as a collective group, share ideas and strengthen organisational culture.

The 2026 forums were developed in response to staff feedback from the previous year's sessions, insights from the People Matter Survey, and emerging organisation-wide priorities. The theme for this year's forums was "Inclusion and Respect", reflecting Hesse's ongoing commitment to creating a workplace where every person feels valued, heard and supported.

The forums focused on key improvement opportunities, including:

- Strengthening the "Hesse Heart" - continuing to embed Hesse's Clinical Governance Framework to support safe, effective and person-centred care through a strong culture of safety.
- Preparing for the future - building understanding of the changes Hesse needs to adapt to and fostering a continuous improvement mindset, including a focus on inclusion.
- Embedding the value of Respect - exploring practical ways to bring Hesse's values to life in everyday interactions and decision-making.
- Shaping Hesse's future - ensuring staff are actively involved and have the opportunity to contribute to strategic planning and organisational priorities.

The Staff Forums provided a valuable platform for information sharing, connection across teams and meaningful discussion about Hesse's future. Staff appreciated the opportunity to learn more about different areas of the organisation, celebrate achievements and contribute ideas for ongoing improvement.

Feedback from staff highlighted the positive impact of the forums, below is just some of the feedback received:

"Brought me up to date with what's happening."

"Great to hear all the different ideas for future planning."

"Good overview of each area. I liked seeing the 2025 achievements and seeing the plans for the future."

"Good to meet other Hesse employees from other areas."

"Interesting to learn more about diversity and inclusion."

"It's great that Hesse is listening to staff needs and wishes and those of the community now and in the future."





"Respect is the number one key to happiness."

The continued success of the annual Staff Forums demonstrates Hesse's commitment to open communication, staff engagement and creating a workplace culture built on inclusion, respect and continuous improvement.

Annual Staff Scholarship & Awards

The Hesse Professional Development Scholarship provides once-off funding contributions to enable employee participation in a course of learning and development.

Established by the Consumer Advisory Committee as a consumer driven contribution to assist in the development of Hesse's workforce, they oversee the appointing of the scholarships. On review of applications received this year, the Consumer Advisory Committee recommended the awarding of the 2025 scholarship to the following Hesse staff member:

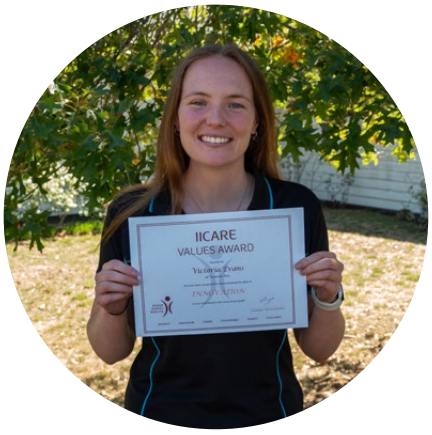
- **Pip Curran - Registered Nurse, Community** Continence Care Program with Continence Health Australia

Pip aims to deepen her clinical expertise in continence management and enhance her ability to provide continence leadership and education within our aged care and community settings. This will enable Pip to implement evidence-based strategies, mentor staff, and lead quality improvement initiatives that improve consumer outcomes and promote best practice in continence care.

Hesse IICARE Values Awards
Following the launch of Hesse's IICARE values, an annual award was established to publicly acknowledge employee achievements in 'living our values.' Six staff nominated by their peers, were selected for recognition of behaviours that exemplify Hesse's core values.

The evaluation committee, including a Consumer Advisory and Board Director Representative, assessed the employee's contributions and accomplishments against the core value they were nominated for, and awarded the following 2025 winners:

- **INNOVATION:** Victoria Evans – Exercise Physiologist
- **INTEGRITY:** Rashmi Subedi – Associate Nurse Unit Manager
- **CARING:** Mary Varkey – Registered Nurse
- **ACCOUNTABLE:** Karen O'Loughlin – Community Nursing Manager
- **RESPECT:** Mandeep Kaur – Finance Co-ordinator
- **EXCELLENCE:** Nicole Rogers – Community Nurse



Victoria Evans



Rashmi Subedi



Mary Varkey



Karen O'Loughlin



Mandeep Kaur



Nicole Rogers



Statement of Priorities

Hesse Rural Health Service contributed to the Department of Health Strategic Plan 2025-26 through the following:

Part A: Strategic Priorities

Innovate and improve access and care

We aim for the best patient experience and care outcomes by assuring safe practice, leadership of safety, an engaged and capable workforce, and continuing to improve and innovate care.

Align with the Victorian Clinical Governance Framework to strengthen clinical governance systems, ensuring safe, high-quality care.



Demonstrate high quality care in which consumer engagement and input is actively sought, facilitated and used to drive system change to improve consumer experience and outcomes.

Outcome: Achieved

Ensured alignment of the "Hesse Heart" (our clinical governance framework) to the Victorian Clinical Governance Framework, including partnering with consumers being one of our five domains. Empowering consumers to partner in care and decision-making, enabled staff to better understand individual consumer's specific needs, concerns and values. Key initiatives included ongoing consultation with our Consumer Advisory Committee to review service design and delivery with a strategic focus on the Hesse consumer experience, regular Resident and Representatives meetings with management and key staff, a consumer representative on our Care and Clinical Governance Committee, and regular Board Tea Talks held at each of our community centres, where the community is invited to chat with our Board Directors and CEO.



Ensure that health service reporting, reviews and decision-making are underpinned by a safety culture and systems that are transparent, accurate and fair for staff and consumers.

Outcome: Achieved

The Hesse Heart reinforces our commitment to safe, timely, effective and person-centered care and constantly provides us with opportunities to demonstrate our IICARE values which are integral to advancing a culture of safety, collaboration and excellence. Clinical risk management strategies and processes continue to remain integrated with broader governance within Hesse to rigorously identify, monitor, review and mitigate risk. Our systems and processes support staff to initiate appropriate and timely escalation, management and corrective action, as well as the documentation of risks for subsequent analysis and future practice improvement.

Our leadership and safety culture continues to play a pivotal role in shaping the quality of our care, with a just culture part of our safety culture. This applies a systems perspective when developing organisational processes, including the review of adverse patient safety events, where we take into account the systems and culture of Hesse, as well as individual actions. Our Just Culture ensures a response appropriate to the Hesse context, enabling a workplace where our staff and volunteers feel safe to report adverse patient safety events. The outcomes from applying the integrated systems, practices and safety culture, ensured a continuous cycle of planning, monitoring, learning and improving. This moved us beyond compliance, towards proactively preventing harm, and driving a positive consumer and employee experience.



Health services are able to show evidence of a comprehensive training program approach that includes performance management, accountability, and continuous improvement.

Outcome: Achieved

Throughout the year we continued to ensure equitable development of all staff to facilitate the fulfilment of our vision and priorities as outlined in our Strategic Plan. All staff employed with Hesse hold the appropriate skills and knowledge required to fulfil their roles and responsibilities, with processes in place to support the appropriate selection and recruitment of staff; credentialing of clinical staff (including annual reviews of practice) and maintenance of professional standards, as well as training and education on a range of mandatory and core competencies.

Our Workforce Professional Development Review Procedure remains focused on promoting a values-based culture and ensuring our workforce is responsive, committed, skilled and supported. The development of our staff is a key lever for Hesse to deliver on this vision and to support its people to be their best. The provision of a safe, healthy workplace is the best interests of patients, staff, visitors and the public.

Through the implementation of our Professional Development & Education Procedure, we ensured minimum standards of staff competence was achieved. We utilise a risk-based approach to the categorisation and allocation of mandatory training with a target for such training required to all be completed within 6 weeks of employment (unless a module is indicated earlier), and periodically as required. Compliance of this is regularly monitored, achieving an 85% completion rate of mandatory training, before due, throughout the year, above the organisational compliance goal of ≥80%. Staff at all levels have access to training and information about effective change and improvement tools, and are supported in the application of the tools and methods to improve practice.

Prudent, sustainable and effective use of resources

We are innovative and resourceful in balancing improved patient care, operational performance, and system management to ensure a financially secure health system. We invest in a skilled and future-ready workforce, maintaining a modern, safe, and resilient healthcare system for all Victorians.

Develop and implement initiatives to strengthen financial sustainability. By delivering sustainable, responsible budgets, we can ensure a well-managed, viable, and sustainable health system for the future.



Deliver the key initiatives outlined in the Budget Action Plan within Government parameters.

Outcome: Achieved

Through development of our Budget Action Plan, we continued to identify key strategies and initiatives that along with other previously identified initiatives ensured financial sustainability. This includes utilisation of regional support service for finance and human resource assistance, accessing a regional procurement solution, our solar power implementation and successfully securing other grants to implement new programs that compliment existing services, such as the Western Victoria Primary Health Network's Your Care Path program delivered in partnership with Great Ocean Road Health and Colac Area Health.



Utilise data analytics and performance metrics to identify areas of inefficiency and waste and make evidence-based decisions to improve financial sustainability and operational performance.

Outcome: Achieved

Undertaken data analysis and interpretation to identify key solutions for the Budget Action Plan. Those implemented include workforce leave management planning to improve operational performance and kitchen waste reduction to improve financial sustainability.



Use funding efficiently and effectively to optimise patient facing services. Undertake programs to reduce the cost of service delivery, improve safety, capacity and reduce unnecessary waiting.

Outcome: Achieved

Implementation of key navigation and data reporting roles to assist with intake and service allocation within our community services programs, including establishment of priority tools for effective waiting list management, and a new role for co-ordinating Australian National Aged Care Classification (AN-ACC) assessments and the Australian Government's National Aged Care Mandatory Quality Indicator Program to improve safety and service delivery.

A stronger workforce

We strive to foster an equitable, skilled and supported workforce that builds professional capabilities to meet current and future roles.

Position Victoria as a leader in employee experience, capability, and capacity by focusing on future roles and professional development in line with the Victorian Health Workforce Strategy to ensure a regenerative and sustainable workforce.



Implement processes to sustain workforce supply and fulfill obligations, including those under the Gender Equality Act 2020 by improving employee experience in leadership, health and safety, flexibility, career development, and agility to ensure safe, high-quality care.

Outcome: Achieved

Workforce sustainability initiatives actioned include the implementation of a regional HRIS to assist with recruitment attraction and processes, offering our emerging leaders program, refreshing flexible working arrangements and associated processes, offering the annual professional development scholarship and participating in the Victorian Safer Together Program including Quality in Action workshops to build capability in quality improvement methodologies. Progress against the Gender Equality Action Plan initiatives implemented between 2023 and 2025 show the proportion of men employed increased to 11.9%, female Board composition increased to 55.6% and number of men on flexible working arrangements increased to 22.2%, similar to that of women.



Collaborate with the department to improve workforce data analytics, generate actionable insights, and enhance strategic planning.

Outcome: Achieved

Used analytics to confirm identified needs, and partnered with the Department, to achieve key strategic workforce initiatives such as the establishment of a Nurse Practitioner Candidate position, Graduate Enrolled Nurse Program in conjunction with Great Ocean Road Health and continuation of our Registered Undergraduate Student of Nursing (RUSON) program. Undertook consultation with the Department as part of the strategic planning process including on workforce matters.

Improving Aboriginal health and wellbeing

Strengthen cultural safety in Victoria's health service system by fostering strong connections to Aboriginal culture, creating a holistic, accessible, and empowering health system.

Enhance Delivery and Access to Culturally Safe Services, fostering strong connections to culture. Address racism and provide Aboriginal people with culturally safe healthcare and referral pathways between mainstream and community-controlled health services.



Deliver high-quality cultural safety training to all executives and staff using independent, expert, community-controlled organisations or a registered Aboriginal business.

Outcome: Ongoing

Hesse has a suite of staff training modules aligned with Aboriginal and Torres Strait Islander cultural safety. Both Aboriginal Cultural Awareness training and Ask the Question - Identification of Aboriginal and Torres Strait Islander Peoples training are mandatory for all staff including managers, supervisors and mentors.



Health service executives and senior leaders establish and maintain strong, ongoing partnerships with Aboriginal community-controlled organisations and/or recognised Aboriginal leaders within their local catchments. These partnerships must be based on regular, proactive engagement that prioritises the voices, self-determined priorities, and cultural knowledge of Aboriginal communities in the design, delivery, and evaluation of health and wellbeing services.

Outcome: Ongoing

Hesse managers and staff including the Diversity, Equity and Inclusion Officer, acknowledge and thank the Wathaurong Aboriginal Co-operative, Eastern Maar Aboriginal Corporation and the Wadawurrung Traditional Owners Aboriginal Corporation, as we continue to forge respectful relations with these valued partners. Their contributions in sharing cultural knowledge to provide culturally safe care and services for Aboriginal and Torres Strait Islander people is greatly appreciated as we aim to promote respect, understanding and responsiveness to their cultural identities, strengths and needs.



Ensure culturally appropriate systems for identifying Aboriginal and Torres Strait Islander patients and implement responsive discharge plans and referral pathways.

Outcome: Achieved

Through initiatives such as Ask the Question - Identification of Aboriginal and Torres Strait Islander Peoples mandatory training, culturally safe systems have been implemented for the identification of Aboriginal and Torres Strait Islander patients. This assists to ensure culturally safe discharge and referral pathways where appropriate.

Moving from competition to collaboration

We are committed to transforming Victoria's health system by partnering with care providers and health services to share knowledge, information, and resources.

Collaborate within the Local Health Service Network to build a more integrated health system, with better access and experience for patients, strengthened workforce, consistently high-quality care, and more sustainable healthcare delivery.

Meet all objectives agreed to in the Local Health Service Network Statement of Expectations across priority areas (access, equity and flow, workforce, safety and quality, and shared services).

Outcome: Achieved

As an active partner in the Barwon Local Health Service Network, ensured objectives were met for the Statement of Expectations. Key initiatives undertaken include the development of a network clinical service plan that responds to local community needs and provides most care locally within the Network through Step Closer Care Pathways; exploring the feasibility of expanding the existing Barwon Acute Referral Service (BARS) service hours to 24/7, in order to enable consistent referral and advice services that supports clinicians and builds relationships across services; a feasibility study to explore opportunities for a regional graduate workforce program; collaboratively develop nurse practitioner models and jointly evaluate these models to facilitate shared learnings; a feasibility study to explore the option for a standardising credentialing system; and implementation of a Human Resource Information System (People Plus) and the planning for electronic rostering.



Part B: Performance Priorities

High Quality and Safe Care	Target	Outcome
Infection Prevention Control		
Percentage of healthcare workers immunised for influenza	**94%**	**99%***
Adverse Events		
Percentage of reported sentinel events for which a root cause analysis (RCA) report was submitted within 30 business days from notification of the event	**All RCA reports submitted within 30 business days**	**Nil events**
Aged Care		
Public sector residential aged care services overall star rating	**Minimum rating of 3 stars**	**4 stars**
Patient Experience		
Percentage of patients who reported positive experiences of their hospital stay	**95%**	**N/A***
Aboriginal Health		
The difference between the number of Aboriginal patients who discharged against medical advice compared to non-Aboriginal patients	**0%**	**0%**

*All data published in annual reports is accurate at the time of publishing. Data may change following audit and data verification, which may not be finalised at the time of publishing.

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

Strong Governance, Leadership & Culture	Target	Outcome
Organisational Culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions.	**80%**	**76%***

*Changes to the 2025-26 Health Sector People Matter Survey has affected the "Percentage of staff with an overall positive response to safety culture survey questions" measure. Historical results are not directly comparable and should be interpreted with consideration of a break in the time series.

Effective Financial Management	Target	2025-26 Result
Key Performance Measure		
Operating Result ($m)	**0.00**	**$0.00**
Adjusted Current Asset Ratio	**0.7 or 3% improvement from health service base target**	**Achieved**
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30th June.	**<5% movement in forecast revenue and expenditure forecasts**	**Achieved**

Part C: Activity & Funding

Funding Type	2025-26 Activity Achievement
Aged Care	
Residential Aged Care	**19,573**
HACC	**3,146**
Primary Health	
Community Health/Primary Care Programs	**2,680**

Reporting Information

Occupational Health & Safety Statistics	2023-24	2024-25	2025-26
Number of reported hazards / incidents for the year per 100 FTE staff members.	59.91	66.67	55.93
The number of lost time standard Workcover claims for the year per 100 FTE staff members.	4.50	3.37	3.40
The average cost per Workcover claim for the year.	$155,648	$28,048	$118,378

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

Occupational Violence Statistics	2025-26
Workcover accepted claims with an occupational violence cause per 100 FTE.	0.85
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	5.50
Number of occupational violence incidents reported.	27
Number of occupational violence incidents reported per 100 FTE.	22.9
Percentage of occupational violence incidents resulting in a staff injury, illness or condition.	33%

DEFINITIONS: for the purposes of the above statistics the following definitions apply.
Occupational violence: any incident where an employee is abused, threatened, or assaulted in circumstances arising out of, or in the course of their employment.
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 a planned or unplanned Code Grey, it must be included.
Accepted Workcover claims: claims accepted and lodged in 2025-2026.
Lost time: defined as greater than one day.
Injury, illness or condition: includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Workforce Statistics - Full Time Equivalent (FTE)	June Current Month FTE*		Average Monthly FTE*	
	2025	2026	2024-25	2025-26
Nursing	44.9	47.63	42.66	46.78
Administration & Clerical	18.7	24.00	17.97	21.92
Medical Support	0	0	0	0
Hotel & Allied Services	42.85	40.99	44.27	42.67
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Ancillary Staff (Allied Health)	6.04	6.41	6.09	6.64
Sessional Clinicians	0	0	0	0
Total	112.49	119.03	110.99	118.01

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

Non-Admitted Patients	2025-26	2024-25	2023-24	2022-23	2021-22
Emergency Medical Treatment	135	113	84	70	49
Community Contact Hours (Home and Community Care, Commonwealth Home Support and Small Rural Health Service funded)	37,482	42,431	42,168	28,669	25,717
Community Nursing	5,512	10,110	5,928	7,811	9,400
Physiotherapy	2,045	1,856	784	530	861
Occupational Therapy	764	663	925	1,450	1,476
Dietitian	222	341	214	308	67
Diabetes Education	364	216	158	193	135
Social Support Program	8,558	11,351	15,677	17,551	12,207
Counselling	543	543	572	362	N/A
Other	2,535	2,533	362	132	218

37,482 Community Contact Hours

19,573 Bed Days in Residential Aged Care

Admitted Patients	2025-26	2024-25	2023-24	2022-23	2021-22
Separations					
Acute	33	25	28	26	34
Non-Acute	0	0	0	0	0
Same Day	0	0	1	0	0
Total Hospital Separations	**33**	**25**	**29**	**26**	**34**
Patient Bed Days					
Acute	340	606	535	552	269
Non-Acute	0	0	0	0	0
Same Day	0	0	0	0	0
Total Hospital Patient Days	**340**	**606**	**535**	**552**	**269**

Clinical Incidents & Reviews

At Hesse, we strive to provide our consumers with safe, timely and effective person-centred care. However, clinical incidents happen and we encourage all staff to report incidents when they occur. A clinical incident is defined as 'an event or circumstance that resulted, or could have resulted, in unintended and/or unnecessary harm to a person and/or a complaint, loss or damage' (Australian Commission on Safety and Quality in Health Care).

Reporting of all incidents is an integral aspect of our safety culture. High incident reporting rates are not necessarily a concern, rather they highlight that Hesse has a culture where staff feel safe to report. This in turn provides Hesse with accurate information that allows us to investigate and understand the causes of incidents, identify trends and pinpoint areas for improvement.

The severity of an incident determines the required level of reporting, escalation and investigation. The Incident Severity Rating (ISR) ranges from 1 = 'severe' to 4 = 'no harm/near miss'. Most of our clinical incidents are rated ISR 4 (no harm = 52%), or ISR 3 (minor = 48%).

All clinical incidents are investigated by the relevant manager, and involve discussion with staff and consumers, review of medical records, and discussion at a weekly incident review meeting. The Hesse Quality, Risk & Safety team reviews aggregated incident data, and provides analysis and trend information to guide improvement activity and inform the relevant governance committees and the Board.

Where a cluster of similar incidents is identified, or individual incidents rated as ISR 1 (severe) or ISR 2 (moderate) occur, in-depth case reviews are conducted to better understand the contributing factors and identify controls to help prevent reoccurrence.

As detailed in the table below, falls, medication errors and skin injuries continue to be the top three types of reported incidents, with these three categories making up 72% of clinical incidents in 2025-26. The increase in no harm, minor and overall number of incidents reported most likely relates to an increase in frailty and risk factors of our consumers, and ongoing focus to create a stronger incident reporting culture.

Hesse's Clinical Governance Framework



Clinical Incident Type	2025-26	2024-25	2023-24	2022-23	2021-22
Overall Number of Incidents	**861**	**625**	**508**	**505**	**402**
Falls	33%	29%	39%	30%	33%
Medication Errors	20%	24%	23%	17%	13%
Pressure Injuries	4%	4%	5%	4%	6%
Skin Tears	14%	8%	6%	9%	9%
Behavioural	10%	11%	6%	11%	16%
Clinical Deterioration	1%	0%	0%	1%	0%
Diet	2%	1%	1%	0%	0%
Other*	15%	23%	19%	27%	22%

* Other incidents include bruises, scratches, wounds, blisters, accidental knocks and near miss falls.

Asset Management Accountability Framework

The Asset Management Accountability Framework (AMAF) supports Victorian public sector agencies in managing their asset portfolios effectively and delivering improved services to the community. Hesse Rural Health completed its annual maturity assessment against the AMAF requirements and disclosed the results in this 2025-26 Annual Report.

AMAF is a non-prescriptive, devolved accountability framework that requires compliance with 41 mandatory asset management requirements. Further information on the framework is available on the Department of Treasury and Finance website at https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework

Hesse's overall target maturity rating is predominantly Competent, with a small number of areas assessed as Partially Non-Compliant, and two areas not applicable. This indicates that the organisation has established asset management systems and processes that are consistently applied and generally meet AMAF requirements. It also reflects a commitment to continuous improvement aimed at enhancing performance beyond the framework's minimum standards.

Minor gaps identified in this assessments related primarily to asset management systems. Work is currently underway to address these areas and strengthen overall capability. Improvement initiatives that were previously identified as requiring further development have now commenced, with the organisation expecting to achieve full Competent maturity across all applicable requirements in future reporting periods.







Disclosures Required Under Legislation

Freedom of Information (FOI) 1982

During 2025-26, Hesse received one valid application from a member of the public. A decision was made on that application within the statutory time period, and the decision denied access in full. The request was not, at the time of writing, subject to a complaint or internal review by Office of the Victorian Information Commissioner.

Hesse operates within the guidelines defined within the *Freedom of Information Act 1982* and its subsequent amendments. For access to information there is a mandatory application fee of $34.50 that must accompany the request or be waived at the discretion of Hesse for applicants who can provide evidence of hardship. Other charges e.g. for searching, photocopying and postage may also apply.

A member of the public wishing to access information should submit a request in writing accompanied by a certified copy of their identification and the application fee to:

Freedom of Information Officer, Hesse Rural Health,
8 Gosney Street, Winchelsea, VIC 3241

or, via email to foi@hesse.vic.gov.au

For more information about Freedom of Information, visit the OVIC (Office of the Victorian Information Commissioner) website, ovic.vic.gov.au.

Building Act 1993

Hesse fully complies with the building and maintenance provisions and regulations of the Building Act 1993. Actions that ensure that Hesse complies include:

- The use of qualified engineers, registered building consultants, building surveyors, architects and qualified trade personnel;
- All works and testing are verified during and at completion using a Certificate of Occupancy for new works and supplier sign off for all essential safety measure testing; and
- Hesse undergoes regular internal and external audits regarding fire, risk assessments and safety compliance to ensure ongoing adherence to the Building and Safety codes.

In relation to Hesse buildings, there were no building or occupancy permits, certificates of final inspection, major works projects, emergency or building orders issued. Nor were any buildings required to be brought into conformity with building standards during the reporting period.

Public Interest Disclosures Act 2012

Hesse is compliant with obligations under the Public Interest Disclosures Act 2012. If required, a copy of our Public Interest Disclosure & Whistleblowing Procedure can be requested from Hesse Reception by phoning (03) 5237 1200. Protected disclosures may be made to the CEO at ceo@hesse.vic.gov.au or, the Disclosures Coordinator DHHS on 1300 024 324 or, publicinterestdisclosure@health.vic.gov.au or, write to:

Public Interest Disclosures Coordinator, Integrity Unit,
Department of Health,

50 Lonsdale Street, Melbourne VIC 3000

No disclosures were made in 2025-26.

National Competition Policy

As a public entity, Hesse is obliged to compete fairly and equitably in its business processes. Hesse is committed to transparent behaviour in this regard and complied with all government policies regarding competitive neutrality, including compliance with the requirements of the 'Competitive Neutrality Policy Victoria' policy statement, and any subsequent reforms. There were nil competitive neutrality complaints made in the 2025-26 financial year.

Carers Recognition Act 2012

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

Hesse has taken all practical measures to comply with its obligations under the Carers Recognition Act 2012. These include:

- promoting the principles of the Act to people in care relationships who receive our services;
- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act; and
- considering the care relationships principles set out in the Act when setting policies and providing services, including employment policies such as those for flexible working arrangements and leave provisions.

Workforce Inclusion

During the reporting period, Hesse strengthened its approach to workforce inclusion through the establishment of a dedicated Diversity, Equity and Inclusion Project Officer role.

In meeting its obligations under the Gender Equality Act 2020, the organisation completed a workforce gender equality audit, prepared a progress report on the 2022–2026 Gender Equality Action Plan (GEAP), and developed and submitted a new 2026–2030 GEAP. These activities identified areas of achievement and informed priorities for ongoing improvement.

Additional workforce inclusion initiatives undertaken during the year included:

- Establishment of a Staff Diversity Group;
- Delivery of staff awareness and education activities during National Reconciliation Week and IDAHOBIT Day;
- Inclusion and diversity presentations at staff forums; and
- Review and update of relevant organisational policies and frameworks, including those relating to Aboriginal and Torres Strait Islander cultural safety and diversity and inclusion.

Safe Patient Care Act 2015

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



Local Jobs First Act 2003

No projects undertaken by Hesse during 2025-26 met the threshold for Local Jobs First Policy application. As such, no Local Industry Development Plans were required or submitted.

Additional Information Available on Request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by the health service and are available on request to the relevant Ministers, Members of Parliament and the public, subject to the provisions of the *Freedom of Information Act 1982.*

The following information must be retained and made available upon request:

a. a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
b. details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
c. details of publications produced by the entity about itself, and how these can be obtained;
d. details of changes in prices, fees, charges, rates, and levies charged by the entity;
e. details of any major external reviews carried out on the entity;
f. details of major research and development activities undertaken by the entity;
g. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
h. details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
i. details of assessments and measures undertaken to improve the occupational health and safety of employees;
j. a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
k. a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
l. details of all consultancies and contractors including:
    ii. consultants/contractors engaged;
    iii. services provided; and
    iiii. expenditure committed to for each engagement

This information is available on request from:

Freedom of Information Officer
Phone: 03 5267 1200
Email: foi@hesse.vic.gov.au

Social Procurement

In 2025-26, Hesse advanced its Social Procurement Strategy, developed in response to the Victorian Government's Social Procurement Framework (SPF), by prioritising four key objectives to maximise social and sustainable value from its procurement activities with:

- opportunities for Victorian Aboriginal people;
- opportunities for disadvantaged Victorians;
- sustainable Victorian social enterprise and Aboriginal business sectors; and
- sustainable Victorian regions.

In 2025-26 the total direct spend on social procurement remained steady at $38,595, similar to the prior year. Progress continues to engage Victorian Aboriginal businesses and social enterprises through targeted market analysis using resources such as VendorPanel, Kinaway Business Directory, Supply Nation and Social Traders.

Social procurement criteria was embedded in all Invitation to Supply documentation, and capability-building initiatives, such as staff training and process updates, supported compliance, operational procurements and monitoring. These efforts aligned with Hesse's strategic priorities of community wellbeing and inclusive workplaces, contributing to broader SPF reporting requirements via the Department of Treasury and Finance and Department of Health.



Procurement Complaints

Nil Complaints

Grants and Transfer Payments

Not applicable – Hesse Rural Health Service did not administer any grants, transfer payments or Commercial-in-Confidence grants in 2025-26.

Review and Study Expenses

Not applicable – Hesse Rural Health Service did not undertake any reviews, studies or investigations in 2025-26.

Environmental Performance & Sustainability

Hesse is committed to improving the health and wellbeing of the people and communities we serve, with environmental sustainability at Hesse guided by our 2024-26 Environmental Management Plan (EMP).

All environmental performance indicators including energy, transportation, water, sustainable buildings and infrastructure, sustainable procurement, waste and greenhouse gas emissions are measured and reported. Hesse acknowledges and accepts our responsibility to provide a leadership role for environmental sustainability across waste management, recycling and smart energy use.

Key initiatives implemented in 2025-26 included:

- Removing gas heating and replacing with electric heating at Winchelsea Community Health with support from the Victorian Health Building Authority (VHBA) as part of the Whole of Victorian Government Emissions Reduction Pledge for the Barwon South West region.
- Ongoing replacement of fleet vehicles with hybrid cars, offering a greener alternative to conventional vehicles, with improved fuel efficiency and reduced emissions.
- Recycling initiatives, including newspapers, batteries, cardboard, printer cartridges and webster packs.
- Significant reduction in water usage at our main site.
- Many other renewable environmentally friendly initiatives that were Hesse team member led to minimise unnecessary energy waste.







For the purpose of the following environmental reporting best efforts have been made to collect environmental data for all activities and sites, though in some cases an estimate has been used. Where it was impracticable to report relevant data or an estimation, an explanatory note is provided on our planned activities to improve data collection for future Annual Reports.



Electricity Use

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

Electricity Use	2025-26	2024-25	2023-24
EL1 Total Electricity Consumption (MWh)			
Purchased	340.83	344.99	365.50
Self Generated	128.11	149.37	124.90
EL1 Total Electcity Consumption	**468.93**	**494.36**	**490.39**
EL2 Onsite Electricity Generated (MWh)			
Consumption Behind The Meter			
Solar Electricity	128.11	149.37	124.90
Total Consumption Behind The Meter	**128.11**	**149.37**	**124.90**
Exports	N/A	N/A	N/A
Solar Electricity	21.26	N/A	N/A
Total Electricity Exported	**21.26**	**N/A**	**N/A**
EL2 Total Onsite Electricity Generated	**149.37**	**149.37**	**124.90**
EL3 Onsite Installed Generation Capacity (kW converted to MW)			
Diesel Generator	0.30	0.30	0.30
Solar System	0.10	0.10	0.10
EL3 Total Electricity Offsets	**0.40**	**0.40**	**0.40**
EL4 Total Electricity Offsets (MWh)			
LGCs voluntarily retired on the entity's behalf	271.70	N/A	N/A
RPP (Renewable Power Percentage in the grid)	59.17	63.26	68.58
EL4 Total Electricity Offsets	**330.87**	**63.26**	**68.58**

Stationary Energy

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

Stationary Energy	2025-26	2024-25	2023-24
F1 Total Fuels Used In Building & Machinery (MJ)			
Natural Gas	1,896,031.40	1,877,818.00	2,115,763.60
LPG	0.00	23,767.40	128,086.30
F1 Total Fuels Used In Building	**1,896,031.40**	**1,901,585.40**	**2,243,849.90**
F2 Greenhouse Gas Emissions From Stationary Fuel Consumption (Tonnes CO2-e)			
Natural gas	97.70	96.76	109.03
LPG	0.00	1.44	7.76
F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	**97.70**	**98.20**	**116.79**

Transportation

Transportation Energy	2025-26	2024-25	2023-24
T1 Total Energy Used In Transportation (vehicle fleet) Within the Entity (MJ)			
Non-executive fleet - E10	1,191,601.60	1,594,396.80	929,678.40
Petrol (E10)	**1,191,601.60**	**1,594,396.80**	**929,678.40**
Executive fleet - Diesel	N/A	N/A	N/A
Non-executive fleet - Diesel	168,164.90	179,034.60	59,911.50
Diesel	**168,164.90**	**179,034.60**	**59,911.50**
Total energy used in transportation (vehicle fleet) (MJ)	**1,359,766.50**	**1,773,431.40**	**989,589.90**
T2 Number & Proportion Of Vehicles In The Organisational Boundary			
T2 Road Passenger Vehicles			
Unleaded	18	18	19
Diesel	4	4	4
T2 Total	**22**	**22**	**23**
T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]			
Non-executive fleet - E10	72.57	97.10	56.62
Petrol (E10)	**72.57**	**97.10**	**56.62**
Executive fleet - Diesel	N/A	N/A	N/A
Non-executive fleet - Diesel	11.84	12.61	4.22
Diesel	**11.84**	**12.61**	**4.22**
Total Greenhouse gas emissions from transport	**84.41**	**109.70**	**60.83**

Total Energy Use

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

Total Energy Use	2025-26	2024-25	2023-24
E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]			
Total energy usage from stationary fuels (F1) [MJ]	1,896,031.40	1,901,585.40	2,243,849.90
Total energy usage from transport (T1) [MJ]	1,359,766.50	1,773,431.40	989,589.90
Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]	**3,255,797.90**	**3,675,016.80**	**3,233,439.80**
E2 Total energy usage from electricity [MJ]			
Total energy usage from electricity [MJ]	1,688,161.37	1,779,690.87	1,765,408.69
E3 Total energy usage segmented by renewable and non-renewable sources [MJ]			
Renewable	1,688,161.20	924,917.34	789,467.48
Non-renewable (E1 + E2 - E3 Renewable)	3,255,798.07	4,529,790.32	4,209,381.01
E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	214.55	430.11	472.46
Energy per unit of LOS [MJ/LOS]	9,687.01	6,656.92	7,021.47
Energy per unit of bed-day (LOS+Aged Care OBD) [MJ/OBD]	209.90	404.00	442.67
Energy per unit of Separations [MJ/Separations]	108,611.90	147,251.05	143,187.81
Energy per unit of floor space [MJ/m2]	635.04	652.25	710.36

Water Use

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

Water Use	2025-26	2024-25	2023-24
W1 Total Units Of Metered Water Consumed (kl)			
Potable water [kL]	6,286.59	9,327.79	6,014.58
Total units of water consumed [kl]	**6,286.59**	**9,327.79**	**6,014.58**
W2 Units Of Metered Water Consumed Normalised By FTE, Headcount, Floor area, Or Other Entity Or Sector Specific Quantity			
Water per unit of Aged Care OBD (kL/Aged Care OBD)	0.38	1.09	0.71
Water per unit of bed-day (LOS+Aged Care OBD) [kL/OBD]	16.99	16.87	10.53
Water per unit of bed-day (LOS+Aged Care OBD) [kL/OBD]	0.37	1.02	0.66
Water per unit of Separations (kL/Separations)	190.50	373.11	214.81
Water per unit of floor space [kL/m2]	1.11	1.65	1.07

Sustainable Buildings & Infrastructure

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

Sustainable Buildings & Infrastructure	2025-26
B1	No newly completed entity-owned buildings for an environmentally sustainable design (ESD) to be incorporated into.
B2	No new entity leases entered into to review meeting requirement for the preference of higher-rated office buildings and those with a Green Lease Schedule.
B3	No newly completed entity-owned buildings or substantial tenancy fit-outs to determine a NABERS Energy rating for.
B4	No newly completed entity-owned non-office building or infrastructure projects or upgrades with a value over $1 million, for an environmental performance ratings to be conducted.
B5	No ratings conducted 2025-26, last ratings conducted 2024-25: NABERS Energy 3.5 and NABERS Water 1.0 for environmental performance ratings conducted for entity-owned assets portfolio on building, facility, or any infrastructure type.

Normalisation Factors

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

Normalisation Factors	2025-26	2024-25	2023-24
1000km (Corporate)	N/A	N/A	N/A
1000km (Non-emergency)	N/A	N/A	N/A
Aged Care OBD	16,706.00	8,559.00	8,486.00
ED Departures	0.00	0.00	0.00
FTE	116.00	111.00	114.00
LOS	370.00	553.00	571.00
OBD	17,076.00	9,112.00	9,057.00
PPT	17,109.00	9,137.00	9,085.00
Separations	33.00	25.00	28.00
TotalAreaM2	5,644.00	5,644.00	5,644.00



Waste & Recycling

Waste and Recylcing	2025-26	2024-25	2023-24
WR1 Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)			
General waste	186,688.52	186,688.52	187,200.00
Offsite treatment			
Clinical waste - incinerated	22.47	22.47	22.47
Clinical waste - sharps	42.33	42.33	37.77
Clinical waste - treated	462.38	462.38	462.98
Recycling/recovery (disposal)			
Commingled	23,336.07	23,336.07	23,400.00
Total units of waste disposed [kg]	**187,150.91**	**210,486.97**	**211,123.23**
WR1 Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)			
General waste	**99.75%**	88.69%	88.67%
Offsite treatment			
Clinical waste - incinerated	0.01%	0.01%	0.01%
Clinical waste - sharps	0.02%	0.02%	0.02%
Clinical waste - treated	0.25%	0.22%	0.22%
Recycling/recovery (disposal)			
Commingled	11.08%	11.08%	11.08%
WR2 Percentage of office sites covered by dedicated collection services for each waste stream			
Printer cartridges	100%	100%	100%
Batteries	100%	100%	100%
e-waste	100%	100%	100%
Soft plastics	100%	100%	100%
WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method			
Total waste to landfill per patient treated [(kg general waste)/ PPT]	10.91	20.43	20.61
Total waste to offsite treatment per patient treated [(kg offsite treatment)/PPT]	0.03	0.05	0.06
Total waste recycled and reused per patient treated [(kg recycled and reused)/PPT]	**1.36**	2.55	2.58
WR4 Recycling rate [%]			
Weight of recyclable and organic materials [kg]	23,336.07	23,336.07	23,400.00
Weight of total waste [kg]	187,150.91	210,486.97	211,123.23
Recycling rate [%]	**11.08%**	**11.08%**	**11.08%**
WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]			
tonnes CO2-e	243.30	243.30	244.03

Greenhouse Gas Emissions

Greenhouse Gas Emissions	2025-26	2024-25	2023-24
G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]			
Carbon Dioxide	181.49	207.18	177.04
Methane	0.24	0.25	0.27
Nitrous Oxide	0.38	0.47	0.31
Total	**182.11**	**207.91**	**177.62**
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]	**97.70**	**98.20**	**116.79**
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]	**84.41**	**109.70**	**60.83**
Medical/Refrigerant gases	N/A	N/A	N/A
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	**182.11**	**207.91**	**177.62**
G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]			
Electricity	228.14	228.20	240.39
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]	**228.14**	**228.20**	**240.39**
G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)			
Commercial air travel	N/A	N/A	N/A
Waste emissions (WR5)	243.30	243.30	244.03
Indirect emissions from Stationary Energy	38.57	38.98	40.73
Indirect emissions from Transport Energy	21.36	27.78	15.43
Paper emissions	N/A	N/A	N/A
Any other Scope 3 emissions	8.82	15.26	10.09
Total scope three greenhouse gas emissions [tonnes CO2e]	**312.04**	**325.31**	**310.28**
G(Opt) Net greenhouse gas emissions (tonnes CO2e)			
Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO2e]	**722.29**	**761.42**	**728.30**
Total gross reported greenhouse gas emission per bed-day (CO2-e(t)/OBD)	0.04	0.08	0.08
Carbon Neutral Electricity	0.00	0.00	0.00
Green Power Electricity	0.00	0.00	0.00
Purchased LGCs	-249.97	0.00	0.00
Any Reduction Measures Offsets purchased (EL4-related)	N/A	N/A	N/A
Any Offsets purchased	N/A	N/A	N/A
Net greenhouse gas emissions [tonnes CO2e]	**472.32**	**761.42**	**728.30**













Financial Overview

CFO Report

In 2025-26, we remained focused on using available resources efficiently, while staying committed to delivering high-quality, person-centred care across our residential aged care, acute care ward, urgent care centre, allied health and wide range of in home and community-based services.

Ensuring Hesse continued its work to ensure long-term financial sustainability, our financial performance was underpinned by the Hesse Financial Strategy, the Budget Action Plan, and the Financial Management Improvement Plan. Together, these frameworks guided efforts to rebuild our cash reserves in support of growth, manage our increased workforce and control general expenditure. As a result, Hesse achieved financial stability throughout 2025-26 and delivered a small positive operating result.

Hesse aimed for a break even outcome in 2026 and are pleased to report that goal was met. Operating activities generated a cash inflow of $19 million. Overall, total cash on hand increased to $13.5 million as at 30 June 2026, up from $11.1 million the previous year. Similar to the year prior, this increase was driven by a growth in cash holdings of $2.3 million, resulting from cost savings, a reduced reliance on residential aged care capital income for operating needs and an increase in refundable deposits made by residents. The total cash reported in the cash flow statement includes $9.9 million in Residential Aged Care Accommodation Deposits and $2.9 million in other restricted funds. Excluding these, the unrestricted cash available to the health service at year-end was $680K. We remain committed to continuing the implementation of these improvements in the coming years to maintain adequate cash reserves and support ongoing financial sustainability to serve our community.

Hesse is proud to have met all budgetary targets, from operating results to effective management of debtors and creditors. Management is pleased to present fully compliant financial reports for the year.



Nab Khoda
Chief Financial Officer

Subsequent Impacts

There were no events subsequent to 30th June 2026 that would significantly effect Hesse's operations in subsequent years.

Financial Information	2025-26	2024-25	2023-24	2022-23	2021-22
Operating Result*	$748	$1,209	$237,465	$17,471	$99,901
Total Revenue	$18,588,310	$18,144,416	$17,120,029	$15,633,704	$13,372,594
Total Expenses	$19,424,891	$19,124,124	$16,468,317	$15,942,216	$13,850,301
Net Result from Transactions	($836,581)	($979,708)	$651,712	($308,512)	($477,707)
Total Other Economic Flows	($69,035)	$26,872	($499,413)	$18,742	$134,187
Net Result	($905,616)	($952,836)	$152,299	($289,770)	($343,520)
Total Assets	$39,226,690	$37,373,261	$36,519,288	$27,011,691	$27,935,756
Total Liabilities	$16,956,081	$15,032,006	$13,225,197	$12,861,429	$13,495,724
Net Assets / Total Equity	$22,270,609	$22,341,255	$23,294,091	$14,150,262	$14,440,032

*The Operating Result is the result for which the health service is monitored in its Statement of Priorities.

For further details refer to the consolidated financial statements attached at the end of the report.

Reconciliation of net result from transactions and operating result

	2025-26
Operating Result	$748
Capital Purpose Income	$178,108
Specific Income	$416,235
COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	$3,899
Expenditure for Capital Purpose	$258,863
Depreciation and Amortisation	$1,241,845
Net Results from Transactions	($905,616)

Consultancy Expenditure

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (Exc GST)	Expenditure 2025-26 (Exc GST)	Future Expenditure (Exc GST)
Cranham & Co	Strategic Planning Facilitation	01/04/2026	30/06/2026	$40,000	$40,455	$6,000
Ansell Strategic	Separation of Winchelsea Hostel & Nursing Home Society Inc.	01/07/2025	01/07/2025	$26,500	$26,500	$0
K & L Gates	Separation of Winchelsea Hostel & Nursing Home Society Inc.	01/10/2025	31/10/2025	$18,671	$18,671	$0

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

In 2025-26, there was 3 consultancies where the total fees payable to the consultant was $10,000 or greater. The total expenditure incurred during 2025-26 in relation to the consultancy was $85,626 (Exc GST).

Details of this consultancy can be viewed at: hesseruralhealth.com.au/about/procurement-information/

Details of consultancies (under $10,000)

In 2025-26, there were 6 consultancies where the total fees to the consultants were less than $10,000. The total expenditure incurred during 2025-26 in relation to consultancy was $42,578 (Exc GST).

Information & Communication Technology (ICT)

All operational ICT expendature	*ICT expenditure related to projects to create or enhance ICT capabilities*		
Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure	Operational Expenditure	Capital Expenditure
$702,831	**nil reports**	**nil reports**	**nil reports**

For the 2025-26 reporting period, Hesse Rural Health Service had a total ICT expenditure of $702,831 with the details shown above. The total is calculated as (ICT BAU + ICT Non BAU).

Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE
	Charter and purpose	
FRD 22	Manner of establishment and the relevant Ministers	4
FRD 22	Purpose, functions, powers and duties	2
FRD 22	Nature and range of services provided	6
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FRD 22	Significant changes in key initiatives and expectations for the future	7-9
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FRD 22	Organisational structure	12-13
FRD 22	Workforce data/employment and conduct principles	41
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	Financial and other information	
FRD 22	Summary of the financial results for the year	56
FRD 22	Significant changes in financial position during the year	56
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FRD 22	Subsequent events	56
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	Compliance attestation and declaration	
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	Attestation on Data Integrity	11
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	Other reporting requirements	
	Reporting of outcomes from Statement of Priorities 2025-2026	34-40
	Occupational Violence reporting	41
	Reporting obligations under the *Safe Patient Care Act 2015*	46
	Reporting of compliance regarding Car Parking Fees (if applicable)	N/A

Financial statements

DECLARATION		PAGE
SD 5.2.2	Declaration in financial statements	61
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	61
SD 5.2.1(a)	Compliance with Standing Directions	61
SD 5.2.1(b)	Compliance with Model Financial Report	61
Other disclosures as required by FRDs in notes to the financial statements [(a)(b)]		
FRD 11	Disclosure of Ex gratia Expenses	N/A
FRD 103	Non-Financial Physical Assets	96
FRD 110	Cash Flow Statements	66
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Public Interest Disclosures Act 2012	45
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Notes:

(a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are in the nature of disclosure.

(b) Refer to the Model financial statements section (Part two) for further details.





Financial Report

Hesse Rural Health Service

Financial Statements

Financial Year ended 30 June 2026

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

The attached financial statements for Hesse Rural Health Service have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance 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 2026 and the financial position of Hesse Rural Health Service at 30 June 2026.

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 21 September 2026.

Board member	Accountable Officer	Chief Finance Officer
		
Mr I Whiting Chair Winchelsea 21 September 2026	Mrs C Brock Chief Executive Officer Winchelsea 21 September 2026	Mr N Khoda Chief Finance Officer Winchelsea 21 September 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Hesse Rural Health Service

Opinion	I have audited the financial report of the Hesse Rural Health Service (the health service) which comprises the: • balance sheet as at 30 June 2026 • comprehensive operating statements for the year then ended • statements of changes in equity for the year then ended • cash flow statements for the year then ended • notes to the financial statements, including material accounting policy information • board member's, accountable officer's and chief finance and accounting officer's declaration. In my opinion, the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2026 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and Australian Accounting Standards – Simplified Disclosures.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
29 September 2026

Simone Bohan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

Hesse Rural Health Service

For the Financial Year Ended 30 June 2026

	Note	2026 $	2025 $
Revenue and income from transactions			
Revenue from contracts with customers	2.1(a)	11,980,307	12,073,054
Government Grants	2.1(b)	5,565,806	4,804,277
Other sources of income	2.1(c)	1,042,197	1,267,085
Total revenue and income from transactions		**18,588,310**	**18,144,416**
Expenses from transactions			
Employee expenses	3.1(a)	(14,218,394)	(13,358,725)
Supplies and consumables	3.1(c)	(711,524)	(649,615)
Depreciation	4.1(a), 4.2	(1,241,844)	(2,116,747)
Other operating expenses	3.1(d)	(3,253,129)	(2,999,037)
Total Expenses from transactions		**(19,424,891)**	**(19,124,124)**
Net result from transactions - net operating balance		**(836,581)**	**(979,708)**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets		(46,905)	24,637
Net gain/(loss) on financial instruments		4,658	(1,869)
Other gain/(loss) from other economic flows		(26,788)	4,104
Total other economic flows included in net result		**(69,035)**	**26,872**
Net and comprehensive result		**(905,616)**	**(952,836)**

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

Balance Sheet

Hesse Rural Health Service
As at 30 June 2026

	Note	2026 $	2025 $
Financial assets			
Cash and cash equivalents	6.2	13,487,281	11,194,326
Receivables	5.1	1,324,883	1,473,808
Total financial assets		**14,812,164**	**12,668,134**
Non-financial assets			
Prepayments		207,509	23,317
Property, plant and equipment	4.1	22,897,017	23,371,810
Other assets	5.3	1,310,000	1,310,000
Total non-financial assets		**24,414,526**	**24,705,127**
Total assets		**39,226,690**	**37,373,261**
Liabilities			
Payables	5.4	1,901,725	911,128
Contract liabilities	5.5	5,625	53,312
Borrowings	6.1	484,397	432,076
Employee benefits	3.1(b)	2,585,714	2,606,472
Monies held in trust	5.6	11,978,620	11,029,018
Total liabilities		**16,956,081**	**15,032,006**
Net assets		**22,270,609**	**22,341,255**
Equity			
Reserves		20,251,262	20,251,262
Contributed capital		4,514,616	4,514,616
Accumulated deficit		(2,495,269)	(2,424,623)
Total equity		**22,270,609**	**22,341,255**

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

Cash Flow Statement

Hesse Rural Health Service

For the Financial Year Ended 30 June 2026

	Note	2026 $	2025 $
Cash Flows from operating activities			
Receipts from Government		13,776,179	13,506,180
Other receipts		5,259,762	5,439,546
Total receipts		**19,035,941**	**18,945,726**
Payments to employees		(13,178,204)	(12,186,033)
Payments for supplies and consumables		(2,567,208)	(2,145,786)
Other payments		(1,804,954)	(2,861,254)
Total payments		**(17,550,366)**	**(17,193,073)**
Net cash flows from operating activities		**1,485,575**	**1,752,653**
Cash Flows from investing activities			
Proceeds from sale of non-financial assets		85,007	238,765
Purchase of non-financial assets		(26,482)	(367,722)
Capital donations and bequests received		-	202,871
Net cash flows from investing activities		**58,525**	**73,914**
Cash flows from financing activities			
Repayment of borrowings and principal portion of lease liabilities		(185,475)	(293,946)
Repayment of accommodation deposits		(5,586,117)	(2,332,968)
Receipt of accommodation deposits		6,520,447	4,378,321
Net cash flows from financing activities		**748,855**	**1,751,407**
Net increase in cash and cash equivalents held		**2,292,955**	**3,577,974**
Cash and cash equivalents at beginning of year		11,194,326	7,616,352
Cash and cash equivalents at end of year	6.2	**13,487,281**	**11,194,326**

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

Statement of Changes in Equity

Hesse Rural Health Service

For the Financial Year Ended 30 June 2026

	Property, Plant and Equipment Revaluation Surplus	General Purpose Surplus	Contributed Capital	Accumulated Deficit	Total
	$	$	$	$	$
Balance at 1 July 2024	**19,584,624**	**666,638**	**4,514,616**	**(1,471,787)**	**23,294,091**
Net result for the year (restated)	-	-	-	(952,836)	(952,836)
Balance at 30 June 2025	**19,584,624**	**666,638**	**4,514,616**	**(2,424,623)**	**22,341,255**
Net result for the year	-	-	-	(905,616)	(905,616)
Prior year correction	-	-	-	834,970	834,970
Balance at 30 June 2026	**19,584,624**	**666,638**	**4,514,616**	**(2,495,269)**	**22,270,609**

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



Notes to the Financial Statements

Hesse Rural Health Service

For the Financial Year Ended 30 June 2026

Structure

1.1 Basis of preparation
1.2 Material accounting estimates and judgements
1.3 Reporting entity
1.4 Economic dependency

Note 1 About this Report

These financial statements represent the consolidated financial statements of Hesse Rural Health Service for the year ended 30 June 2026.

Hesse Rural Health Service is a not-for-profit entity established as a public agency on 1 July 2020 under the *Health Services Act 1988* (Vic). A description of the nature of its operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation

These financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

These general purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AASs), which include interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions,* contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Hesse Rural Health Service.

Note 1.1 Basis of preparation (continued)

The financial statements have been prepared on a going concern basis (refer to Note 1.4 Economic Dependency).

The financial statements are presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Hesse Rural Health Service on 21 September 2026.

Note 1.2 Material accounting estimates and judgements

Management makes estimates and judgements when preparing the financial statements.

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

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

The material accounting judgements and estimates used, and any changes thereto, are disclosed within the relevant accounting policy.

Note 1.3 Reporting Entity

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

Hesse Rural Health Service's principal address is:

8 Gosney Street
Winchelsea, Victoria 3241

Note 1.4 Economic dependency

Hesse Rural Health Service is a public health service governed and managed in accordance with the *Health Services Act 1988* and its results form part of the Victorian General Government consolidated financial position. Hesse Rural Health Service provides essential services and is predominantly dependent on the continued financial support of the State Government, particularly the Department of Health, and the Commonwealth funding via the National Health Reform Agreement (NHRA). The State of Victoria plans to continue Hesse Rural Health Services operations and on that basis, the financial statements have been prepared on a going concern basis.



Note 2 Funding delivery of our services

Hesse Rural Health Service's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Hesse Rural Health Service predominantly receives income (grants) for the provision of health service outputs. Hesse Rural Health Service also receives income from the supply of services.

Significant judgements – revenue and income from transactions

This section contains the following significant judgements:

Significant judgements	Description
Identifying performance obligations	Hesse Rural Health applies significant judgement when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criterion is met, the contract/funding agreement is treated as a contract with a customer, requiring Hesse Rural Health to recognise revenue as or when the health service transfers promised goods or services to customers. If this criterion is not met, funding is recognised immediately in the net result from operations.
Determining the timing of revenue recognition	Hesse Rural 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.



Structure

2.1 Revenue and income from transactions

	Note	2026 $	2025 $
Revenue from contracts with customers	2.1(a)	11,980,307	12,073,054
Government grants	2.1(b)	5,565,806	4,804,277
Other sources of income	2.1(c)	1,042,197	1,267,085
Total revenue and income from transactions		**18,588,310**	**18,144,416**

Note 2.1(a) Revenue from contracts with customers

	2026 $	2025 $
Government grants (Commonwealth) - Operating	8,443,660	9,098,599
Patient and resident fees	3,419,667	2,961,938
Commercial activities	116,980	12,517
Total revenue from contracts with customers	**11,980,307**	**12,073,054**

How we recognise revenue from contracts with customers

Government grants

Revenue from government operating grants that are enforceable and contain sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15.

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



Note 2.1(a) Revenue from contracts with customers (continued)

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

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

Patient and resident fees

Patient and resident fees are charges incurred by patients for services they receive. Patient and resident fees are recognised under AASB 15 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.

Note 2.1(b) Government grants

	2026	2025
	$	$
Government grants (State) - Operating	5,553,665	4,721,803
Government grants (State) - Capital	12,141	82,474
Total Government grants	**5,565,806**	**4,804,277**

How we recognise Government grants

Government grants

Hesse Rural Health Service recognises income of not-for-profit entities under AASB 1058 where it has been earned under arrangements that are either not enforceable or linked to sufficiently specific performance obligations. Income from grants without any sufficiently specific performance obligations or that are not enforceable, is recognised when Hesse Rural Health Service has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition or the asset, Hesse Rural Health Service recognises any related contributions by owners, increases in liabilities, decreases in assets or revenue (related amounts) in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*
- revenue or contract liability arising from a contract with a customer, in accordance with AASB 15
- a lease liability in accordance with AASB 16 *Leases*
- a financial instrument, in accordance with AASB 9 *Financial Instruments*
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Note 2.1(b) Government grants (continued)

Capital grants

Where Hesse Rural Health Service receives a capital grant it recognises a liability, equal to the financial asset received less amounts recognised under other Australian Accounting Standards.

Income is recognised in accordance with AASB 1058 progressively as the asset is constructed which aligns with Hesse Rural Health Service's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Non-cash contributions from the Department of Health

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

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Hesse Rural Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the DH.
Victorian Infrastructure Delivery Authority	The Department of Health made payments to the Victorian Infrastructure Delivery Authority to fund capital works projects during the year ended 30 June 2026, on behalf of Hesse Rural Health Service.



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 costs associated with the provision of services are disclosed.

Structure

3.1 Expenses incurred in the delivery of services

		2026	2025
	Note	$	$
Employee expenses	3.1(a)	14,218,394	13,358,725
Supplies and consumables	3.1(c)	711,524	649,615
Other operating expenses	3.1(d)	3,253,129	2,999,037
Total expenses incurred in the delivery of services		**18,183,047**	**17,007,377**

Note 3.1(a) Employee expenses

	2026	2025
	$	$
Salaries and wages	12,055,487	11,565,078
Superannuation expense	1,313,701	1,188,600
Agency expenses	767,398	510,110
Fee for service medical officer expenses	81,808	94,937
Total employee expenses	**14,218,394**	**13,358,725**

How we recognise employee expenses

Employee expenses include salaries and wages, fringe benefits tax, leave entitlements, termination payments, WorkCover payments and agency expenses.

The amount recognised in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.



Note 3.1(b) Employee-related provisions

	2026	2025
	$	$
Current provisions for employee benefits		
Accrued days off	20,882	21,290
Annual leave	975,525	892,893
Long service leave	927,315	999,690
Provision for on-costs	279,982	295,396
Total current provisions for employee benefits	**2,203,704**	**2,209,269**
Non-current provisions for employee benefits		
Long service leave	331,790	340,964
Provision for on-costs	50,220	56,239
Total non-current provisions for employee benefits	**382,010**	**397,203**
Total provisions for employee benefits	**2,585,714**	**2,606,472**

How we recognise employee-related provisions

Employee related provisions 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 sick leave is taken.

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as current liabilities because Hesse Rural Health Service does not have an unconditional right to defer settlement of these liabilities.

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

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

Long service leave

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

Note 3.1(b) Employee-related provisions (continued)

The components of this current LSL liability are measured at:

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

Conditional LSL is measured at present value and is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

Provisions

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred. The on-costs provision is immaterial in 2026.

Note 3.1(c) Supplies and consumables

	2026	2025
	$	$
Drug supplies	17,283	12,695
Medical and surgical supplies (including Prostheses)	190,663	153,886
Other supplies and consumables	503,578	483,034
Total supplies and consumables	**711,524**	**649,615**

How we recognise 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.



Note 3.1(d) Other operating expenses

	2026	2025
	$	$
Fuel, light, power and water	172,230	150,116
Repairs and maintenance	915,849	694,606
Maintenance contracts	256,948	234,693
Medical indemnity insurance	11,762	25,852
Other administration expenses	1,039,504	1,141,476
Cleaning and linen expenses	218,454	235,640
IT expenses and software licence fees	574,112	507,308
Finance costs	64,270	9,346
Total other operating expenses	**3,253,129**	**2,999,037**

How we recognise other operating expenses

Expense recognition

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

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.
The DH also makes certain payments on behalf of Hesse Rural Health Service. These amounts have been brought to account in determining the operating result for the year, by recording them as revenue (Refer to Note 2.1(b)) and recording a corresponding expense.



Note 4 Key assets to support service delivery

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

Significant judgement – Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1 Property, plant and equipment
4.2 Depreciation and amortisation

Note 4.1 Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2026	2025	2026	2025	2026	2025
	$	$	$	$	$	$
Land at fair value - Crown	4,983,000	4,983,000	-	-	4,983,000	4,983,000
Buildings at fair value	18,578,055	18,574,611	(1,995,968)	(1,817,477)	16,582,087	16,757,134
Works in progress at cost	-	146,472	-	-	-	146,472
Plant, equipment and vehicles at fair value	1,767,213	1,724,543	(874,260)	(643,821)	892,953	1,080,722
Right-of-use assets	592,597	572,115	(153,620)	(167,633)	438,977	404,482
Total property, plant and equipment	**25,920,865**	**26,000,741**	**(3,023,848)**	**(2,628,931)**	**22,897,017**	**23,371,810**

How we recognise property, plant and equipment

Items of property, plant and equipment are initially measured at cost, and are subsequently measured at fair value less accumulated depreciation and impairment. 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.

Note 4.1(a) Reconciliation of the carrying amount of each class of asset

	Land	Buildings	Works in progress	Plant, equipment and vehicles	Total
	$	$	$	$	$
Balance at 1 July 2025	**4,983,000**	**16,757,134**	**146,472**	**1,080,722**	**22,967,328**
Additions	-	-	26,482	64,551	91,033
Disposals	-	(12,038)	(172,954)	(8,455)	(193,447)
Prior year correction	-	834,975	-	(5)	834,970
Depreciation	-	(997,984)	-	(243,860)	1,241,844
Balance at 30 June 2026	**4,983,000**	**16,582,087**	**-**	**892,953**	**22,458,040**

Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that the movements were not material (less than or equal to 10%). As such, an independent revaluation was not required per FRD 103. In accordance with FRD 103, Hesse Rural Health Service has elected to apply the practical expedient in FRD 103 Non-Financial Physical Assets and has therefore not applied the amendments to AASB 13 *Fair Value Measurement.* The amendments to AASB 13 will be applied at the earlier of the interim revaluation or next scheduled independent revaluation in 2029, in accordance with Hesse Rural Health Service's revaluation cycle.

Note 4.1(b) Right-of-use assets included in property, plant and equipment

The following tables are right-of-use assets included in the property, plant and equipment balance, presented by subsets of buildings and plant and equipment.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2026	2025	2026	2025	2026	2025
	$	$	$	$	$	$
Plant, equipment and vehicles [1]	592,597	572,115	(153,620)	(167,633)	438,977	404,482
Total right-of-use assets	**592,597**	**572,115**	**(153,620)**	**(167,633)**	**438,977**	**404,482**

	$	$
Balance at 1 July 2025 [1]	**404,482**	**404,482**
Additions	222,469	222,469
Disposals	(187,974)	(187,974)
Balance at 30 June 2026	**438,977**	**438,977**

[1] As a result of a change in FRD 104 Leases effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost forreporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value.

4.1(b) Right-of-use assets included in property, plant and equipment (continued)

How we recognise right-of-use assets

Initial recognition

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

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

The 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 cost less accumulated depreciation, impairment and any adjustments for remeasurement of the lease liability.

Note 4.1(c) Impairment of property, plant and equipment

The recoverable amount of the primarily non-financial physical assets of Hesse Rural Health Service, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement,* with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

Hesse Rural Health Service has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.



Note 4.2 Depreciation

How we recognise depreciation

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

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

Prior period correction and useful life reassessment

During the 2026 financial year, management identified an error in the estimation of the remaining useful lives applied to certain building assets. Following a detailed review of building condition assessments and asset records, the useful lives of buildings were revised to more appropriately reflect their remaining service potential. In addition, an immaterial prior period error relating to building depreciation was identified and corrected during the year.

In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, comparative information has been restated. The correction resulted in a decrease in Buildings at fair value of $834,970 at 30 June 2025; an increase in Accumulated deficit of $834,970 at 30 June 2025; and a corresponding increase in accumulated depreciation.

Useful lives of non-current assets

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

	2026	2025
Buildings - Structure	25 years	25 - 75 years
Buildings - fitout	10 years	25 years
Plant, equipment and vehicles (including leased assets)	5 - 10 years	5 - 10 years



Note 5 Other assets and liabilities

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

Structure

5.1 Receivables
5.2 Impairment of financial assets
5.3 Other assets
5.4 Payables
5.5 Contract liabilities
5.6 Monies held in trust

Note 5.1 Receivables

	Note	2026 $	2025 $
Current receivables			
Contractual			
Trade receivables		454,332	175,444
Allowance for impairment losses	5.2	(29,512)	(13,641)
Other receivable		103,014	415,398
Total contractual receivables		**527,834**	**577,201**
Statutory			
GST receivable		59,958	69,935
Total statutory receivables		**59,958**	**69,935**
Total current receivables		**587,792**	**647,136**
Non-current receivables			
Contractual			
Long service leave - Department of Health		737,091	826,672
Total contractual receivables		**737,091**	**826,672**
Total non-current receivables		**737,091**	**826,672**
Total receivables		**1,324,883**	**1,473,808**
(i) Financial assets classified as receivables			
Total receivables		1,324,883	1,473,808
GST receivable		(59,958)	(69,935)
Total financial assets classified as receivables	7.1	**1,264,925**	**1,403,873**

Note 5.1 Receivables (continued)

How we recognise receivables

Receivables consist of:

Contractual receivables, including debtors that relate to goods and services. These receivables are classified as financial instruments and are categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds 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, including 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.

Note 5.2 Impairment of financial assets

		2026	2025
	Note	$	$
Impairment loss on contractual receivables	5.1	29,512	13,641
From transations		**29,512**	**13,641**

How we recognise impairment of financial assets

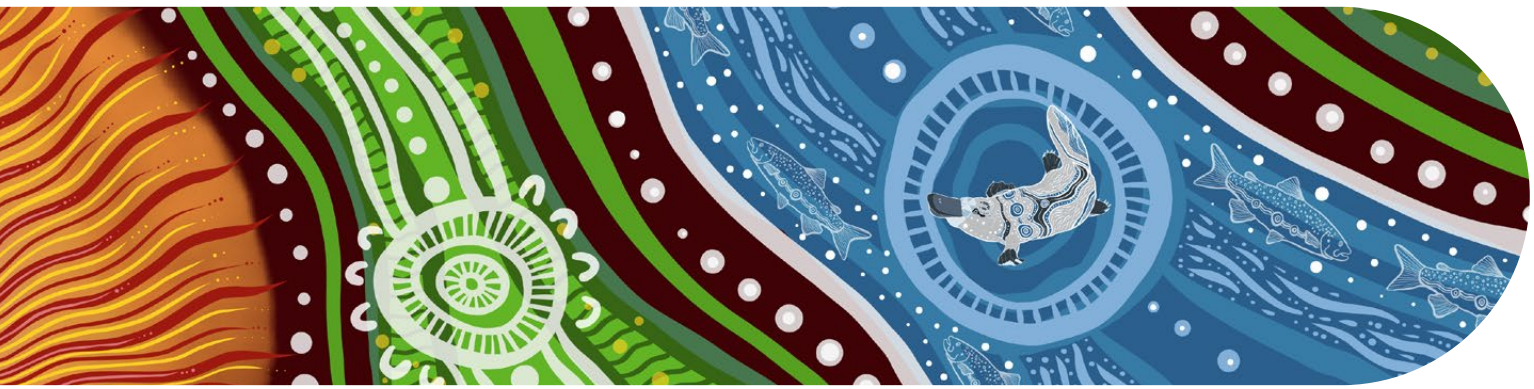
Hesse Rural Health Service records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's expected credit loss approach. Hesse Rural Health Service's contractual receivables and statutory receivables are subject to this impairment assessment. Contract assets recognised are also subject to the impairment requirement of AASB 9, however contract assets are immaterial.

Hesse Rural Health Service applies the simplified approach, which requires the loss allowances to always be measured at an amount equal to lifetime expected credit losses. The loss allowance is based on assumptions about risk of default and expected loss rates.

Contractual receivables at amortised cost

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

The expected credit loss rates applied at 30 June 2026 vary from 14% for contractual receivables that are current to 81% for contractual receivables that are more than 90 days past due (30 June 2025: from 16.0% to 10.0%).



Note 5.2 Impairment of financial assets (continued)

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected credit losses. No loss allowance has been recognised.

Note 5.3 Other assets

	2026	2025
	$	$
Investment property	1,310,000	1,310,000
Total other assets	**1,310,000**	**1,310,000**

How we recognise investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the health services.

Initial recognition

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

Subsequent measurement

Subsequently investment properties are measured at fair value. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

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

The fair value of the health service's investment properties was determined with reference to market evidence of properties including location, condition and lease terms.

Further information regarding fair value measurement is disclosed in Note 7.3.



Note 5.4 Payables

	Note	2026 $	2025 $
Current payables			
Contractual			
Trade creditors		323,114	227,763
Accrued salaries and wages		491,396	343,194
Accrued expenses		810,971	313,690
Other		276,244	26,481
Total contractual payables		**1,901,725**	**911,128**
Total current payables		**1,901,725**	**911,128**
Total payables		**1,901,725**	**911,128**
(i) Financial liabilities classified as payables			
Total payables		1,901,725	911,128
Total financial liabilties classified as payables	7.1	**1,901,725**	**911,128**

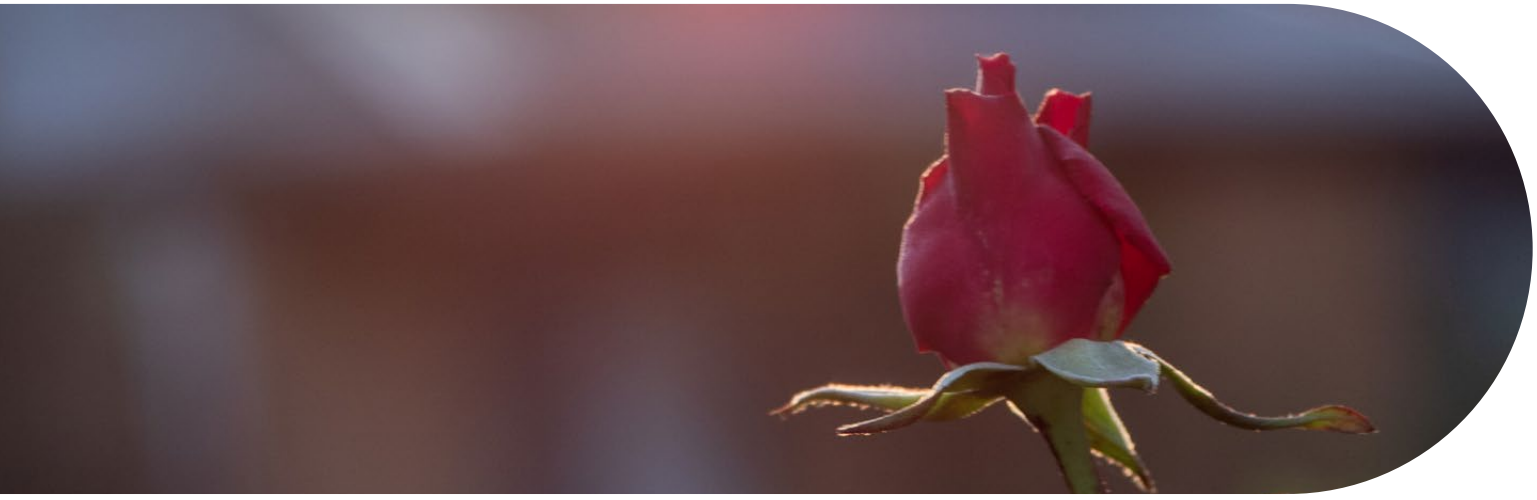
How we recognise payables

Payables consist of:

Contractual payables, including payables that relate to the purchase of goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Hesse Rural Health Service prior to the end of the financial year that are unpaid.

Statutory payables, including Goods and Services Tax (GST) payable 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 5.5 Contract liabilities

	2026	2025
	$	$
Current		
Contract liabilities	5,625	53,312
Total current contract liabilities	5,625	53,312
Total contract liabilities	**5,625**	**53,312**

How we recognise contract liabilities

Contract liabilities include consideration received in advance in respect of:

- State Government TAC and DVA NWAU variable funding
- State Government medication management project grant
- SWARH JV deferred income.

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

The balance of contract liabilities was lower than the previous reporting period due to the release of revenue associated with the Commonwealth Home Support Program $10,000 and Home Care Packages $37,000.



Note 5.6 Monies held in trust

	Note	2026 $	2025 $
Current monies held in trust			
Patient monies		58,082	59,958
Refundable accommodation deposits		11,920,538	10,969,060
Total current monies held in trust		**11,978,620**	**11,029,018**
Total monies held in trust		**11,978,620**	**11,029,018**
*** Represented by:**			
- Cash assets	6.2	9,648,849	7,945,801
- Investment and other financial assets		2,329,771	3,083,217
		11,978,620	**11,029,018**

How we recognise monies held in trust

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Hesse Rural Health Service upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home.

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 2024.*

Monies held in trust also includes funds for aged care capital works. These capital works were paid for using Refundable Accommodation Deposits.



Note 6 How we finance our operations

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

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

Structure

6.1 Borrowings
6.2 Cash and cash equivalents

Note 6.1 Borrowings

	Note	2026 $	2025 $
Current borrowings			
Lease liability		190,409	244,792
Advances from government		-	26,394
Total current borrowings		**190,409**	**271,186**
Non-current borrowings			
Lease liability		293,988	160,890
Total non-current borrowings		**293,988**	**160,890**
Total borrowings	7.1	**484,397**	**432,076**

How we recognise borrowings

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

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost and recognised at the fair value of the consideration received directly attributable to transaction costs and subsequently measured at amortised cost using the effective interest method.



Note 6.1 Borrowings (continued)

Terms and conditions of borrowings

		Weighted average interest rate	Carrying Amount	Nominal Amount	Maturity Dates				
					Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years
30 June 2026	**Note**	**%**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Lease liabilities	6.1	5.25%	484,397	484,397	70,391	10,557	109,461	293,988	-
Total Financial Liabilities			**484,397**	**484,397**	**70,391**	**10,557**	**109,461**	**293,988**	**-**

		Weighted average interest rate	Carrying Amount	Nominal Amount	Maturity Dates				
					Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years
30 June 2025	**Note**	**%**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Lease liabilities	6.1	3.87%	405,682	405,682	6,022	12,044	226,727	160,889	-
Advances from government	6.1	3.20%	26,394	26,394	-	-	26,394	-	-
Total Financial Liabilities			**432,076**	**432,076**	**6,022**	**12,044**	**253,121**	**160,889**	**-**

Interest expense

	2026	2025
	$	$
Interest on lease liabilities	36,448	766
Other interest	27,822	8,580
Total interest expense	64,270	9,346





Note 6.1(a) Lease liabilities (continued)

How we recognise lease liabilities

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

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

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

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

Type of asset leased	Lease term
Leased buildings	2 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 5 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short-term leases of less than 12 months. Hesse Rural Health Service has elected to apply the practical expedients for short-term leases and leases of low-value assets. As a result, no right-of-use asset or lease liability is recognised for these leases; rather, lease payments are recognised as an expense on a straight-line basis over the lease term, within "other operating expenses" (refer to Note 3.1).

The following low value and short term lease payments are recognised in profit or loss:

	2026	2025
	$	$
Expenses relating to leases of low-value assets	41,955	17,269
Total amounts recognised as expense	**41,955**	**17,269**



Note 6.1(a) Lease liabilities (continued)

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Hesse Rural Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between 3% to 4%.

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,
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent measurement

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

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

Note 6.2 Cash and cash equivalents

	Note	2026 $	2025 $
Cash on hand (excluding monies held in trust)		3,202	1,782
Cash at bank (excluding monies held in trust)		3,835,230	3,246,743
Total cash held for operations		**3,838,432**	**3,248,525**
Cash at bank (monies held in trust)		9,648,849	7,945,801
Total cash held as monies in trust	5.6	**9,648,849**	**7,945,801**
Total cash and cash equivalents	7.1	**13,487,281**	**11,194,326**



Note 7 Financial instruments, contingencies and valuation judgements

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

Structure

7.1 Financial instruments
7.2 Contingent assets and contingent liabilities
7.3 Fair value determination

Note 7.1 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Hesse Rural Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract (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.*

		Carrying amount	Net gain/ (loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss
30 June 2026	**Note**	**$**	**$**	**$**	**$**	**$**
Financial assets at amortised cost						
Cash and cash equivalents	6.2	13,487,281	-	541,343	-	-
Receivables	5.1	1,264,925	-	-	-	(4,658)
Total financial assets[i]		**14,572,206**	**-**	**541,343**	**-**	**(4,658)**
Financial liabilities at amortised cost						
Payables	5.4	1,901,725	-	-	-	-
Borrowings	6.1	484,397	-	**(36,448)**	-	-
Other financial liabilities - Refundable Accommodation Deposits	5.6	11,920,538	-	-	-	-
Other financial liabilities - patient monies held in trust	5.6	58,082	-	-	-	-
Total financial liabilities[i]		**14,364,742**	**-**	**(36,448)**	**-**	**-**

		Carrying amount	Net gain/ (loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss
30 June 2025	**Note**	**$**	**$**	**$**	**$**	**$**
Financial assets at amortised cost						
Cash and cash equivalents	6.2	11,194,326	-	464,616	-	-
Receivables	5.1	1,403,873	-	-	-	(1,869)
Total financial assets[i]		**12,598,199**	**-**	**464,616**	**-**	**(1,869)**
Financial liabilities at amortised cost						
Payables	5.4	911,128	-	-	-	-
Borrowings	6.1	432,076	-	**(766)**	-	-
Other financial liabilities - Refundable Accommodation Deposits	5.6	10,969,060	-	-	-	-
Other financial liabilities - patient monies held in trust	5.6	59,958	-	-	-	-
Total financial liabilities[i]		**12,372,222**	**-**	**(766)**	**-**	**-**

[i] The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. GST payable and revenue in advance).

Note 7.1 Financial instruments (continued)

How we categorise financial instruments

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 Hesse Rural Health Service solely to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal andinterest 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.

Hesse Rural Health Service recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Categories of financial liabilities

Financial liabilities at amortised cost

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

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

Hesse Rural Health Service recognises the following liabilities in this category:

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

Derecognition of financial assets

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

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

Note 7.1 Financial instruments (continued)

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.



Note 7.2 Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
- the amount of the obligations cannot be measured with sufficient reliability.

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



Note 7.3 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, with the exception of right-of-use assets arising under AASB 16, which are measured using the cost model
- Investment properties.

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

Valuation hierarchy

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

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

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

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

Fair value determination: non-financial physical assets

AASB 2010-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* amended AASB 13 *Fair Value Measurement* by adding Appendix F *Australian Implementation Guidance for Not-for-Profit Public Sector Entities.* Appendix F explains and illustrates the application of the principals in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier).

Note 7.3 Fair value determination (continued)

The last scheduled full independent valuation of all of Hesse Rural Health Service's non-financial physical assets was performed by VGV on 30 June 2024. The annual fair value assessment for 30 June 2026 using VGV indices does not identify material changes in value. In accordance with FRD 103, Hesse Rural Health Service will reflect Appendix F in its next scheduled formal revaluation on 30 June 2029 or interim revaluation process (whichever is earlier). All annual fair value assessments thereafter will continue compliance with Appendix F.

For all assets measured at fair value, Hesse Rural Health Service considers the current use as its highest and best use.

Non-specialised land, non-specialised buildings and investment properties

Non-specialised land, non-specialised buildings, investment properties and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. From this analysis, an appropriate rate per square metre has been applied to the asset.

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.

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

The market approach is also used for specialised land although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued.

The CSO adjustment reflects 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 considers the use of the asset that is physically possible, legally permissible and financially feasible.

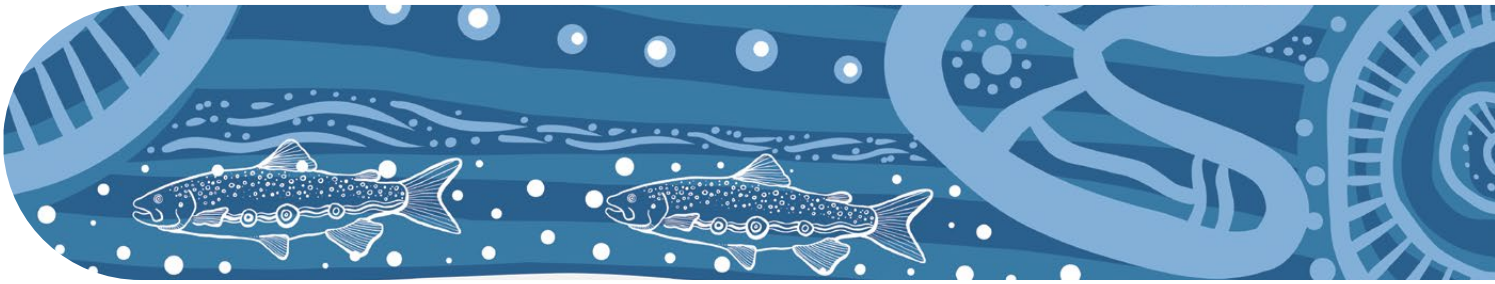
For Hesse Rural Health Service, the current replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation.

Vehicles

Vehicles are valued using the current replacement cost method. Hesse Rural Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in Hesse Rural Health Services who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold, fair value is determined using the current replacement cost method.



Note 7.3 Fair value determination (continued)

Significant assumptions

Description of significant assumptions applied to fair value measurement:

Asset class	Valuation technique	Significant assumption	Range (weighted average)[(i)]
Specialised buildings	Current replacement cost approach	Cost per square metre	$200 - $7,365/m2 ($2,463)
		Useful life	25 - 75 years (18 years)

(i) Illustrations on the valuation techniques and significant assumptions and unobservable inputs are indicative and should not be directly used without consultation with the health services independent valuer.



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 Responsible persons disclosures
8.2 Remuneration of executives
8.3 Related parties
8.4 Remuneration of auditors
8.5 Events occurring after the balance date
8.6 Joint arrangements



Note 8.1 Responsible persons disclosures

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

	Period
The Honourable Mary Anne Thomas MP:	
Minister for Health	27 Jun 2022 - 14 April 2026
Minister for Ambulance Services	2 Oct 2023 - 14 April 2026
The Honourable Harriet Shing MP:	
Minister for Health	15 April 2026 - 30 June 2026
Minister for Ambulance Services	15 April 2026 - 30 June 2026
The Honourable Melissa Horne MP:	
Minister for Health Infrastructure	19 Dec 2024 - 30 June 2026
Minister for Prevention of Family Violence	15 April 2026 - 30 June 2026
The Honourable Ingrid Stitt MP:	
Minister for Mental Health Minister for Ageing	2 Oct 2023 - 30 June 2026
Minister for Multicultural Affairs	2 Oct 2023 - 30 June 2026
Minister for Health	2 Oct 2023 - 30 June 2026
The Honourable Lizzy Blandthorn MP:	
Minister for Children	2 Oct 2023 - 30 June 2026
Minister for Disability	2 Oct 2023 - 30 June 2026
Governing Boards	
Ian Whiting (Chair of the Board)	1 Jul 2025 - 30 Jun 2026
Vesna Allan	1 Jul 2025 - 30 Jun 2026
Dr Chris Edwards	1 Jul 2025 - 30 Jun 2026
Claire Goodwin	1 Jul 2025 - 30 Jun 2026
Angela Hurren	1 Jul 2025 - 30 Jun 2026
Ben Maw	1 Jul 2025 - 30 Jun 2026
Coralie Nash	1 Jul 2025 - 30 Jun 2026
Kym Peter	1 Jul 2025 - 30 Jun 2026
Melika Sukunda	1 Jul 2025 - 30 Jun 2026
Simone Wilkie	1 Jul 2025 - 30 Jun 2026
Accountable Officers	
Carissa Brock (Chief Executive Officer)	1 Jul 2025 - 30 Jun 2026

Note 8.1 Responsible persons disclosures (continued)

Remuneration of Responsible Persons

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

	2026	2025
Income Band	**No**	**No**
$0 - $9,999	10	9
$210,000 - $219,999	1	1
Total Numbers	**11**	**10**

	2026	2025
	$	**$**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	311,989	214,487

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

Note 8.2 Remuneration of executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

Total Remuneration	2026	2025
	$	**$**
Total remuneration [i]	439,161	317,482
Total number of executives	4	2
Total annualised employee equivalent [ii]	**2.0**	**2.0**

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

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

Iii The increase in the number of executives in 2026 is a result of backfilling of executive and termination.



Note 8.3 Related parties

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

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operation –the South West Alliance of Rural Health (IT alliance) and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

Significant transactions with government related entities

Hesse Rural Health Service received funding from the Department of Health of $5.3 million (2025: $4.7 million). Balances outstanding as at 30 June 2026 are $Nil (2025: $Nil).

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

Key management personnel

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

The Board of Directors and the Executive Directors of Hesse Rural Health Service and its controlled entities are deemed to be KMPs. This includes the following:

Entity	KMPs	Position Title
Hesse Rural Health Services	Ian Whiting	Chair of the Board
Hesse Rural Health Services	Vesna Allan	Board Member
Hesse Rural Health Services	Dr Chris Edwards	Board Member
Hesse Rural Health Services	Claire Goodwin	Board Member
Hesse Rural Health Services	Angela Hurren	Board Member
Hesse Rural Health Services	Ben Maw	Board Member
Hesse Rural Health Services	Kym Peter	Board Member
Hesse Rural Health Services	Melika Sukunda	Board Member
Hesse Rural Health Services	Simone Wilkie	Board Member
Hesse Rural Health Services	Carissa Brock	Chief Executive Officer
Hesse Rural Health Services	Margie McLeod	Director of Clinical Services
Hesse Rural Health Services	Andrea Stubbs	Director of Clinical Services (Acting)
Hesse Rural Health Services	Sue Ryan	Director of Community Services (July 2025 to March 2026)
Hesse Rural Health Services	Amy Madigan Cooke	Director of Community Services (April 2026 to June 2026)

Note 8.3 Related parties (continued)

Remuneration of key management personnel

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

	2026	2025
	$	$
Total compensation - KMPs[i]	751,150	585,969

[i] KMPs are also reported in Note 8.1 Responsible Persons or Note 8.2 Remuneration of Executives.

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 occurs 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 Hesse Rural Health Service, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2026 (2025: none).

There were no related party transactions required to be disclosed for Hesse Rural Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2026 (2025: none).



Note 8.4 Remuneration of auditors

	2026	2025
	$	$
Victorian Auditor-General's Office		
Audit of the financial statements	30,400	36,500
Total remuneration of auditors	**30,400**	**36,500**

Note 8.5 Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.6 Joint arrangements

	Principal Activity	2026	2025
		%	%
South West Alliance of Rural	Information Technology	0.88%	0.86%

For the year ended 30 June 2026, Hesse Rural Health Service's share of the joint operations financials was:

	2026	2025
	$	$
Total revenue and income	316,650	317,118
Total expenses	(321,698)	(298,206)
Total net result	(5,048)	18,912
Total other economic flows	820	2,879
Comprehensive result for the year	(4,228)	21,791
Total assets	291,652	329,186
Total liabilities	230,870	265,719
Total equity	60,782	63,467

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date. Hesse Rural Health Service is involved in joint arrangements where control and decision-making are shared with other parties. Hesse Rural Health Service has determined the entities detailed in the above table are joint operations and therefore recognises its share of assets, liabilities, revenues and expenses in accordance with its rights and obligations under the arrangement.





2025-26



Annual Report

HESSE RURAL HEALTH