

# Orbost Regional Health



Annual Report

2021- 2022

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# Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Orbst Regional Health for the year ending 30 June 2022.



**Peter van den Oever**  
President, Board of Directors  
Orbst Regional Health  
30 June 2022



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

ORH would like to acknowledge the Traditional Custodians of this land on which we meet. We pay our respects to the Aboriginal and Torres Strait Islander cultures; and to Elders both past and present.

## Charter and Purpose

### Manner of establishment and the relevant Ministers

Orbst 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 (Vic)*.

Orbst Regional Health is governed by a Board of Directors, appointed by the Governor-In-Council upon the recommendation of the Victorian Minister for Health, Minister for Ambulance Services and Minister for Equity The Hon Martin Foley MP 1 July 2021 to 27 June 2022. Victorian Minister for Health and Minister for Ambulance Services The Hon Mary-Anne Thomas MP, 27 June 2022 to 30 June 2022.

Located in Far East Victoria in the East Gippsland Shire, Orbst Regional Health's health region consists of the townships of Orbst 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.

## **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 My Emergency Doctor delivers Urgent Care and After Hours (e.g. week nights and weekends) treatment for medical emergencies.

### **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 3-4 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, 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 2021-22.

Nobody in health, thought that COVID-19 and the pandemic would still be the major focus of our attention 2 years on. Despite the ongoing pressures of the pandemic, ORH has tried to return our services to "business as usual", albeit with an extra level of vigilance, assessment and care. Services in our community have resumed, as well as continuing on with COVID-19 specific services such as testing and vaccination clinics.

ORH has continued to be an active partner in the Gippsland Region Health Service Partnership, to strategise at a regional level and ensure that health services are provided across the region where they are required and at the level needed. The strengthening of this partnership, allows ORH to access support services from the larger health services, that we may otherwise not have access to and to ensure that we are all paddling in the same direction.

The Strategic Plan 2017-22 was due to be reviewed and updated by the end of the financial year. Ninety Mile Consulting was appointed to assist ORH in reviewing our Strategic Plan and to coordinate the community consultation and meetings to develop our new Strategic Plan 2022-2027. Although somewhat restricted due to COVID-19 regulations, Ninety Mile Consulting conducted as broad a community consultation as they were able to and have developed a new plan which has been submitted to the Department of Health for approval prior to public release. It is anticipated the launch of the Strategic Plan 2022-2027 will occur early in the 2022-23 financial year.

A capital works project to relevel the flooring in Hollands Wing and Waratah Lodge was finally completed this financial year. This work has been years in the planning and was not completed without considerable damage to walls, doorways and ceilings. Repair works are currently underway to repair the damage caused by the floor re-leveling, which will result in areas that are much safer not only for patients and residents, but for staff to work in as well.

ORH also received advice that stage 1 of the previously completed Master Plan would be funded by the State Government. The works will entail a new build for 38 residential aged care places, all single rooms with ensuites, that will be suitable for all levels of care. There will also be revitalisation to the current Waratah Lodge for repurposing and Lochiel House as part of the works. Planning has commenced and is expected to continue for the duration of the 2022-23 financial year, before any building takes place.

Like all health services in Victoria and Australia, ORH has continued to find recruitment a challenge over the last year. Even with the international borders now open, recruitment continues to be a challenge that we will need to focus on for the next financial year. It is unfortunate that 3 GP's left the Orbost Medical Clinic in November, but we have been lucky to secure Dr Janie Maxwell at the clinic who is working alongside Dr Nadira Anis. Our GP workforce is well supported by the use of locum GP's while we continue to recruit.

Telehealth services have expanded due to the need to access medical staff after hours. Through the use of My Emergency Dr, patients presenting to urgent care, are able to have a medical consultation with an emergency department specialist and be appropriately managed. This is a service used by many small rural health services across the country due to the difficulty in securing GP's in rural areas.

ORH entered into a partnership with Alpine Institute for a pilot program to train local staff and community in health-related roles. The pilot program will provide training for up to 8 staff in Certificate III, Individual Support – Ageing, Home and Community. The pilot program allows ORH to provide training on site for local community members via a virtual classroom, linked into Alpine Institute, rather than students needing to leave the town. At the conclusion of the pilot program, ORH will be able to link into Alpine Institute for other training courses for the Orbost community, keeping our locals local.

The artwork that was completed in partnership with Orbost Secondary Collect by artist Lynnette Solomon-Dent telling the story of the Snowy River has been completed and hung. After some delays due to COVID restrictions, we were able to have the official unveiling of the artwork in June and display kangaroo skin donated by Lynnette for all the community to see.

The 2022-23 financial year will continue to provide challenges to ORH. We already know that recruitment is going to be an ongoing challenge. By training our own staff through the Alpine Institute, this will hopefully in some way, assist in providing education to fill the skills gaps that we have. We will continue to recruit to senior nursing, allied health, GP and Dentist roles that we have and work with the community to set up a welcoming group for staff new to the area.

Other work that will be undertaken in the 2022-23 financial year includes:

- Drafting of plans for the new residential aged care buildings
- Attending regular project control group meetings to ensure the new building will meet the community needs well into the future
- Continue to expand our telehealth services to increase service provision to remote areas
- Work with the Errinundra to Snowy Building Healthy & Resilient Communities project
- Launching and roll out of the Strategic Plan 2022-27
- Continue to work with the Gippsland Region Health Service Partnership to potentially increase surgical services offered at ORH
- Commencing the front entrance and reception modification capital works

Our sincere thanks go to all of the staff at ORH who have worked tirelessly over the past 12 months. We are certainly in unprecedented times and our staff continue to provide excellent care for our community under challenging conditions.

Thank you to the Orbost community for your patience and understanding during this time also. Health has never changed as quickly as it has over the last 2 years and we are sure that there are many more changes for us ahead.



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 2022



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

**Vicki Farthing**  
Chief Executive Officer  
Orbost Regional Health  
30 June 2022

# Management and Structure

## Board of Directors as at 30 June 2022

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

Robyn Francis

Damien Courtier

Deborah Miller

Robert Clay

Emily Richardson

Thelma Hutchison

Carl Turney

George Neophytou

### **Finance & Risk Committee (Audit)**

#### **Members**

#### ***Independent Members***

Thelma Hutchison (Chair)

Peter van den Oever

Elizabeth Mitchell

Damien Courtier

Emily Richardson

Carl Turney

Glenn Ingram (Independent Member)

#### ***Management Members***

Vicki Farthing –Chief Executive Officer

Jess Callaghan – Finance Manager

## 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,

### **Co-Director of Clinical and Aged Care Services**

**Tanya Murray**

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

**Kim Treasure**

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

### **Director of Community Services**

**Mitchell Schwenke**

BPhy, Grad Cert MuscPhysio

### **Director of Medical Services**

**Dr Mau Wee**

## Visiting Medical Officers (General Practitioners)

Dr Nadira Anis

Dr Elvis Igbinovia (until 23<sup>rd</sup> November 2021)

Dr Lester Nazareth (until 23<sup>rd</sup> November 2021)

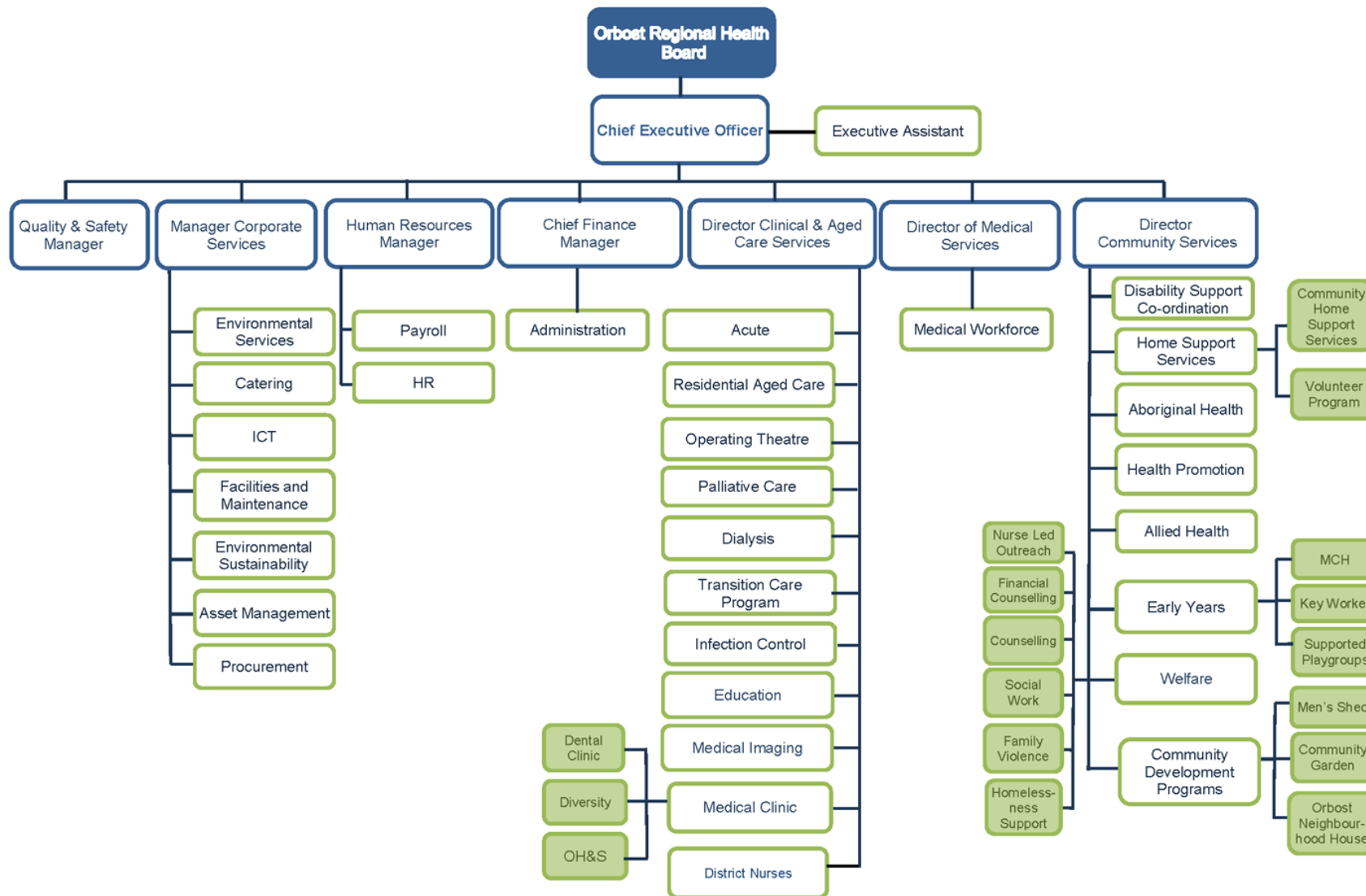
Dr Ayman Armanious (until 24<sup>th</sup> November 2021)

## General Practitioner

Jane Maxwell (from 8th February 2022)



# Organisational structure



Reviewed November 2021. This document is located in Prompt

## Workforce data/employment and conduct principles

Hospitals Labour Category	JUNE		AVERAGE	
	Current Month FTE		MONTHLY FTE	
	2021	2022	2021	2022
<b>Nursing</b>	36	33	38	35
<b>Administration and Clerical</b>	30	32	28	31
<b>Medical Support</b>	13	2	13	1
<b>Hotel and Allied Services</b>	34	45	33	44
<b>Sessional Clinicians</b>	1	0	0	0
<b>Ancillary Staff (Allied Health)</b>	12	8	13	10
<b>Total</b>	<b>126</b>	<b>120</b>	<b>125</b>	<b>121</b>

**\*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 2021-22 OH&S performance against the established measure is summarised below.

<b>Occupational Health &amp; Safety Statistics</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
Number of reported hazards/incidents for the year per 100 FTE	42.1 / 100EFT	43.7/100 EFT	36.7/100 EFT
Number of 'lost time' standard Workcover claims for the year per 100 FTE	1.5 / 100 EFT	2.5/100EFT	0.85/100 EFT
The average cost per Workcover claim for the year ('000)	\$4911	\$0 *	\$2,112

\*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

<b>Occupational violence statistics</b>	<b>2021-22</b>
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	11
Number of occupational violence incidents reported per 100 FTE	8.7
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 2021-22.
- **Lost time** – is defined as greater than one day.
- **Injury, illness or condition** – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# Financial Information

	2022	2021	2020	2019	2018
	\$000	\$000	\$000	\$000	\$000
OPERATING RESULT*	1,435	738	676	141	420
Total revenue	20,486	18,791	17,593	16,343	15,572
Total expenses	20,441	19,302	18,262	17,075	16,212
<b>Net result from transactions</b>	45	(511)	(669)	(732)	(639)
Total other economic flows	83	38	52	7	56
<b>Net result</b>	128	(473)	(617)	(724)	(583)
Total assets	22,346	19,174	19,603	19,814	17,032
Total liabilities	8,037	6,449	6,406	5,999	5,758
<b>Net assets/Total equity</b>	14,309	12,725	13,198	13,816	11,274

\* 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

	2021-2022 (\$000)
<b>Operating result</b>	1,437
Capital purpose income	46
Specific income	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	239
State supply items consumed up to 30 June 2022	(239)
Assets provided free of charge	N/A
Assets received free of charge	40
Expenditure for capital purpose	(50)
Depreciation and amortisation	(1,417)
Impairment of non-financial assets	0
Finance costs (other)	(11)
<b>Net result from transactions</b>	45

## Significant changes in financial position during the year

The current asset ratio at 30 June 2022 has had a slight decrease to 1.43 (2021-22; 1.48).

The ongoing positive operating results for Orbest 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 \$1,435,000 compared to a result of \$738,000 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 -\$85,000 as a share of the GHA Deficit (2020-21 \$18,000 share of profit).

Capital grants of \$46,000 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 2021-22, there were 0 consultancies where the total fees payable to the consultants were less than \$10,000.

## Details of consultancies over \$10,000

In 2021-22, there were 6 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is \$153,991 (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	1 July 2021	30 June 2022	\$20,000	\$20,000	0
HLB Mann Judd	Compliance review with Standing Directions	31 October 2021	30 October 2024		\$12,870.00	\$25,740.00
Ninety Mile Consulting	Strategic Plan renewal and review	17 January 2022	01 April 2022	\$44,800.00	\$13,440.00	\$31,360.00
Tanya Heaney-Voogt	Cultural Review	01 September 2022	30 June 2022	\$33,500.00	\$37,150.00	0
Slap Architect	Architectural Design and Plans	01 July 2021	30 June 2022	\$81,000.00	\$47,300.00	\$33,700.00
Priestley Design	Architectural Design and Plans	01 July 2021	30 June 2022		\$23,231.00	0

## Disclosure of ICT expenditure

The total ICT expenditure incurred during 2021-22 is \$0.112 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)			
\$0.023 million	\$0.089 million	\$0.007 million	\$0.082 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 Orbst 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 Orbst 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.

Orbst 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 Orbst 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 \$30.10, proof of identity such as driver's license or passport.

Requests received	33
Fully granted	33
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 2022-23)	0

In addition to the 33 requests received, there were a total of **24** requests received to which the Act did not apply (including Coroners Court, Subpoenas, Worksafe and Police requests.) There were also **142** 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](mailto:FOI@orh.com.au)

Further information may also be found on FOI website, FOI Act.  
 The FOI applications received by Orbst Regional Health during 2021-2022 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 2021/22, 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 2021/22.

## 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 2021/22 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 2021/22, 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*

Orbst Regional Health completed a gender equality audit in early 2022 and submitted the inaugural Gender Equality Action Plan 2022-2025 in June 2022 detailing priority areas for action. Work on the identified strategies will commence in 2022/23 following endorsement of the Gender Equality Action Plan submitted to the Commission for Gender Equality in the Public Sector and acknowledgement of consistency with 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 a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by Orbst Regional Health about itself, 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;
- 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 Orbst 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 Orbst Regional Health and details of time lost through industrial accidents and disputes;
- A list of major committees sponsored by Orbst Regional Health, the purposes of each committee and the extent to which the purposes have been achieved; and
- Details of all consultancies and contractors including:
  - (i) consultants/contractors engaged;
  - (ii) services provided; and
  - (iii) expenditure committed to for each engagement



## Summary of the entity's environmental performance

### GREENHOUSE GAS EMISSIONS

<b>Total greenhouse gas emissions (tonnes CO2e)</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Scope 1	216	196	204
Scope 2	360	349	347
<b>Total</b>	<b>576</b>	<b>546</b>	<b>551</b>
<b>Normalised greenhouse gas emissions</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Emissions per unit of floor space (kgCO2e/m2)	91	86	87
Emissions per unit of Separations (kgCO2e/Separations)	502	552	854
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	44	44	47

### STATIONARY ENERGY

<b>Total stationary energy purchased by energy type (GJ)</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Electricity	1,270	1,284	1372
Liquefied Petroleum Gas	2,496	2,227	2135
<b>Total</b>	<b>3,766</b>	<b>3,511</b>	<b>3,507</b>
<b>Normalised stationary energy consumption</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Energy per unit of floor space (GJ/m2)	0.60	0.56	0.56
Energy per unit of Separations (GJ/Separations)	3.28	3.55	5.44
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.29	0.28	0.30

### EMBEDDED GENERATION

<b>Total embedded stationary energy generated by energy type (GJ)</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Solar Power	444	631	631
<b>Total</b>	<b>444</b>	<b>631</b>	<b>631</b>
<b>Normalised embedded generation</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Embedded generation per unit of floor space (GJ/m2)	0.07	0.10	0.10
Embedded generation per unit of Separations (GJ/Separations)	0.39	0.64	0.98
Embedded generation per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.03	0.05	0.05

### WATER

<b>Total water consumption by type (kL)</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Potable Water	4,294	3,637	4,867
<b>Total</b>	<b>4,294</b>	<b>3,637</b>	<b>4,867</b>
<b>Normalised water consumption (Potable + Class A)</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Water per unit of floor space (kL/m2)	0.68	0.58	0.77
Water per unit of Separations (kL/Separations)	3.74	3.68	7.55
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.33	0.29	0.41

### WASTE AND RECYCLING

<b>Waste</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	62,475	76,522	82,114
Total waste to landfill generated (kg clinical waste+kg general waste)	57,910	68,542	67,549
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	4.08	5.11	5.45
Recycling rate % (kg recycling / (kg general waste+kg recycling))	7.33	10.45	18.13

### PAPER

<b>Paper</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Total reams of paper	600	924	920
Reams of paper per FTE	5.41	7.39	7.80
Rate recycled paper % (0% - 49%)	100	100	100

### TRANSPORT

<b>Corporate Transport</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Tonnes CO2-e corporate transport	65	61	74

### Normalisers (for information only)

<b>Normalisers (for information only)</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Area M2	6,310	6,310	6,310
Aged Care OBD	10,443	10,270	10,134
FTE	111	125	118
LOS	2,617	2,150	1,623
OBD	13,060	12,420	11,757
PPT	14,208	13,409	12,402
Separations	1,148	989	645

Orbost Regional Health's environmental performance and activity reporting is accessible on the health service's website: [www.orbostregionalhealth.com.au](http://www.orbostregionalhealth.com.au)

# Attestations

## Financial Management Compliance attestation – SD 5.1.4

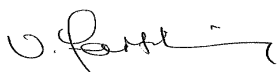
I, Peter van den Oever, on behalf of the Responsible Body, certify that Orbost Regional Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Peter van den Oever  
President, Board of Directors  
Orbost Regional Health  
26 July 2022

## Data Integrity

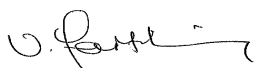
I, Vicki Farthing certify that Orbost Regional Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Orbost Regional Health has critically reviewed these controls and processes during the year.



Vicki Farthing  
Chief Executive Officer  
Orbost Regional Health  
26 July 2022

## Conflict of Interest

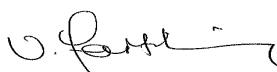
I, Vicki Farthing, certify that Orbost Regional Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Orbost 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  
Orbost Regional Health  
26 July 2022

## Integrity, fraud and corruption

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



Vicki Farthing  
Chief Executive Officer  
Orbost Regional Health  
26 July 2022

# Multipurpose Services financial and service performance reporting

## MPS Service Plan: Key achievements and challenges

Objective	Action	Deliverable	Outcome
<b>Our Consumers</b> Meeting the health needs of our community	Develop new services to better support our growing aged community  Work in partnership with the Aboriginal and Torres Strait Islander (ATSI) community to continue to develop culturally appropriate services  Explore opportunities to utilise telehealth to increase access to medical specialists for the community.	Employment of an exercise physiologist that was able to provide additional services to the local community  Provision of services on site at Moogji as appropriate  Increased use of telehealth to provide services, such as Occupational Therapy	Achieved  Achieved  Achieved
<b>Our Quality and Safety</b> Ensure Consumers receive safe and effective care	Improve access to medical consultations particularly after-hours through the use of telehealth  Focus on person-centred care as the driver of health service delivery, safety, quality and improvement  Improve care coordination and discharge planning	Using My Emergency Dr in Urgent Care Centre for urgent care consultations	Achieved
<b>Our People</b> Attract, develop and engage a motivated healthcare workforce	Continue to work with sub-regional partners to identify initiatives for shared roles and innovative models of care	East Gippsland Health Partnership work plan for 2021-22 developed and agreed. Sub regional approach to attending jobs fair in UK for staff recruitment	Achieved

	Continue to work with staff to build staff engagement and increase sense of appreciation and wellbeing	Funding received for staff wellbeing, used to purchase new indoor and outdoor furniture to encourage staff to take breaks as well as snacks for staff to have during breaks	Achieved
<b>Our Business</b> Efficient and sustainable healthcare delivered for the best value	Continue to recruit permanent GP's to the medical clinic  Work with the Department of Health to identify funding opportunities for infrastructure improvements to ensure facilities are fit for purpose	Recruitment of a permanent GP to the clinic and continuing to recruit further GP's  Approval for funding of Stage 1 as per business case received to build new residential aged care facility	In progress  Achieved

## MPS Performance Priority Reporting

<b>Quality and safety</b>		
<b>Key performance indicator</b>	<b>Target</b>	<b>Result</b>
Health service accreditation	Full compliance	Achieved
Compliance with cleaning standards	Full compliance	Achieved
Compliance with the Hand Hygiene Australia program	85%	82%
Percentage of healthcare workers immunised for influenza	92%	70%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95% positive experience	Insufficient Surveys returned in 2021-2022

<b>Governance and leadership</b>		
<b>Key performance indicator</b>	<b>Target</b>	<b>Result</b>
People Matter Survey – Safety Culture Among Healthcare Workers	62%	73%

<b>Financial sustainability</b>		
<b>Key performance indicator</b>	<b>Target</b>	<b>Result</b>
Operating result (\$m)	\$0.00	\$1.43m
Trade creditors	60 days	29 days
Patient fee debtors	60 days	20 days
Adjusted current asset ratio	0.7	1.8
Number of days available cash	14 days	171 days

## Multi-Purpose Services Activity Reporting

### 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	17	78%
Flexible low care	20	74%
Respite	2	100%
<b>Total</b>	39	

### MPS Acute care activity

Service	Type of activity	Actual Activity 2021-22
Medical inpatients	Bed days	1107
Urgent care	Presentations	1920
Outpatients	Presentations	549
Radiology	Number of clients	633
Renal dialysis	Number of clients	8

### MPS Community care activity

Community Home Support Service (HACC PYP and CHSP)	Hours of Service 2021-22
Meals	2092
Domestic Assistance	4080
Personal Care	960
Social Support Group	4755
Property Maintenance	720
<b>Volunteer Services</b>	
Volunteer network - hours	470
Volunteer network - kilometres	17,012
Volunteer occasions of care	200

## MPS Primary health care activity

Service	Actual activity 2021-22 (hours of service)
District Nursing all services	1117
PBFF Speech pathology	746
Cardiac Rehab	28.5
Diabetes Education	188
PBFF Dietetics	1120
Community Nursing	113
PBFF Counselling	650
Counselling	1031
Occupational Therapy	704
Physiotherapy	579
School Counselling	30
Women's Health Clinics	120
Nurse led Mental Health Outreach	1101
NDIS Community access & AH Referral includes OT & support coordination	1981
Home Care Packages all	161
Post-Acute Care Allied Health	88
Financial Counselling # Occasions of Service	# 216
Maternal & Child Health # Occasions of Service	# 439
Homelessness Support # Occasions of Service	# 1217
Family Violence Outreach #Occasions of Service	# 687

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

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

<b>Legislation</b>	<b>Requirement</b>	<b>Page Reference</b>
FRD 22	Application and operation of <i>Public Interest Disclosure Act 2012</i>	14
FRD 22	Statement on National Competition Policy	14
FRD 22	Application and operation of <i>Carers Recognition Act 2012</i>	14
FRD 22	Summary of the entity's environmental performance	16
FRD 22	Additional information available on request	15
<b>Other relevant reporting directives</b>		
FRD 25	<i>Local Jobs First Act 2003</i> disclosures	14
SD 5.1.4	Financial Management Compliance attestation	17
SD 5.2.3	Declaration in report of operations	2
<b>Attestations</b>		
	Attestation on Data Integrity	17
	Attestation on managing Conflicts of Interest	17
	Attestation on Integrity, fraud and corruption	17
<b>Other reporting requirements</b>		
	Occupational Violence reporting	10
	Gender Equality Act 2020	14
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	14



# Financial Statements

## Financial Year ended 30 June 2022

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

The attached financial statements for Orbst 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 2022 and the financial position of Orbst Regional Health at 30 June 2022.

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

We authorise the attached financial statements for issue on 19th October 2022.

#### **Board member**



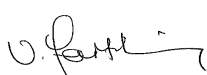
Peter van den Oever

Chair

Orbst

19 October 2022

#### **Accountable Officer**



Vicki Farthing

Chief Executive Officer

Orbst

19 October 2022

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



Steven Jackel

Chief Finance and Accounting Officer

Orbst

19 October 2022

# Independent Auditor's Report

## To the Board of Orbost Regional Health

<b>Opinion</b>	<p>I have audited the financial report of Orbost Regional Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2022</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other Information</b>	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Financial Management Act 1994, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**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.

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Dominika Ryan

*as delegate for the Auditor-General of Victoria*

MELBOURNE  
16 November 2022

**Orbost Regional Health  
Comprehensive Operating Statement  
For the Financial Year Ended 30 June 2022**

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Revenue and income from transactions</b>		
Operating activities	20,456	18,765
Non-operating activities	30	26
<b>Total revenue and income from transactions</b>	<b>20,486</b>	<b>18,791</b>
<b>Expenses from transactions</b>		
Employee expenses	(13,748)	(13,738)
Supplies and consumables	(1,826)	(1,478)
Finance costs	(11)	(13)
Depreciation and amortisation	(1,417)	(1,388)
Other administrative expenses	(2,696)	(2,096)
Other operating expenses	(746)	(589)
Other non-operating expenses	3	-
<b>Total Expenses from transactions</b>	<b>(20,441)</b>	<b>(19,302)</b>
<b>Net result from transactions - net operating balance</b>	<b>45</b>	<b>(511)</b>
<b>Other economic flows included in net result</b>		
Net gain/(loss) on sale of non-financial assets	15	13
Other gain/(loss) from other economic flows	68	25
<b>Total other economic flows included in net result</b>	<b>83</b>	<b>38</b>
<b>Net result for the year</b>	<b>128</b>	<b>(473)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to net result</b>		
Changes in property, plant and equipment revaluation surplus	1,458	-
<b>Total other comprehensive income</b>	<b>1,458</b>	<b>-</b>
<b>Comprehensive result for the year</b>	<b>1,586</b>	<b>(473)</b>

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

**Orbost Regional Health  
Balance Sheet  
As at 30 June 2022**

	Total 2022 \$'000	Total 2021 \$'000
<b>Current assets</b>		
Cash and cash equivalents	6.2 10,110	7,916
Receivables and contract assets	5.1 646	217
Prepaid expenses	259	253
<b>Total current assets</b>	<b>11,015</b>	<b>8,386</b>
<b>Non-current assets</b>		
Receivables and contract assets	5.1 373	271
Property, plant and equipment	4.1 (a) 10,537	10,106
Right of use assets	4.2 423	411
<b>Total non-current assets</b>	<b>11,333</b>	<b>10,788</b>
<b>Total assets</b>	<b>22,348</b>	<b>19,174</b>
<b>Current liabilities</b>		
Payables and contract liabilities	5.2 2,217	988
Borrowings	6.1 300	199
Employee benefits	3.3 3,163	2,793
Other liabilities	5.3 2,017	1,699
<b>Total current liabilities</b>	<b>7,697</b>	<b>5,679</b>
<b>Non-current liabilities</b>		
Borrowings	6.1 215	356
Employee benefits	3.3 125	414
<b>Total non-current liabilities</b>	<b>340</b>	<b>770</b>
<b>Total liabilities</b>	<b>8,037</b>	<b>6,449</b>
<b>Net assets</b>	<b>14,311</b>	<b>12,725</b>
<b>Equity</b>		
Property, plant and equipment revaluation surplus	4.3 12,739	11,281
Restricted specific purpose reserve	SCE 2,136	2,136
Contributed capital	SCE 7,689	7,689
Accumulated deficit	SCE (8,253)	(8,381)
<b>Total equity</b>	<b>14,311</b>	<b>12,725</b>

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 2022**

Total	Note	Property, Plant and Equipment	Restricted	Contributed	Accumulated	Total
		Revaluation Surplus	Specific Purpose Reserve	Capital	Deficit	
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2020</b>		<b>11,281</b>	<b>2,136</b>	<b>7,689</b>	<b>(7,908)</b>	<b>13,198</b>
Net result for the year		-	-	-	(473)	(473)
<b>Balance at 30 June 2021</b>		<b>11,281</b>	<b>2,136</b>	<b>7,689</b>	<b>(8,381)</b>	<b>12,725</b>
Net result for the year		-	-	-	128	128
Other comprehensive income for the year		1,458	-	-	-	1,458
<b>Balance at 30 June 2022</b>		<b>12,739</b>	<b>2,136</b>	<b>7,689</b>	<b>(8,253)</b>	<b>14,311</b>

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

**Orbost Regional Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2022**

	Total 2022 \$'000	Total 2021 \$'000
<b>Cash Flows from operating activities</b>		
Operating grants from government	14,387	12,536
Capital grants from government - State	46	132
Patient fees received	3,437	2,601
Private practice fees received	1,596	1,864
Donations and bequests received	16	14
GST received from/(paid to) ATO	(20)	24
Interest and investment income received	30	26
Commercial Income Received	15	16
Other receipts	960	1,953
<b>Total receipts</b>	<b>20,467</b>	<b>19,166</b>
Employee expenses paid	(13,595)	(13,527)
Payments for supplies and consumables	(1,398)	(1,412)
Payments for medical indemnity insurance	(66)	(68)
Payments for repairs and maintenance	(410)	(364)
Finance Costs	(11)	(13)
Other payments	(2,971)	(2,327)
<b>Total payments</b>	<b>(18,451)</b>	<b>(17,711)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>2,016</b>	<b>1,455</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(268)	(366)
Proceeds from disposal of property, plant and equipment	17	13
<b>Net cash flows from/(used in) investing activities</b>	<b>(251)</b>	<b>(353)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(176)	(41)
Net Movement in accommodation deposits	605	(265)
<b>Net cash flows from /(used in) financing activities</b>	<b>429</b>	<b>(306)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>2,194</b>	<b>796</b>
Cash and cash equivalents at beginning of year	7,916	7,120
<b>Cash and cash equivalents at end of year</b>	<b>10,110</b>	<b>7,916</b>

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

**Orbost Regional Health**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2022**

## **Note 1: Basis of preparation**

### **Structure**

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



# Orbost Regional Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2022

## 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 2022. 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.

#### **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.

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 2022

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 19th October, 2022.

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

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded 15 December 2021.

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

In response to the ongoing COVID-19 pandemic, Orbost Regional Health has:

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

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

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

# Orbost Regional Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2022

#### **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
NWAW	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

#### **Note 1.4 Joint arrangements**

Interests in joint arrangements are accounted for by recognising in 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 2022

#### *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: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

# **Orbost Regional Health**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2022**

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

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

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

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

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

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

The financial statements include all the controlled activities of 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**

### 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

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Operating activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	31	31
Government grants (Commonwealth) - Operating	285	775
Patient and resident fees	3,450	2,603
Private practice fees	1,596	1,864
Commercial activities <sup>1</sup>	15	16
<b>Total revenue from contracts with customers</b>	<b>5,377</b>	<b>5,289</b>
	Note 2.1(a)	
<b>Other sources of income</b>		
Government grants (State) - Operating	9,735	9,401
Government grants (Commonwealth) - Operating	3,402	2,240
Government grants (State) - Capital	46	132
Assets received free of charge or for nominal consideration	255	124
Income related to Gippsland Health Alliance	1,077	949
Other revenue from operating activities (including non-capital donations)	564	630
<b>Total other sources of income</b>	<b>15,079</b>	<b>13,476</b>
	Note 2.2	
<b>Total revenue and income from operating activities</b>	<b>20,456</b>	<b>18,765</b>
<b>Non-operating activities</b>		
<b>Income from other sources</b>		
Capital interest	30	26
<b>Total other sources of income</b>	<b>30</b>	<b>26</b>
<b>Total income from non-operating activities</b>	<b>30</b>	<b>26</b>
<b>Total revenue and income from transactions</b>	<b>20,486</b>	<b>18,791</b>

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

## Note 2.1 Revenue and income from transactions

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

Orbost Regional Health disaggregates revenue by the timing of revenue recognition.

Goods and services transferred to customers:

At a point in time

Over time

<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
5,092	4,514
285	775
<b>5,377</b>	<b>5,289</b>

**Total revenue from contracts with customers**

### How we recognise revenue and income from transactions

#### Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
  - recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058 Income for not-for-profit entities.

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



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

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.</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 (DRG).</p> <p>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p>
Commonwealth Home Support Programme	<p>Funding is provided to support older people who need support to remain in their homes. Services are provided in accordance with a service level agreement to help them maintain their independence.</p> <p>The performance obligations are based on a number of activities to be provided across the community area we represent.</p> <p>Revenue is currently recognised over time with final reconciliation completed at the end of each financial year.</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 at a point in time, to reflect the period accommodation is provided.

#### 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.

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

	Total 2022 \$'000	Total 2021 \$'000
Cash donations and gifts	16	14
Plant and equipment	-	16
Personal protective equipment	239	94
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>255</b>	<b>124</b>

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

#### Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when 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.

#### Voluntary Services

Orbost Regional Health receives volunteer services from members of the community to support and assist our residents in aged care and patients within the hospital setting.

Orbost Regional Health recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Orbost Regional Health greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

#### 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 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 Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

### Structure

#### 3.1 Expenses from transactions

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

#### 3.3 Employee benefits in the balance sheet

#### 3.4 Superannuation

### Telling the COVID-19 story

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

Additional costs were incurred to 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
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>
Measuring employee benefit liabilities	<p>Orbost Regional Health applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

### Note 3.1 Expenses from transactions

	Total 2022 \$'000	Total 2021 \$'000
Salaries and wages	10,960	10,868
On-costs	1,041	989
Agency expenses	311	119
Fee for service medical officer expenses	1,320	1,668
Workcover premium	116	94
<b>Total employee expenses</b>	<b>13,748</b>	<b>13,738</b>
Drug supplies	38	49
Medical and surgical supplies (including Prostheses)	443	377
Diagnostic and radiology supplies	70	192
Other supplies and consumables	1,275	860
<b>Total supplies and consumables</b>	<b>1,826</b>	<b>1,478</b>
Finance costs	11	13
<b>Total finance costs</b>	<b>11</b>	<b>13</b>
Expenses related to Gippsland Health Alliance	1,141	1,336
Other administrative expenses	1,555	760
<b>Total other administrative expenses</b>	<b>2,696</b>	<b>2,096</b>
Fuel, light, power and water	220	160
Repairs and maintenance	320	306
Maintenance contracts	90	58
Medical indemnity insurance	66	68
Expenditure for capital purposes	50	(3)
<b>Total other operating expenses</b>	<b>746</b>	<b>589</b>
<b>Total operating expense</b>	<b>19,027</b>	<b>17,914</b>
Depreciation and amortisation	1,417	1,388
<b>Total depreciation and amortisation</b>	<b>1,417</b>	<b>1,388</b>
Bad and doubtful debt expense	(3)	-
<b>Total other non-operating expenses</b>	<b>(3)</b>	<b>-</b>
<b>Total non-operating expense</b>	<b>1,414</b>	<b>1,388</b>
<b>Total expenses from transactions</b>	<b>20,441</b>	<b>19,302</b>

## 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 \$4,000).

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 Other economic flows included in net result**

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
Net gain/(loss) on disposal of property plant & equipment	15	13
<b>Total net gain/(loss) on non-financial assets</b>	<b>15</b>	<b>13</b>
Net gain/(loss) arising from revaluation of long service liability	68	25
<b>Total other gain/(loss) from other economic flows</b>	<b>68</b>	<b>25</b>
<b>Total gain/(loss) from other economic flows</b>	<b>83</b>	<b>38</b>

**How we recognise other economic flows**

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

**Other gain/(loss) 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;

**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 3.3 Employee benefits in the balance sheet

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Current employee benefits and related on-costs</b>		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	26	26
	<b>26</b>	<b>26</b>
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	1,236	1,060
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	161	153
	<b>1,397</b>	<b>1,213</b>
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	198	169
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	1,257	1,132
	<b>1,455</b>	<b>1,301</b>
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	105	110
Unconditional and expected to be settled after 12 months <sup>ii</sup>	180	143
	<b>285</b>	<b>253</b>
	<b>3,163</b>	<b>2,793</b>
<b>Total current employee benefits and related on-costs</b>		
<b>Non-current provisions and related on-costs</b>		
Conditional Long Service Leave <sup>ii</sup>	111	373
Provisions related to employee benefit on-costs <sup>ii</sup>	14	41
<b>Total non-current employee benefits and related on-costs</b>	<b>125</b>	<b>414</b>
	<b>3,288</b>	<b>3,207</b>
<b>Total employee benefits and related on-costs</b>	<b>3,288</b>	<b>3,207</b>

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

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

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

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Current employee benefits and related on-costs</b>		
Unconditional accrued days off	26	26
Unconditional annual leave entitlements	1,495	1,320
Unconditional long service leave entitlements	1,642	1,447
<b>Total current employee benefits and related on-costs</b>	<b>3,163</b>	<b>2,793</b>
Conditional long service leave entitlements	125	414
<b>Total non-current employee benefits and related on-costs</b>	<b>125</b>	<b>414</b>
<b>Total employee benefits and related on-costs</b>	<b>3,288</b>	<b>3,207</b>
<b>Attributable to:</b>		
Employee benefits	2,989	2,913
Provision for related on-costs	299	294
<b>Total employee benefits and related on-costs</b>	<b>3,288</b>	<b>3,207</b>

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

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Carrying amount at start of year</b>	294	303
Additional provisions recognised	251	155
Net gain/(loss) arising from revaluation of long service liability	(68)	(25)
Amounts incurred during the year	(178)	(139)
<b>Carrying amount at end of year</b>	<b>299</b>	<b>294</b>



## How we recognise employee benefits

### Employee benefit recognition

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

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

### Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because 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.

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

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

### Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total	Total	Total	Total
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Defined benefit plans:<sup>i</sup></b>				
Aware Super	21	21	-	-
<b>Defined contribution plans:</b>				
Aware Super	498	559	-	-
Hesta	290	269	-	-
Other	232	140	-	-
<b>Total</b>	<b>1,041</b>	<b>989</b>	<b>-</b>	<b>-</b>

<sup>i</sup> 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 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 Right-of-use assets*

#### *4.3 Revaluation surplus*

#### *4.4 Depreciation*

#### *4.5 Impairment of assets*

### Telling the COVID-19 story

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

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Orbost Regional Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
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"> <li>▪ If an asset's value has declined more than expected based on normal use</li> <li>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>▪ If an asset is obsolete or damaged</li> <li>▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life</li> <li>▪ If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

## Note 4.1 Property, plant and equipment

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

	Total 2022 \$'000	Total 2021 \$'000
Land at fair value - Crown	308	219
Land at fair value - Freehold	365	215
<b>Total land at fair value</b>	<b>673</b>	<b>434</b>
Buildings at fair value	9,147	11,191
Less accumulated depreciation	-	(2,248)
<b>Total buildings at fair value</b>	<b>9,147</b>	<b>8,943</b>
Works in progress at fair value	67	45
<b>Total land and buildings</b>	<b>9,887</b>	<b>9,422</b>
Plant and equipment at fair value	721	681
Less accumulated depreciation	(445)	(408)
<b>Total plant and equipment at fair value</b>	<b>276</b>	<b>273</b>
Motor vehicles at fair value	220	250
Less accumulated depreciation	(152)	(171)
<b>Total motor vehicles at fair value</b>	<b>68</b>	<b>79</b>
Medical equipment at fair value	1,351	1,314
Less accumulated depreciation	(1,191)	(1,133)
<b>Total medical equipment at fair value</b>	<b>160</b>	<b>181</b>
Computer equipment at fair value	312	301
Less accumulated depreciation	(209)	(193)
<b>Total computer equipment at fair value</b>	<b>103</b>	<b>108</b>
Furniture and fittings at fair value	289	291
Less accumulated depreciation	(246)	(248)
<b>Total furniture and fittings at fair value</b>	<b>43</b>	<b>43</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>650</b>	<b>684</b>
<b>Total property, plant and equipment</b>	<b>10,537</b>	<b>10,106</b>

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

	Land	Buildings	Building works in progress	Plant & equipment	Motor vehicles	Medical Equipment	Computer Equipment
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2020</b>	<b>434</b>	<b>10,070</b>	<b>34</b>	<b>179</b>	<b>75</b>	<b>207</b>	<b>54</b>
Additions	-	-	11	135	-	45	84
Disposals	-	-	-	-	-	-	-
Depreciation	4.4	(1,127)	-	(41)	4	(71)	(30)
<b>Balance at 30 June 2021</b>	<b>434</b>	<b>8,943</b>	<b>45</b>	<b>273</b>	<b>79</b>	<b>181</b>	<b>108</b>
Additions	-	113	22	53	-	37	32
Disposals	-	-	-	(2)	-	-	-
Revaluation increments/(decrements)	239	1,219	-	-	-	-	-
Depreciation	4.4	(1,128)	-	(48)	(11)	(58)	(37)
<b>Balance at 30 June 2022</b>	<b>673</b>	<b>9,147</b>	<b>67</b>	<b>276</b>	<b>68</b>	<b>160</b>	<b>103</b>

	Furniture & Fittings	Total
Note	\$'000	\$'000
<b>Balance at 1 July 2020</b>	<b>55</b>	<b>11,108</b>
Additions	-	275
Disposals	-	-
Depreciation	4.4	(1,277)
<b>Balance at 30 June 2021</b>	<b>43</b>	<b>10,106</b>
Additions	11	268
Disposals	-	(2)
Revaluation increments/(decrements)	-	1,458
Depreciation	4.4	(1,293)
<b>Balance at 30 June 2022</b>	<b>43</b>	<b>10,537</b>

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

### **Land and Buildings Carried at Valuation**

The Valuer-General Victoria undertook to re-value all of Orbost Regional Healths 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 for buildings and 30 June 2022 for land.

### **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 are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

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

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

##### **Revaluation**

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

Where an independent valuation has not been undertaken at balance date, 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 was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- increase in fair value of land of 55% (\$0.239M)
- increase in fair value of buildings of 13.83% (\$1.219M)

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

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

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

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

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

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



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

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

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
Right-of-use buildings at fair value	184	184
Less accumulated depreciation	(107)	(65)
<b>Total right of use buildings at fair value</b>	<b>77</b>	<b>119</b>
<b>Total right of use concessionary land and buildings</b>	<b>77</b>	<b>119</b>
Right of use plant, equipment, furniture, fittings and vehicles at fair value	520	384
Less accumulated depreciation	(174)	(92)
<b>Total right of use plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>346</b>	<b>292</b>
<b>Total right of use plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>346</b>	<b>292</b>
<b>Total right of use assets</b>	<b>423</b>	<b>411</b>

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

	Note	Right-of-use - Buildings \$'000	Right-of-use - PE, FF&V \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		<b>108</b>	<b>307</b>	<b>415</b>
Additions		52	55	107
Depreciation	4.4	(41)	(70)	(111)
<b>Balance at 30 June 2021</b>	4.2 (a)	<b>119</b>	<b>292</b>	<b>411</b>
Additions		-	136	136
Depreciation	4.4	(42)	(82)	(124)
<b>Balance at 30 June 2022</b>	4.2 (a)	<b>77</b>	<b>346</b>	<b>423</b>

### 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

### 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.

### Subsequent measurement

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

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

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

### Note 4.3 Revaluation Surplus

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Note</b>		
Balance at the beginning of the reporting period	11,281	11,281
<b>Revaluation increment</b>		
- Land	4.1 (b) 239	-
- Buildings	4.2 (b) 1,219	-
<b>Balance at the end of the Reporting Period*</b>	<b>12,739</b>	<b>11,281</b>
<b>* Represented by:</b>		
- Land	324	85
- Buildings	12,415	11,196
	<b>12,739</b>	<b>11,281</b>

## Note 4.4 Depreciation

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Depreciation</b>		
Buildings	1,128	1,127
Plant and equipment	48	41
Motor vehicles	11	(4)
Medical equipment	58	71
Computer equipment	37	30
Furniture and fittings	11	12
<b>Total depreciation - property, plant and equipment</b>	<b>1,293</b>	<b>1,277</b>
<b>Right-of-use assets</b>		
Right of use buildings	42	41
Right of use - plant, equipment, furniture, fittings and motor vehicles	82	70
<b>Total depreciation - right-of-use assets</b>	<b>124</b>	<b>111</b>
<b>Total depreciation</b>	<b>1,417</b>	<b>1,388</b>

### How we recognise depreciation

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

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

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

	<b>2022</b>	<b>2021</b>
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 4.5: Impairment of assets**

### **How we recognise impairment**

At the end of each reporting period, Orbost Regional Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

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

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

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

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

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

Orbost Regional Health did not record any impairment losses for the year ended 30 June 2022.

## 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 2022 \$'000	Total 2021 \$'000
<b>Current receivables and contract assets</b>		
<b>Contractual</b>		
Inter hospital debtors	33	13
Trade receivables	271	173
Patient fees	26	13
Allowance for impairment - Patient fees	(3)	(5)
Amounts receivable from governments and agencies	295	19
<b>Total contractual receivables</b>	<b>622</b>	<b>213</b>
<b>Statutory</b>		
GST receivable	24	4
<b>Total statutory receivables</b>	<b>24</b>	<b>4</b>
<b>Total current receivables and contract assets</b>	<b>646</b>	<b>217</b>
<b>Non-current receivables and contract assets</b>		
<b>Contractual</b>		
Long service leave - Department of Health	373	271
<b>Total contractual receivables</b>	<b>373</b>	<b>271</b>
<b>Total non-current receivables and contract assets</b>	<b>373</b>	<b>271</b>
<b>Total receivables and contract assets</b>	<b>1,019</b>	<b>488</b>
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	1,019	488
Provision for impairment	3	5
GST receivable	(24)	(4)
<b>Total financial assets</b>	<b>998</b>	<b>489</b>



## Note 5.1 Receivables and contract assets (continued)

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

	Total 2022 \$'000	Total 2021 \$'000
<b>Balance at the beginning of the year</b>	5	5
Increase in allowance	-	-
Amounts written off during the year	(2)	-
Reversal of allowance written off during the year as uncollectable	-	-
<b>Balance at the end of the year</b>	<b>3</b>	<b>5</b>

#### 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** includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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 2022 \$'000	Total 2021 \$'000
<b>Current payables and contract liabilities</b>		
<b>Contractual</b>		
Trade creditors	402	294
Accrued salaries and wages	290	266
Accrued expenses	99	97
Deferred capital grant income	346	-
Contract liabilities	991	301
Amounts payable to governments and agencies	85	6
<b>Total contractual payables</b>	<b>2,213</b>	<b>964</b>
<b>Statutory</b>		
Australian Taxation Office	4	24
<b>Total statutory payables</b>	<b>4</b>	<b>24</b>
<b>Total current payables and contract liabilities</b>	<b>2,217</b>	<b>988</b>
<b>Total payables and contract liabilities</b>	<b>2,217</b>	<b>988</b>
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	2,217	988
Deferred grant income	(346)	-
Contract liabilities	(991)	(301)
Australian Taxation Office	(4)	(24)
Total financial liabilities	<b>876</b>	<b>663</b>

### 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** comprises Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

**Note 5.2 (a) Deferred capital grant income**

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Opening balance of deferred capital grant income</b>	-	-
Grant consideration for capital works received during the year	346	-
Deferred grant revenue recognised as revenue due to completion of capital works	-	-
<b>Closing balance of deferred capital grant income</b>	<b>346</b>	-

**How we recognise deferred capital grant revenue**

Grant consideration was received under the Regional Health Infrastructure Fund (RHIF) and the Commonwealth Department of Health for residential aged care facility renewal. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Orbost Regional Health satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Orbost Regional Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Orbost Regional Health expects to recognise all of the remaining deferred capital grant revenue for capital works within the next financial year.

## Note 5.2 (b) Contract liabilities

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Opening balance of contract liabilities</b>	301	243
Grant consideration for sufficiently specific performance obligations received during the year	975	77
Revenue recognised for the completion of a performance obligation	(285)	(19)
<b>Total contract liabilities</b>	<b>991</b>	<b>301</b>
<b>* Represented by:</b>		
- Current contract liabilities	991	301
	<b>991</b>	<b>301</b>

### 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

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Notes</b>		
<b>Current monies held in trust</b>		
Patient monies	5	5
Refundable accommodation deposits	1,921	1,316
Other monies	91	378
<b>Total current monies held in trust</b>	<b>2,017</b>	<b>1,699</b>
<b>Total other liabilities</b>	<b>2,017</b>	<b>1,699</b>
<b>* Represented by:</b>		
- Cash assets	6.2 2,017	1,699
	<b>2,017</b>	<b>1,699</b>

#### How we recognise other liabilities

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

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

## 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"> <li>• has the right-to-use an identified asset</li> <li>• has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>• can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>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"> <li>• If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

## Note 6.1 Borrowings

Note	Total 2022 \$'000	Total 2021 \$'000
<b>Current borrowings</b>		
Lease liability <sup>(i)</sup>	249	148
Advances from government (ii)	51	51
<b>Total current borrowings</b>	<b>300</b>	<b>199</b>
<b>Non-current borrowings</b>		
Lease liability <sup>(i)</sup>	215	305
Advances from government (ii)	-	51
<b>Total non-current borrowings</b>	<b>215</b>	<b>356</b>
<b>Total borrowings</b>	<b>515</b>	<b>555</b>

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

<sup>ii</sup> 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 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 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:

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
Total undiscounted lease liabilities	477	472
Less unexpired finance expenses	(13)	(19)
<b>Net lease liabilities</b>	<b>464</b>	<b>453</b>

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

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
Not longer than one year	256	148
Longer than one year but not longer than five years	221	324
Longer than five years	-	-
<b>Minimum future lease liability</b>	<b>477</b>	<b>472</b>
Less unexpired finance expenses	(13)	(19)
<b>Present value of lease liability</b>	<b>464</b>	<b>453</b>
<b>* Represented by:</b>		
- Current liabilities	249	148
- Non-current liabilities	215	305
	<b>464</b>	<b>453</b>

### 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:

<b>Type of asset leased</b>	<b>Lease term</b>
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 Health's 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 2022 \$'000	Total 2021 \$'000
Cash on hand (excluding monies held in trust)	2	2
Cash at bank (excluding monies held in trust)	595	739
Cash at bank - CBS (excluding monies held in trust)	7,496	5,476
<b>Total cash held for operations</b>	<b>8,093</b>	<b>6,217</b>
Cash at bank (monies held in trust)	415	103
Cash at bank - CBS (monies held in trust)	1,602	1,596
<b>Total cash held as monies in trust</b>	<b>2,017</b>	<b>1,699</b>
<b>Total cash and cash equivalents</b>	<b>10,110</b>	<b>7,916</b>

### How we recognise cash and cash equivalents

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

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

## Note 6.3 Commitments for expenditure

	Total 2022 \$'000	Total 2021 \$'000
<b>Capital expenditure commitments</b>		
Less than one year	504	-
Longer than one year but not longer than five years	-	-
<b>Total capital expenditure commitments</b>	<b>504</b>	<b>-</b>
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>504</b>	<b>-</b>
Less GST recoverable from Australian Tax Office	-	-
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>504</b>	<b>-</b>

## Note 6.4 Non-cash financing and investing activities

	Total 2022 \$'000	Total 2021 \$'000
Acquisition of plant and equipment by means of Leases	136	31
<b>Total non-cash financing and investing activities</b>	<b>136</b>	<b>31</b>

## 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**
- 7.4 Fair value determination**

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Orbost Regional Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>

## Key judgements and estimates (continued)

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

**Note 7.1: Financial instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of 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 2022	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	10,110	-	10,110
Receivables and contract assets	5.1	998	-	998
<b>Total Financial Assets<sup>i</sup></b>		<b>11,108</b>	<b>-</b>	<b>11,108</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	876	876
Borrowings	6.1	-	515	515
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,921	1,921
Other Financial Liabilities - Other monies held in trust	5.3	-	91	91
Other Financial Liabilities - Patient monies held in trust	5.3	-	5	5
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>3,408</b>	<b>3,408</b>

## Note 7.1 (a) Categorisation of financial instruments

Total		Financial Assets at	Financial Liabilities	Total
30 June 2021	Note	Amortised Cost	at Amortised Cost	Total
		\$'000	\$'000	\$'000
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	6.2	7,916	-	7,916
Receivables and contract assets	5.1	489	-	489
<b>Total Financial Assets<sup>i</sup></b>		<b>8,405</b>	<b>-</b>	<b>8,405</b>
<b>Financial Liabilities</b>				
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
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>2,917</b>	<b>2,917</b>

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

### How we categorise financial instruments

#### Categories of financial assets

Financial assets are recognised when 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 2021-22.

**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
<b>30 June 2022</b>							
<b>Expected loss rate</b>		0.0%	0.0%	0.0%	14.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	174	14	5	24	0	<b>217</b>
<b>Loss allowance</b>		-	-	-	<b>(3)</b>	-	<b>(3)</b>
<b>30 June 2021</b>							
<b>Expected loss rate</b>		1.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	532	28	9	21	0	<b>590</b>
<b>Loss allowance</b>		<b>(5)</b>	-	-	-	-	<b>(5)</b>

**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
<b>Total</b>								
<b>30 June 2022</b>	<b>Note</b>							
Payables	5.2	876	876	876	-	-	-	-
Borrowings	6.1	515	515	20	40	180	275	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	1,921	1,921	200	200	400	1,121	-
Other Financial Liabilities - Other monies held in trust	5.3	91	91	91	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	5	5	5	-	-	-	-
<b>Total Financial Liabilities</b>		<b>3,408</b>	<b>3,408</b>	<b>1,192</b>	<b>240</b>	<b>580</b>	<b>1,396</b>	<b>-</b>

		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
<b>Total</b>								
<b>30 June 2021</b>	<b>Note</b>							
<b>Financial Liabilities at amortised cost</b>								
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	-	-	-	-
<b>Total Financial Liabilities</b>		<b>2,917</b>	<b>2,917</b>	<b>1,246</b>	<b>200</b>	<b>400</b>	<b>1,071</b>	<b>-</b>

<sup>i</sup> 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 7.4: Fair Value Determination**

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

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

The following assets and liabilities are carried at fair value:

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

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

### **Valuation hierarchy**

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

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

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. There have been no transfers between levels during the period.

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

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

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

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



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

	Note	Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2022	Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000	\$'000
Non-specialised land		215	-	215	-
Specialised land		458	-	-	458
<b>Total land at fair value</b>	4.1 (a)	<b>673</b>	-	<b>215</b>	<b>458</b>
Non-specialised buildings		462	-	462	-
Specialised buildings		8,685	-	-	8,685
<b>Total buildings at fair value</b>	4.1 (a)	<b>9,147</b>	-	<b>462</b>	<b>8,685</b>
Plant and equipment at fair value	4.1 (a)	276	-	-	276
Motor vehicles at fair value	4.1 (a)	68	-	-	68
Medical equipment at Fair Value	4.1 (a)	160	-	-	160
Computer equipment at fair value	4.1 (a)	103	-	-	103
Furniture and fittings at fair value	4.1 (a)	43	-	-	43
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>650</b>	-	-	<b>650</b>
Right of use Non-Specialised Buildings		77	-	77	-
Right of use PPE	4.2 (a)	346	-	-	346
<b>Total right-of-use assets at fair value</b>		<b>423</b>	-	<b>77</b>	<b>346</b>
<b>Total non-financial physical assets at fair value</b>		<b>10,893</b>	-	<b>754</b>	<b>10,139</b>

	Note	Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2021	Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000	\$'000
Non-specialised land		215	-	215	-
Specialised land		219	-	-	219
<b>Total land at fair value</b>	4.1 (a)	<b>434</b>	-	<b>215</b>	<b>219</b>
Non-specialised buildings		462	-	462	-
Specialised buildings		8,481	-	-	8,481
<b>Total buildings at fair value</b>	4.1 (a)	<b>8,943</b>	-	<b>462</b>	<b>8,481</b>
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
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>684</b>	-	-	<b>684</b>
Right of use Non-specialised buildings		119	-	119	-
Right of use PPE	4.2 (a)	292	-	-	292
<b>Total right-of-use assets at fair value</b>		<b>411</b>	-	<b>119</b>	<b>292</b>
<b>Total non-financial physical assets at fair value</b>		<b>10,472</b>	-	<b>796</b>	<b>9,676</b>

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

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

Total	Note	Land \$'000	Buildings \$'000	Plant, equipment, vehicles, furniture & fittings \$'000	ROU Assets \$'000
<b>Balance at 1 July 2020</b>		219	9,608	570	307
Additions/(Disposals)		-	-	264	55
Gains/(Losses) recognised in net result					
- Depreciation and amortisation		-	(1,127)	(150)	(70)
Items recognised in other comprehensive income					
- Revaluation		-	-	-	-
<b>Balance at 30 June 2021</b>	7.4 (a)	<b>219</b>	<b>8,481</b>	<b>684</b>	<b>292</b>
Additions/(Disposals)		-	113	131	136
Gains/(Losses) recognised in net result					
- Depreciation and Amortisation		-	(1,128)	(165)	(82)
Items recognised in other comprehensive income					
- Revaluation		239	1,219	-	-
<b>Balance at 30 June 2022</b>	7.4 (a)	<b>458</b>	<b>8,685</b>	<b>650</b>	<b>346</b>

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

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

## Note 8: Other disclosures

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

### Structure

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

*8.2 Responsible persons*

*8.3 Remuneration of executives*

*8.4 Related parties*

*8.5 Remuneration of auditors*

*8.6 Events occurring after the balance sheet date*

*8.7 Jointly arrangements*

*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**

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Net result for the year</b>	128	(473)
<b>Non-cash movements:</b>		
(Gain)/Loss on sale or disposal of non-financial assets	3.2 (15)	(13)
Depreciation and amortisation of non-current assets	4.4 1,417	1,388
Assets and services received free of charge	2.2 -	(16)
Bad and doubtful debt expense	3.1 (2)	-
<b>Movements in Assets and Liabilities:</b>		
(Increase)/Decrease in receivables and contract assets	(529)	294
(Increase)/Decrease in prepaid expenses	(6)	(74)
Increase/(Decrease) in payables and contract liabilities	1,229	93
Increase/(Decrease) in employee benefits	81	123
Increase/(Decrease) in other liabilities	(287)	133
<b>Net cash inflow from operating activities</b>	<b>2,016</b>	<b>1,455</b>

## 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
<b>Minister for Health</b>	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
<b>Minister for Ambulance Services</b>	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
<b>Minister for Mental Health</b>	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
<b>Minister for Disability, Ageing and Carers</b>	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
<b>Governing Boards</b>	
Peter van den Oever	1 Jul 2021 - 30 Jun 2022
Narelle Macalister	1 Jul 2021 - 30 Jun 2022
ELizabeth Mitchell	1 Jul 2021 - 30 Jun 2022
Robyn Francis	1 Jul 2021 - 30 Jun 2022
Damien Courtier	1 Jul 2021 - 30 Jun 2022
Deborah Miller	1 Jul 2021 - 30 Jun 2022
Robert Clay	1 Jul 2021 - 30 Jun 2022
Emily Richardson	1 Jul 2021 - 30 Jun 2022
Thelma Hutchison	1 Jul 2021 - 30 Jun 2022
Carl Turney	1 Jul 2021 - 30 Jun 2022
George Neophytou	1 Jul 2021 - 30 Jun 2022
<b>Accountable Officers</b>	
Vicki Farthing	1 Jul 2021 - 30 Jun 2022

**Note 8.2 Responsible persons (continued)**

**Remuneration of Responsible Persons**

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

**Income Band**

\$0 - \$9,999

\$170,000 - \$179,999

\$190,000 - \$199,999

**Total Numbers**

<b>Total 2022 No</b>	<b>Total 2021 No</b>
11	11
1	-
-	1
<b>12</b>	<b>12</b>

<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>\$206</b>	<b>\$227</b>

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

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

## Note 8.3 Remuneration of executives

### Remuneration of executive officers

(including Key Management Personnel disclosed in Note 8.4)

Short-term benefits  
Post-employment benefits  
Other long-term benefits  
Termination benefits  
**Total remuneration<sup>i</sup>**

	<b>Total Remuneration</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term benefits	298	369
Post-employment benefits	28	34
Other long-term benefits	11	11
Termination benefits	-	-
<b>Total remuneration<sup>i</sup></b>	<b>337</b>	<b>414</b>
Total number of executives	3	5
Total annualised employee equivalent <sup>ii</sup>	3.0	3.5

Total number of executives

Total annualised employee equivalent<sup>ii</sup>

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

Total remuneration payable to executives during the year included 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	Elizabeth Mitchell	Board Member
Orbost Regional Health	Robyn Francis	Board Member
Orbost Regional Health	Damien Courtier	Board Member
Orbost Regional Health	Deborah Miller	Board Member
Orbost Regional Health	Robert Clay	Board Member
Orbost Regional Health	Emily Richardson	Board Member
Orbost Regional Health	Thelma Hutchison	Board Member
Orbost Regional Health	Carl Turney	Board Member
Orbost Regional Health	George Neophytou	Board Member
Orbost Regional Health	Vicki Farthing	Chief Executive Officer
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 State's Annual Financial Report.

	Total 2022 \$'000	Total 2021 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	482	573
Post-employment Benefits	46	52
Other Long-term Benefits	15	16
Termination Benefits	-	-
<b>Total<sup>ii</sup></b>	<b>543</b>	<b>641</b>

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

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



## Note 8.4: Related Parties

### Significant transactions with government related entities

Orbost Regional Health received funding from the Department of Health of \$9.2 m (2021: \$9.0 m) and indirect contributions of \$0.15 m (2021: \$0.06 m). Balances outstanding as at 30 June 2022 are \$0.16 m (2021 \$0.31 m)

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

- Commonwealth Government funding received for health related programs totalling \$3.69m (2021: \$3.01m),
- Other Victorian State Government \$0.47m (2021: \$0.47m),

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 2022 (2021: 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 2022 (2021: none).

**Note 8.5: Remuneration of Auditors**

**Victorian Auditor-General's Office**  
Audit of the financial statements  
**Total remuneration of auditors**

<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
16	15
<b>16</b>	<b>15</b>

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

There are no events that have occurred after the balance sheet date

## Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2022 %	2021 %
Gippsland Health Alliance	Information Technology Services	5.03	5.29

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:

	2022 \$'000	2021 \$'000
<b>Current assets</b>		
Cash and cash equivalents	158	265
Other current assets	260	273
<b>Total current assets</b>	<b>418</b>	<b>538</b>
<b>Non-current assets</b>		
Property, plant and equipment	54	67
<b>Total non-current assets</b>	<b>54</b>	<b>67</b>
<b>Total assets</b>	<b>472</b>	<b>605</b>
<b>Current liabilities</b>		
Other Liabilities	56	77
Lease Liability	11	10
<b>Total current liabilities</b>	<b>67</b>	<b>87</b>
<b>Non-current liabilities</b>		
Lease Liability	23	27
<b>Total non-current liabilities</b>	<b>23</b>	<b>27</b>
<b>Total liabilities</b>	<b>90</b>	<b>114</b>
<b>Net assets</b>	<b>382</b>	<b>491</b>
<b>Equity</b>		
Accumulated surplus	382	491
<b>Total equity</b>	<b>382</b>	<b>491</b>

## Note 8.7 Joint arrangements

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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Operating Activities	1,077	947
<b>Total revenue</b>	<b>1,077</b>	<b>947</b>
<b>Expenses</b>		
Other Expenses from Continuing Operations	1,141	965
Depreciation	21	18
<b>Total expenses</b>	<b>1,162</b>	<b>983</b>
<b>Net result</b>	<b>(85)</b>	<b>(36)</b>

### 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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