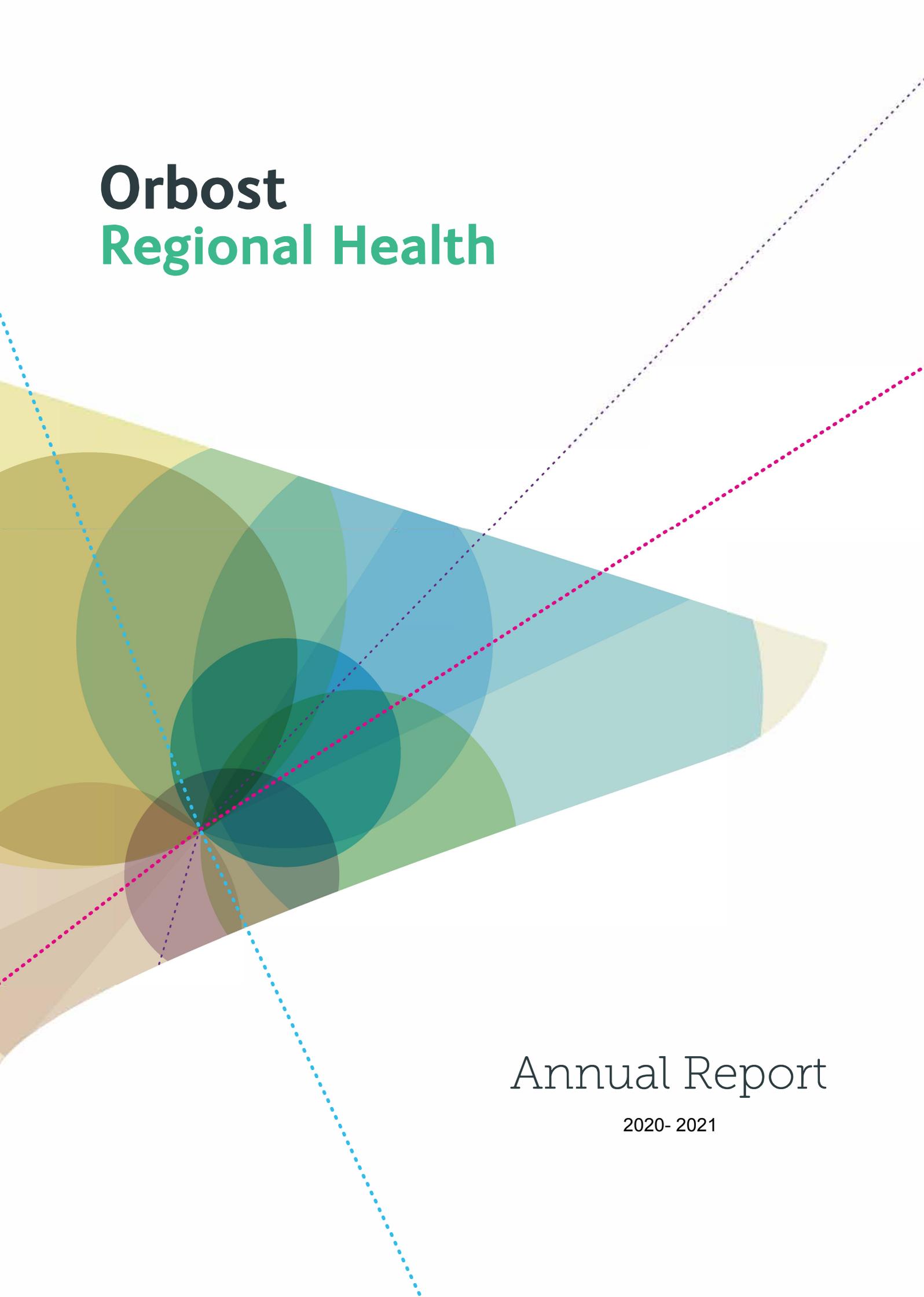


Orbost Regional Health



Annual Report

2020- 2021

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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 until 26 September 2020. Victorian Minister for Health, Minister for Ambulance Services and Minister for Equity The Hon Martin Foley MP, commenced from 26 September 2020.

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, Chronic Disease Nurse, Head to Help Clinic, 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 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, community dental benefit scheme (CDBS), 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.

COVID-19 Pandemic

Orbost Regional Health provides a drive through COVID-19 swabbing clinic Monday to Friday as well as COVID-19 vaccination clinics as part of a sub-hub for the Gippsland Public Health Unit at Traralgon.

Chair and CEO's report – The Year in Review

On behalf of the staff and Board of Management we are pleased to present the Orbost Regional Health Annual Report for 2020-21.

The 2020-21 financial year has continued to provide challenges for Orbost Regional Health. The COVID-19 pandemic has continued to impact the provision of services during the year, with lengthy lockdowns and restrictions limiting the activities we have been able to do. A special thank you to all of the Orbost Regional Health staff who have continued to provide excellent care and services to the Orbost community during this unpredictable and stressful year. Staff have proven how adaptable and resilient they are during the past year, often taking on additional roles and helping out wherever they are able.

Despite the challenges of the year, there have been many achievements as well;

- ORH has experienced a significant growth in the number of Aged Care Packages over the last year with an increase of 107% from the same time last year.
- Established COVID-19 swabbing clinic, available to test community members Monday –Friday
- Establishment of COVID-19 vaccination clinics at ORH as well as outreach clinic at Bonang
- Master Planning was completed, outlining options for the future development of Orbost Regional Health
- Business Case for the redevelopment of residential aged care buildings at ORH was written and tabled in Cabinet in December 2020 requesting funding
- Louise McCarthy, Director of Primary and Community Services and Jo Marshall, Director of Clinical and Aged Care Services left ORH to take up new roles
- Mitchell Schwenke has been appointed as Director of Community Services and Tanya Murray and Kim Treasure have been appointed Co-Directors Clinical and Aged Care Services
- A mural depicting the story of the Snowy River was commenced by students and teachers at Orbost Secondary college that will be displayed at ORH when completed
- Meetings with Moogji Aboriginal Council held to identify services that ORH can provide at Moogji, agreement to the Aboriginal Cultural Awareness Plan, strategies to improve aboriginal cultural training for staff and how the partnership between Moogji and ORH can be strengthened
- Organisational wide National Safety and Quality Health Service (NSQHS) Standards accreditation survey successfully undertaken in February 2021
- Human Services Standards accreditation survey successfully undertaken in February 2021
- National Disability Insurance Scheme (NDIS) Standards survey undertaken in February 2021 with 4 items identified for further action
- Installation of a new emergency generator
- Residents in Waratah Lodge have become Facebook sensations with their words of wisdom, receiving positive comments from people from all over the world
- The armchair travel activity in Waratah Lodge attracted the attention of Jetstar, who donated a service trolley for use during the armchair travel

The 2021-2022 financial year promises to be a year of further challenges. There will continue to be a requirement to provide resources for both COVID-19 swabbing and vaccination clinics for some time to come. Orbost Regional Health in partnership with the Gippsland Public Health Unit at Latrobe Regional Hospital will continue to respond to the changing needs of the COVID-19 pandemic.

There will also be opportunities to improve the services that we provide to the community in the coming year, with many exciting activities planned. During 2021-2022, Orbost Regional Health will be focusing on:

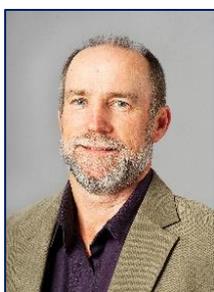
- Working in partnership with the Gippsland Health Service Partnership on priorities identified by the Department of Health of;
 - Ongoing coordination and leadership of our pandemic response
 - Improving elective surgery and emergency care access
 - Implementing the Better at Home initiative, giving the community the opportunity to receive their hospital care at home
 - Supporting the implementation of relevant recommendations from the historic Royal Commission into Victoria's Mental Health System
- Implementing a Digital Care at Home program to monitor community members with chronic disease in their homes and reduce the need to travel to major centres for health checks
- Commence capital works for the redesign of the front entrance and reception area
- Implementation of an electronic module to record patients attending the Urgent Care Centre to provide improved data and reporting
- Undertake a review of the Orbost Regional Health Strategic Plan 2017-2022 and develop a new strategic plan

The year has again been a year like no other with staff and Board members becoming very familiar with virtual meetings and the wearing of masks. Staff across ORH and in particular staff involved in home based services, allied health and involved in meals on wheels have made a tremendous effort to ensure our community are safe and receiving some level of service.

We thank the Orbost community for their understanding of the restrictions that have been put in place and acceptance of screening processes that have been introduced.

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Orbost Regional Health for the year ending 30 June 2021.



A handwritten signature in black ink, appearing to read 'P. van den Oever'.

Peter van den Oever
President, Board of Directors
Orbost Regional Health
30 June 2021



A handwritten signature in black ink, appearing to read 'V. Farthing'.

Vicki Farthing
Chief Executive Officer
Orbost Regional Health
30 June 2021

Management and Structure

Board of Directors as at 30 June 2021

The Orbost Regional Health Board oversees the strategic direction and management of Orbost 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

Deborah Miller

Robert Clay

Emily Richardson

Thelma Hutchison

Carl Turney

Finance & Risk Committee (Audit)

Members

Independent Members

Stanley Weatherall (Chair)

Elizabeth Mitchell

Damien Courtier

Emily Richardson

Thelma Hutchison

Carl Turney

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 to 16 January 2021

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

Tanya Murray (Acting from 16 January to 09 May 2021)

RN, Grad Cert Ng (Emergency), Prof Cert HSM, NursPrac(Imm)

Tanya Murray & Kim Treasure Co-Directors

from 10 May 2021

Director of Primary and Community Services

Louise McCarthy to 18 September 2020

BA (Hons), Grad Cert CFP

Kim Treasure (Acting from 09 November 2020 to 09 May 2021)

RN, RM, Grad Dip Ng(DiabManageEd), NursPrac(Imm)

Mitchell Schwenke from 03 May 2021

BPhty, Grad Cert MuscPhysio

Director of Medical Services

Dr Craig Winter

MB, BS, FACEM, MBA, GMQ

Visiting Medical Officers (General Practitioners)

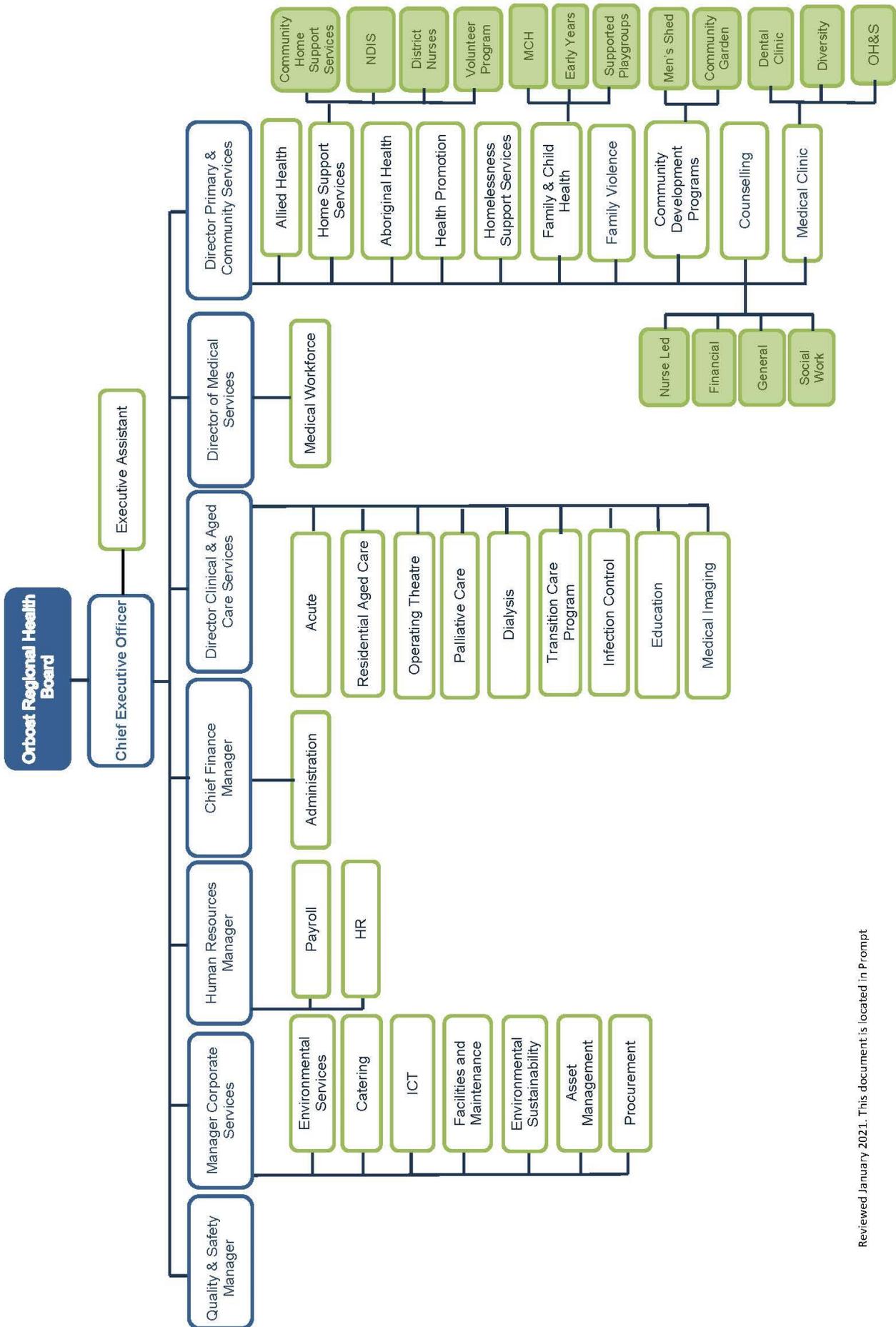
Dr Nadira Anis

Dr Elvis Igbinovia

Dr Lester Nazareth

Dr Ayman Armanious

Organisational structure



Reviewed January 2021. This document is located in Prompt

Workforce data/employment and conduct principles

Hospitals Labour Category	JUNE		AVERAGE	
	Current Month FTE		MONTHLY FTE	
	2020	2021	2020	2021
Nursing	37	36	37	38
Administration and Clerical	24	30	26	28
Medical Support	16	13	15	13
Hotel and Allied Services	23	34	25	33
Sessional Clinicians	0	1	1	0
Ancillary Staff (Allied Health)	12	12	11	13
Total	112	126	115	125

*Employees have been correctly classified in workforce data collections.

Recruitment, selection and employment within Orbost 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.

Orbost 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 2020-21 OH&S performance against the established measure is summarised below.

Occupational Health & Safety Statistics	2020-21	2019-20	2018-19
Number of reported hazards/incidents for the year per 100 FTE	43.7/100EFT	36.7/100 EFT	56.5/100 EFT
Number of 'lost time' standard Workcover claims for the year per 100 FTE	2.5/100EFT	0.85/100 EFT	0/100 EFT
The average cost per Workcover claim for the year ('000)	\$0 *	\$2,112	\$0

*One lost time injury claim has not incurred any cost for the 2020-21 financial year, but will have costs allocated in 2021-22

Occupational Violence reporting

Occupational violence statistics	2020-21
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	6
Number of occupational violence incidents reported per 100 FTE	4.8
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 2020-21.

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

	2021	2020	2019	2018	2017
	\$000	\$000	\$000	\$000	\$000
OPERATING RESULT*	738	676	141	420	671
Total revenue	18791	17,593	16,343	15,572	15,398
Total expenses	19302	18,262	17,075	16,212	15,621
Net result from transactions	-511	(669)	(732)	(639)	(223)
Total other economic flows	38	52	7	56	15
Net result	(473)	(617)	(724)	(583)	(208)
Total assets	19174	19,603	19,814	17,032	17,588
Total liabilities	6449	6,406	5,999	5,758	5,696
Net assets/Total equity	12725	13,198	13,816	11,274	11,892

* 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 and Operating Result

	2020-21
	\$000
Net operating result *	738
Capital purpose income	160
Specific income	0
COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	92
State supply items consumed up to 30 June 2021	(92)
Assets provided free of charge	N/A
Assets received free of charge	16
Expenditure for capital purpose	N/A
Depreciation and amortisation	(1,388)
Impairment of non-financial assets	(25)
Finance costs (other)	(12)
Net result from transactions	(511)

Significant changes in financial position during the year

The current asset ratio at 30 June 2021 has continued to increase to 1.48 (2019-20; 1.39).

The ongoing positive operating results for Orbost Regional Health continue to provide additional reserves, enabling us to meet our debts as and when they fall due.

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 \$738,000 compared to a result of \$676,000 in the previous year. The ongoing effects of COVID-19 have continued to impact the health service in our ability to provide certain services. Whilst this has resulted in a loss of revenue in these areas, we have benefited from additional government support and reduced costs in some areas.

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 \$18,000 as a share of the GHA surplus (2019-20 \$118,000).

Capital grants of \$111,000 were received from the Department of Health for aged care equipment and general infrastructure replacement.

Events subsequent to balance date

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 2020-21, there were 9 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies is \$43,644 (excl. GST).

Details of consultancies over \$10,000

In 2020-21, there was 1 consultancy where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 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 2020-21 (excluding GST)	Future expenditure (excluding GST)
Insurance House PL	Workers Compensation Brokerage	01/07/2020	30/6/2021	20,000	20,000	0

Disclosure of ICT expenditure

The total ICT expenditure incurred during 2020-21 is \$1.155 million (excluding GST) with the details shown below:

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
Total (excluding GST)			
\$1.112 million	\$0.043 million	\$0 million	\$0.043 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 Orbost 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 Orbost 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.

Orbost 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 Orbost 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.

Requests received	46
Fully granted	42
Partially	0
Denied	0
Other:	
• Withdrawn	0
• Not proceeded	2
• No processed	0
• No documents	2
• Transferred to another agency	0
In progress (carried into 2021-22)	0

In addition to the 46 requests received, there were a total of **29** requests received to which the *Act* did not apply (including Coroners Court, Subpoenas, Worksafe and Police requests.) There were also **135** 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 Orbost Regional Health during 2020-2021 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 2020/21, Orbst 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 *Public Interest Disclosure Act 2012* (updated 2020-21)

Orbst Regional Health was not required to disclose any issues under the *Public Interest Disclosure Act (updated 2020-21)* (the Act) in the financial year 2020/21.

Statement on National Competition Policy

Orbst 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 Orbst Regional Health.

Application and operation of *Carers Recognition Act 2012*

Orbst 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 2020/21 reporting period.

Reporting obligations under the *Safe Patient Care Act 2015*

Orbst 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 2020/21, Orbst Regional Health had no projects that commenced or were completed to which the Local Jobs First Policy applied.

Application of *Gender Equality Act 2020*

At this stage Orbst Regional Health is undertaking baseline gender equality audit to enable development of an action plan as per the requirements under the *Gender Equality Act 2020*.

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 Orbst Regional Health about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by Orbst Regional Health;
- Details of any major external reviews carried out on Orbst Regional Health;
- Details of major research and development activities undertaken by Orbst 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 Orbost 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 Orbost Regional Health, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

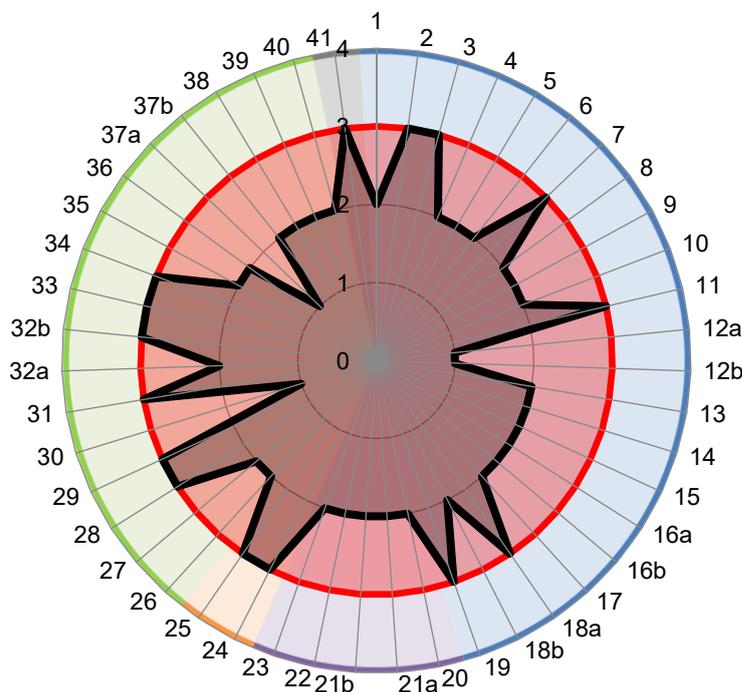
Asset Management Accountability Framework

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise Orbost Regional Health assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

The Orbost Regional Health target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Results:



Legend	
Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

Target

Overall

Leadership and Accountability (requirements 1-19)

Orbost Regional Health has met its target maturity level under requirements within this category for 6 areas within this section.

Orbost Regional Health partially complied with some requirements in the areas of allocating asset management responsibility and other requirement. There is no material non-compliance reported in this category. A plan for improvement is in place to improve the Orbost Regional Health's maturity rating in these areas.

Planning (requirements 20-23)

Orbost Regional Health is partially compliant in the maturity level in this category. All areas assessed as developing. A plan for improvement is in place to improve the Orbost Regional Health maturity rating in these areas.

Acquisition (requirements 24 and 25)

Orbost Regional Health has met its target maturity level in this category.

Operation (requirements 26-40)

Orbost Regional Health has met its target maturity level for 6 requirements within this category. Orbost Regional Health partially complied with 14 requirements in the areas of monitoring and preventative action and information management. Monitoring and preventative action has no areas of material non-compliance. Orbost Regional Health is developing a plan for improvement to establish processes to proactively identify potential asset performance failures and identify options for preventive action.

Disposal (requirement 41)

Orbost Regional Health has met its target maturity level in this category.

Summary of the entity's environmental performance

GREENHOUSE GAS EMISSIONS

Total greenhouse gas emissions (tonnes CO2e)	2018-19	2019-20	2020-21
Scope 1	133	216	196
Scope 2	545	360	348
Total	678	576	544

Normalised greenhouse gas emissions	2018-19	2019-20	2020-21
Emissions per unit of floor space (kgCO2e/m2)	107.43	91.24	86.24
Emissions per unit of Separations (kgCO2e/Separations)	566.77	501.51	550.25
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	49.45	44.08	44.81

STATIONARY ENERGY

Total stationary energy purchased by energy type (GJ)	2018-19	2019-20	2020-21
Electricity	1,832	1,270	1,278
Liquefied Petroleum Gas	2,198	2,496	2,227
Total	4,031	3,766	3,505

Normalised stationary energy consumption	2018-19	2019-20	2020-21
Energy per unit of floor space (GJ/m2)	0.64	0.60	0.56
Energy per unit of Separations (GJ/Separations)	3.37	3.28	3.54
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.29	0.29	0.29

EMBEDDED GENERATION

Total embedded stationary energy generated by energy type (GJ)	2018-19	2019-20	2020-21
Solar Power	263	444	631
Total	263	444	631

Normalised embedded generation	2018-19	2019-20	2020-21
Embedded generation per unit of floor space (GJ/m2)	0.04	0.07	0.10
Embedded generation per unit of Separations (GJ/Separations)	0.22	0.39	0.64
Embedded generation per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.02	0.03	0.05

WATER

Total water consumption by type (kL)	2018-19	2019-20	2020-21
Class A Recycled Water	N/A	N/A	N/A
Potable Water	4,381	4,294	3,681
Reclaimed Water	N/A	N/A	N/A
Total	4,381	4,294	3,681

Normalised water consumption (Potable + Class A)	2018-19	2019-20	2020-21
Water per unit of floor space (kL/m ²)	0.69	0.68	0.58
Water per unit of Separations (kL/Separations)	3.66	3.74	3.72
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.32	0.33	0.30

WASTE AND RECYCLING

Waste	2018-19	2019-20	2020-21
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	70,180	62,475	76,522
Total waste to landfill generated (kg clinical waste+kg general waste)	61,450	57,910	68,542
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	4.12	4.08	5.22
Recycling rate % (kg recycling / (kg general waste+kg recycling))	13.16	7.33	10.45

PAPER

Paper	2018-19	2019-20	2020-21
Total reams of paper	600	600	924
Reams of paper per FTE	5.04	5.41	7.39
Rate recycled paper % (0% - 49%)	100.00	100.00	100.00
Rate recycled paper % (50% - 74%)	N/A	N/A	N/A
Rate recycled paper % (75% - 100%)	N/A	N/A	N/A

TRANSPORT

Corporate Transport	2018-19	2019-20	2020-21
Reported vehicle kilometres	N/A	N/A	N/A
Tonnes CO ₂ -e corporate transport	N/A	64.769	61.279
Tonnes CO ₂ -e per 1,000 reported kilometres	N/A	N/A	N/A

Normalisers (for information only)	2018-19	2019-20	2020-21
Area M ²	6,310	6,310	6,310
1000km (Corporate)	N/A	N/A	N/A
1000km (Non-emergency)	N/A	N/A	N/A
Aged Care OBD	10,659	10,443	9,994
ED Departures	0	0	0
FTE	119	111	125
LOS	3,049	2,617	2,150
OBD	13,708	13,060	12,144
PPT	14,904	14,208	13,133
Separations	1,196	1,148	989

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

Attestations

Financial Management Compliance attestation – SD 5.1.4

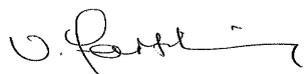
I, Peter van den Oever, on behalf of the Responsible Body, certify that Orbost Regional Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Peter van den Oever
President, Board of Directors
Orbost Regional Health
31 August 2021

Data Integrity

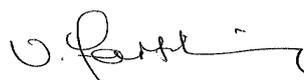
I, Vicki Farthing certify that Orbst Regional Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Orbst Regional Health has critically reviewed these controls and processes during the year.



Vicki Farthing
Chief Executive Officer
Orbst Regional Health
31 August 2021

Conflict of Interest

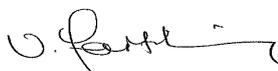
I, Vicki Farthing, certify that Orbst Regional Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017. Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' 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
31 August 2021

Integrity, fraud and corruption

I, Vicki Farthing certify that Orbst 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 Orbst Regional Health during the year.



Vicki Farthing
Chief Executive Officer
Orbst Regional Health
31 August 2021

Multipurpose Services financial and service performance reporting

MPS Service Plan: Key achievements and challenges

Objective	Action	Deliverable	Outcome
<p>Our Consumers</p> <p>Meeting the health needs of our community</p>	<p>Develop new services to better support our growing aged community</p> <p>Continue to expand the services provided under the National Disability Insurance Scheme</p> <p>Work in partnership with the Aboriginal and Torres Strait Islander (ATSI) community to continue to develop culturally appropriate services</p>	<p>Access to aged care packages increased 107% in 2020-21</p> <p>Increased service provision by 11% in 2020-2021</p> <p>Meetings with Moogji and ORH to strengthen partnership and service provision. Aboriginal cultural safety plan developed and approved by Moogji and ORH Story of Snowy River mural started at Orbost Secondary College</p>	<p>Achieved</p>
<p>Our Quality and Safety</p> <p>Ensure Consumers receive safe and effective care</p>	<p>Improve access to medical consultations particularly after-hours through the use of telehealth</p> <p>Focus on person-centred care as the driver of health service delivery, safety, quality and improvement</p> <p>Continue to monitor accreditation requirements and address service gaps</p>	<p>Using My Emergency Dr in Urgent Care Centre for afterhours consultations</p> <p>Restructure of the case review process and implementation of case review register Meetings with community Pharmacy to improve medication management system for aged care residents</p> <p>Successfully completed NSQHS accreditation survey, Human Services accreditation survey and NDIS accreditation in Feb 2021</p>	<p>Achieved</p> <p>In progress</p> <p>Achieved</p>

<p>Our People</p> <p>Attract, develop and engage a motivated healthcare workforce</p>	<p>Implementation of staff time and attendance system to manage staff rostering and reduce manual processes</p> <p>Continue to work with sub-regional partners to identify initiatives for shared roles and innovative models of care</p> <p>Continue to work with staff to build staff engagement and increase sense of appreciation and wellbeing</p>	<p>KRONOS time and attendance system commenced implementation in January 2021</p> <p>East Gippsland Health Partnership work plan for 2021 developed and agreed</p> <p>Consultation with staff in July 2020 to measure staff levels of distress following bushfires and COVID</p> <p>Implementation of staff lunches to celebrate successes and show appreciation</p> <p>Continuing weekly CEO updates to keep staff informed</p>	<p>In progress</p> <p>In progress</p> <p>In progress</p>
<p>Our Business</p> <p>Efficient and sustainable healthcare delivered for the best value</p>	<p>Continue to recruit permanent GP's to the medical clinic</p> <p>Work with the Department of Health to identify funding opportunities for infrastructure improvements to ensure facilities are fit for purpose</p>	<p>4 permanent GP's employed at the medical clinic</p> <p>Master plan completed in 2020. Business case for health service renovations written and tabled in Cabinet in December 2020.</p>	<p>Achieved</p> <p>Waiting for response to Business case.</p>

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%	93%
Percentage of healthcare workers immunised for influenza	90%	96%
Victorian Healthcare Experience Survey – patient experience	95% positive experience	No Surveys conducted in 2020-2021
Victorian Healthcare Experience Survey – discharge care	75% very positive response	No Surveys conducted in 2020-2021

Governance and leadership		
Key performance indicator	Target	Result
People Matter Survey – percentage of staff with a positive response to safety culture questions	80%	84%

Financial sustainability		
Key performance indicator	Target	Result
Operating result (\$m)		\$0.738m
Trade creditors	60 days	33 days
Patient fee debtors	60 days	2 days
Adjusted current asset ratio	0.7	1.82
Number of days available cash	14 days	137 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	93%
Flexible low care	25	72%
Respite	2	97%
Total	44	

MPS Acute care activity

Service	Type of activity	Actual Activity 2020-21
Medical inpatients	Bed days	2193
Urgent care	Presentations	1936
Outpatients	Presentations	855
Radiology	Number of visits	742
Renal dialysis	Number of clients	7

MPS Primary health care activity

Service	Actual activity 2020-21 (hours of service)
District Nursing	164
PBFF Speech pathology*	1097
Cardiac Rehab	230
Diabetes Education	81
PBFF Dietetics*	1034
Community Nursing	7
PBFF Counselling	569
Counselling	837
Occupational Therapy	1150
Physiotherapy	1049
Parents Under Pressure	134
School Counselling	27
Women's Health Clinics	109
Nurse led Mental Health Outreach	1018
NDIS Community access & AH Referral includes OT & support coordination	1694
Home Care Packages all	153
Post-Acute Care Allied Health	77
Financial Counselling # Occasions of Service	# 209
Maternal & Child Health # Occasions of Service	# 1636
Homelessness Support # Occasions of Service	# 1512
Family Violence Outreach # Occasions of Service	# 1113

*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 2020-21
Meals	4085
Domestic Assistance	4656
Personal Care	1044
Social Support Group	4132
Property Maintenance	578
Volunteer Services	
Volunteer network - hours	300
Volunteer network - kilometres	7665
Volunteer occasions of care	150

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.

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

Legislation	Requirement	Page Reference
FRD 22I	Application and operation of <i>Public Interest Disclosure Act (updated 2020-21)</i>	14
FRD 22I	Statement on National Competition Policy	14
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	14
FRD 22I	Summary of the entity's environmental performance	16-17
FRD 22I	Additional information available on request	14-15
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SD 5.1.4	Financial Management Compliance attestation	17
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Attestations		
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	Gender Equality Act	14
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	14
	Reporting obligations under the Asset Management Accountability Framework (AMAF)	15-16

Financial Statements

Financial Year ended 30 June 2021

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 2021 and the financial position of Orbost Regional Health at 30 June 2021.

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 15th October, 2021.

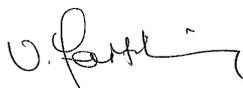
Board member



Peter van den Oever
Chair

Orbost
15th October 2021

Accountable Officer



Vicki Farthing
Chief Executive Officer

Orbost
15th October 2021

Chief Finance & Accounting Officer



Steven Jackel
Chief Finance and Accounting Officer

Orbost
15th October 2021

Independent Auditor's Report

To the Board of Orbost Regional Health

Opinion I have audited the financial report of Orbost Regional Health (the health service) which comprises the:

- balance sheet as at 30 June 2021
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
20 October 2021

**Orbost Regional Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021**

	Total 2021 \$'000	Total 2020 \$'000
Revenue and income from transactions		
Operating activities	2.1 18,765	17,520
Non-operating activities	2.1 26	73
Total revenue and income from transactions	18,791	17,593
Expenses from transactions		
Employee expenses	3.1 (13,738)	(12,970)
Supplies and consumables	3.1 (1,478)	(1,220)
Finance costs	3.1 (13)	(13)
Depreciation and amortisation	3.1 (1,388)	(1,385)
Other administrative expenses	3.1 (2,096)	(1,990)
Other operating expenses	3.1 (589)	(669)
Other non-operating expenses	3.1 -	(15)
Total Expenses from transactions	(19,302)	(18,262)
Net result from transactions - net operating balance	(511)	(669)
Other economic flows included in net result		
Net gain/(loss) on sale of non-financial assets	3.4 13	52
Other gain/(loss) from other economic flows	3.4 25	-
Total other economic flows included in net result	38	52
Net result for the year	(473)	(617)
Other comprehensive income		
Items that will not be reclassified to net result		
Changes in property, plant and equipment revaluation surplus	4.1(b) -	-
Items that may be reclassified subsequently to net result		
Changes to financial assets revaluation surplus	-	-
Total other comprehensive income	-	-
Comprehensive result for the year	(473)	(617)

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

**Orbost Regional Health
Balance Sheet
As at 30 June 2021**

	Total 2021 \$'000	Total 2020 \$'000
Current assets		
Cash and cash equivalents	6.2 7,916	7,120
Receivables and contract assets	5.1 217	480
Prepaid expenses	253	179
Total current assets	8,386	7,779
Non-current assets		
Receivables and contract assets	5.1 271	302
Property, plant and equipment	4.1 (a) 10,517	11,523
Total non-current assets	10,788	11,825
Total assets	19,174	19,604
Current liabilities		
Payables and contract liabilities	5.2 988	895
Borrowings	6.1 199	195
Employee benefits	3.2 2,793	2,688
Other liabilities	5.3 1,699	1,831
Total current liabilities	5,679	5,609
Non-current liabilities		
Borrowings	6.1 356	401
Employee benefits	3.2 414	396
Total non-current liabilities	770	797
Total liabilities	6,449	6,406
Net assets	12,725	13,198
Equity		
Property, plant and equipment revaluation surplus	4.1(f) 11,281	11,281
Restricted specific purpose reserve	SCE 2,136	2,136
Contributed capital	SCE 7,689	7,689
Accumulated surplus/(deficit)	SCE (8,381)	(7,908)
Total equity	12,725	13,198

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 2021

Total	Note	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surplus/(Deficits) \$'000	Total \$'000
Balance at 30 June 2019		11,281	2,136	7,689	(7,291)	13,815
Net result for the year		-	-	-	(617)	(617)
Transfer from/(to) accumulated deficits		-	-	-	-	-
Balance at 30 June 2020		11,281	2,136	7,689	(7,908)	13,198
Net result for the year		-	-	-	(473)	(473)
Other comprehensive income for the year		-	-	-	-	-
Transfer from/(to) accumulated deficits		-	-	-	-	-
Balance at 30 June 2021		11,281	2,136	7,689	(8,381)	12,725

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

Orbost Regional Health
Cash Flow Statement
For the Financial Year Ended 30 June 2021

	Total 2021 \$'000	Total 2020 \$'000
Cash Flows from operating activities		
Operating grants from government	12,536	12,140
Capital grants from government - State	132	67
Patient fees received	2,601	1,817
Private practice fees received	1,864	1,760
Donations and bequests received	14	91
GST received from ATO	24	5
Interest and investment income received	26	92
Commercial Income Received	16	-
Other receipts	1,953	1,045
Total receipts	19,166	17,017
Employee expenses paid	(13,527)	(12,811)
Payments for supplies and consumables	(1,412)	(1,345)
Payments for medical indemnity insurance	(68)	(77)
Payments for repairs and maintenance	(364)	(263)
Finance Costs	(13)	(13)
Cash outflow for leases	-	(48)
Other payments	(2,327)	(1,309)
Total payments	(17,711)	(15,866)
Net cash flows from/(used in) operating activities	1,455	1,151
	8.1	
Cash Flows from investing activities		
Purchase of property, plant and equipment	(366)	(535)
Proceeds from disposal of property, plant and equipment	13	52
Proceeds from disposal of investments	-	704
Net cash flows from/(used in) investing activities	(353)	221
Cash flows from financing activities		
Proceeds from borrowings	-	350
Repayment of borrowings	(41)	(47)
Repayment of accommodation deposits	(265)	(367)
Net cash flows from/(used in) financing activities	(306)	(64)
Net increase/(decrease) in cash and cash equivalents held	796	1,308
Cash and cash equivalents at beginning of year	7,120	5,812
Cash and cash equivalents at end of year	7,916	7,120
	6.2	

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

Notes to the Financial Statements

Orbost Regional Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1: Basis of preparation

Structure

1.1 Basis of preparation of the financial statements

1.2 Impact of COVID-19 pandemic

1.3 Abbreviations and terminology used in the financial statements

1.4 Joint arrangements

1.5 Key accounting estimates and judgements

1.6 Accounting standards issued but not yet effective

1.7 Goods and Services Tax (GST)

1.8 Reporting entity

Orbost Regional Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Orbost Regional Health for the year ended 30 June 2021. The report provides users with information about Orbost Regional Health's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Note 1.1: Basis of preparation of the financial statements

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

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

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

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

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:

- Donation and Fundraising Funds
- Commercial activities.

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

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

The financial statements are in Australian dollars.

Orbost Regional Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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

The annual financial statements were authorised for issue by the Board of Orbost Regional Health on 15 October, 2021.

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Orbost Regional Health was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Orbost Regional Health operates.

Orbost Regional Health introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- performing COVID-19 testing
- administering COVID-19 vaccinations
- implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Orbost Regional Health has revised some measures where appropriate including returning to work onsite, recommencement of surgical activities and opening access for visitors during periods where we are able.

The financial impacts of the pandemic are disclosed at:

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

Orbost Regional Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Joint arrangements

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

Orbost Regional Health has the following joint arrangements:

- Gippsland Health Alliance - Joint Operation

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

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Orbost Regional Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Orbost Regional Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1.8 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.

Note 2: Funding delivery of our services

Orbost Regional Health's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Orbost Regional Health is predominantly funded by grant funding for the provision of outputs. Orbost Regional Health also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

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

2.3 Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic

Funding provided included:

- COVID-19 operational funding
- Specified funding for Covid-19 Vaccination

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

	Total 2021 \$'000	Total 2020 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	31	36
Patient and resident fees	2,603	1,830
Private practice fees	1,864	1,718
Commercial activities ¹	16	34
Total revenue from contracts with customers	4,514	3,618
Other sources of income		
Government grants (State) - Operating	9,401	9,025
Government grants (Commonwealth) - Operating	3,015	2,742
Government grants (State) - Capital	132	67
Assets received free of charge or for nominal consideration	124	-
Income related to Gippsland Health Alliance	949	1,002
Other revenue from operating activities (including non-capital donations)	630	1,066
Total other sources of income	14,251	13,902
Total revenue and income from operating activities	18,765	17,520
Non-operating activities		
Income from other sources		
Capital interest	26	73
Total other sources of income	26	73
Total income from non-operating activities	26	73
Total revenue and income from transactions	18,791	17,593

1. Commercial activities represent business activities which Orbost Regional Health enter into to support their operations.

Note 2.1 Revenue and income from transactions

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Orbost Regional Health assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the health service:

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 - *Income for not-for-profit entities*, the health service:

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

The types of government grants recognised under AASB 15: *Revenue from Contracts with Customers* includes:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix for Department of Veterans Affairs (DVA) and Transport Accident Commission (TAC) patients.	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>

Capital grants

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

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

Patient and resident fees

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

Note 2.1 Revenue and income from transactions

Commercial activities

Revenue from commercial activities includes items such as meal sales and provision of accommodation. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Orbost Regional Health as follows:

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

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

	Total 2021 \$'000	Total 2020 \$'000
Cash donations and gifts	14	90
Plant and equipment	16	-
Personal protective equipment	94	9
Total fair value of assets and services received free of charge or for nominal consideration	124	99

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

Donations and bequests

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

Personal protective equipment

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

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

Contributions

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

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

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

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

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Orbost Regional Health has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

Note 2.3 Other income

	Total 2021 \$'000	Total 2020 \$'000
Interest	26	73
Total other income	26	73

How we recognise other income

Interest Income

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

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions

3.2 Employee benefits in the balance sheet

3.3 Superannuation

3.4 Other economic flows

Telling the COVID-19 story

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

Additional costs were incurred to deliver the following additional services:

- implement COVID safe practices throughout Orbost Regional Health including increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge.
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs, additional equipment purchased.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	<p>Orbost Regional Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Orbost Regional Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Orbost Regional Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p> <p>The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.</p>

Note 3.1 Expenses from transactions

Note	Total 2021 \$'000	Total 2020 \$'000
Salaries and wages	10,868	9,980
On-costs	989	920
Agency expenses	119	231
Fee for service medical officer expenses	1,668	1,600
Workcover premium	94	239
Total employee expenses	13,738	12,970
Drug supplies	49	51
Medical and surgical supplies (including Prostheses)	377	329
Diagnostic and radiology supplies	192	92
Other supplies and consumables	860	748
Total supplies and consumables	1,478	1,220
Finance costs	13	13
Total finance costs	13	13
Expenses related to Gippsland Health Alliance	1,336	1,337
Other administrative expenses	760	653
Total other administrative expenses	2,096	1,990
Fuel, light, power and water	160	195
Repairs and maintenance	306	263
Maintenance contracts	58	86
Medical indemnity insurance	68	77
Expenses related to short term leases	-	48
Expenditure for capital purposes	(3)	-
Total other operating expenses	589	669
Total operating expense	17,914	16,862
Depreciation and amortisation	4.2 1,388	1,385
Total depreciation and amortisation	1,388	1,385
Bad and doubtful debt expense	-	15
Total other non-operating expenses	-	15
Total non-operating expense	1,388	1,400
Total expenses from transactions	19,302	18,262

Note 3.1 Expenses from transactions

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance costs

Finance costs include:

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

Other operating expenses

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

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

The Department of Health also makes certain payments on behalf of 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 outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2 Employee benefits in the balance sheet

	Total 2021 \$'000	Total 2020 \$'000
Current provisions		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	26	27
	26	27
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	1,060	864
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	153	153
	1,213	1,017
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	169	183
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	1,132	1,198
	1,301	1,381
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	110	112
Unconditional and expected to be settled after 12 months ⁱⁱ	143	151
	253	263
Total current employee benefits	2,793	2,688
Non-current provisions		
Conditional Long Service Leave ⁱⁱ	373	356
Provisions related to employee benefit on-costs ⁱⁱ	41	40
Total non-current employee benefits	414	396
Total employee benefits	3,207	3,084

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Note 3.2 Employee benefits in the balance sheet

How we recognise employee benefits

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 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 annual leave and accrued days off are measured at:

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

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

On-costs related to employee benefits

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

Note 3.2 (a) Employee benefits and related on-costs

	Total 2021 \$'000	Total 2020 \$'000
Unconditional accrued days off	26	27
Unconditional annual leave entitlements	1,320	1,124
Unconditional long service leave entitlements	1,447	1,537
Total current employee benefits and related on-costs	2,793	2,688
Conditional long service leave entitlements	414	396
Total non-current employee benefits and related on-costs	414	396
Total employee benefits and related on-costs	3,207	3,084
Carrying amount at start of year	3,084	2,980
Additional provisions recognised	1,408	1,243
Unwinding of discount and effect of changes in the discount rate	(25)	(7)
Amounts incurred during the year	(1,260)	(1,132)
Carrying amount at end of year	3,207	3,084

Note 3.3 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total	Total	Total	Total
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Defined benefit plans:ⁱ				
Aware Super	21	21	-	-
Defined contribution plans:				
Aware Super	559	515	-	-
Hesta	269	239	-	-
Other	140	120	-	-
Total	989	895	-	-

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

How we recognise superannuation

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

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Orbost Regional Health to the superannuation plans in respect of the services of current Orbost Regional Health's 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 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 DTF 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, details and amounts that have been expensed in relation to 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.

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

Note 3.4 Other economic flows included in net result

	Total 2021 \$'000	Total 2020 \$'000
Net gain/(loss) on disposal of property plant and equipment	13	52
Total net gain/(loss) on non-financial assets	13	52
Net gain/(loss) arising from revaluation of long service liability	25	-
Total other gains/(losses) from other economic flows	25	-
Total gains/(losses) from other economic flows	38	52

How we recognise other economic flows

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

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates and;
- reclassified amounts relating to equity instruments from the reserves to retained surplus/(deficit) 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:

- 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.

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 Property, plant & equipment

4.2 Depreciation and amortisation

4.3 Inventories

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment and investment properties	<p>Orbost Regional Health obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Orbost Regional Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Orbost Regional Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>

Key judgements and estimates (continued)

Key judgements and estimates	Description
Estimating restoration costs at the end of a lease	Where a lease agreement requires Orbost Regional Health to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	Orbost Regional Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Orbost Regional Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1 Property, plant and equipment

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2021 \$'000	Total 2020 \$'000
Land at fair value - Crown	219	219
Land at fair value - Freehold	215	215
Total land at fair value	434	434
Buildings at fair value	11,191	11,191
Less accumulated depreciation	(2,248)	(1,121)
Total buildings at fair value	8,943	10,070
Right of use buildings at fair value	184	132
Less accumulated depreciation	(65)	(25)
Total right of use buildings at fair value	119	107
Works in progress at fair value	45	34
Total land and buildings	9,541	10,645
Plant and equipment at fair value	681	614
Less accumulated depreciation	(408)	(435)
Total plant and equipment at fair value	273	179
Motor vehicles at fair value	250	250
Less accumulated depreciation	(171)	(176)
Total motor vehicles at fair value	79	74
Medical equipment at fair value	1,314	1,277
Less accumulated depreciation	(1,133)	(1,070)
Total medical equipment at fair value	181	207
Computer equipment at fair value	301	235
Less accumulated depreciation	(193)	(181)
Total computer equipment at fair value	108	54
Furniture and fittings at fair value	291	292
Less accumulated depreciation	(248)	(235)
Total furniture and fittings at fair value	43	57
Right of use plant, equipment, furniture, fittings and vehicles at fair value	384	357
Less accumulated depreciation	(92)	(50)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	292	307
Total plant, equipment, furniture, fittings and vehicles at fair value	976	878
Total property, plant and equipment	10,517	11,523

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

	Land	Right of Use - Buildings	Buildings	Building works in progress	Plant & equipment	Motor vehicles	Medical Equipment	Computer Equipment
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	434	133	11,104	19	159	204	285	17
Additions	-	-	-	102	52	163	6	59
Disposals	-	-	-	-	-	(82)	-	-
Net transfers between classes	-	-	87	(87)	(3)	(161)	-	3
Depreciation	4.2	(25)	(1,121)	-	(29)	(49)	(84)	(25)
Balance at 30 June 2020	434	108	10,070	34	179	75	207	54
Additions	-	52	-	11	135	-	45	84
Disposals	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-
Net Transfers between classes	-	-	-	-	-	-	-	-
Depreciation	4.2	(41)	(1,127)	-	(41)	4	(71)	(30)
Balance at 30 June 2021	434	119	8,943	45	273	79	181	108

	Furniture & Fittings	Right of use - PE, FF&V	Total
Note	\$'000	\$'000	\$'000
Balance at 1 July 2019	59	92	12,506
Additions	8	115	505
Disposals	-	(21)	(103)
Revaluation increments/(decrements)	-	-	-
Net transfers between classes	-	161	-
Depreciation	4.2	(40)	(1,385)
Balance at 30 June 2020	55	307	11,523
Additions	-	55	382
Disposals	-	-	-
Revaluation increments/(decrements)	-	-	-
Net Transfers between classes	-	-	-
Depreciation	4.2	(70)	(1,388)
Balance at 30 June 2021	43	292	10,517

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

Land and Buildings and Leased Assets Carried at Valuation

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

How we recognise property, plant and equipment

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

Initial recognition

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

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

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed below.

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

Revaluation

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

Where an independent valuation has not been undertaken at balance date, Orbost Regional Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

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

An independent valuation of Orbost Regional Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall:

- increase in fair value of land of 5.4% (\$23,450)
- Buildings were deemed an immaterial movement by the Valuer General Victoria for health agencies in 2021.

As the cumulative movement was less than 10% for land and buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2021.

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

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

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

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

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

Impairment

At the end of each financial year, Orbost Regional Health assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Orbost Regional Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Orbost Regional Health has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased buildings	3 to 5 years
Leased plant, equipment, furniture, fittings and vehicles	2 to 5 years

Presentation of right-of-use assets

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.

Initial recognition

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

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

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

Orbost Regional Health's vehicle lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

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

Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Impairment

At the end of each financial year, Orbost Regional Health assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Orbost Regional Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

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

Note 4.1 (c) Fair value measurement hierarchy for assets

	Note	Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2021	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		\$'000	\$'000	\$'000	\$'000
Non-specialised land		215	-	215	-
Specialised land		219	-	-	219
Total land at fair value	4.1 (a)	434	-	215	219
Non-specialised buildings		462	-	462	-
Right of use Non-Specialised Buildings		119	-	119	-
Specialised buildings		8,481	-	-	8,481
Total buildings at fair value	4.1 (a)	9,062	-	581	8,481
Plant and equipment at fair value	4.1 (a)	273	-	-	273
Motor vehicles at fair value	4.1 (a)	79	-	-	79
Medical equipment at Fair Value	4.1 (a)	181	-	-	181
Computer equipment at fair value	4.1 (a)	108	-	-	108
Furniture and fittings at fair value	4.1 (a)	43	-	-	43
Right of use PPE	4.1 (a)	292	-	-	292
Total plant, equipment, furniture, fittings and vehicles at fair value		976	-	-	976
Total property, plant and equipment at fair value		10,472	-	796	9,676
		Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2020	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		\$'000	\$'000	\$'000	\$'000
Non-specialised land		215	-	215	-
Specialised land		219	-	-	219
Total land at fair value	4.1 (a)	434	-	215	219
Non-specialised buildings		462	-	462	-
Right of use Non-specialised buildings		108	-	108	-
Specialised buildings		9,607	-	-	9,607
Total buildings at fair value	4.1 (a)	10,177	-	570	9,607
Plant and equipment at fair value	4.1 (a)	179	-	-	179
Motor vehicles at fair value	4.1 (a)	74	-	-	74
Medical equipment at Fair Value	4.1 (a)	207	-	-	207
Computer equipment at fair value	4.1 (a)	54	-	-	54
Furniture and fittings at fair value	4.1 (a)	57	-	-	57
Right of use PPE	4.1 (a)	307	-	-	307
Total plant, equipment, furniture, fittings and vehicles at fair value		878	-	-	878
Total Property, Plant and Equipment		11,489	-	785	10,704

ⁱ Classified in accordance with the fair value hierarchy.

4.1 (d): Reconciliation of level 3 fair value measurement

	Note	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Computer equipment \$'000	Furniture & fittings \$'000
Total								
Balance at 1 July 2019	4.1 (b)	219	10,637	161	294	285	17	59
Additions/(Disposals)	4.1 (b)	-	102	52	175	6	59	8
Assets provided free of charge		-	-	-	-	-	-	-
Net Transfers between classes	4.1 (b)	-	-	-	-	-	-	-
Gains/(Losses) recognised in net result		-	-	-	-	-	-	-
- Depreciation and amortisation	4.2	-	(1,098)	(29)	(88)	(84)	(25)	(12)
- Impairment loss		-	-	-	-	-	-	-
Items recognised in other comprehensive income		-	-	-	-	-	-	-
- Revaluation		-	-	-	-	-	-	-
Balance at 30 June 2020	4.1 (c)	219	9,641	184	381	207	51	55
Additions/(Disposals)	4.1 (b)	-	-	135	-	45	84	-
Assets provided free of charge		-	-	-	-	-	-	-
Net Transfers between classes	4.1 (b)	-	-	-	-	-	-	-
Gains/(Losses) recognised in net result		-	-	-	-	-	-	-
- Depreciation and Amortisation	4.2	-	(1,127)	(41)	-	(71)	(30)	(12)
- Impairment loss		-	-	-	-	-	-	-
Items recognised in other comprehensive income		-	-	-	-	-	-	-
- Revaluation		-	-	-	-	-	-	-
Balance at 30 June 2021	4.1 (c)	219	8,514	278	381	181	105	43

ⁱ Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

Note 4.1 (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 ⁽ⁱ⁾
Non-specialised buildings	Market approach	N/A
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	N/A
	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant, equipment, Furniture & Computers	Depreciated replacement cost approach	- Cost per unit - Useful life

(i) A community service obligation (CSO) of 20% was applied to Orbost Regional Health's specialised land.

How we measure fair value

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

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 4.1 (e) Property, plant and equipment (fair value determination)

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

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 has assumed 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.

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

Non-specialised land and non-specialised buildings

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

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

Note 4.1 (e) Property, plant and equipment (fair value determination)

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 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 effective date of the valuation is 30 June 2019.

Vehicles

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

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2021.

Note 4.1 (f) Property, plant and equipment revaluation reserve

	Total 2021 \$'000	Total 2020 \$'000
Note		
Balance at the beginning of the reporting period	11,281	11,281
Revaluation increment		
- Land	-	-
Balance at the end of the Reporting Period*	11,281	11,281
* Represented by:		
- Land	85	85
- Buildings	11,196	11,196
	11,281	11,281

Note 4.2 Depreciation and amortisation

	Total 2021 \$'000	Total 2020 \$'000
Depreciation		
Buildings	1,127	1,121
Right of use buildings	41	25
Plant and equipment	41	29
Motor vehicles	(4)	49
Medical equipment	71	84
Computer equipment	30	25
Furniture and fittings	12	12
Right of use - plant, equipment, furniture, fittings and motor vehicles	70	40
Total depreciation	1,388	1,385

How we recognise depreciation

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

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

How we recognise amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2021	2020
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 system	7 to 30 years	7 to 30 years
Right of use buildings	6 years	6 years
Plant and 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	1.5 to 3 years	1.5 to 3 years

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

Note 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 and contract liabilities

5.3 Other liabilities

Telling the COVID-19 story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 5.1 Receivables and contract assets

Notes	Total 2021 \$'000	Total 2020 \$'000
Current receivables and contract assets		
Contractual		
Inter hospital debtors	13	23
Trade debtors	173	354
Patient fees	13	24
Provision for impairment	(5)	(5)
Amounts receivable from governments and agencies	19	56
Total contractual receivables	213	452
Statutory		
GST receivable	4	28
Total statutory receivables	4	28
Total current receivables and contract assets	217	480
Non-current receivables and contract assets		
Contractual		
Long service leave - Department of Health	271	302
Total contractual receivables	271	302
Total non-current receivables and contract assets	271	302
Total receivables and contract assets	488	782
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	488	782
Provision for impairment	5	5
GST receivable	(4)	(28)
Total financial assets	489	759

7.1(a)

Note 5.1 Receivables and contract assets (continued)

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

	Total 2021 \$'000	Total 2020 \$'000
Balance at the beginning of the year	5	5
Increase in allowance	-	-
Amounts written off during the year	-	-
Reversal of allowance written off during the year as uncollectable	-	-
Balance at the end of the year	5	5

How we recognise receivables

Receivables consist of:

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

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

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

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 (a) for Orbost Regional Health's contractual impairment losses.

Note 5.2 Payables and contract liabilities

Note	Total 2021 \$'000	Total 2020 \$'000
Current payables and contract liabilities		
Contractual		
Trade creditors	294	324
Accrued salaries and wages	266	227
Accrued expenses	97	45
Contract liabilities	301	243
Inter hospital creditors	-	40
Amounts payable to governments and agencies	6	16
Total contractual payables	964	895
Statutory		
Australian Taxation Office	24	-
Total statutory payables	24	-
Total current payables and contract liabilities	988	895
Total payables and contract liabilities	988	895
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	988	895
Contract liabilities	(301)	(243)
Australian Taxation Office	(24)	-
Total financial liabilities	663	652

How we recognise payables and contract liabilities

Payables consist of:

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

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

Note 5.2 (a) Contract liabilities

	Total 2021 \$'000	Total 2020 \$'000
Opening balance of contract liabilities	243	52
Adjustment for initial adoption of AASB 15	-	243
Payments received for performance obligations not yet fulfilled	77	1,237
Revenue recognised for the completion of a performance obligation	(19)	(1,289)
Total contract liabilities	301	243
* Represented by:		
- Current contract liabilities	301	243
	301	243

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of specific programs that have not yet commenced or are partially expended. The balance of contract liabilities was higher than the previous reporting period due to new funding received late in the reporting period and carrying forward of the previous year obligations which remain unfulfilled.

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

Maturity analysis of payables

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

Note 5.3 Other liabilities

	Total 2021 \$'000	Total 2020 \$'000
Current monies held in trust		
Patient monies	5	-
Refundable accommodation deposits	1,316	1,581
Other monies	378	250
Total current monies held in trust	1,699	1,831
Total other liabilities	1,699	1,831
* Represented by:		
- Cash assets	6.2 1,699	1,591
	1,699	1,591

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to 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*.

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

6.4 Non-cash financing and investing activities

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was funded by Government.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 6.1 Borrowings

Note	Total 2021 \$'000	Total 2020 \$'000
Current borrowings		
Lease liability ⁽ⁱ⁾	148	144
Advances from government (ii)	51	51
Total current borrowings	199	195
Non-current borrowings		
Lease liability ⁽ⁱ⁾	305	300
Advances from government (ii)	51	101
Total non-current borrowings	356	401
Total borrowings	555	596

ⁱ Secured by the assets leased.

ⁱⁱ These are secured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether 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 measurement

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

Maturity analysis

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

Defaults and breaches

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

Note 6.1 (a) Lease liabilities

Orbost Regional Health's lease liabilities are summarised below:

	Total 2021 \$'000	Total 2020 \$'000
Total undiscounted lease liabilities	472	466
Less unexpired finance expenses	(19)	(23)
Net lease liabilities	453	443

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

	Total 2021 \$'000	Total 2020 \$'000
Not longer than one year	148	156
Longer than one year but not longer than five years	324	311
Longer than five years	-	-
Minimum future lease liability	472	467
Less unexpired finance expenses	(19)	(23)
Present value of lease liability	453	444
* Represented by:		
- Current liabilities	148	144
- Non-current liabilities	305	300
	453	444

How we recognise lease liabilities

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

To apply this definition, Orbost Regional Health ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to 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.

Orbost Regional Health's lease arrangements consist of the following:

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

Note 6.1 (a) Lease liabilities

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Orbost Regional Healths incremental borrowing rate. Our lease liability has been discounted by rates of between 3% to 5%.

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

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

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

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

Subsequent measurement

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

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

Note 6.2 Cash and Cash Equivalents

Note	Total 2021 \$'000	Total 2020 \$'000
Cash on hand (excluding monies held in trust)	2	2
Cash at bank (excluding monies held in trust)	739	443
Cash at bank - CBS (excluding monies held in trust)	5,476	4,843
Total cash held for operations	6,217	5,288
Cash at bank (monies held in trust)	103	250
Cash at bank - CBS (monies held in trust)	1,596	1,582
Total cash held as monies in trust	1,699	1,832
Total cash and cash equivalents	7,916	7,120

How we recognise cash and cash equivalents

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

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

Note 6.3 Commitments for expenditure

There are no capital or operating requirements at 30 June 2021 (2020 \$Nil)

Note 6.4 Non-cash financing and investing activities

	Total 2021 \$'000	Total 2020 \$'000
Acquisition of plant and equipment by means of Leases	31	-
Total non-cash financing and investing activities	31	-

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 health service is related mainly to fair value determination.

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

7.3 Contingent assets and contingent liabilities

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 (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2021	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	7,916	-	7,916
Receivables and contract assets	5.1	489	-	489
Total Financial Assetsⁱ		8,405	-	8,405
Financial Liabilities				
Payables	5.2	-	663	663
Borrowings	6.1	-	555	555
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,316	1,316
Other Financial Liabilities - Other monies held in trust	5.3	-	378	378
Other Financial Liabilities - Patient monies held in trust	5.3	-	5	5
Total Financial Liabilitiesⁱ		-	2,917	2,917

Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2020	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	7,120	-	7,120
Receivables and contract assets	5.1	759	-	759
Total Financial Assetsⁱ		7,879	-	7,879
Financial Liabilities				
Payables	5.2	-	652	652
Borrowings	6.1	-	596	596
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,581	1,581
Other Financial Liabilities - Other monies held in trust	5.3	-	250	250
Total Financial Liabilitiesⁱ		-	3,079	3,079

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Note 7.1 (a) Categorisation of financial instruments

Financial assets at amortised cost

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

- the assets are held by Orbost Regional Health solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Orbost Regional Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Note 7.1 (a) Categorisation of financial instruments

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

Orbost Regional Health recognises the following liabilities in this category:

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

Offsetting financial instruments

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

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

Note 7.1 (a) Categorisation of financial instruments

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

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

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

Orbost Regional Health's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. Orbost Regional Health manages these financial risks in accordance with its financial risk management policy.

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

Note 7.2 (a) Credit risk

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

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

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

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

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

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

There has been no material change to Orbost Regional Health's credit risk profile in 2020-21.

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9

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

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

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

Contractual receivables at amortised cost

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

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

		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
30 June 2021							
Expected loss rate		0.0%	0.0%	0.0%	30.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	142	1	59	16	0	218
Loss allowance		-	-	-	(5)	-	(5)
30 June 2020							
Expected loss rate		1.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	532	28	9	21	0	590
Loss allowance		(5)	-	-	-	-	(5)

Note 7.2 (a) Credit risk

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 requirements as if those receivables are financial instruments.

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

Note 7.2 (b) Liquidity risk

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

Orbost Regional Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

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

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

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.

Note 7.2 (b) Payables and borrowings maturity analysis

		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total								
30 June 2021	Note							
Payables	5.2	663	663	663	-	-	-	-
Borrowings	6.1	555	555	-	-	-	555	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	1,316	1,316	200	200	400	516	-
Other Financial Liabilities - Other monies held in trust	5.3	378	378	378				
Other Financial Liabilities - Patient monies held in trust	5.3	5	5	5	-	-	-	-
Total Financial Liabilities		2,917	2,917	1,246	200	400	1,071	-

		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total								
30 June 2020	Note							
Financial Liabilities at amortised cost								
Payables	5.2	652	679	679	-	-	-	-
Borrowings	6.1	596	596	-	-	51	545	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	1,581	1,581	225	450	450	456	-
Other Financial Liabilities - Other monies held in trust	5.3	250	250	250	-	-	-	-
Total Financial Liabilities		3,079	3,106	1,154	450	501	1,001	-

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

Maturity analysis of Refundable Accommodation Deposits is based upon historical redemption rates.

Note 7.3: Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 8: Other disclosures

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

Structure

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

8.2 Responsible persons disclosure

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after the balance sheet date

8.7 Jointly controlled operations

8.8 Equity

8.9 Economic dependency

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

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

	Total 2021 \$'000	Total 2020 \$'000
Net result for the year	(473)	(617)
Non-cash movements:		
(Gain)/Loss on sale or disposal of non-financial assets	3.4 (13)	(52)
Depreciation and amortisation of non-current assets	4.3 1,388	1,385
Assets and services received free of charge	2.2 (16)	-
Movements in Assets and Liabilities:		
(Increase)/Decrease in receivables and contract assets	294	(35)
(Increase)/Decrease in prepaid expenses	(74)	-
Increase/(Decrease) in payables and contract liabilities	93	217
Increase/(Decrease) in employee benefits	123	104
Increase/(Decrease) in other liabilities	133	149
Net cash inflow from operating activities	1,455	1,151

Note 8.2 Responsible persons

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

	Period
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2020 - 30 Jun 2021
Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
Governing Boards	
Peter van den Oever	1 Jul 2020 - 30 Jun 2021
Narelle Macalister	1 Jul 2020 - 30 Jun 2021
Robert Clay	1 Jul 2020 - 30 Jun 2021
Carl Turney	1 Jul 2020 - 30 Jun 2021
Damien Courtier	1 Jul 2020 - 30 Jun 2021
Deb Miller	1 Jul 2020 - 30 Jun 2021
Liz Mitchell	1 Jul 2020 - 30 Jun 2021
Robyn Francis	1 Jul 2020 - 30 Jun 2021
Stan Weatherall	1 Jul 2020 - 30 Jun 2021
Emily Richardson	1 Jul 2020 - 30 Jun 2021
Thelma Hutchison	1 Jul 2020 - 30 Jun 2021
Accountable Officers	
Vicki Farthing	1 Jul 2020 - 30 Jun 2021

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

\$190,000 - \$199,999

\$200,000 - \$209,999

Total Numbers

Total 2021 No	Total 2020 No
11	12
1	-
-	1
12	13

Total 2021 \$'000	Total 2020 \$'000
\$227	\$237

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

Note 8.3 Remuneration of executives

Remuneration of executive officers

(including Key Management Personnel disclosed in Note 8.4)

Short-term benefits

Post-employment benefits

Other long-term benefits

Termination benefits

Total remunerationⁱ

Total number of executives

Total annualised employee equivalentⁱⁱ

	Total Remuneration	
	2021	2020
	\$'000	\$'000
Short-term benefits	369	278
Post-employment benefits	34	26
Other long-term benefits	11	7
Termination benefits	-	-
Total remunerationⁱ	414	311
Total number of executives	5	2
Total annualised employee equivalent ⁱⁱ	3.5	2.0

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

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

Total remuneration payable to executives during the year included were higher due to staff departures and replacement with acting roles for more than one staff member.

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

Short-term employee benefits

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

Post-employment benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related Parties

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

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the Gippsland Health Alliance and
- all health services 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, directly or indirectly.

Key management personnel

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

Entity	KMPs	Position Title
Orbost Regional Health	Peter van den Oever	Board Chair
Orbost Regional Health	Narelle Macalister	Board Member
Orbost Regional Health	Robert Clay	Board Member
Orbost Regional Health	Carl Turney	Board Member
Orbost Regional Health	Damien Courtier	Board Member
Orbost Regional Health	Deb Miller	Board Member
Orbost Regional Health	Liz Mitchell	Board Member
Orbost Regional Health	Robyn Francis	Board Member
Orbost Regional Health	Stan Weatherall	Board Member
Orbost Regional Health	Emily Richardson	Board Member
Orbost Regional Health	Thelma Hutchison	Board Member
Orbost Regional Health	Vicki Farthing	Chief Executive Officer
Orbost Regional Health	Joanne Marshall	Director of Clinical and Aged Care Services
Orbost Regional Health	Louise McCarthy	Director of Primary and Community Services
Orbost Regional Health	Mitchell Schwenke	Director of Community Health
Orbost Regional Health	Kim Treasure	Co-Director of Clinical and Aged Care Services
Orbost Regional Health	Tanya Murray	Co-Director of Clinical and Aged Care 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.

	Total 2021 \$'000	Total 2020 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	573	471
Post-employment Benefits	52	45
Other Long-term Benefits	16	33
Termination Benefits	-	-
Total ⁱⁱ	641	549

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

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

Note 8.4: Related Parties

Significant transactions with government related entities

Orbost Regional Health received funding from the Department of Health of \$9.0 m (2020: \$8.5 m) and indirect contributions of \$0.06 m (2020: \$0.01 m). Balances outstanding as at 30 June 2021 are \$0.31 m (2020 \$0.65 m)

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

- Commonwealth Government funding received for health related programs totalling \$3.01m (2020: \$2.7m),
- Other Victorian State Government \$0.47m (2020: \$0.5m),

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

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

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

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with Orbost Regional Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2021 (2020: none).

There were no related party transactions required to be disclosed for Orbost Regional Health Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: none).

Note 8.5: Remuneration of Auditors

	Total 2021 \$'000	Total 2020 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	15	16
Total remuneration of auditors	15	16

Note 8.6: Events occurring after the balance sheet date

Victoria has gone into Statewide lock down subsequent to year end however impacts on the health service are not expected to be significant. There have been no further events occurring after balance date that require additional disclosure.

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2021	2020
		%	%
Gippsland Health Alliance	Information Technology Services	5.29	5.26

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

	2021 \$'000	2020 \$'000
Current assets		
Cash and cash equivalents	265	322
Other current assets	273	224
Total current assets	538	546
Non-current assets		
Property, plant and equipment	67	44
Total non-current assets	67	44
Total assets	605	590
Current liabilities		
Other Liabilities	77	41
Lease Liability	10	9
Total current liabilities	87	50
Non-current liabilities		
Lease Liability	27	15
Total non-current liabilities	27	15
Total liabilities	114	65
Net assets	491	525
Equity		
Accumulated surplus	491	525
Total equity	491	525

Note 8.7 Joint arrangements

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

	2021	2020
	\$'000	\$'000
Revenue		
Operating Activities	947	912
Total revenue	947	912
Expenses		
Other Expenses from Continuing Operations	965	883
Depreciation	18	11
Total expenses	983	894
Net result	(36)	18

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the joint arrangements at balance date.

Note 8.8: Equity

Contributed capital

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

The specific restricted purpose reserve 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 8.9: Economic dependency

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



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