

Orbost Regional Health



Annual Report

2019- 2020

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Charter and Purpose

Manner of establishment and the relevant Ministers

Orbost Regional Health (ORH) is a Multi-Purpose Service (MPS) established under an agreement between the Commonwealth and Victorian Governments and incorporated under the *Health Services Act 1988*.

Orbost Regional Health is governed by a Board of Directors, appointed by the Governor-In-Council upon the recommendation of the Victorian Minister for Health and Minister for Ambulance Services, Jenny Mikakos MP.

Located in Far East Victoria in the East Gippsland Shire, Orbost Regional Health's health region consists of the townships of Orbost and smaller communities scattered along the Snowy River, up into the Alpine mountains and along the Wilderness Coast to the New South Wales border. The health region covers an area of over one million hectares and a population of approximately 7,057 people. In our community the people aged over 70 years is projected to increase 75% by 2041.

Purpose, functions, powers and duties

Our Vision

Outstanding Rural Healthcare; leading our community to a healthy future.

Our Values

- Respect
- Integrity
- Compassion
- Excellence
- Community

Our Role

Orbost Regional Health is committed to delivering a range of health and community services to meet the needs of the Far East Gippsland communities by:

- Connecting and providing safe, high quality healthcare services.
- Partnering with people as they make health choices.
- Providing a supportive workplace to attract, develop and engage a motivated workforce.
- Delivering efficient and sustainable healthcare for the best value.

Our Strategic Objectives

- **Our Consumers**
Meeting the health needs of our community.
- **Our Quality & Safety**
Ensure consumers receive safe and effective healthcare.
- **Our People**
Attract, develop and engage a motivated healthcare workforce.
- **Our Business**
Efficient and sustainable healthcare delivered for the best value.



Orbost Regional Health acknowledges the support of the Victorian and Commonwealth Governments.

Nature and range of services provided

Orbost Regional Health provides a range of Primary, Community Health, Acute and Aged Care services. These include:

Acute Services

Orbost Regional Health offers both inpatient and outpatient services to the community of Orbost and district including; radiology, medical, minor surgical, palliative care, renal dialysis, supportive therapies, post-acute care and transitional care program.

Urgent Care & After Hours Medical Treatment

A specialist nurse assessment (triage) led model supported by on-call medical staff delivers Urgent Care and After Hours (e.g. week nights and weekends) treatment for medical emergencies. The Urgent Care Centre also has access to telehealth for emergency consultations.

Aged and Residential Care

Waratah Lodge Nursing Home (High Care) and Lochiel House Hostel (Low care) provide a home-like atmosphere with the security of assistance when required. Respite care is also available.

Orbost Medical Clinic

Orbost Medical Clinic provides a range of Primary Care Services with medical services led by 4 General Practitioners. The General Practitioners provide outreach services to Moogji Clinic, Buchan and Cann River communities. Other services and support provided include Practice Nurses, Women's & Adolescent Health Nurse, Continence Nurse, Diabetes Educator, antenatal clinic with Midwives and visiting General Practitioner with Obstetrics, drug & alcohol services, Normalised Ratio (INR) Clinic blood test, Perinatal counsellor, Podiatrist and community Mental Health Services. Visiting Specialists include; Paediatrician, Rheumatologist, Renal Physician, Geriatrician and Urologists (via telehealth).

Community Home Support Services

Community Home Support Services (previously HACC), includes Domestic assistance, Personal care, Home and Garden Maintenance, Allied Health, Shopping assistance, Respite, Meals on Wheels, Volunteer program, Planned Activity Groups and District Nursing.

The services are provided to support and assist frail and aged older people or younger people with disabilities living at home or in the community and their families. Community Home Support services also provide care and support to palliative clients and families.

Community Services

Community Services align with general practice, National Disability Insurance Scheme (NDIS), acute and aged and home based care services at ORH to deliver a range of primary health and welfare services both onsite and in community-based support settings. Access to services is available to the whole community as well as targeted services for vulnerable population groups. A Koori Health Liaison worker provides assistance to Aboriginal and Torres Strait Islander people in hospital and the wider community.

Early year's services, including family and maternal child health nursing, Early Childhood Early Intervention (ECEI) services are co-located with child and parent development programs including supported playgroups to help all children and families develop to the best of their potential.

A comprehensive range of nursing and allied health services are offered to manage and prevent health conditions, with a focus on chronic disease management including cardiac rehabilitation and diabetes management, along with rehabilitation, lifestyle and wellbeing programs. Allied health services include Occupational Therapy, Physiotherapy, Speech pathology and Dietitian.

Welfare services include Homelessness Support, Financial Counselling, Generalist Counselling, Social Worker, Psychology services along with Family Violence Outreach support.

Oral Health

The dental clinic provides general oral health services, both public and private, school dental and denture services as well as visiting outreach dental services to Cann River. Dental surgery is also accessible using the health service's operating theatre. These services are delivered by a mix of public and private dentists and dental therapists.

Chair and CEO's report

On behalf of the staff and Board we are pleased to present the Orbost Regional Health Annual Report for 2019-20.

The 2019-2020 year has been a year like no other for Orbost Regional Health. The Gippsland Health Alliance (GHA) security systems were breached by ransomware in September 2019 resulting in an Internal Disaster response being declared on 30th September 2019 for the GHA network, which included Orbost Regional Health. Internet access was removed and not restored until the 5th December 2019. This was a challenging time for our staff due to the effect on all IT systems, requiring the use of standalone and workaround solutions to support clinical activities and patient care. Effects from the cyber security breach affected service provision through to January 2020 when email was restored to the health service.

Bushfires affected East Gippsland from November 2019, giving a taste of the summer to come. For the first time in the history of Orbost Regional Health, bushfires resulted in the need to evacuate aged care residents from Waratah Lodge and Lochiel House to The Royal Freemasons in Moe and Sale. Residents were relocated for 19 days due to the poor air quality in Orbost and the risk to their health. The bushfire period was a trying time for staff, with many staff directly affected by the bushfire. Orbost Regional Health was able to adapt the services we provided to the community during this time to maintain contact with our clients.

Along with the rest of Victoria and Australia, Orbost Regional Health has also been affected by Coronavirus in 2019-2020. Coronavirus resulted in us reviewing everything that we do and the way that we do it. Restrictions have been placed on visitors, services we can provide, how we provide services and how we even meet. These challenges on top of the cyber security incident and the bushfires has certainly been a test of not only Orbost Regional Health as a health service, but of our staff and our community.

Despite the year we have had, the achievements that you will read about in this report would not have been possible without the valuable contribution of our 190 staff, volunteers and Board Directors. We would like to recognise the commitment, dedication and expertise of the ORH staff and their resilience under adversity. Our team is the reason why we strive to deliver outstanding rural healthcare to our community.

Regardless of the challenges faced, Orbost Regional Health has met or exceeded the majority of our performance targets and delivered an operating surplus. The favourable financial result has enabled a re-investment into essential clinical equipment and minor capital works improvements for residents, patients and staff.

There have been many achievements over the past 12 months with some key activities being;

- Dr Nadira Anis joined the team at the Medical Clinic in July 2019
- Master Plan process commenced with draft report due in 2020/21
- Patient separations increased by 0.6%
- 96% of staff received influenza vaccination
- Cultural training workshop facilitated by AJ Williams held for staff
- Radiology services were successful in achieving accreditation for the service
- Jenni Broadley, Diversional Therapist from Waratah Lodge won the Celebrating Aged Care – love your job campaign

- Jacque Archer, Supported Playgroup Facilitator, produced a series of YouTube videos to maintain services for the supported playgroups
- Meals on Wheels production increased to provide additional meals during the bushfire period
- Pop-up clinics were set up for targeted Coronavirus testing
- Waratah Lodge started an activity with aged care residents, Words of Wisdom, with resident responses to questions posted to the Orbest Regional Health Facebook page. The posts have attracted global attention, with comments of praise and encouragement received from all over the world
- \$55,000 for the purchase and installation of new hot water systems
- Purchase of new blast chiller and combi oven for catering services

Generous donations received during the year have enabled us to purchase equipment and to make improvements to patient care areas. Our thanks go to everyone who has donated to the health service over the last year.

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Orbest Regional Health for the year ending 30 June 2020.



Peter van den Oever
President, Board of Directors
Orbest Regional Health
27 October 2020



Vicki Farthing
Chief Executive Officer
Orbest Regional Health
27 October 2020

Management and Structure

Board of Directors as at 30 June 2020

The Orbest Regional Health Board oversees the strategic direction and management of Orbest Regional Health and ensures that all services provided are consistent with the health service's by-laws, the *Health Services Act 1988* and any applicable Victorian and Commonwealth legislation.

Board Members

President Peter van den Oever

Vice President Narelle Macalister

Members

Elizabeth Mitchell

Stanley Weatherall

Robyn Francis

Damien Courtier

Alastair Steel

Deborah Miller

Robert Clay

Emily Richardson

Thelma Hutchison

Finance & Risk Committee (Audit)

Members

Independent Members

Stanley Weatherall (Chair)

Elizabeth Mitchell

Alastair Steel

Damien Courtier

Emily Richardson

Thelma Hutchison

Glenn Ingram (Independent Member)

Management Members

Vicki Farthing –Chief Executive Officer

Amanda Henry – Chief Finance Officer

Executive Management

Orbost Regional Health's Executive Management is responsible for the implementation and management of the health service's strategic direction and delivery of services to the community.

Chief Executive Officer

Vicki Farthing

RN, BNurs, Cert Stomal Thpy, Grad Dip Hlth Inf, MHM,

Director of Clinical and Aged Care Services

Jo Marshall

RN, RM, BNurs, Grad Cert HMGT, Grad Dip Mid, MMid, MHM

Director of Primary and Community Services

Louise McCarthy

BA (Hons), GradCert CFP

Director of Medical Services

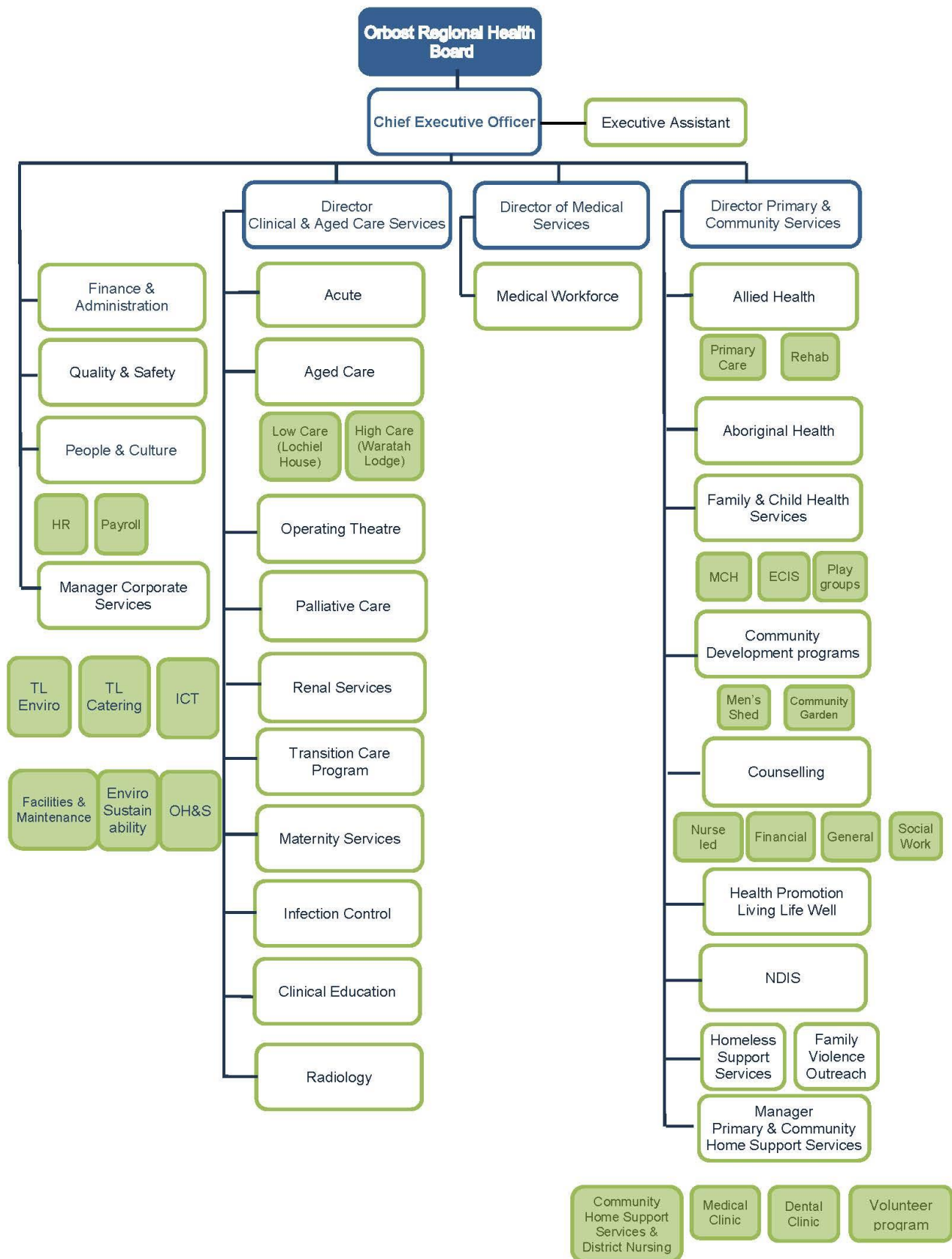
Dr Craig Winter

MB, BS, FACEM, MBA, GMQ

Visiting Medical Officers (General Practitioners)

Dr Nadira Anis

Organisational structure



Reviewed December 2019. This document is located in Prompt.

Workforce data/employment and conduct principles

Hospitals Labour Category	JUNE		AVERAGE	
	Current Month FTE		MONTHLY FTE	
	2019	2020	2019	2020
Nursing	36	37	35	37
Administration and Clerical	28	24	27	26
Medical Support	15	16	14	15
Hotel and Allied Services	26	23	27	25
Sessional Clinicians	0	0	0	1
Ancillary Staff (Allied Health)	13	12	13	11
Total	117	111	115	116

***Employees have been correctly classified in workforce data collections.**

Recruitment, selection and employment within Orbest Regional Health comply with employment conditions as specified in relevant Health Awards and Enterprise Bargaining Agreements.

The employment of staff satisfies equal employment opportunity requirements, legislative and moral obligations, and terms and conditions of the *Fair Work Act*, Australia including National Employment Standards.

Orbest Regional Health staff are also expected to embrace and work in accordance with the Code of Conduct for Victorian Public Sector Employees and the public sector values of:

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human Rights

Occupational Health and Safety

Orbost Regional Health acknowledges its moral, financial and legal responsibility to effectively manage all of its OH&S risks.

The health service's approach is to enhance the safe working environments for staff, contractors, consumers and visitors by reducing, if not eliminating so far as is reasonably practicable, all health and safety risks.

Orbost Regional Health is committed to regular consultation with staff, and others using the workplace, to make sure health and safety is effectively managed. This commitment is supported by the maintenance of an Occupational Health and Safety framework that provides direction for managing a safe work environment, including roles and responsibilities, OH&S committee, incident management and return to work programs.

The health service's 2019-20 OH&S performance against the established measure is summarised below.

Occupational Health & Safety Statistics	2019-20	2018-19	2017-18
Number of reported hazards/incidents for the year per 100 FTE	36.7/100 EFT	56.5/100 EFT	47.4/100 EFT
Number of 'lost time' standard Workcover claims for the year per 100 FTE	0.85/100 EFT	0/100 EFT	3.6/100 EFT
The average cost per Workcover claim for the year ('000)	\$2,112	\$0	\$41,734

Occupational Violence reporting

Occupational violence statistics	2019-20
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	3
Number of occupational violence incidents reported per 100 FTE	2.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

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 the course of a planned or unplanned Code Grey, the incident must be included.

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2019-20.

Lost time – is defined as greater than one day.

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

Financial Information

Summary of the financial results for the year

	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000
OPERATING RESULT*	676	141	420	671	673
Total revenue	17,593	16,343	15,572	15,398	14,853
Total expenses	18,262	17,075	16,212	15,621	15,038
Net result from transactions	(669)	(732)	(639)	(223)	(185)
Total other economic flows	52	7	56	15	9
Net result	(617)	(724)	(583)	(208)	(177)
Total assets	19,603	19,814	17,032	17,588	16,741
Total liabilities	6,406	5,999	5,758	5,696	4,673
Net assets/Total equity	13,198	13,816	11,274	11,892	12,068

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

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

	2019-20
	\$000
Net operating result *	676
Capital purpose income	67
Specific income	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	9
State supply items consumed up to 30 June 2020	(9)
Assets provided free of charge	N/A
Assets received free of charge	N/A
Expenditure for capital purpose	N/A
Depreciation and amortisation	(1,385)
Impairment of non-financial assets	(14)
Finance costs (other)	(13)
Net result from transactions	(669)

Significant changes in financial position during the year

The current asset ratio at 30 June 2020 has increased somewhat to 1.39 (2018-19; 1.32)

This ratio indicates that the organisation is in a healthy financial position, with adequate cash resources to meet liabilities as they fall due.

Orbost Regional Health has transitioned all investments to the Central Banking System. Investments and Residential Accommodation Deposits previously held as term deposits are now held in Central Banking System accounts in accordance with Standing Direction 3.7.2 Treasury Management.

Operational and budgetary objectives and performance against objectives

Each year the health service establishes an operational budget which is matched to the strategic objectives of the organisation and aims for a balanced budget outcome. In addition, the budget takes account of the service delivery profile which has been designed to meet community needs.

The Operating Result for the year is a surplus of \$676,000 compared to a result of \$141,000 in the previous year. Due to recent bushfires and the effects of Covid-19 the health service has experienced low activity across several programs resulting in reduced EFT and operating costs.

The Operating Result is also affected by the results of Gippsland Health Alliance which Orbost Regional Health recognises as a jointly controlled operation. ORH has recognised \$118,000 as a share of the GHA surplus (2018-19 \$78,000 loss). Capital grants of \$45,000 were received from the Department of Health and Human Services for medical equipment and infrastructure replacement.

Subsequent events

At the time of this report management is not aware of any events that have occurred since balance date that may have a significant effect on the operations of the health service in subsequent reporting periods.

Details of consultancies under \$10,000

In 2019-20, there were 8 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies is \$39,691 (excl. GST).

Details of consultancies over \$10,000

In 2019-20, there was 1 consultancy where the total fees payable to the consultants were \$10,000 or greater.

The total expenditure incurred during 2019-20 in relation to this consultancy is \$20,000 (excl. GST). Details of individual consultancies are below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2019-20 (excluding GST)	Future expenditure (excluding GST)
Insurance House PL	Workers Compensation Brokerage	01/07/2019	30/6/2020	20,000	20,000	0

Disclosure of ICT expenditure

The total ICT expenditure incurred during 2019-20 is \$.738 million (excluding GST) with the details shown below:

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$.738 million	\$0 million	\$0 million	\$0 million

Legislation

Application and operation of *Freedom of Information Act 1982*

The *Freedom of Information (FOI) Act 1982* allows the public a right of access to documents held by Orbest Regional Health.

Applications under Freedom of Information are requests by individuals, or agencies, who act on their behalf, (such as solicitors or insurance companies), to access their personal medical information.

In line with Orbest Regional Health's commitment to protecting consumer privacy, all care is taken to ensure information is released only to the individual to whom it pertains, an authorised representative, or to a recognised guardian.

Orbest Regional Health holds Medical records in a variety of formats and systems, including electronic and paper based records.

Applications shall be made in writing to the Freedom of Information Officer on an Orbest Regional Health Freedom of Information Application form. Sufficient detail concerning the information requested should be provided to be able to process the request. All requests should be accompanied by an application fee of \$29.60, proof of identity such as driver's license or passport.

Information regarding FOI is available from the Freedom of Information Officer

Phone: 03 51 54 6666

Fax: 03 51 54 2366

Requests received	32
Fully granted	30
Partially	0
Denied	0
Other:	
• Withdrawn	0
• Not proceeded	0
• No processed	0
• No documents	2
• Transferred to another agency	0
In progress (carried into 2020-21)	0

In addition to the **32** requests received, there were a total of **22** requests received to which the *Act* did not apply (including Coroners Court, Subpoenas, Worksafe and Police requests.) There were also **155** requests received from other Health Agencies for transfer of Clinical Records.

Information regarding FOI is available from the Freedom of Information Officer

Phone: 03 51 54 6666

Fax: 03 51 54 2366

Email: FOI@orh.com.au

Further information may also be found on FOI website, FOI Act.

The FOI applications received by Orbest Regional Health during 2019-2020 are summarised opposite. All these applications were processed in accordance with the provisions of *Freedom of Information Act 1982* within the 30 day legislated timeframes.

Compliance with building and maintenance provisions of the *Building Act 1993*

During 2019/20, Orbost Regional Health's building complied with the *Building Act 1993* as evident in the annual certificate of compliance of essential services.

It has also been the health service's practice to ensure all buildings and renovations comply with the Australian Standards and Building Codes of Australia, along with obtaining relevant building permits, certificates of occupancy or certificates of final inspection for all new and renovation building projects.

An ongoing maintenance program, including routine inspections and rectification, also assist to ensure the health service's buildings are maintained to a safe and functional condition.

Application and operation of *Protected Disclosure 2012*

Orbost Regional Health was not required to disclose any issues under the *Protected Disclosure Act 2012* (the Act) in the financial year 2019/20.

Statement on National Competition Policy

Orbost Regional Health continues to comply with the National Competition Policy. The Victorian Government's competitive neutrality pricing principals for all relevant business activities have also been applied by Orbost Regional Health.

Application and operation of *Carers Recognition Act 2012*

Orbost Regional Health is aware of and complies with the requirements of the *Carers Recognition Act 2012* (the Act) and was not required to make any disclosures during the 2019/20 reporting period.

Reporting obligations under the *Safe Patient Care Act 2015*

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

Disclosures under the *Local Jobs First Act 2003*

During 2019/20, Orbost Regional Health had no projects that commenced or were completed to which the Local Jobs First Policy applied.

Additional information available on request

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by Orbost Regional Health about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by Orbost Regional Health;
- Details of any major external reviews carried out on Orbost Regional Health;
- Details of major research and development activities undertaken by Orbost Regional Health that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by Orbost Regional Health to develop community awareness of the health service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;

- A general statement on industrial relations within Orbest Regional Health and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;
- A list of major committees sponsored by Orbest Regional Health, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Summary of the entity's environmental performance

STATIONARY ENERGY			
Total stationary energy purchased by energy type (GJ)	2017-18	2018-19	2019-20
Electricity	2,156	1,832	1,270
Liquefied Petroleum Gas	1,724	2,198	2,496
Total	3,880	4,031	3,766
Normalised stationary energy consumption	2017-18	2018-19	2019-20
Energy per unit of floor space (GJ/m ²)	0.55	0.64	0.60
Energy per unit of Separations (GJ/Separations)	4.99	3.37	3.28
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.28	0.29	0.28
EMBEDDED GENERATION			
Total embedded stationary energy generated by energy type (GJ)	2017-18	2018-19	2019-20
Solar Power	N/A	263	444
Total	N/A	263	444
Normalised embedded generation	2017-18	2018-19	2019-20
Embedded generation per unit of floor space (GJ/m ²)	N/A	0.04	0.07
Embedded generation per unit of Separations (GJ/Separations)	N/A	0.22	0.39
Embedded generation per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	N/A	0.02	0.03
WASTE AND RECYCLING			
Waste	2017-18	2018-19	2019-20
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	66804*	70180	62,475
Total waste to landfill generated (kg clinical waste+kg general waste)	60983*	61450	57,910
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	4.19	4.12	4.02
Recycling rate % (kg recycling / (kg general waste+kg recycling))	8.73	13.16	7.33
*Clinical and cytotoxic waste not recorded in 2017/18. Estimated at 5500kg.			

Orbest Regional Health's environmental performance and activity reporting is accessible on the health service's website: www.orbestregionalhealth.com.au

Attestations

Financial Management Compliance attestation – SD 5.1.4

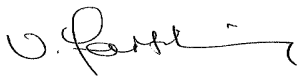
I, Stanley Weatherall, on behalf of the Responsible Body, certify that Orbst Regional Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Stanley Weatherall
Chair Finance & Risk
Orbst Regional Health
27 October 2020

Data Integrity

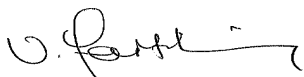
I, Vicki Farthing certify that Orbst Regional Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Orbst Regional Health has critically reviewed these controls and processes during the year.



Vicki Farthing
Chief Executive Officer
Orbst Regional Health
27 October 2020

Conflict of Interest

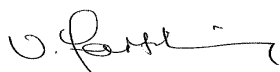
I, Vicki Farthing, certify that Orbst Regional Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest'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



Vicki Farthing
Chief Executive Officer
Orbst Regional Health
27 October 2020

Integrity, fraud and corruption

I, Vicki Farthing certify that Orbest Regional Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Orbest Regional Health during the year.



Vicki Farthing
Chief Executive Officer
Orbest Regional Health
27 October 2020

Multipurpose Services financial and service performance reporting

MPS Service Plan: Key achievements and challenges

Objective	Action	Deliverable	Outcome
Our Consumers Meeting the health needs of our community	Ensure equitable service access for Aboriginal people and all diverse groups within our community	Aboriginal Health Worker continues to monitor data. Action plan in place following VHES to improve consumer experience in relation to care planning and person centred care.	Achieved
Our Quality and Safety Ensure Consumers receive safe and effective care	Expand the consumer experience program at Orbest Regional Health	Victorian Healthcare Experience (VHES) Survey Jan-Mar results 100% satisfaction. Community clients now engaged in VHES. VHES survey results for Community Services have assisted in development of Action Plan to improve consumer experience	Achieved
	Create and adopt flexible and innovative practice models to provide safe and effective care.	Models introduced including telehealth GP, phone welfare checks and virtual visiting in RACS. Innovative models of service delivery including on-line	Achieved

MPS Performance Priorities

Quality and safety		
Key performance indicator	Target	Result
Health service accreditation	Full compliance	Achieved
Compliance with cleaning standards	Full compliance	Achieved
Compliance with the Hand Hygiene Australia program	80%	92%
Percentage of healthcare workers immunised for influenza**	84%	88%
Victorian Healthcare Experience Survey – patient experience	95% positive experience	99%
Victorian Healthcare Experience Survey – discharge care	75% very positive response	94%

**** Data used from period 15 Apr to 30 Aug 2019**

Governance and leadership		
Key performance indicator	Target	Result
People Matter Survey – percentage of staff with a positive response to safety culture questions	80%	90%

Financial sustainability		
Key performance indicator	Target	Result
Operating result (\$m)		\$0.676m
Trade creditors	60 days	36 days
Patient fee debtors	60 days	3 days

Adjusted current asset ratio	0.7	1.78
Number of days available cash	14 days	122 days

MPS Funded Flexible aged care places

Campus	Number
Flexible high care	19
Flexible low care	25

MPS Utilisation of flexible aged care places

Campus	Number	Occupancy level %
Flexible high care	19	95.5%
Flexible low care	25	70%
Respite	2	84%
Total	44	

MPS Acute care activity

Service	Type of activity	Actual Activity 2019-20
Medical inpatients	Bed days	1718
Urgent care	Presentations	2027
Outpatients	Presentations	612
Radiology	Number of visits	717
District nursing	Hours of service	1957
Renal dialysis	Number of clients	6

MPS Primary health care activity

Service	Actual activity 2019-20 (hours of service)
Speech pathology*	506
Cardiac Rehab	109
Diabetes Education	214
Dietetics*	889
Community Nursing	799
Counselling – PHN & Community funded	946
Occupational Therapy	525
Physiotherapy	1470
Financial Counselling	259
Parents Under Pressure	72
Maternal & Child Health	2160
School counselling	15
Family support/Supported Playgroups	992
Women's Health Clinics	138
Women's Health – Schools	330
Homelessness Support	967
Family violence outreach	552
Nurse led Mental Health Outreach	596
NDIS Community access & AH Referral	291
NDIS OT	166
NDIS Support Coordination	439

*Includes services which are not funded or only part funded through the MPS Tripartite Agreement

MPS Community care activity

Community Home Support Service (HACC PYP and CHSP)	Hours of Service 2019-20
Meals	2545
Domestic Assistance	4178
Personal Care	1780
Social Support Group	5962
Property Maintenance	564
Volunteer Services	
Volunteer network - hours	752
Volunteer network - kilometres	32029
Volunteer occasions of care	358
Men's Shed	
Attendees	1042

Disclosure Index

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

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FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	3-4
FRD 22H	Activities, programs and achievements for the reporting period	4-5
FRD 22H	Significant changes in key initiatives and expectations for the future	4-5
Management and structure		
FRD 22H	Organisational structure	8
FRD 22H	Workforce data/ employment and conduct principles	9
FRD 22H	Occupational Health and Safety	10
Financial information		
FRD 22H	Summary of the financial results for the year	11
FRD 22H	Significant changes in financial position during the year	12
FRD 22H	Operational and budgetary objectives and performance against objectives	12
FRD 22H	Subsequent events	12
FRD 22H	Details of consultancies under \$10,000	12
FRD 22H	Details of consultancies over \$10,000	12
FRD 22H	Disclosure of ICT expenditure	13
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	13
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	14

Legislation	Requirement	Page Reference
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FRD 22H	Statement on National Competition Policy	14
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	14
FRD 22H	Summary of the entity's environmental performance	15
FRD 22H	Additional information available on request	14-15
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SD 5.2.3	Declaration in report of operations	5
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Orbost Regional Health

Financial Report

How this report is structured

Orbost Regional Health has presented its audited general purpose financial statements for the financial year ended 30 June 2020 in the following structure to provide users with the information about Orbost Regional Health's stewardship of the resources entrusted to it.

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

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Basis of preparation

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Orbost Regional Health

Financial Statements

For the Financial Year Ended 30 June 2020

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of Orbost Regional Health at 30 June 2020.

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 20th October 2020 subject to any material adjustments as a result of VAGO review.

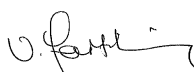


Peter van den Oever

Board Chair

Orbost Regional Health

27 October 2020

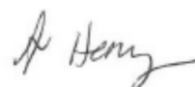


Vicki Farthing

Chief Executive Officer

Orbost Regional Health

27 October 2020



Amanda Henry

Chief Finance and Accounting Officer

Orbost Regional Health

27 October 2020

Independent Auditor's Report

To the Board of Orbost Regional Health

Opinion	<p>I have audited the financial report of Orbost Regional Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
4 November 2020



Travis Derricott
as delegate for the Auditor-General of Victoria

Orbost Regional Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income from Transactions			
Operating Activities	2.1	17,520	16,205
Non-operating Activities	2.1	73	138
Total Income from Transactions		17,593	16,343
Expenses from Transactions			
Employee Expenses	3.1	(12,970)	(12,089)
Supplies and Consumables	3.1	(1,220)	(1,222)
Depreciation	4.3	(1,385)	(1,098)
Other Administrative Expenses	3.1	(1,990)	(1,837)
Other Operating Expenses	3.1	(684)	(828)
Other Non-Operating Expenses	3.1	(15)	(7)
Total Expenses from Transactions		(18,262)	(17,082)
Net Result from Transactions - Net Operating Balance		(669)	(739)
Other Economic Flows Included in Net Result			
Net Gain on Sale of Non-Financial Assets	3.2	52	15
Total Other Economic Flows included in Net Result		52	15
NET RESULT FOR THE YEAR		(617)	(724)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	-	3,265
Total Other Comprehensive Income		-	-
Comprehensive result for the year		(617)	2,541

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

Orbost Regional Health
Balance Sheet
For the Financial Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	7,120	5,812
Receivables	5.1	658	622
Other Financial Assets	4.1	-	704
Total Current Assets		7,778	7,138
Non-Current Assets			
Receivables	5.1	302	303
Property, Plant & Equipment	4.2(a)	11,523	12,373
Total Non-Current Assets		11,825	12,676
TOTAL ASSETS		19,603	19,814
Current Liabilities			
Payables	5.2	896	627
Borrowings	6.1	195	66
Provisions	3.4	2,688	2,618
Other liabilities	5.3	1,831	2,100
Total Current Liabilities		5,609	5,411
Non-Current Liabilities			
Borrowings	6.1	401	226
Provisions	3.4	396	362
Total Non-Current Liabilities		797	588
TOTAL LIABILITIES		6,406	5,999
NET ASSETS		13,198	13,816
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	11,282	11,282
Specific Purpose Surplus	SCE	2,136	2,136
Contributed Capital	SCE	7,689	7,689
Accumulated Deficits	SCE	(7,908)	(7,290)
TOTAL EQUITY		13,198	13,816

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

Orbost Regional Health

Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

	Property, Plant & Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Specific Purpose Funds \$'000	Contributed Capital \$'000	Accumulated Deficits \$'000	Total \$'000
Balance at 1 July 2018	8,016	2,136	-	7,689	(6,566)	11,275
Net result for the year	-	-	-	-	(724)	(724)
Other comprehensive income for the year	3,265	-	-	-	-	3,265
Transfer from/(to) accumulated deficits	-	(2,136)	2,136	-	-	-
Balance at 30 June 2019	11,282	-	2,136	7,689	(7,290)	13,816
Net result for the year	-	-	-	-	(617)	(617)
Balance at 30 June 2020	11,282	-	2,136	7,689	(7,908)	13,198

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

Orbost Regional Health
Cash Flow Statement
For the Financial Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
Operating Grants from Government – State		9,005	8,374
Operating Grants from Government - Commonwealth		3,135	2,918
Capital Grants from Government - State		67	225
Patient and Resident Fees Received		1,817	1,161
Private Practice Fees Received		1,760	1,752
Donations and Bequests Received		91	58
GST Received from ATO		5	-
Interest Received		92	186
Other Receipts		1,045	754
Total Receipts		17,017	15,428
Employee Expenses Paid		(12,811)	(11,937)
Payments for Supplies and Consumables		(1,345)	(1,298)
Medical Indemnity Insurance		(77)	(72)
Repairs and Maintenance		(263)	(359)
Finance Costs		(13)	(3)
Cash Outflow for Short Term Leases		(48)	-
GST Paid to ATO		-	(5)
Other Payments		(848)	(968)
Payment for share of Rural Health Alliance		(461)	(520)
Total Payments		(15,866)	(15,162)
Net Cash Flows from/(used in) Operating Activities	8.1	1,151	266
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(535)	(735)
Proceeds from Disposal of Non-Financial Assets		52	15
Proceeds from disposal of Investments		704	4,116
Net Cash Flows from/(used in) Investing Activities		221	3,395
Cash Flows from Financing Activities			
Proceeds from Borrowings		350	94
Repayment of Borrowings		(47)	(41)
Receipt of Accommodation deposits		-	152
Repayment of Accommodation deposits		(367)	-
Net Cash Flows from/(used in) Financing Activities		(63)	206
Net Increase/ (Decrease) in Cash and Cash Equivalents Held		1,308	3,867
Cash and Cash Equivalents at Beginning of Year		5,812	1,944
Cash and Cash Equivalents at End of Year	6.2	7,120	5,812

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

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of 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.

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Orbost Regional Health for the period ending 30 June 2020. The report provides users with information about the Health Service's stewardship of resources entrusted to it.

(a) Statement of Compliance

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

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

The Health Service is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

The annual financial statements were authorised for issue by the Board of Orbost Regional Health on 27 October 2020 .

(b) Reporting Entity

The financial statements include all the controlled activities of Orbost Regional Health.

Its principal address is:
104 Boundary Road
Orbost
Victoria 3888.

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

(c) Basis of Accounting Preparation and Measurement

Accounting policies are selected and applied in a manner which ensures that 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 accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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

Note 1: Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting Preparation and Measurement

These Financial Statements are presented in Australian dollars, the functional presentation currency of Orbost Regional Health.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Orbost Regional Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Orbost Regional Health's Capital and Specific Purpose Funds include Long Service Leave Reserve and Aged Care Reserve.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

A state of emergency was declared in Victoria on 16 March 2020 due to the global pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities, various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Orbost Regional Health.

In response, Orbost Regional Health placed restrictions on non-essential visitors, implemented reduced visitor hours and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services and Note 3.1 Expenses from Transactions.

Note 1: Summary of Significant Accounting Policies (continued)

Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

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

(d) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

- In respect of any interest in joint operations, Orbost Regional Health recognises in the financial statements: its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Orbost Regional Health is a Member of the Gippsland Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

(e) Intersegment Transactions

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

(f) Equity

Contributed Capital

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 Orbost Regional Health.

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

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

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Orbost Regional Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 2: Funding delivery of our services

Orbost Regional Health's overall objective is to provide quality health services that improve the population health of our community and promote healthy ageing. Orbost Regional Health is predominantly funded by grant funding for the provision of outputs. Orbost Regional Health also receives income for the supply of services.

Structure

2.1 Income from transactions

Note: 2.1(a): Income from transactions

	Total 2020 \$'000	Total 2019 \$'000
Government Grants (State) – Operating ¹	9,061	8,654
Government Grants (Commonwealth) - Operating	2,742	2,753
Government Grants (State) - Capital	67	225
Patient and Resident Fees	1,830	1,150
Private Practice Fees	1,718	1,709
Commercial Activities ²	34	37
Income related to Gippsland Health Alliance	1,002	628
Other Revenue from Operating Activities (including non-capital donations)	1,065	1,049
Total Income from Operating Activities	17,520	16,205
Other Interest	73	138
Total Income from Non-Operating Activities	73	138
Total Income from Transactions	17,593	16,343

¹ Government Grant (State) – Operating includes \$.02m funding received to spend for the COVID-19 impact on health service operations.

² Commercial activities represent business activities which health services enter into to support their operations.

Revenue Recognition

Income is recognised in accordance with either:

- a) contributions by owners, in accordance with AASB 1004;
- b) income for not-for-profit entities, in accordance with AASB 1058;
- c) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- d) a lease liability in accordance with AASB 16;
- e) a financial instrument, in accordance with AASB 9; or
- f) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Impact of COVID-19 on revenue and income

As indicated at Note 1, Orbost Regional Health's response to the pandemic included reduced activity and some increased costs. The Department of Health and Human Services provided essential personal protective equipment free of charge under the state supply arrangement.

Note: 2.1: Income from transactions (continued)

Government Grants

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Orbost Regional Health gains control of the asset. On initial recognition of the asset, Orbost Regional Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred in deferred grant revenue liability (see note 5.2). If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

Performance obligations

The Government Grants recognised under AASB15 *Revenue from Contracts with Customers* includes:

Commonwealth Department of Health and Ageing - Commonwealth Home Support Program.

For this grant, revenue is recognised on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of the funding provided.

Gippsland Primary Health Network - Community Health Program Funding.

For this grant, revenue is recognised on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of the funding provided.

Activity Based Funding paid as Renal WIES

The performance obligations for ABF Renal WIES are the number of patient separations in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the DHHS.

For other grants with performance obligations Orbost Regional Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Orbost Regional Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Orbost Regional Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Orbost Regional Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Note: 2.1: Income from transactions (continued)

Patient and Resident Fees

The performance obligations related to patient fees are the provision of goods or a service. These performance obligations have been selected as they align with the terms and conditions of the providing services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Orbost Regional Health provides accommodation. This is calculated on a daily basis and invoiced monthly.

There has been no change in the recognition of revenue from patient and resident fees as a result of the adoption of AASB15.

Private Practice Fees

The performance obligations related to private practice fees are the provision of a medical service. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised when the service is provided. Private practice fees include recoupments for the use of hospital facilities.

There has been no change in the recognition of revenue from commercial activities as a result of the adoption of AASB15.

Commercial Activities

The performance obligations related to commercial activities are the provision of a medical imaging service. These performance obligations have been selected as they align with the terms and conditions agreed with the provider of the service. Revenue is recognised when the service is provided.

There has been no change in the recognition of revenue from commercial activities as a result of the adoption of AASB15.

2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

	2020 \$'000	2019 \$'000
Cash donations and gifts	91	58
Assets received free of charge under State Supply arrangements	9	-
Total fair value of assets and services received free of charge or for nominal consideration	99	58

Donations and gifts are recognised as revenue when received, unless the donations are attached to a sufficiently specific purpose.

State Supply Arrangements

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery, and distributed the products to health services as resources provided free of charge.

2.1 (b) Fair value of assets and services received free of charge or for nominal consideration (continued)

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

Voluntary Services: Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Orbost Regional Health did not receive any volunteer services that would have been purchased if not donated and does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Orbost Regional Health recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability 5.2(a). Where the performance obligations is satisfied but not yet billed, a contract asset is recorded.

2.1 (c) Other income

	2020 \$'000	2019 \$'000
Interest	73	138
Total other income	73	138

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

Interest Income

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

Note 3: The cost of delivering our services

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

Structure

- 3.1 Expenses from transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expenses and revenue by Internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

Note 3.1: Expenses from transactions

	Total 2020 \$'000	Total 2019 \$'000
Salaries and Wages	9,980	9,436
On-costs	920	858
Agency Expenses	231	240
Fee for Service Medical Officer Expenses	1,600	1,378
Workcover Premium	238	176
Total Employee Expenses	12,970	12,089
Drug Supplies	51	65
Medical and Surgical Supplies (including Prostheses)	329	306
Diagnostic and Radiology Supplies	92	91
Other Supplies and Consumables	748	761
Total Supplies and Consumables	1,220	1,222
Expenses related to Gippsland Health Alliance	1,337	1,153
Other Administrative Expenses	653	685
Total Other Administrative Expenses	1,990	1,837
Fuel, Light, Power and Water	195	218
Repairs and Maintenance	135	226
Maintenance Contracts	88	96
Medical Indemnity Insurance	77	72
Expenses Related to Leases	48	81
Finance Costs	13	3
Expenditure for Capital Purposes	128	133
Total Other Operating Expenses	684	828
Total Operating Expense	16,862	15,976
Depreciation (refer Note 4.3)	1,385	1,098
Total Depreciation	1,385	1,098
Bad and Doubtful debts expense	15	4
Total other Non-Operating Expenses	15	4
Total Non-Operating Expense	1,400	1,102
Total Expenses from Transactions	18,262	17,079

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

Impact of COVID-19 on expenses

As indicated at Note 1, Orbost Regional Health Service's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as salaries and wages, supplies and pathology.

Note 3.1: Expenses from transactions (continued)

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases which are recognised in accordance with AASB 116 *Leases*.

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$4,000).

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

Non-operating expenses

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

Operating lease payments

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Note 3.2: Other economic flows

	2020 \$'000	2019 \$'000
<u>Net gain/(loss) on sale of non-financial assets</u>		
Net gain on disposal of property plant and equipment	52	15
Total net gain/(loss) on non-financial assets	52	15
<u>Net gain/(loss) on financial instruments at fair value</u>		
Allowance for impairment losses of contractual receivables		
Other Gains/(Losses) from Other Economic Flows	-	(3)
Total other gain/(loss) on financial instruments at fair value	-	(3)
<u>Other gains/(losses) from other economic flows</u>		
Net gain/(loss) arising from revaluation of long service liability	-	(4)
Total other gains/(losses) from other economic flows	-	(4)
Total other gains/(losses) from economic flows	52	7

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/ (loss) on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Note 3.3: Analysis of expenses and revenue by internally managed and restricted specific purpose funds

Commercial Activities

Private Practice

Diagnostic Imaging

Total Commercial Activities

Other Activities

Fundraising and Community Support

Total Other Activities

TOTAL

Expense		Revenue	
2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
2,171	2,270	1,800	1,811
81	82	34	37
2,252	2,352	1,834	1,848
34	32	41	32
34	32	41	32
2,286	2,384	1,875	1,880

Note 3.4 Employee Benefits in the Balance Sheet

CURRENT PROVISIONS

Employee Benefits i

Accrued Days Off

- Unconditional and expected to be settled wholly within 12 months ii

Annual Leave

- Unconditional and expected to be settled wholly within 12 months ii
- Unconditional and expected to be settled wholly after 12 months iii

Long Service Leave

- Unconditional and expected to be settled wholly within 12 months ii
- Unconditional and expected to be settled wholly after 12 months iii

Provisions related to Employee Benefit On-Costs

- Unconditional and expected to be settled within 12 months ii
- Unconditional and expected to be settled after 12 months iii

TOTAL CURRENT PROVISIONS

NON-CURRENT PROVISIONS

Conditional Long Service Leave

Provisions related to Employee Benefit On-Costs

TOTAL NON-CURRENT PROVISIONS

TOTAL PROVISIONS

2020 \$'000	2019 \$'000
27	28
864	811
153	140
183	175
1,198	1,200
2,425	2,354
111	113
151	151
262	264
2,688	2,618
356	325
40	37
396	362
3,084	2,980

i Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

ii The amounts disclosed are nominal amounts.

iii The amounts disclosed are discounted to present values.

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and related on-costs

Unconditional long service leave entitlements

Annual leave entitlements

Accrued days off

Non-Current Employee Benefits and related on-costs

Conditional long service leave entitlements

TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS

2020 \$'000	2019 \$'000
1,537	1,530
1,124	1,061
27	28
396	362
3,084	2,980

(b) Movements in On-Costs Provision

Balance at start of year

Additional provisions recognised

Unwinding of discount and effect of changes in the discount rate

Reduction due to transfer out

Balance at end of year

2020 \$'000	2019 \$'000
301	284
30	50
(7)	(12)
(21)	(22)
302	301

Note 3.4 Employee Benefits in the Balance Sheet (continued)

Employee Benefit Recognition

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

Provisions

Provisions are recognised when Orbost Regional Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because Orbost Regional Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- Nominal value – Orbost Regional Health expects to wholly settle within 12 months; or
- Present value – Orbost Regional Health 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 Orbost Regional Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – Orbost Regional Health expects to wholly settle within 12 months; or
- Present value – Orbost Regional Health does not expect to wholly settle within 12 months.

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

Termination benefits

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

On-costs related to employee expense

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

Note 3.5 Superannuation

	Paid contribution for the year		Contributions outstanding at year end	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(i) Defined Benefit Plans:				
First State Super	21	20	-	-
Defined Contribution Plans:				
First State Super	515	545	-	-
HESTA	239	216	-	-
Australian Super	9	-	-	-
ESSS	8	-	-	-
Hostplus Super	31	-	-	-
Retail Employees Super	16	-	-	-
Sun Super	8	-	-	-
Vic Super	21	-	-	-
Other	27	78	-	-
Total	894	858	-	-

(i) The basis for determining the level of contribution is determined by the various actuaries of the defined benefit superannuation plans.

Employees of the Health Service are entitled to receive superannuation benefits and the Health Services contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Orbost Regional Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive operating Statement of Orbost Regional Health.

The name and details of the major employee superannuation funds and contributions made by Orbost Regional Health are disclosed above.

Defined Contribution Superannuation Plans

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

Note 4: Key Assets to Support Service Delivery

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

Structure

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Depreciation and amortisation

Note 4.1: Investments and Other Financial Assets

Operating Fund	
2020	2019
\$'000	\$'000
CURRENT	
Loans and Receivables	
Term Deposits > 3 months	704
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	704
Represented by:	
Health Service Investments	704
TOTAL INVESTMENTS	704

Note 4.1: Investments and Other Financial Assets (continued)

Investment Recognition

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Orbost Regional Health classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Orbost Regional Health's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

All financial assets, except those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

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

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

Impairment of Financial Assets

At the end of each reporting period, Orbost Regional Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Operating Statement, are subject to annual review for impairment.

In order to determine an appropriate fair value as at 30 June 2020 for its portfolio of financial assets, Orbost Regional Health used the market value of investments held provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Note 4.2: Property, Plant and Equipment

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/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. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

Orbost Regional Health recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- 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: Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

Right-of-use asset – Subsequent measurement

Orbost Regional Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I [pending] however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Note 4.2: Property, Plant and Equipment (continued)

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-Current Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H, Orbost Regional Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Fair Value Measurement

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.

For the purpose of fair value disclosures, Orbost Regional Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Orbost Regional Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Orbost Regional Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Note 4.2: Property, Plant and Equipment (continued)

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.

Identifying unobservable inputs (level 3) fair value measurements

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

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

Consideration of highest and best use (HBU) for non-financial physical assets

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

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, Orbost Regional Health can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Non-Specialised Land and Non-Specialised Buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Note 4.2: Property, Plant and Equipment (continued)

Specialised Land and Specialised Buildings

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

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

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

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

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

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

Vehicles

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2020.

For all assets measured at fair value, the current use is considered the highest and best use.

Note 4.2(a): Property, Plant and Equipment

Gross carrying amount and accumulated depreciation

	2020 \$'000	2019 \$'000
Land - Crown	219	219
Land - Freehold	215	215
TOTAL LAND AT FAIR VALUE	434	434
Buildings right of use	132	-
Less accumulated depreciation	(25)	-
Sub-totals Buildings Right of Use	108	-
Buildings at fair value	11,191	11,104
Less accumulated depreciation	(1,121)	-
Sub-totals Buildings at Fair Value	10,069	11,104
Buildings – assets under construction	34	19
TOTAL BUILDINGS	10,211	11,122
Plant and equipment at fair value	614	594
Less accumulated depreciation	(435)	(433)
Total PLANT AND EQUIPMENT	180	161
Medical equipment at fair value	1,277	1,281
Less accumulated depreciation	(1,070)	(996)
Total MEDICAL EQUIPMENT	207	285
Motor vehicles at fair value	250	591
Less accumulated depreciation	(176)	(297)
TOTAL MOTOR VEHICLES	74	294
Right of use- vehicles	357	-
Less accumulated depreciation	(50)	-
TOTAL RIGHT OF USE - VEHICLES	307	-
Computers and communication at fair value	235	156
Less accumulated depreciation	(181)	(138)
TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT	54	17
Furniture & Fittings at fair value	291	302
Less accumulated depreciation	(235)	(242)
TOTAL FURNITURE AND FITTINGS	56	59
TOTAL PROPERTY, PLANT AND EQUIPMENT	11,523	12,373

Note 4.2(b): Property, Plant and Equipment

Reconciliations of the carrying amount of each class of asset

	Note	Land \$'000	Buildings \$'000	Right of use Buildings \$'000	Assets Under Construc- tion \$'000	Plant & Equip- ment \$'000	Medical Equip- ment \$'000	Motor Vehicles \$'000	Right of use Motor Vehicles \$'000	Comput- ers and Commun- ications \$'000	Furnit- ure & Fittings \$'000	Total \$'000
Balance at 1 July 2018		483	8,271	-	43	159	213	200	-	27	76	9,472
Additions		-	-	-	350	33	161	186	-	8	-	738
Disposals		-	-	-	-	(1)	-	(2)	-	-	-	(3)
Net Transfers between Classes		-	374	-	(374)	-	-	-	-	-	-	-
Revaluation increments/(decrements)		(49)	3,314	-	-	-	-	-	-	-	-	3,265
Depreciation	4.3	-	(856)	-	-	(31)	(89)	(90)	-	(17)	(16)	(1,098)
Balance at 1 July 2019	4.2(a)	434	11,104	-	19	161	285	294	-	17	59	12,373
Recognition of right-of-use assets on initial application of AASB 16	8.10	-	-	132	-	-	-	(92)	92	-	-	132
Adjusted balance at 1 July 2019		434	11,104	132	19	161	285	202	92	17	59	12,506
Additions		-	-	-	102	52	6	163	115	58	9	505
Disposals		-	-	-	-	-	-	(82)	(21)	-	-	(103)
Net Transfers between Classes		-	87	-	(87)	(3)	-	(161)	161	3	-	(0)
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-	-	-
Depreciation	4.3	-	(1,121)	(25)	-	(29)	(84)	(49)	(40)	(26)	(12)	(1,385)
Balance at 30 June 2020	4.2(a)	434	10,069	108	34	180	207	74	307	54	56	11,523

Land and Buildings and Leased Assets Carried at Valuation

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

In compliance with FRD 103H, in the year ended 30 June 2020, Orbost Regional Health's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer-General Victoria indices for the financial year ended 30 June 2020.

The fair value of the land had been adjusted by an independent assessment in 2019. The latest indices did not identify that a further revaluation was required in 2020.

There was no material financial impact on change in fair value of buildings and leased buildings.

Note 4.2(c): Property, Plant and Equipment

Fair value measurement hierarchy for assets

	Note	Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Balance at 30 June 2020					
Non-specialised Land		215	-	215	-
Specialised Land		219	-	-	219
Total Land at Fair Value	4.2 (a)	434	-	215	219
Non-Specialised Buildings		462	-	462	-
Specialised Buildings		9,607	-	-	9,607
Right of use Non-Specialised Buildings		108	-	108	-
		10,177	-	570	9,607
Total Buildings at Fair Value	4.2 (a)	10,639	-	570	9,607
Motor Vehicles at Fair Value	4.2 (a)	54	-	-	54
Plant and Equipment at Fair Value	4.2 (a)	56	-	-	56
Computers and Communications at Fair Value	4.2 (a)	207	-	-	207
Furniture and Fittings at Fair Value	4.2 (a)	307	-	-	307
Medical Equipment at Fair Value	4.2 (a)	878	-	-	878
Right of use PPE, furniture & fittings and vehicles	4.2 (a)	11,489	-	785	10,704

Total Other Plant and Equipment at Fair Value

ⁱ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period

Note 4.2(c): Property, Plant and Equipment (continued)

Fair value measurement hierarchy for assets

	Note	Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Balance at 30 June 2019					
Non-specialised Land		215	-	215	-
Specialised Land		219	-	-	219
Total Land at Fair Value	4.2(a)	434	-	215	219
Non-Specialised Buildings		485	-	485	-
Specialised Buildings		10,619	-	-	10,619
Total Buildings at Fair Value		11,104	-	485	10,619
Motor Vehicles at Fair Value	4.2(a)	294	-	-	294
Plant and Equipment at Fair Value	4.2(a)	161	-	-	161
Computers and Communications at Fair Value	4.2(a)	17	-	-	17
Furniture and Fittings at Fair Value	4.2(a)	59	-	-	59
Medical Equipment at Fair Value	4.2(a)	285	-	-	285
TOTAL PROPERTY, PLANT AND EQUIPMENT		12,354	-	700	11,654

ⁱ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

Note 4.2(d): Property, Plant and Equipment

Reconciliation of Level 3 Fair Value

		Land	Buildings	Plant & Equip- ment	Medical Equip- ment	Motor Vehicles	Comput- ers & Commu- nications	Furnit- ure & Fittings
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	4.2 (b)	248	7,952	159	213	200	27	76
Additions/(Disposals)	4.2 (b)	-	346	32	161	184	8	-
-Depreciation	4.3	-	(838)	(31)	(89)	(90)	(17)	(16)
Items recognised in Other Comprehensive Income								
- Revaluation		(29)	3,178	-	-			
Balance at 30 June 2019	4.2 (c)	219	10,637	161	285	294	17	59
Additions/(Disposals)	4.2 (b)	-	102	52	6	175	58	9
Net Transfers between classes	4.2 (b)	-	-	(3)			3	
-Depreciation	4.3	-	(1,098)	(29)	(84)	(88)	(26)	(12)
Balance at 30 June 2020	4.2 (c)	219	9,641	180	207	381	54	56

Note 4.2 (e): Property, Plant and Equipment

Fair Value Determination

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	n.a.
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments ^(a)
Non-specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Medical Equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and Equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

A community Service Obligation (CSO) of 20% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.

Note 4.2 (f): Property, Plant and Equipment

Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Revaluation Increment

- Land
- Buildings

Balance at the end of the reporting period*

* Represented by:

- Land
- Buildings

Note	2020 \$'000	2019 \$'000
	11,281	8,016
4.2(b)	-	(49)
4.2(b)	-	3,314
	11,281	11,281
	85	85
	11,196	11,196
	11,281	11,281

Note 4.3: Depreciation

	2020	2019
	\$'000	\$'000
Depreciation		
Buildings	1,121	856
Plant & Equipment	29	31
Medical Equipment	84	89
Motor Vehicles	49	90
Computers & Communication	26	17
Furniture & Fittings	12	16
Right of use assets		
- Right of use buildings	25	-
- Right of use plant, equipment and vehicles	40	-
Total Depreciation	1,385	1,098

Depreciation Recognition

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

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term. Where Orbost Regional Health obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life."

Note 4.3 (a): useful life of non-current assets

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

	2020	2019
Buildings		
- Structure Shell Building Fabric	17 to 50 years	17 to 50 years
- Site Engineering Services and Central Plant	12 to 40 years	12 to 40 years
Central Plant		
- Fit Out	7 to 25 years	7 to 25 years
- Trunk Reticulated Building Systems	7 to 30 years	7 to 30 years
Plant & Equipment	5 to 15 years	5 to 15 years
Medical Equipment	3 to 15 years	3 to 15 years
Computers and Communication	3 years	3 years
Furniture and Fitting	5 to 8 years	5 to 8 years
Motor Vehicles	5 years	5 years
Right of Use Motor Vehicles	18 months to 3 years	18 months to 3 years
Right of Use Buildings	6 years	n/a

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

Note 5: Other Assets and Liabilities

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

Structure

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

Note 5.1 (a): Receivables and contract assets

	Note	2020 \$'000	2019 \$'000
CURRENT			
Contractual			
Inter Hospital Debtors	7.1(c)	23	61
Trade Debtors	7.1(c)	353	296
Patient Fees		11	13
Medical Centre Fees		13	20
Accrued Investment Income		-	19
Amounts receivable from governments and agencies		56	51
GHA Other Current Assets		179	136
Less: Allowance for impairment losses of contractual receivables			
Patient Fees		(5)	(5)
		631	590
Statutory			
GST Receivable		27	32
		27	32
TOTAL CURRENT RECEIVABLES		658	622
NON CURRENT			
Statutory			
Long Service Leave - Department of Health and Human Services		302	303
TOTAL NON-CURRENT RECEIVABLES		302	303
TOTAL RECEIVABLES		960	925

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

	2020 \$'000	2019 \$'000
Balance at beginning of year	5	5
Reversal of the allowance written off during the year as uncollectable	-	-
Reversal of unused allowance recognised in the net result	-	-
Increase/(decrease) in allowance recognised in net result	-	-
Balance at end of year	5	5

Note 5.1: Receivables (continued)

Receivables recognition

Receivables consist of:

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

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual receivables at amortised costs for Orbost Regional Health's contractual impairment losses.

Note 5.2: Payables and Contract Liabilities

	Notes	2020 \$'000	2019 \$'000
CURRENT			
Contractual			
Trade Creditors		284	301
Accrued Salaries and Wages		227	172
Accrued Expenses		45	83
Deferred Grant Revenue	5.2(a)	243	52
Inter - hospital creditors		40	19
Amounts Payable to Government and Agencies		16	20
GHA Creditors		41	33
TOTAL CURRENT		896	679
TOTAL PAYABLES		896	679

Payables Recognition

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid; and
- statutory payables, that 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 Nett 60 days.

Maturity analysis of payables

Please refer to Note 7.1(b) for the ageing analysis of payables.

Note 5.2 (a) Contract Liabilities

	2020 \$'000
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	52
Add: Payments received for performance obligations yet to be completed during the period	243
Add: Grant consideration for sufficiently specific performance obligations received during the year	1,237
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(52)
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(1,237)
Total contract liabilities	243
Represented by	
Current contract liabilities	243
Non-current contract liabilities	-

Contract liabilities include consideration received in advance from customers in respect of Renal Dialysis services, Commonwealth Community Home Support services and Gippsland Primary Health Network funded Community Health services. Revenue is recognised once the services are provided and performance obligations are met.

Note 5.3: Other Liabilities

	2020 \$'000	2019 \$'000
CURRENT		
Monies Held in Trust*		
- Accommodation Deposits (Refundable Entrance Fees)*	1,581	1,906
- Commonwealth Home Care Package advances*	240	91
- Other Monies Held in Trust*	10	51
Total Current	1,831	2,048
 * Total Monies Held in Trust		
Represented by the following assets:		
Cash Assets	1,831	2,048
TOTAL	1,831	2,048

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

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

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

Commonwealth Home Care Package advances

Orbost Regional Health receives Home Care Package subsidies on behalf of clients. Unspent subsidies are recorded as liabilities which fall due and payable when the client leaves homecare. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

Home Care Package advances liabilities are recorded at an amount equal to the proceeds received, less fees for services provided and other amounts deducted from the subsidy in accordance with the Aged Care Act 1997.

Note 6: How We Finance Our Operations

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

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

Structure

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

Note 6.1: Borrowings

	2020 \$'000	2019 \$'000
CURRENT		
TCV Loan ⁽ⁱ⁾	51	51
Lease Liability ⁽ⁱⁱ⁾	144	15
Total Current	195	66
NON CURRENT		
TCV Loan ⁽ⁱ⁾	101	148
Lease Liability ⁽ⁱⁱ⁾	300	78
Total Non Current	401	226
Total Borrowings	595	292

⁽ⁱ⁾ Unsecured loans that bear no interest.

⁽ⁱⁱ⁾ Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(a) Maturity analysis of borrowings

Please refer to note 7.1(c) for the ageing analysis of borrowings.

(b) Defaults and breaches

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

Note 6.1: Borrowings (continued)

6.1 (c) Lease Liabilities

Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	156	18	144	15
Later than 1 year and not later than 5 years	310	81	300	77
Minimum lease payments	466	99	444	92
Less future finance charges	(23)	(7)		
TOTAL	444	92	444	92
Included in the financial statements as:				
Current borrowings finance lease liability	144	15		
Non-current borrowings finance lease liability	300	77		
TOTAL	444	92		

The weighted average interest rate implicit in the finance leases is 3.14% (2019 3.4%)

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. 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.

Orbost Regional Health's leasing activities

Orbost Regional Health has entered into a lease related to the rental of a building for Community Health purposes.

For any new contracts entered into on or after 1 July 2019, Orbost Regional Health considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Orbost Regional Health assesses whether the contract meets three key evaluations which are whether:

- 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 Orbost Regional Health and for which the supplier does not have substantive substitution rights;
- Orbost Regional Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Orbost Regional Health has the right to direct the use of the identified asset throughout the period of use; and
- Orbost Regional Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Note 6.1: Borrowings (continued)

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – 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 Orbost Regional Health's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

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

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

Orbost Regional Health has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Note 6.1: Borrowings (continued)

Below market/Peppercorn lease

Orbost Regional Health entered into 2 Peppercorn leases.

Community Garden site leased from The Department of Education and Training for a 5 year term at a rate of \$114 per annum;

Maternal and Child Health Premises from the East Gippsland Shire Council for a 5 year term at a rate of \$1 per annum.

Renewals are at the option of Orbost Regional Health. There are no restrictions placed upon the lessee by entering into these leases.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Orbost Regional Health to further its objectives, are initially and subsequently measured at cost.

Presentation of right-of-use assets and lease liabilities

Orbost Regional Health presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Orbost Regional Health determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Orbost Regional Health as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Orbost Regional Health's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Note 6.1: Borrowings (continued)

The impact of initialising applying AASB15 *Revenue from Contracts with Customers* and AASB 1058 *Income of not-for-profit entities* to Orbost Regional Health's grant revenue is described in Note 8.10. Under application of the modified retrospective transition method chosen in applying AASB 15 and AASB 1058 for the first time, comparative information has not been restated to reflect the new requirements. The adoption of AASB and AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Orbost Regional Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

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

Note 6.2: Cash and Cash Equivalents

	2020 \$'000	2019 \$'000
Cash on Hand (excluding Monies held in trust)	2	2
Cash at Bank (excluding Monies held in trust)	122	158
Cash at Bank - CBS (excluding monies held in trust)	4,841	3,118
Cash at Bank - CBS (monies held in trust)	1,582	1,637
Deposits at Call	-	258
GHA Cash at Bank	322	319
Cash at Bank (Monies held in trust)	250	320
Total Cash and Cash Equivalents	7,120	5,812
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	7,120	5,812
Total Cash and Cash Equivalents	7,120	5,812

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

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

Note 6.3: Commitments for Expenditure

	2020 \$'000	2019 \$'000
Capital Expenditure Commitments		
Less than 1 year	-	43
Total Capital Expenditure Commitments	-	43
Non-cancellable Operating Lease Commitments		
Less than 1 year	-	26
longer than 1 year but not longer than 5 years	-	35
Total Non-cancellable Operating Lease Commitments	-	60
Total Commitments (inclusive of GST)	-	104
Less GST receivable from the Australian Tax Office	-	5
TOTAL COMMITMENTS (exclusive of GST)	-	98

Future lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Orbost Regional Health has entered into a commercial lease on a property where it is not in the interest of Orbost Regional Health to purchase these assets. This lease has a life of 3 years with renewal terms included in the contract. Renewals are at the option of Orbost Regional Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

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 Orbost Regional Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1 (a): Financial Instruments: categorisation

		Financial Assets at Amortised Cost	Financial Assets at Fair Value Through Net Result	Financial Assets at Fair Value Through Other Compreh- ensive Income	Financial Liabilities at Amortise d Cost	Total
2020	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual Financial Assets						
Cash and Cash Equivalents	6.2	7,120	-	-	-	7,120
<i>Receivables</i>						
- Trade Debtors	5.1	353	-	-	-	353
- Other Receivables	5.1	278	-	-	-	278
Total Financial Assets ⁱ		7,751	-	-	-	7,751
Financial Liabilities						
Payables	5.2	-	-	-	896	896
Borrowings	6.1	-	-	-	152	152
<i>Other Financial Liabilities</i>						
- Accommodation bonds	5.3	-	-	-	1,581	1,581
- Other	5.3	-	-	-	250	250
Total Financial Liabilities ⁱⁱ		-	-	-	2,878	2,878

Note 7.1 (a): Financial Instruments: categorisation (continued)

		Financial Assets at Amortised Cost	Financial Assets at Fair Value Through Net Result	Financial Assets at Fair Value Through Other Compreh- ensive Income	Financial Liabilities at Amortised Cost	Total
2019	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual Financial Assets						
Cash and Cash Equivalents	6.2	5,811	-	-	-	5,811
<i>Receivables</i>						
- Trade Debtors	5.1	296	-	-	-	296
- Other Receivables	5.1	295	-	-	-	295
<i>Investments and Other Financial Assets</i>						
- Term Deposits	4.1	704	-	-	-	704
Total Financial Assetsⁱ		7,106	-	-	-	7,106
Financial Liabilities						
Payables	5.2	-	-	-	679	679
Borrowings	6.1	-	-	-	199	199
<i>Other Financial Liabilities</i>						
- Accommodation bonds	5.3	-	-	-	1,906	1,906
- Other	5.3	-	-	-	194	194
Total Financial Liabilitiesⁱⁱ		-	-	-	2,978	2,978

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

ⁱⁱ The total amount of financial liabilities disclosed excludes statutory payables (ie taxes, DHHS cash advances) and contractual payables (ie deferred capital grant revenue and contract liabilities - income in advance).

Categories of financial assets under AASB *Financial Instruments*

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Orbost Regional Health to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

The health service recognises the following assets in this category:

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

Note 7.1 (a): Financial Instruments: categorisation (continued)

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Orbost Regional Health recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

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.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Orbost Regional Health's business model for managing its financial assets has changes such that its previous model would no longer apply.

Note 7.1(b): Maturity analysis of Financial Liabilities as at 30 June

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

		Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
				Less than 1 Month \$'000	1-3 Months \$'000	3 Months 1 Year \$'000	1-5 Years \$'000
2020	Note						
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	896	896	896	-	-	-
Borrowings	6.1	152	152	-	-	51	101
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	1,581	1,581	225	450	450	456
- Other	5.3	250	250	250	-	-	-
Total Financial Liabilities		2,878	2,878	1,371	450	501	557
2019							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	679	679	679	-	-	-
Borrowings	6.1	199	199	-	-	51	148
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	1,906	1,906	210	420	630	646
- Other	5.3	142	142	142	-	-	-
Total Financial Liabilities		2,926	2,926	1,031	420	681	794

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

Note 7.1 (c): Contractual receivables at amortised cost

	1-Jul-19	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		1%	1%	1%	1%	1%	
Gross carrying amount of contractual receivables		532	28	9	21	0	590
Loss allowance		5	0	0	0	0	5

	30-Jun-20	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		1%	1%	1%	1%	1%	
Gross carrying amount of contractual receivables		291	131	184	25	0	631
Loss allowance		2	1	2	0	0	5

Impairment of financial assets under AASB 9 *Financial Instruments*

Orbost Regional Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 *Financial Instruments* 'Expected Credit Loss' approach. Subject to AASB 9 *Financial Instruments*, impairment assessment includes Orbost Regional Health's contractual receivables, statutory receivables and its investment in debt instruments.

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

Contractual receivables at amortised cost

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

On this basis, Orbost Regional Health determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	2020	2019
Balance at beginning of the year	5	5
Opening retained earnings adjustment on adoption of AASB 9	0	0
Opening Loss Allowance	5	5
Modification of contractual cash flows on financial assets	0	0
Increase in provision recognised in the net result	0	0
Reversal of provision of receivables written off during the year as uncollectible	0	0
Reversal of unused provision recognised in the net result	0	0
Balance at end of the year	5	5

Note 7.1 (c): Contractual receivables at amortised cost (continued)

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

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables and debt investments at amortised cost

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

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

Note 7.2: Contingent Assets and Contingent liabilities

No contingent assets or contingent liabilities exist as at 30 June 2020 (2019: nil).

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash flow from Operating Activities
- 8.2 Responsible Persons
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Ex-gratia payments
- 8.7 Events Occurring after the Balance Sheet Date
- 8.8 Jointly Controlled Operations
- 8.9 Economic Dependency
- 8.10 Changes in accounting policy and revision of estimates
- 8.11 AASBs issued that are not yet Effective
- 8.12 Glossary

**Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow)
from Operating Activities**

	Note	020 \$'000	2019 \$'000
Net Result for the Year	OS	(617)	(724)
Non-cash movements:			
Depreciation	4.3	1,385	1,098
Movements included in Investing and Financing Activities:			
Net (Gain) from Disposal of Non- Financial Physical Assets		(52)	(15)
Movements in Assets and Liabilities:			
Change in operating assets and liabilities			
(Increase) in Receivables	5.1	(35)	(129)
Increase in Payables	5.2	217	22
Increase in Other Liabilities	5.3	149	(157)
Increase in Provisions		104	170
Net Cash Inflow from Operating Activities		1,151	266

Note 8.2: Responsible Persons Disclosures

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

	<u>Period</u>
Responsible Ministers:	
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	01/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019 - 30/06/2020
Governing Boards	
Peter van den Oever (Chair of the Board)	01/07/2019 - 30/06/2020
Narelle Macalister	01/07/2019 - 30/06/2020
Stanley Weatherall	01/07/2019 - 30/06/2020
Elizabeth Mitchell	01/07/2019 - 30/06/2020
Robyn Francis	01/07/2019 - 30/06/2020
Alastair Steel	01/07/2019 - 30/06/2020
Damien Courtier	01/07/2019 - 30/06/2020
Deborah Miller	01/07/2019 - 30/06/2020
Glenn Ingram	01/07/2019 - 30/06/2020
Emily Richardson	01/07/2019 - 30/06/2020
Thelma Hutchison	01/07/2019 - 30/06/2020
Robert Clay	01/07/2019 - 30/06/2020
Accountable Officers	
Vicki Farthing	01/07/2019 - 30/06/2020

Remuneration of Responsible Persons

Income Band	2020 No.	2019 No.
\$0.00 - \$9,999	12	10
\$20,000 - \$29,999	-	1
\$160,000 - \$169,999	-	1
\$200,000 - \$209,999	1	-
	13	12
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$237,258	\$217,176

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Orbost Regional Health's financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of Executives

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

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

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

Post-employment Benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits include long service leave, other long-service benefit or deferred compensation.

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in note 8.4)	Total Remuneration	
	2020 \$ '000	2019 \$ '000
Short-term employee benefits	304	250
Other long-term benefits	7	10
Total Remuneration i	311	260
Total Number of Executives	2	3
Total Annualised Employee Equivalent ii	2	2

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.4).

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

Note 8.4: Related Parties

Orbost Regional Health is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Gippsland Health Alliance; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

The Board of Directors and the Executive Directors of Orbost Regional Health and its controlled entities are deemed to be KMPs.

Key Management Personnel	Position title
Peter van den Oever	Board Chair
Stanley Weatherall	Board Member
Elizabeth Mitchell	Board Member
Robyn Francis	Board Member
Alastair Steel	Board Member
Narelle Macalister	Board Member
Damien Courtier	Board Member
Deborah Miller	Board Member
Glenn Ingram	Board Member
Emily Richardson	Board Member
Thelma Hutchison	Board Member
Robert Clay	Board Member
Vicki Farthing	Chief Executive Officer
Joanne Marshall	Director of Clinical and Aged care Services
Louise McCarthy	Director of Primary and Community Services

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

Compensation for Key Management Personnel	2020 \$	2019 \$
Short-term Employee benefits	516,230	466,722
Other Long-term Benefits	32,524	10,268
Total i	548,754	476,990

i KMPs are also reported in Note 8.2 Responsible Persons and Note 8.3 Remuneration of Executives.

Note 8.4: Related Parties (continued)

Significant Transactions with Government Related Entities

Orbost Regional Health received funding from the Department of Health and Human Services of \$8.5 m (2019: \$7.7m) and indirect contributions of \$0.01 m (2019: \$0.1 m).

During the year, Orbost Regional Health had the following other government-related entity transactions:

- Commonwealth Government funding received for health related programs totalling \$2.7m (2019: 2.8m),
- Other Victorian State Government grants for the provision of health related programs \$0 .5m (2019: \$.7m).

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

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

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

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with Orbost Regional Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020

There were no related party transactions required to be disclosed for the Orbost Regional Health Board of Directors and Executive Directors in 2020.

Note 8.5. Remuneration of Auditors

Victorian Auditor-General's Office
Audit of the Financial Statements
TOTAL REMUNERATION OF AUDITORS

2020 \$'000	2019 \$'000
16	15
16	15

Note 8.6: Ex-gratia payments

Orbost Regional Health has made no ex-gratia payments over the reporting period.

Note 8.7: Events Occurring after the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Orbost Regional Health at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Orbost Regional Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Orbost Regional Health, the results of the operations or the state of affairs of Orbost Regional Health in the future financial years.

Note 8.8: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2020 %	2019 %
Gippsland Health Alliance	Information Systems	5.26	5.29

Orbost Regional Health's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2020 \$'000	2019 \$'000
Current Assets		
Cash and Cash Equivalents	322	319
Other Current Assets	224	136
Total Current Assets	546	454
Non Current Assets		
Property, Plant and Equipment	44	(3)
Total Non Current Assets	44	(3)
Total Assets	590	451
Current Liabilities		
Other Current Liabilities	41	33
Right of Use Lease Liability Current	9	-
Total Current Liabilities	50	33
Non Current Liabilities		
Right of Use Lease Liability Non Current	15	-
Total Non Current Liabilities	15	-
Total Liabilities	65	33
Net Assets	525	418

Orbost Regional Health's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2020 \$'000	2019 \$'000
Revenues		
Other	912	628
Total Revenue	912	628
Expenses		
Information Technology and Administrative Expenses	883	706
Total Expenses	883	706
Share of Net Result before capital and specific items	29	(78)
Capital purpose Income	-	-
Share of Net Result after capital and specific items	29	(78)

Contingent Liabilities and Capital Commitments

Nil

Nil

Note 8.9: Economic Dependency

Orbost Regional Health is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Orbost Regional Health.

Note 8.10: Changes in Accounting Policy and Revision of Estimates and Corrections of Prior Period Errors.

Changes in accounting policy

Leases

This note explains the impact of the adoption of AASB 16 *Leases* on Orbost Regional Health's financial statements.

Orbost Regional Health has applied AASB 16 with a date of initial application of 1 July 2019. Orbost Regional Health has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Orbost Regional Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'. Under AASB 16, Orbost Regional Health assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, Orbost Regional Health has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, Orbost Regional Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Orbost Regional Health. Under AASB 16, Orbost Regional Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Orbost Regional Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Orbost Regional Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Note 8.10: Changes in Accounting Policy and Revision of Estimates (continued)

Orbost Regional Health has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Leases as a Lessor

Orbost Regional Health is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. Orbost Regional Health accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, Orbost Regional Health recognised \$132,423 of right-of-use assets and \$132,423 of lease liabilities.

When measuring lease liabilities, Orbost Regional Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The interest rate applied is 2.29%.

	1-Jul-19
Total operating lease commitments disclosed at 30 June 2019	60
Discounted using the incremental borrowing rate at 1 July 2019	55
Finance lease liabilities as at 30 June 2019	93
Lease Liabilities recognised at 1 July 2019	132

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, Orbost Regional Health has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Orbost Regional Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. Orbost Regional Health has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 8.10: Changes in Accounting Policy and Revision of Estimates (continued)

Note 2.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Orbost Regional Health has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Orbost Regional Health applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Transition impact on financial statements.

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities; and
- AASB 16 Leases.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

Balance Sheet	Notes	Before new accounting standards Opening 1 July 2019	Impact of new accounting standards - AASB 16, 15 & 1058	After new accounting standards Opening 1 July 2019
Property, Plant and Equipment	4.2	12,373	132	12,505
Other Assets		7,441		7,441
Total Assets		19,814		19,814
Borrowings	6.1	292	132	424
Other Liabilities		5,707		5,707
Total Liabilities		5,999		5,999
Total Equity		13,816		13,816

Note 8.11: AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Orbost Regional Health of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Orbost Regional Health has not and does not intend to adopt these standards early.

<i>Standard/ Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on Orbost Regional Health financial statements</i>
AASB 17 <i>Insurance Contracts</i>	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not currently apply to not-for-profit public sector entities.	1-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

Note 8.12: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Note 8.12: Glossary of terms and style conventions

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- A contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- Balance sheet as at the end of the period;
- Comprehensive operating statement for the period;
- A statement of changes in equity for the period;
- Cash flow statement for the period;
- Notes, comprising a summary of significant accounting policies and other explanatory information;
- Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Note 8.12: Glossary of terms and style conventions

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

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 State of Victoria.

Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement

A joint arrangement is either a joint operation or a joint venture.

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Note 8.12: Glossary of terms and style conventions

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the startup costs associated with capital projects).

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of Orbost Regional Health.

Supplies and services 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 the inventories are distributed.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

zero, or rounded to zero	(xxx.x) negative numbers
201x year period	201x-1x year period



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