



# Orbost Regional Health

## Annual Report 2022/23



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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 Orbost Regional Health for the year ending 30 June 2023.



**Peter van den Oever**

Board Director

Orbost

30 June 2023



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

Orbost Regional Health (ORH) acknowledges the Gunaikurnai people as the traditional owners of the land on which ORH is located. We pay our respects to the Aboriginal and Torres Strait Islander cultures, and to Elders both past and present, and thank them for their ongoing contribution to our health service.

## Charter and Purpose

### Manner of establishment and the relevant Ministers

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

Orbost Regional Health is governed by a Board of Directors, appointed by the Governor-In-Council upon the recommendation of the Victorian Minister for Health The Hon Mary-Anne Thomas MP, From 1 July 2022 to 30 June 2023.

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

## Purpose, functions, powers and duties

### **Our Vision**

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

### **Our Mission**

Accessible high-quality care to a diverse range of consumers in Far East Gippsland.

### **Our Values**

- Respect
- Integrity
- Compassion
- Excellence
- Community

### **Our Strategic Objectives**

- **People**  
Supporting and motivating our people to continue on a path of professional development and maintain a highly-skilled and engaged workforce.
- **Quality & Safety**  
Ensuring robust governance through transparency and accountability to provide high quality care and safety across our organisation.
- **Services**  
Maximising our capabilities and identifying community needs through our provision of services and utilisation of innovative technological infrastructure.
- **Community**  
Partnering with our stakeholders and utilising opportunities to build a stronger organisation and connection with the community.

## 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 our surrounding districts including; radiology, medical, palliative care, dialysis, supportive therapies, post-acute care and transitional care programs. Clinical educator nurses provide training and supervision to support nursing student placements across many areas of the organisation.

### **Urgent Care & After-Hours Medical Treatment**

A specialist nurse assessment (triage) led model supported by virtual medical services 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 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 testing, Perinatal counsellor, Podiatrist and community Mental Health Services. Visiting Specialists include a Paediatrician, Cardiologist, and Rheumatologist; as well as 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 programs, 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 the hospital, medical clinic, and the wider community.

Early year's services, including family and maternal child health nursing, and 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, and gymnasium services, along with rehabilitation, lifestyle, and wellbeing programs. Allied health services include Occupational Therapy, Physiotherapy, Exercise Physiology, Speech Pathology and Dietitian Services.

Welfare services include Homelessness Support, Financial Counselling, Generalist Counselling, Social Worker, Psychology services, and 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. These services are delivered by a mix of public and private dentists.

### **Medical Imaging**

X-ray services are provided at ORH by radiographers and imaging nurses one day a week

## **Chair and CEO's report – The Year in Review**

On behalf of the staff and Board of Management we are pleased to present the Orbest Regional Health Annual Report for 2022/23.

In another year of extraordinary challenges, and now three and a half years from the start of the Covid-19 pandemic, we are finally returning to business as usual in our health service and the community.

Whilst Covid-19 may have dominated the public attention, we have continued to deliver services, and planned for the future in our fast-growing region. To this end, the Orbest Regional Health Board endorsed and launched our new Strategic Plan 2022-2027. Covering four key pillars of People, Quality and Safety, Services, and Community; the Strategic Plan supports the ORH vision to provide outstanding rural healthcare, leading our community to a healthy future.

In a year of capital works completions, the front entrance and reception modification project has been finalised and opened, providing a welcoming entrance for both staff and visitors to the health service. Works have also been completed in Lochiel House to provide a room appropriate for bariatric care requirements; enabling ORH to provide care close to home for residents with these needs. Following the major floor re-levelling works in Hollands Wing and Waratah Lodge last year, all damage created during the process has now been repaired, providing a safe environment for patients, residents and staff.

The new 38 bed aged care building has been designed, with interior and external details now being considered. Particular attention is being given to disability, dementia, and bariatric resident requirements. The two-story building will be placed on the south east side of the ORH campus. Building is due to commence in June 2024 with completion anticipated in the second half of 2026. The new building will provide individual bedrooms and bathrooms for all residents, beautiful and varied gardens and terraces, and includes features such as a beauty salon, large café space, private dining room for residents and their families, and multiple activity spaces. Extensive resident, staff and community consultation will be undertaken throughout 2023-24 prior to the building commencement.

The Orbost Regional Health Board recognised the need for the Community Services team, who currently reside in Nicholson Street, to move to larger premises to accommodate the growth in their service. A building on Forest Road, Orbost has been acquired and substantially renovated as a bright and welcoming community location; and is also able to provide a new home for the Orbost Neighbourhood House, with two large activity spaces available to use. The building is anticipated to open to the community in the coming months.

To reduce the gap in health equity and disparity in health outcomes, funding from the Gippsland Primary Health Network will support ORH to partner with the Deddick Valley Isolated Community Group to deliver a new trial project. In a first for Gippsland, over two years, ORH will deliver remote nursing services to coordinate access to care for isolated residents in the north of our community. The nurse coordinator will support all residents, advocating for their needs, and helping with access to many types of services.

ORH continue to face ongoing challenges with the recruitment of staff across all areas of the health service. This is not unique to our region, or even to Australia. Healthcare worker shortages are being experienced all over the world. ORH are working on this complex problem from several different directions. Firstly, by providing a great working environment to retain staff, with new facilities being built and acquired, excellent training opportunities at all levels, supporting students who are learning, and ensuring staff are recognised for their years of service and dedication. Secondly, ORH are reviewing innovative new strategies to bring staff to us, evaluating different models of care delivery, and partnering with our East Gippsland and Gippsland colleagues to share staffing resources.

ORH has continued to be an active partner in both the East Gippsland Health Service Partnership and the Gippsland Health Service Partnership. These teams are critical to evaluating service delivery models, and supporting pathways for our community to access care in areas such as surgery, maternity and cancer treatments. The partnerships are assisting all services in upgrading our internet infrastructure and speeds, to support faster access to telehealth services and remote computer connections. We are also considering how we can share staff to provide services that ORH may not otherwise have access to, particularly allied health staff and specialist medical staff.

ORH have extended our agreement with 'My Emergency Doctor' to provide virtual emergency specialist doctors 24/7 to the urgent care centre, and to our residents or inpatients who may require a doctor after hours or on weekends. Whilst ORH appreciate that people like to see doctors face to face, we risk exhausting our existing medical GP staff, and creating working conditions for them that may not entice them to stay. The quality of the virtual emergency service provided is evident through the large number of compliments ORH receive about the doctors online. ORH has also commenced using the Victorian Virtual Emergency Department, a service supported by the State Government, and now available to all residents of Victoria.

2023-24 is an exciting year for ORH and the services we provide for our community. Work that will be undertaken in the 2023-2024 financial year includes:

- Launch of the Forest Rd building for our community services team and the Orbost Neighbourhood House
- Completion of design and costings for the new residential aged care building, with building set to commence in June 2024
- Development of a reconciliation action plan for ORH
- Providing new nursing services to the most remote areas of our community, and innovating in healthcare through the use of virtual care and artificial intelligence technology
- Implementation of our gender equality action plan
- Ongoing implementation of the 2022-27 Strategic plan
- Continue to work with our Health Service Partners to potentially support pathways of care for surgery, maternity and cancer treatment.

Thank you to the Board, donors and our wider community for your ongoing support. Thank you also to our Executive Team for your continued leadership. The staff of Orbost Regional Health have weathered unprecedented challenges to the healthcare system, and we are grateful for their unwavering commitment to high quality care, and your dedication and deep commitment to the values and vision of the health service.



A handwritten signature in blue ink that reads "P. van den Oever".

**Peter van den Oever**  
President, Board of Directors  
Orbost Regional Health  
30 June 2023



A handwritten signature in blue ink that reads "Lindy Washington".

**Dr Lindy Washington**  
Chief Executive Officer  
Orbost Regional Health  
30 June 2023

# Management and Structure

## Board of Directors as at 30 June 2023

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

### **Board Members**

**President** Peter van den Oever

**Vice President** Narelle Macalister

#### **Members**

Deborah Miller

Robyn Francis

Emily Richardson

Thelma Hutchison

Carl Turney

George Neophytou

Wayne Pease

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

#### **Independent Members**

Thelma Hutchison (Chair)

Peter van den Oever

Emily Richardson

Wayne Pease

Narelle Macalister

Glenn Ingram (Independent Member)

#### **Management Members**

Vicki Farthing –Chief Executive Officer

Mark Johnson – Acting Chief Executive Officer

Dr Lindy Washington -Interim 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 – to 15 February 2023

### **Acting Chief Executive Officer**

Frank Megens – 20 February to 2 March 2023

### **Acting Chief Executive Officer**

Mark Johnson – 6 March to 26 May 2023

### **Chief Executive Officer**

Dr Lindy Washington – from 29 May 2023

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

Tanya Murray – to 21 January 2023

Kim Treasure – to 20 January 2023

### **Acting Director Clinical and Aged Care Services**

Melissa Buultjens – 16 January to 10 March 2023

### **Acting Director Clinical and Aged Care Services**

Kim Griebenow – from 11 March to 30 June 2023

### **Director Community Services**

Mitchell Schwenke – to 5 May 2023

### **Acting Director Community Services**

Thorsten Kasel – from 5 May to 26 May 2023

### **Director Medical Services/Chief Medical Officer**

Dr Mau Wee

## Visiting Medical Officers (General Practitioners)

Dr Nadira Anis

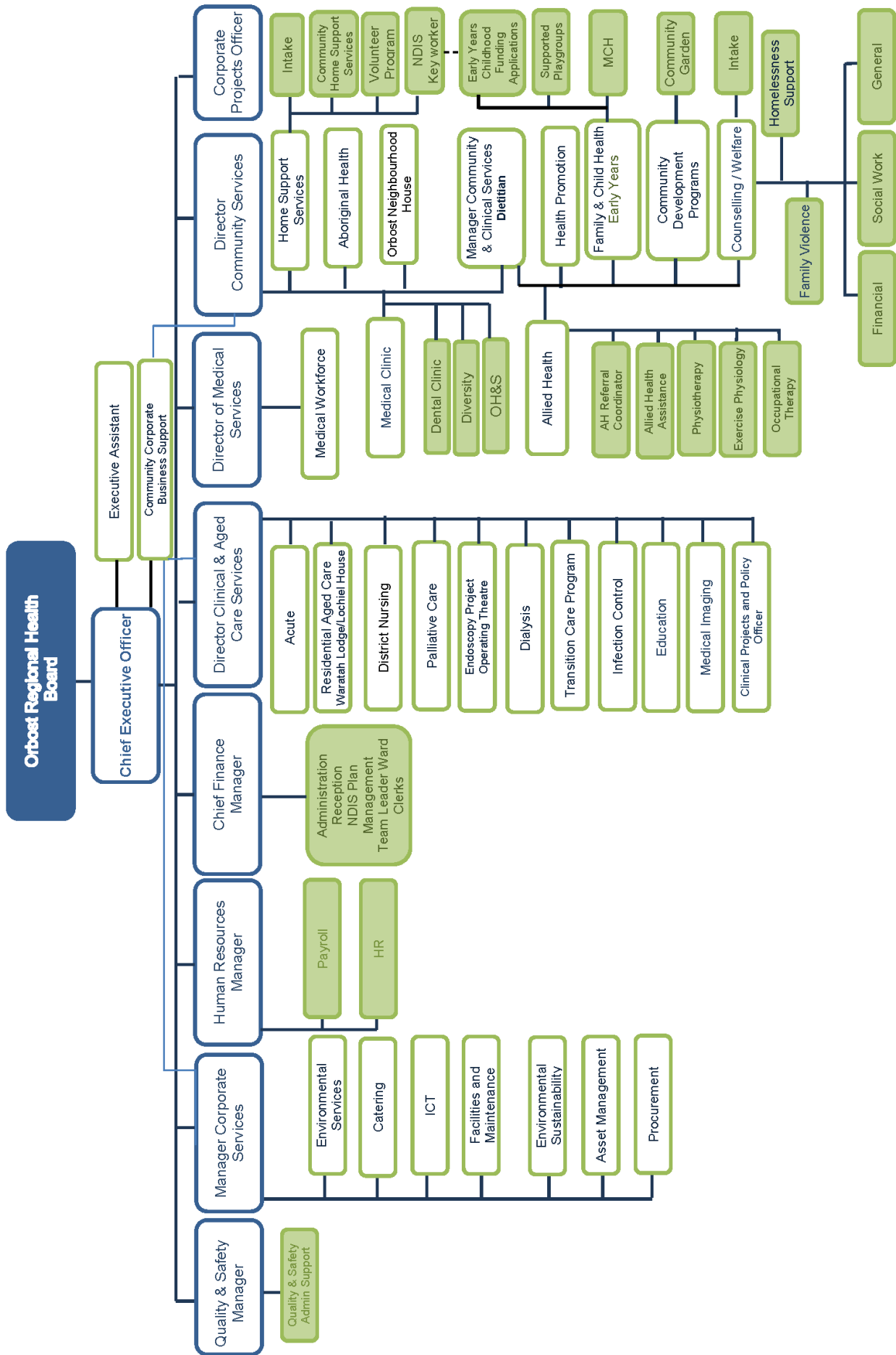
## General Practitioner

Dr Jane Maxwell

Dr Roisin Kinsella



# Organisational structure



## Workforce data

Hospitals Labour Category	JUNE		AVERAGE	
	Current Month FTE		MONTHLY FTE	
	2022	2023	2022	2023
<b>Nursing</b>	33	22	35	26
<b>Administration and Clerical</b>	32	32	31	31
<b>Medical Support</b>	2	4	1	5
<b>Hotel and Allied Services</b>	45	44	44	42
<b>Sessional Clinicians</b>	0	2	0	1
<b>Ancillary Staff (Allied Health)</b>	8	8	10	8
<b>Total</b>	<b>120</b>	<b>112</b>	<b>121</b>	<b>113</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 2022-23 OH&S performance against the established measure is summarised below.

<b>Occupational Health &amp; Safety Statistics</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
Number of reported hazards/incidents for the year per 100 FTE	39.9 / 100 EFT	42.1 / 100 EFT	43.7/100 EFT
Number of 'lost time' standard Workcover claims for the year per 100 FTE	2 / 100 EFT	1.5 / 100 EFT	2.5/100EFT
The average cost per Workcover claim for the year ('000)	\$6,725	\$4,911	\$0 *

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

## Occupational Violence reporting

<b>Occupational violence statistics</b>	<b>2022-23</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	8
Number of occupational violence incidents reported per 100 FTE	4.9
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 2022-23.
- **Lost time** – is defined as greater than one day.
- **Injury, illness or condition** – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# Financial Information

	2023	2022	2021	2020	2019
	\$000	\$000	\$000	\$000	\$000
OPERATING RESULT*	869	1,435	738	676	141
Total revenue	22,360	20,486	18,791	17,593	16,343
Total expenses	21,774	20,441	19,302	18,262	17,075
<b>Net result from transactions</b>	586	45	(511)	(669)	(732)
Total other economic flows	39	83	38	52	7
<b>Net result</b>	625	128	(473)	(617)	(724)
Total assets	23,680	22,346	19,174	19,603	19,814
Total liabilities	8,744	8,037	6,449	6,406	5,999
<b>Net assets/Total equity</b>	14,936	14,309	12,725	13,198	13,816

## Reconciliation between the Net result from Transactions and Operating Result

	2022-2023 (\$000)
<b>Operating result</b>	869
Capital purpose income	924
Specific income	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	64
State supply items consumed up to 30 June 2023	(64)
Assets provided free of charge	N/A
Assets received free of charge	0
Expenditure for capital purpose	(15)
Depreciation and amortisation	(1,180)
Impairment of non-financial assets	0
Finance costs (other)	(12)
<b>Net result from transactions</b>	586

## Significant changes in financial position

The current asset ratio at 30 June 2023 has had a decrease to 1.25 (2021-22; 1.43).

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 and significant achievements

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 \$869,000 compared to a result of \$1,435,000 in the previous year. The ongoing effects of staff shortages has led to high Nursing Agency expenses. Home Care Packages continued to increase to over 140 packages. 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 \$197,000 as a share of the GHA Surplus (2021-22 -\$85,000 share of deficit). The health service purchased the property at 86 Reed Street Orbost to address accommodation shortage for staff and 45 Forrest Rd Orbost to operate services from.

Capital grants of \$661,000 were received from the Department of Health for an upgrade to Lochiel aged care facility, an upgrade to the front entrance of the hospital and equipment and general infrastructure replacement. Additional Aged Care Commonwealth grants of \$263,000 were also received for minor Capital works.

### 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 2022-23, there were 2 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies is \$15,117 (excl. GST).

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

In 2022-23, there were 5 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies is \$482,400 (excl. GST). Details of these consultancies can be viewed below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2022-23 (excluding GST)	Future expenditure (excluding GST)
Insurance House PL	Workers Compensation Brokerage	01 July 2022	30 June 2023	\$22,000	\$22,000	0
Nathan Farrow	Clinical Governance Review	01 December 2022	17 April 2023	\$57,600	\$57,600	\$0
Ninety Mile Consulting	Strategic Plan	17 January 2022	11 August 2023	\$20,906	\$20,906	\$0
Tanya Heaney-Voogt	Leadership Training	01 July 2022	30 June 2023	\$16,995	\$16,995	\$0
Connected Medical Solutions	Virtual Doctors	01 July 2022	30 June 2023	\$364,899	\$364,899	\$240,000

## Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2022-23 is \$0.93 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)			
\$0.93 million	\$0	\$0	\$0

## Disclosures required under legislation

### Freedom of Information Act 1982

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

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

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

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

Applications shall be made in writing to the Freedom of Information Officer on an Orbest Regional Health Freedom of Information Application form. Sufficient detail concerning the information requested should be provided to be able to process the request. All requests should be accompanied by an application fee of \$30.60, proof of identity such as driver's license or passport.

Requests received	32
Fully granted	30
Partially	0
Denied	0
Other:	
• Withdrawn	0
• Not proceeded	2
• No processed	0
• No documents	0
• Transferred to another agency	0
In progress (carried into 2023-24)	0

In addition to the **32** requests received, there were a total of **19** requests received to which the Act did not apply (including Coroners Court, Subpoenas, Worksafe and Police requests) and **4** requests outside the Act. There were also **101** 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 Orbest Regional Health during 2022-2023 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.

## Building Act 1993

During 2022/23, Orbost Regional Health's building complied with the *Building Act 1993* as evident in the annual certificate of compliance of essential services.

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

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

## Public Interest Disclosure Act 2012

Orbost Regional Health was not required to disclose any issues under the *Public Interest Disclosure Act (updated 2020-21)* (the Act) in the financial year 2022/23.

## Statement on National Competition Policy

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

## Carers Recognition Act 2012

Orbost Regional Health is aware of and complies with the requirements of the *Carers Recognition Act 2012* (the Act) and was not required to make any disclosures during the 2022/23 reporting period.

## Safe Patient Care Act 2015

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

## Local Jobs First Act 2003

During 2022/23, Orbost Regional Health had no projects that commenced or were completed to which the Local Jobs First Policy applied.

## Gender Equality Act 2020

Following endorsement of the Gender Equality Action Plan submitted to the Commission for Gender Equality in the Public Sector in June 2022, Orbost Regional Health appointed a Project Owner in early 2023 and commenced detailed implementation planning to develop and assign actions to appropriate members of staff. Resourcing in the initial phase of implementation was challenging however is now resolved and significant progress against the actions plan is anticipated by the end of 2023, including a follow up gender equality audit to review progress against the priority areas identified in the Plan.

## 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



# Environmental performance

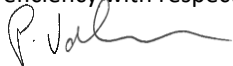
ELECTRICITY USE	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>EL1 Total electricity consumption segmented by source [MWh]</b>			
Purchased	414.39	386.78	356.58
Self-generated	175.30	175.30	175.30
<b>EL1 Total electricity consumption [MWh]</b>	<b>589.69</b>	<b>562.08</b>	<b>531.88</b>
<b>EL2 On site-electricity generated [MWh] segmented by:</b>			
<b>Consumption behind-the-meter</b>			
Solar Electricity	175.30	175.30	175.30
<b>Total Consumption behind-the-meter [MWh]</b>	<b>175.30</b>	<b>175.30</b>	<b>175.30</b>
<b>Exports</b>			
Solar Electricity	0.00	0.00	0.00
<b>Total Electricity exported [MWh]</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EL2 Total On site-electricity generated [MWh]</b>	<b>175.30</b>	<b>175.30</b>	<b>175.30</b>
<b>EL3 On-site installed generation capacity [kW converted to MW] segmented by:</b>			
Diesel Generator	0.28	0.28	0.28
Solar System	0.15	0.15	0.15
<b>EL3 Total On-site installed generation capacity [MW]</b>	<b>0.43</b>	<b>0.43</b>	<b>0.43</b>
<b>EL4 Total electricity offsets segmented by offset type [MWh]</b>			
LGCs voluntarily retired on the entity's behalf	0.00	0.00	0.00
GreenPower	0.00	0.00	0.00
RPP (Renewable Power Percentage in the grid)	77.91	71.90	67.50
Certified climate active carbon neutral electricity purchased	0.00	0.00	0.00
<b>EL4 Total electricity offsets [MWh]</b>	<b>77.91</b>	<b>71.90</b>	<b>67.50</b>
STATIONARY ENERGY	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>F1 Total fuels used in buildings and machinery segmented by fuel type [MJ]</b>			
LPG	2,161,030.70	2,135,063.50	2,226,999.90
<b>F1 Total fuels used in buildings [MJ]</b>	<b>2,161,030.70</b>	<b>2,135,063.50</b>	<b>2,226,999.90</b>
<b>F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]</b>			
LPG	130.96	129.39	134.96
<b>F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]</b>	<b>130.96</b>	<b>129.39</b>	<b>134.96</b>
TRANSPORTATION ENERGY	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]</b>			
Executive fleet - Gasoline	208,626.80	492,483.30	848,030.00
Non-executive fleet - Gasoline	869,535.00	559,956.30	6,959.80
<b>Petrol</b>	<b>1,078,161.80</b>	<b>1,052,439.60</b>	<b>854,989.80</b>
Executive fleet - Diesel			49,219.10
Non-executive fleet - Diesel	77,122.60	44,119.90	
<b>Diesel</b>	<b>77,122.60</b>	<b>44,119.90</b>	<b>49,219.10</b>
<b>Total energy used in transportation (vehicle fleet) [MJ]</b>	<b>1,155,284.40</b>	<b>1,096,559.50</b>	<b>904,208.90</b>
<b>T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category</b>			
<b>T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]</b>			
Executive fleet - Gasoline	14.11	33.30	57.34
Non-executive fleet - Gasoline	58.80	37.86	0.47
<b>Petrol</b>	<b>72.91</b>	<b>71.17</b>	<b>57.81</b>
Executive fleet - Diesel			3.47
Non-executive fleet - Diesel	5.43	3.11	
<b>Diesel</b>	<b>5.43</b>	<b>3.11</b>	<b>3.47</b>
<b>Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]</b>	<b>78.34</b>	<b>74.27</b>	<b>61.28</b>
<b>T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft)</b>			
Total distance travelled by commercial air travel			
<b>T(opt1) Total vehicle travel associated with entity operations [1,000 km]</b>			
Total vehicle travel associated with entity operations [1,000 km]			
<b>T(opt2) Greenhouse gas emissions from vehicle fleet [tonnes CO2-e per 1,000 km]</b>			
tonnes CO2-e per 1,000 km			
TOTAL ENERGY USE	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]</b>			
Total energy usage from stationary fuels (F1) [MJ]	2,161,030.70	2,135,063.50	2,226,999.90
Total energy usage from transport (T1) [MJ]	1,155,284.40	1,096,559.50	904,208.90
<b>Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]</b>	<b>3,316,315.10</b>	<b>3,231,623.00</b>	<b>3,131,208.80</b>
<b>E2 Total energy usage from electricity [MJ]</b>			
Total energy usage from electricity [MJ]	2,122,885.01	2,023,473.25	1,914,783.80
<b>E3 Total energy usage segmented by renewable and non-renewable sources [MJ]</b>			
Renewable	911,539.65	889,926.21	874,085.42
Non-renewable (E1 + E2 - E3 Renewable)	4,527,660.46	4,365,170.04	4,171,907.18
<b>E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser</b>			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	463.53	414.94	403.29
Energy per unit of LOS [MJ/LOS]	3,689.85	2,562.25	1,926.41
Energy per unit of Separations [MJ/Separations]	13,471.43	6,447.34	4,187.85
Energy per unit of floor space [MJ/m2]	678.91	659.04	656.38

WATER USE	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
<b>W1 Total units of metered water consumed by water source (kl)</b>			
Potable water [kl]	3,573.71	4,796	3,637.36
<b>Total units of water consumed [kl]</b>	<b>3,573.71</b>	<b>4,796</b>	<b>3,637.36</b>
<b>W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity</b>			
Water per unit of Aged Care OBD [kl/Aged Care OBD]	0.39	0.48	0.35
Water per unit of LOS [kl/LOS]	3.08	2.96	1.69
Water per unit of Separations [kl/Separations]	11.24	7.44	3.68
Water per unit of floor space [kl/m2]	0.57	0.76	0.58
<b>WASTE AND RECYCLING</b>	<b>Jul-22 to Jun-23</b>	<b>Jul-21 to Jun-22</b>	<b>Jul-20 to Jun-21</b>
<b>WR1 Total units of waste disposed of by waste stream and disposal method [kg]</b>			
<b>Offsite treatment</b>			
Clinical waste - incinerated	2,796.15	35.70	2.00
Clinical waste - sharps	123.04	140.66	168.75
Clinical waste - treated		1,582.50	1.00
<b>Recycling/recovery (disposal)</b>			
Cardboard	8,745.00	9,240.00	6,930.00
Commingled	3,045.00	2,145.00	1,050.00
Paper (confidential)	2,805.00	3,120.00	
Toner & print cartridges	40.00	60.00	
<b>Total units of waste disposed [kg]</b>	<b>75,109.19</b>	<b>82,113.86</b>	<b>76,521.75</b>
<b>WR1 Total units of waste disposed of by waste stream and disposal method [%]</b>			
<b>Landfill (total)</b>			
General waste	76.63%	80.12%	89.35%
<b>Offsite treatment</b>			
Clinical waste - incinerated	3.72%	0.04%	0.00%
Clinical waste - sharps	0.16%	0.17%	0.22%
Clinical waste - treated		1.93%	0.00%
<b>Recycling/recovery (disposal)</b>			
Cardboard	11.64%	11.25%	9.06%
Commingled	4.05%	2.61%	1.37%
Paper (confidential)	3.73%	3.80%	
Toner & print cartridges	0.05%	0.07%	
<b>WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method</b>			
Total waste to landfill per PPT [(kg general waste)/PPT]	5.37	5.35	5.10
Total waste to offsite treatment per PPT [(kg offsite treatment)/PPT]	0.27	0.14	0.01
Total waste recycled and reused per PPT [(kg recycled and reused)/PPT]	1.37	1.19	0.60
<b>WR4 Recycling rate [%]</b>			
Weight of recyclable and organic materials [kg]	14,635.00	14,565.00	7,980.00
Weight of total waste [kg]	75,109.19	82,113.86	76,521.75
<b>Recycling rate [%]</b>	<b>19.48%</b>	<b>17.74%</b>	<b>10.43%</b>
<b>WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]</b>			
tonnes CO2-e	77.44	87.80	89.10
<b>GREENHOUSE GAS EMISSIONS</b>	<b>Jul-22 to Jun-23</b>	<b>Jul-21 to Jun-22</b>	<b>Jul-20 to Jun-21</b>
<b>G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]</b>			
Carbon Dioxide	208.15	202.55	195.13
Methane	0.46	0.45	0.46
Nitrous Oxide	0.69	0.66	0.64
<b>Total</b>	<b>209.30</b>	<b>203.66</b>	<b>196.24</b>
<b>Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]</b>	<b>130.96</b>	<b>129.39</b>	<b>134.96</b>
<b>Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]</b>	<b>78.34</b>	<b>74.27</b>	<b>61.28</b>
<b>Medical/Refrigerant gases</b>			
<b>Total scope one (direct) greenhouse gas emissions [tonnes CO2e]</b>	<b>209.29</b>	<b>203.66</b>	<b>196.24</b>
<b>G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]</b>			
Electricity	284.67	282.44	278.10
<b>Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]</b>	<b>284.67</b>	<b>282.44</b>	<b>278.10</b>
<b>G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)</b>			
Commercial air travel			
Waste emissions (WR5)	77.44	87.80	89.10
Indirect emissions from Stationary Energy	80.33	38.54	40.11
Indirect emissions from Transport Energy	19.88	3.95	3.25
Paper emissions	3.16	3.13	3.14
Any other Scope 3 emissions	6.05	9.01	6.00
<b>Total scope three greenhouse gas emissions [tonnes CO2e]</b>	<b>186.86</b>	<b>142.43</b>	<b>141.60</b>
<b>G(Opt) Net greenhouse gas emissions (tonnes CO2e)</b>			
<b>Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO2e]</b>	<b>680.82</b>	<b>628.53</b>	<b>615.94</b>
Carbon Neutral Electricity	0.00	0.00	0.00
Green Power Electricity	0.00	0.00	0.00
Purchased LGCs	0.00	0.00	0.00
<b>Any Offsets purchased</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net greenhouse gas emissions [tonnes CO2e]</b>	<b>680.82</b>	<b>628.53</b>	<b>615.94</b>
<b>NORMALISATION FACTORS</b>	<b>Jul-22 to Jun-23</b>	<b>Jul-21 to Jun-22</b>	<b>Jul-20 to Jun-21</b>
1000km (Corporate)			
1000km (Non-emergency)			
Aged Care OBD	9,242.00	10,022.00	10,270.00
ED Departures	0.00	0.00	0.00
FTE	113.00	119.00	125.00
LOS	1,161.00	1,623.00	2,150.00
OBD	10,403.00	11,645.00	12,420.00
PPT	10,721.00	12,290.00	13,409.00
Separations	318.00	645.00	989.00
TotalAreaM2	6,310.00	6,310.00	6,310.00

# 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  
24 July 2023

## Data Integrity

I, Lindy Washington 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.



Dr Lindy Washington  
Chief Executive Officer  
Orbost Regional Health  
24 July 2023

## Conflict of Interest

I, Lindy Washington, 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.



Dr Lindy Washington  
Chief Executive Officer  
Orbost Regional Health  
24 July 2023

## Integrity, fraud and corruption

I, Lindy Washington 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.



Dr Lindy Washington  
Chief Executive Officer  
Orbost Regional Health  
24 July 2023

# Multipurpose Services financial and service performance reporting

## MPS Service Plan: Key achievements and challenges

Objective	Action	Deliverable	Outcome
<b>Our People</b> Supporting and motivating our people to continue on a path of professional development and maintain a highly-skilled and engaged workforce	Develop a workforce plan in conjunction with the East Gippsland Health Service Partnership that includes a marketing strategy to promote the East Gippsland region.	Establishment of ORH as a member of the newly formed East Gippsland Health Service Partnership; and consider options for subregional workforce recruitment.	Achieved
	Identify and enable training opportunities for staff to increase staff skills and create a culture of learning.	Opportunities for training provided in Health Administration, EN to RN, RUSON, PCA, and others.	Achieved
	Work in partnership with Orbost Secondary College and Alpine Institute to identify career pathways for students, existing staff and the local community.	Scholarship promotion for school students considering allied health and nursing careers, ongoing support to nursing graduates and student placements.	Achieved
	Develop a process for the collection of staff feedback to inform communications and staff wellbeing strategies	Daily Operating System (DOS) ensures that concerns raised are actioned quickly, and achievements are recognised	Achieved
<b>Our Community</b> Partner with our stakeholders and utilise opportunities to build a stronger organisation and connection with the community	Continue to develop and foster ORH partnerships that will promote better health outcomes for the community.	Redevelopment planning of the ORH operating theatre space in order to partner with Bairnsdale Regional Health Service to reduce surgical waiting times, and provide care closer to home.	Achieved
	Development of a multifaceted	Community engagement plan has been	Achieved

	<p>communication plan that will assist ORH to improve communication to the community.</p> <p>Develop plans to increase community health literacy and health promotion opportunities.</p> <p>Develop an environmental sustainability strategy for ORH</p>	<p>developed and a media strategy to roll out the plan is underway.</p> <p>MOU being formed with subregional partner to provide health promotion services to our region</p> <p>An environmental sustainability plan and procurement plan has been endorsed and implemented at ORH</p>	<p>In progress</p> <p>Achieved</p>
<p><b>Our Services</b></p> <p>Maximise our capabilities and identification of community needs through our provision of services and utilisation of innovative technological infrastructure</p>	<p>Review current ICT systems and ability to increase use of digital healthcare solutions at ORH to improve access to care.</p> <p>Participate in the design process for the new aged care build, including collaboration with health partners and the community to ensure the new aged care facility meets the needs of the community into the future.</p> <p>Identify partnerships with health care providers to identify service needs and opportunities to expand service delivery within ORH capability.</p> <p>Partner with healthcare providers in Far East Gippsland to identify services that can be provided by ORH to remote communities to enable timely access to services as close to home as possible.</p>	<p>Digital healthcare embedded across ORH for emergency consultations.</p> <p>Schematic design completed. Development design in progress. Strong ORH engagement in the design across all ORH teams, including site visits to similar facilities to consider best practice.</p> <p>Partnering with the Moogji Aboriginal Council of East Gippsland to assist them to provide medical services to the community.</p> <p>Partnering with the Primary Health Network and community to provide nursing services to the Erinunderra to Deddick Valley region.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>

<b>Our Quality and Safety</b> Ensure robust governance through transparency and accountability to provide high quality care and safety across our organisation	Complete a workforce skills matrix to identify skill priority areas and to inform the review of the workforce plan.	Working group established to review ORH's skills matrix, and develop the new ORH 2023-26 workforce plan.	Achieved
	Focus on aged care accreditation, including completion of gap analysis and mock survey in preparation for accreditation survey in 2024.	Major review of organisational policies and procedures undertaken. Mandatory competency training rates at 100%. Gap analysis and mock survey scheduled 23/24.	Achieved/In progress
	Review of clinical audit program schedule to ensure audits are completed, reported up, actions to improve implemented and all clinical risk areas are monitored.	Clinical audits are monitored by the Board, and recommendations implemented by the executive team to ensure high quality of care.	Achieved
	Develop a community service delivery model that is flexible to the needs of the community and has clear referral pathways for timely access to care.	Strong engagement with the Gippsland Health Service Partnership to consider surgical, maternity, and cancer treatment pathways	Achieved

## MPS Performance Priorities

<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%	95%
Percentage of healthcare workers immunised for influenza	92%	98%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95% positive experience	NA*

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

<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%	46%
<b>Financial sustainability</b>		
<b>Key performance indicator</b>	<b>Target</b>	<b>Result</b>
Operating result (\$m)	\$0.00	\$0.87
Trade creditors	60 days	32 days
Patient fee debtors	60 days	3 days
Adjusted current asset ratio	0.70	1.50
Number of days available cash	14.0	108.6

## Multi-Purpose Services Activity Reporting

### MPS Funded Flexible aged care places

<b>Campus</b>	<b>Number</b>
Flexible high care	19
Flexible low care	20

### MPS Utilisation of flexible aged care places

<b>Campus</b>	<b>Number</b>	<b>Occupancy level %</b>
Flexible high care	19	74%
Flexible low care	19	63%
Respite	1	100%
<b>Total</b>	39	

### MPS Acute care activity

<b>Service</b>	<b>Type of activity</b>	<b>Actual Activity 2022-23</b>
Medical inpatients	Bed days	1,033
Urgent care	Presentations	1,947
Outpatients	Presentations	474
Radiology	Number of clients	727
Renal dialysis	Number of clients	16

### MPS Community care activity

<b>Community Home Support Service (HACC PYP and CHSP)</b>	<b>Hours of Service 2022-23 HACC PYP and CHSP</b>	<b>Hours of Service 2022-23 HCP</b>
Meals	1,680	2,655
Domestic Assistance	4,164	4,111
Personal Care	913	6,366
Social Support Group	6,284	379
Property Maintenance	616	2,243
<b>Volunteer Services</b>		
Volunteer network - hours	1,136	
Volunteer network - kilometres	15,529	

### MPS Primary health care activity

<b>Service</b>	<b>Actual activity 2022-23 (hours of service)</b>
District Nursing all services	3,678
PBFF Speech pathology	111
Diabetes Education	315
PBFF Dietetics	878
Community Nursing	24
PBFF Counselling	450
Counselling	1,007
Occupational Therapy	1,128
Physiotherapy	914
Exercise Physiology	808
School Counselling	45
Women's Health Clinics	136
Nurse led Mental Health Outreach	669
NDIS Community access & AH Referral includes OT & support coordination	1,376
Post-Acute Care Allied Health	81
Financial Counselling	642
Maternal & Child Health # Occasions of Service	#854
Homelessness Support # Occasions of Service	# 771
Family Violence Outreach #Occasions of Service	# 768

\*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	3
FRD 22	Nature and range of services provided	3-4
FRD 22	Activities, programs and achievements for the reporting period	4-6
FRD 22	Significant changes in key initiatives and expectations for the future	4-6
<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
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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>
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	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	14

# Financial Statements

## Financial Year ended 30 June 2023

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

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

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

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

We authorise the attached financial statements for issue on 26th September, 2023.

**Board member**

**Accountable Officer**

**Chief Finance & Accounting Officer**



Peter van den Oever  
Chair

Dr Lindy Washington  
Chief Executive Officer

Steven Jackel  
Chief Finance and Accounting Officer

Orbost  
26<sup>th</sup> September, 2023

Orbost  
26<sup>th</sup> September, 2023

Orbost  
26<sup>th</sup> September, 2023

# 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 2023</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and 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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other information</b>	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation 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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MELBOURNE  
23 October 2023

Dominika Ryan  
*as delegate for the Auditor-General of Victoria*

**Orbost Regional Health**  
**Comprehensive Operating Statement**  
**For the Financial Year Ended 30 June 2023**

		<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Revenue and income from transactions</b>			
Operating activities	2.1	20,854	19,379
Non-operating activities	2.1	310	30
Share of revenue from joint operations	8.7	1,196	1,077
<b>Total revenue and income from transactions</b>		<b>22,360</b>	<b>20,486</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(15,008)	(13,748)
Supplies and consumables	3.1	(1,715)	(1,826)
Finance costs	3.1	(12)	(11)
Depreciation and amortisation	3.1	(1,180)	(1,417)
Other administrative expenses	3.1	(2,024)	(1,555)
Other operating expenses	3.1	(856)	(746)
Other non-operating expenses	3.1	-	3
Share of expenditure from joint operations	8.7	(979)	(1,141)
<b>Total Expenses from transactions</b>		<b>(21,774)</b>	<b>(20,441)</b>
<b>Net result from transactions - net operating balance</b>		<b>586</b>	<b>45</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on sale of non-financial assets	3.2	54	15
Other gain/(loss) from other economic flows	3.2	(15)	68
<b>Total other economic flows included in net result</b>		<b>39</b>	<b>83</b>
<b>Net result for the year</b>		<b>625</b>	<b>128</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment revaluation surplus	4.3	-	1,458
<b>Total other comprehensive income</b>		<b>-</b>	<b>1,458</b>
<b>Comprehensive result for the year</b>		<b>625</b>	<b>1,586</b>

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

**Orbost Regional Health  
Balance Sheet  
As at 30 June 2023**

	Total 2023 \$'000	Total 2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	6.2 9,684	10,110
Receivables	5.1 680	646
Prepaid expenses	224	259
<b>Total current assets</b>	<b>10,588</b>	<b>11,015</b>
<b>Non-current assets</b>		
Receivables	5.1 286	373
Property, plant and equipment	4.1 (a) 12,366	10,537
Right of use assets	4.2 440	423
<b>Total non-current assets</b>	<b>13,092</b>	<b>11,333</b>
<b>Total assets</b>	<b>23,680</b>	<b>22,348</b>
<b>Current liabilities</b>		
Payables	5.2 1,369	1,226
Contract liabilities	5.3 1,472	991
Borrowings	6.1 303	300
Employee benefits	3.3 2,813	3,163
Other liabilities	5.4 2,474	2,017
<b>Total current liabilities</b>	<b>8,431</b>	<b>7,697</b>
<b>Non-current liabilities</b>		
Borrowings	6.1 166	215
Employee benefits	3.3 147	125
<b>Total non-current liabilities</b>	<b>313</b>	<b>340</b>
<b>Total liabilities</b>	<b>8,744</b>	<b>8,037</b>
<b>Net assets</b>	<b>14,936</b>	<b>14,311</b>
<b>Equity</b>		
Property, plant and equipment revaluation surplus	4.3 12,739	12,739
Restricted specific purpose reserve	SCE 2,136	2,136
Contributed capital	SCE 7,689	7,689
Accumulated deficit	SCE (7,628)	(8,253)
<b>Total equity</b>	<b>14,936</b>	<b>14,311</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 2023**

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 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>
Net result for the year		-	-	-	625	625
Other comprehensive income for the year		-	-	-	-	-
<b>Balance at 30 June 2023</b>		<b>12,739</b>	<b>2,136</b>	<b>7,689</b>	<b>(7,628)</b>	<b>14,936</b>

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

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



**Orbost Regional Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2023**

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Cash Flows from operating activities</b>		
Operating grants from State Government	10,357	10,700
Operating grants from Commonwealth Government	3,603	3,687
Capital grants from government - State	661	46
Capital grants from government - Commonwealth	263	-
Patient fees received	3,766	3,437
Private practice fees received	1,568	1,596
Donations and bequests received	3	16
GST received from/(paid to) ATO	(30)	(20)
Interest and investment income received	310	30
Commercial Income Received	21	15
Other receipts	903	960
<b>Total receipts</b>	<b>21,425</b>	<b>20,467</b>
Employee expenses paid	(15,225)	(13,595)
Payments for supplies and consumables	(1,288)	(1,398)
Payments for medical indemnity insurance	(66)	(66)
Payments for repairs and maintenance	(577)	(410)
Finance Costs	(12)	(11)
Other payments	(2,202)	(2,971)
<b>Total payments</b>	<b>(19,370)</b>	<b>(18,451)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>2,055</b>	<b>2,016</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(2,885)	(268)
Capital donations and bequests received	2	-
Proceeds from disposal of property, plant and equipment	90	17
<b>Net cash flows from/(used in) investing activities</b>	<b>(2,793)</b>	<b>(251)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(223)	(176)
Net Movement in accommodation deposits	535	605
<b>Net cash flows from /(used in) financing activities</b>	<b>312</b>	<b>429</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(426)</b>	<b>2,194</b>
Cash and cash equivalents at beginning of year	10,110	7,916
<b>Cash and cash equivalents at end of year</b>	<b>9,684</b>	<b>10,110</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 2023**

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

### **Structure**

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

# Orbost Regional Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

## Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Orbost Regional Health for the year ended 30 June 2023. 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 presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Orbost Regional Health on 26th September, 2023.

# Orbost Regional Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

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

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

Where financial impacts of the pandemic are material to 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.

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

# Orbost Regional Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### **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 relate to the following disclosures:

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

# Orbost Regional Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### **Note 1.6 Accounting standards issued but not yet effective**

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

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

# Orbost Regional Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

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

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

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

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

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

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

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

Orbost Regional Health's 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 during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic because the health service’s response was limited to implementing COVID safe practices.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	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.  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.  If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	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.
Determining time of capital grant income recognition	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.
Assets and services received free of charge or for nominal consideration	Orbost Regional Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Where a reliable market value exists it is used to calculate the equivalent value of the service being provided. Where no reliable market value exists, the service is not recognised in the financial statements.



## Note 2.1 Revenue and income from transactions

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Operating activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	87	31
Government grants (Commonwealth) - Operating	657	285
Patient and resident fees	3,796	3,450
Private practice fees	1,568	1,596
Commercial activities <sup>1</sup>	21	15
<b>Total revenue from contracts with customers</b>	<b>6,129</b>	<b>5,377</b>
	Note 2.1(a)	
<b>Other sources of income</b>		
Government grants (State) - Operating	10,048	9,735
Government grants (Commonwealth) - Operating	2,978	3,402
Government grants (State) - Capital	661	46
Government grants (Commonwealth) - Capital	263	-
Capital donations	2	-
Assets received free of charge or for nominal consideration	67	255
Other revenue from operating activities (including non-capital donations)	706	564
<b>Total other sources of income</b>	<b>14,725</b>	<b>14,002</b>
	Note 2.2	
<b>Total revenue and income from operating activities</b>	<b>20,854</b>	<b>19,379</b>
<b>Non-operating activities</b>		
<b>Income from other sources</b>		
Capital interest	310	30
<b>Total other sources of income</b>	<b>310</b>	<b>30</b>
<b>Total income from non-operating activities</b>	<b>310</b>	<b>30</b>
<b>Total revenue and income from transactions</b>	<b>21,164</b>	<b>19,409</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 (continued)

### 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:

	Total 2023 \$'000	Total 2022 \$'000
At a point in time	5,472	5,092
Over time	657	285
<b>Total revenue from contracts with customers</b>	<b>6,129</b>	<b>5,377</b>

#### How we recognise revenue and income from operating activities

##### 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 a point in time or over time as and when services are rendered.

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

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

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for 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.

## Note 2.1 Revenue and income from transactions (continued)

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 National Weighted Activity Unit (NWAU)	<p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</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

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Cash donations and gifts	3	16
Personal protective equipment	64	239
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>67</b>	<b>255</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.

#### Contributions of resources

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

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

#### Volunteer 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:

<b>Supplier</b>	<b>Description</b>
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 services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic because its response was limited to implementing COVID safe practices.

### 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:</p> <ul style="list-style-type: none"> <li>• an inflation rate of 4.35%, reflecting the future wage and salary levels</li> <li>• durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 12% and 81%</li> <li>• discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.</li> </ul> <p>All other entitlements are measured at their nominal value.</p>

### Note 3.1 Expenses from transactions

Note	Total 2023 \$'000	Total 2022 \$'000
Salaries and wages	10,551	10,960
On-costs	1,087	1,041
Agency expenses	2,054	311
Fee for service medical officer expenses	1,231	1,320
Workcover premium	85	116
<b>Total employee expenses</b>	<b>15,008</b>	<b>13,748</b>
Drug supplies	39	38
Medical and surgical supplies (including Prostheses)	455	443
Diagnostic and radiology supplies	50	70
Other supplies and consumables	1,171	1,275
<b>Total supplies and consumables</b>	<b>1,715</b>	<b>1,826</b>
Finance costs	12	11
<b>Total finance costs</b>	<b>12</b>	<b>11</b>
Other administrative expenses	2,024	1,555
<b>Total other administrative expenses</b>	<b>2,024</b>	<b>1,555</b>
Fuel, light, power and water	198	220
Repairs and maintenance	440	320
Maintenance contracts	137	90
Medical indemnity insurance	66	66
Expenditure for capital purposes	15	50
<b>Total other operating expenses</b>	<b>856</b>	<b>746</b>
<b>Total operating expense</b>	<b>19,615</b>	<b>17,886</b>
Depreciation and amortisation	4.4 1,180	1,417
<b>Total depreciation and amortisation</b>	<b>1,180</b>	<b>1,417</b>
Bad and doubtful debt expense	-	(3)
<b>Total other non-operating expenses</b>	<b>-</b>	<b>(3)</b>
<b>Total non-operating expense</b>	<b>1,180</b>	<b>1,414</b>
<b>Total expenses from transactions</b>	<b>20,795</b>	<b>19,300</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 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Net gain/(loss) on disposal of property plant & equipment	54	15
<b>Total net gain/(loss) on non-financial assets</b>	<b>54</b>	<b>15</b>
Net gain/(loss) arising from revaluation of long service liability	(15)	68
<b>Total other gain/(loss) from other economic flows</b>	<b>(15)</b>	<b>68</b>
<b>Total gain/(loss) from other economic flows</b>	<b>39</b>	<b>83</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.

**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 and related on-costs

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'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>	24	26
	<b>24</b>	<b>26</b>
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	957	1,236
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	153	161
	<b>1,110</b>	<b>1,397</b>
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	234	198
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	1,140	1,257
	<b>1,374</b>	<b>1,455</b>
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	141	105
Unconditional and expected to be settled after 12 months <sup>ii</sup>	164	180
	<b>305</b>	<b>285</b>
	<b>2,813</b>	<b>3,163</b>
<b>Total current employee benefits and related on-costs</b>		
<b>Non-current provisions and related on-costs</b>		
Conditional Long Service Leave	130	111
Provisions related to employee benefit on-costs	17	14
<b>Total non-current employee benefits and related on-costs</b>	<b>147</b>	<b>125</b>
	<b>2,960</b>	<b>3,288</b>
<b>Total employee benefits and related on-costs</b>	<b>2,960</b>	<b>3,288</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 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Current employee benefits and related on-costs</b>		
Unconditional accrued days off	24	26
Unconditional annual leave entitlements	1,241	1,495
Unconditional long service leave entitlements	1,548	1,642
<b>Total current employee benefits and related on-costs</b>	<b>2,813</b>	<b>3,163</b>
<b>Non-current employee benefits and related on-costs</b>		
Conditional long service leave entitlements	147	125
<b>Total non-current employee benefits and related on-costs</b>	<b>147</b>	<b>125</b>
<b>Total employee benefits and related on-costs</b>	<b>2,960</b>	<b>3,288</b>
<b>Attributable to:</b>		
Employee benefits	2,638	2,989
Provision for related on-costs	322	299
<b>Total employee benefits and related on-costs</b>	<b>2,960</b>	<b>3,288</b>

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

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Carrying amount at start of year</b>	299	294
Additional provisions recognised	134	251
Net gain/(loss) arising from revaluation of long service liability	15	(68)
Amounts incurred during the year	(126)	(178)
<b>Carrying amount at end of year</b>	<b>322</b>	<b>299</b>

## How we recognise employee benefits

### Employee benefit recognition

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

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

### Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because 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
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Defined benefit plans:<sup>i</sup></b>				
Aware Super	15	21	-	-
<b>Defined contribution plans:</b>				
Aware Super	487	498	-	-
Hesta	314	290	-	-
Other	271	232	-	-
<b>Total</b>	<b>1,087</b>	<b>1,041</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

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

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by 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.
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 2023 \$'000	Total 2022 \$'000
Land at fair value - Crown	308	308
Land at fair value - Freehold	660	365
<b>Total land at fair value</b>	<b>968</b>	<b>673</b>
Buildings at fair value	11,188	9,147
Less accumulated depreciation	(860)	-
<b>Total buildings at fair value</b>	<b>10,328</b>	<b>9,147</b>
Works in progress at fair value	-	67
<b>Total land and buildings</b>	<b>11,296</b>	<b>9,887</b>
Plant and equipment at fair value	700	721
Less accumulated depreciation	(340)	(445)
<b>Total plant and equipment at fair value</b>	<b>360</b>	<b>276</b>
Motor vehicles at fair value	170	220
Less accumulated depreciation	(110)	(152)
<b>Total motor vehicles at fair value</b>	<b>60</b>	<b>68</b>
Medical equipment at fair value	1,748	1,351
Less accumulated depreciation	(1,234)	(1,191)
<b>Total medical equipment at fair value</b>	<b>514</b>	<b>160</b>
Computer equipment at fair value	230	312
Less accumulated depreciation	(135)	(209)
<b>Total computer equipment at fair value</b>	<b>95</b>	<b>103</b>
Furniture and fittings at fair value	229	289
Less accumulated depreciation	(188)	(246)
<b>Total furniture and fittings at fair value</b>	<b>41</b>	<b>43</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>1,070</b>	<b>650</b>
<b>Total property, plant and equipment</b>	<b>12,366</b>	<b>10,537</b>



**Note 4.1 (b) Reconciliations of the carrying amount by 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 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>4.1 (a) 673</b>	<b>9,147</b>	<b>67</b>	<b>276</b>	<b>68</b>	<b>160</b>	<b>103</b>
Additions	295	1,985	-	122	-	442	32
Net Transfers between classes	-	56	(67)	11	-	-	-
Depreciation	4.4	(860)	-	(49)	(8)	(88)	(40)
<b>Balance at 30 June 2023</b>	<b>4.1 (a) 968</b>	<b>10,328</b>	<b>-</b>	<b>360</b>	<b>60</b>	<b>514</b>	<b>95</b>

	Furniture & Fittings	Total
Note	\$'000	\$'000
<b>Balance at 1 July 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>4.1 (a) 43</b>	<b>10,537</b>
Additions	9	2,885
Depreciation	4.4	(1,056)
<b>Balance at 30 June 2023</b>	<b>4.1 (a) 41</b>	<b>12,366</b>

## **Note 4.1 (b) Reconciliations of the carrying amount by 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 amount by 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 buildings was performed by the VGV on 30 June 2019 and 30 June 2022 for land. 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. Buildings were subject to a further managerial assessment at 30 June 2022 which was based on indice movements that exceeded 10% but was below 40%. An independent valuation was not undertaken on 30 June 2023, as the managerial assessment performed at 30 June 2023 indicated an overall:

- decrease in fair value of land of 1.39% (\$0.013M)
- increase in fair value of buildings of 6.2% (\$0.575M)

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

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

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

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

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

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

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

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
Right-of-use buildings at fair value	222	184
Less accumulated depreciation	(151)	(107)
<b>Total right of use buildings at fair value</b>	<b>71</b>	<b>77</b>
<b>Total right of use concessionary land and buildings</b>	<b>71</b>	<b>77</b>
Right of use plant, equipment, furniture, fittings and vehicles at fair value	588	520
Less accumulated depreciation	(219)	(174)
<b>Total right of use plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>369</b>	<b>346</b>
<b>Total right of use plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>369</b>	<b>346</b>
<b>Total right of use assets</b>	<b>440</b>	<b>423</b>

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

	Note	Right-of-use - Buildings \$'000	Right-of-use - PE, FF&V \$'000	Total \$'000
<b>Balance at 1 July 2021</b>		<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>
Additions		27	145	172
Disposals		-	(31)	(31)
Depreciation	4.4	(33)	(91)	(124)
<b>Balance at 30 June 2023</b>	4.2 (a)	<b>71</b>	<b>369</b>	<b>440</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 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Note</b>		
Balance at the beginning of the reporting period	12,739	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>12,739</b>
<b>* Represented by:</b>		
- Land	324	324
- Buildings	12,415	12,415
	<b>12,739</b>	<b>12,739</b>

## Note 4.4 Depreciation

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Depreciation</b>		
Buildings	860	1,128
Plant and equipment	49	48
Motor vehicles	8	11
Medical equipment	88	58
Computer equipment	40	37
Furniture and fittings	11	11
<b>Total depreciation - property, plant and equipment</b>	<b>1,056</b>	<b>1,293</b>
<b>Right-of-use assets</b>		
Right of use buildings	33	42
Right of use - plant, equipment, furniture, fittings and motor vehicles	91	82
<b>Total depreciation - right-of-use assets</b>	<b>124</b>	<b>124</b>
<b>Total depreciation</b>	<b>1,180</b>	<b>1,417</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.

During the 2019-20 financial year a decision was taken to replace approximately half of our aged care facility known as Lochiel House. Planning was commenced at that time, with a view to commencement of works in the 2023-24 financial year. During 2022-23 a further decision was made to also replace the remaining half of the building, with an expectation that demolition would be completed by 30 June 2026. The staged demolition of the existing property will therefore reduce the effective useful life of the building. Depreciation is to be adjusted and accelerated from January 2020 for the first half of the building and May 2023 for the second half.

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

	<b>2023</b>	<b>2022</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 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 2023.



## 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*

#### *5.2 Payables and contract liabilities*

#### *5.3 Contract liabilities*

#### *5.4 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

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Current receivables</b>		
<b>Contractual</b>		
Inter hospital debtors	27	33
Trade receivables	219	271
Patient fees	56	26
Allowance for impairment - Patient fees	(3)	(3)
Amounts receivable from governments and agencies	327	295
<b>Total contractual receivables</b>	<b>626</b>	<b>622</b>
<b>Statutory</b>		
GST receivable	54	24
<b>Total statutory receivables</b>	<b>54</b>	<b>24</b>
<b>Total current receivables</b>	<b>680</b>	<b>646</b>
<b>Non-current receivables</b>		
<b>Contractual</b>		
Long service leave - Department of Health	286	373
<b>Total contractual receivables</b>	<b>286</b>	<b>373</b>
<b>Total non-current receivables</b>	<b>286</b>	<b>373</b>
<b>Total receivables</b>	<b>966</b>	<b>1,019</b>
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>		
Total receivables	966	1,019
Provision for impairment	3	3
GST receivable	(54)	(24)
<b>Total financial assets classified as receivables</b>	<b>915</b>	<b>998</b>

## Note 5.1 Receivables and contract assets (continued)

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

	Total 2023 \$'000	Total 2022 \$'000
<b>Balance at the beginning of the year</b>	3	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>3</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*.

#### Impairment losses of contractual receivables

Refer to Note 7.2 (a) for Orbost Regional Health's contractual impairment losses.

## Note 5.2 Payables

Note	Total 2023 \$'000	Total 2022 \$'000
<b>Current payables</b>		
<b>Contractual</b>		
Trade creditors	705	402
Accrued salaries and wages	407	290
Accrued expenses	136	99
Deferred capital grant income	-	346
Amounts payable to governments and agencies	108	85
<b>Total contractual payables</b>	<b>1,356</b>	<b>1,222</b>
<b>Statutory</b>		
Australian Taxation Office	13	4
<b>Total statutory payables</b>	<b>13</b>	<b>4</b>
<b>Total current payables</b>	<b>1,369</b>	<b>1,226</b>
<b>Total payables</b>	<b>1,369</b>	<b>1,226</b>
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>		
Total payables	1,369	1,226
Deferred grant income	-	(346)
Australian Taxation Office	(13)	(4)
<b>Total financial liabilities classified as payables</b>	<b>1,356</b>	<b>876</b>

### How we recognise payables

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to 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 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Opening balance of deferred capital grant income</b>	346	-
Grant consideration for capital works received during the year	-	346
Deferred grant revenue recognised as revenue due to completion of capital works	(346)	-
<b>Closing balance of deferred capital grant income</b>	<b>-</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 5.3 Contract liabilities

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Opening balance of contract liabilities</b>	991	301
Grant consideration for sufficiently specific performance obligations received during the year	1,138	975
Revenue recognised for the completion of a performance obligation	(657)	(285)
<b>Total contract liabilities</b>	<b>1,472</b>	<b>991</b>
<b>* Represented by:</b>		
- Current contract liabilities	1,472	991
	<b>1,472</b>	<b>991</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 maturity analysis of payables.

**Note 5.4 Other liabilities**

Notes	Total 2023 \$'000	Total 2022 \$'000
<b>Current monies held in trust</b>		
Patient monies	5	5
Refundable accommodation deposits	2,456	1,921
Other monies	13	91
<b>Total current monies held in trust</b>	<b>2,474</b>	<b>2,017</b>
<b>Total other liabilities</b>	<b>2,474</b>	<b>2,017</b>
<b>* Represented by:</b>		
- Cash assets	6.2 2,474	2,017
	<b>2,474</b>	<b>2,017</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> <p>For leased land and buildings, Orbost Regional Health estimates the incremental borrowing rate to be between 2.29% and 4.92%.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 0.88% and 3.80%.</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 2023 \$'000	Total 2022 \$'000
<b>Current borrowings</b>		
Lease liability <sup>(i)</sup>	303	249
Advances from government (ii)	-	51
<b>Total current borrowings</b>	<b>303</b>	<b>300</b>
<b>Non-current borrowings</b>		
Lease liability <sup>(i)</sup>	166	215
<b>Total non-current borrowings</b>	<b>166</b>	<b>215</b>
<b>Total borrowings</b>	<b>469</b>	<b>515</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.

### Subsequent measurement

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

### Maturity analysis

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

### Defaults and breaches

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

## Note 6.1 (a) Lease liabilities

Orbost Regional Health's lease liabilities are summarised below:

	Total 2023 \$'000	Total 2022 \$'000
Total undiscounted lease liabilities	478	477
Less unexpired finance expenses	(9)	(13)
<b>Net lease liabilities</b>	<b>469</b>	<b>464</b>

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

	Total 2023 \$'000	Total 2022 \$'000
Not longer than one year	307	256
Longer than one year but not longer than five years	171	221
Longer than five years	-	-
<b>Minimum future lease liability</b>	<b>478</b>	<b>477</b>
Less unexpired finance expenses	(9)	(13)
<b>Present value of lease liability</b>	<b>469</b>	<b>464</b>
<b>* Represented by:</b>		
- Current liabilities	303	249
- Non-current liabilities	166	215
	<b>469</b>	<b>464</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:

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

## Note 6.1 (a) Lease liabilities

### Separation of lease and non-lease components

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

### Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Orbost Regional 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.

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

### Subsequent measurement

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

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

## Note 6.2 Cash and Cash Equivalents

Note	Total 2023 \$'000	Total 2022 \$'000
Cash on hand (excluding monies held in trust)	2	2
Cash at bank (excluding monies held in trust)	1,418	595
Cash at bank - CBS (excluding monies held in trust)	5,790	7,496
<b>Total cash held for operations</b>	<b>7,210</b>	<b>8,093</b>
Cash at bank (monies held in trust)	12	415
Cash at bank - CBS (monies held in trust)	2,462	1,602
<b>Total cash held as monies in trust</b>	<b>2,474</b>	<b>2,017</b>
<b>Total cash and cash equivalents</b>	<b>9,684</b>	<b>10,110</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 2023 \$'000	Total 2022 \$'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>-</b>	<b>504</b>
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>-</b>	<b>504</b>
Less GST recoverable from Australian Tax Office	-	-
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>-</b>	<b>504</b>

## Note 6.4 Non-cash financing and investing activities

	Total 2023 \$'000	Total 2022 \$'000
Acquisition of plant and equipment by means of Leases	-	136
<b>Total non-cash financing and investing activities</b>	<b>-</b>	<b>136</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 and non-specialised buildings 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**

<b>Total</b>		<b>Financial Assets at</b>	<b>Financial Liabilities</b>	
<b>30 June 2023</b>	<b>Note</b>	<b>Amortised Cost</b>	<b>at Amortised Cost</b>	<b>Total</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	9,684	-	9,684
Receivables and contract assets	5.1	915	-	915
<b>Total Financial Assets<sup>i</sup></b>		<b>10,599</b>	<b>-</b>	<b>10,599</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	1,356	1,356
Borrowings	6.1	-	469	469
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-	2,456	2,456
Other Financial Liabilities - Other monies held in trust	5.4	-	13	13
Other Financial Liabilities - Patient monies held in trust	5.4	-	5	5
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>4,299</b>	<b>4,299</b>

## Note 7.1 (a) Categorisation of financial instruments

Total		Financial Assets at	Financial Liabilities	Total
30 June 2022	Note	Amortised Cost	at Amortised Cost	Total
		\$'000	\$'000	\$'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	5.4	-	1,921	1,921
Other Financial Liabilities - Other monies held in trust	5.4	-	91	91
Other Financial Liabilities - Patient monies held in trust	5.4	-	5	5
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>3,408</b>	<b>3,408</b>

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

### 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 2022-23.

**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 2023</b>							
<b>Expected loss rate</b>		0.0%	0.0%	0.0%	14.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	267	3	1	22	9	<b>302</b>
<b>Loss allowance</b>		-	-	-	<b>(3)</b>	-	<b>(3)</b>
<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>

### **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.

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, 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 2023</b>	<b>Note</b>							
Payables	5.2	1,356	1,356	1,356	-	-	-	-
Borrowings	6.1	469	469	23	69	184	193	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	2,456	2,456	-	300	400	1,756	-
Other Financial Liabilities - Other monies held in trust	5.4	13	13	13	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	5.4	5	5	5	-	-	-	-
<b>Total Financial Liabilities</b>		<b>4,299</b>	<b>4,299</b>	<b>1,397</b>	<b>369</b>	<b>584</b>	<b>1,949</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 2022</b>	<b>Note</b>							
<b>Financial Liabilities at amortised cost</b>								
Payables	5.2	876	876	876	-	-	-	-
Borrowings	6.1	515	515	20	40	180	275	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	1,921	1,921	200	200	400	1,121	-
Other Financial Liabilities - Other monies held in trust	5.4	91	91	91	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	5.4	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>

<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

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 2023	Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000	\$'000
Non-specialised land		660	-	660	-
Specialised land		308	-	-	308
<b>Total land at fair value</b>	4.1 (a)	<b>968</b>	-	<b>660</b>	<b>308</b>
Non-specialised buildings		458	-	458	-
Specialised buildings		9,870	-	-	9,870
<b>Total buildings at fair value</b>	4.1 (a)	<b>10,328</b>	-	<b>458</b>	<b>9,870</b>
Plant and equipment	4.1 (a)	360	-	-	360
Motor vehicles	4.1 (a)	60	-	-	60
Medical equipment	4.1 (a)	514	-	-	514
Computer equipment	4.1 (a)	95	-	-	95
Furniture and fittings	4.1 (a)	41	-	-	41
<b>Total plant, equipment, furniture, fittings and vehicles</b>		<b>1,070</b>	-	-	<b>1,070</b>
Right of use Non-Specialised Buildings		71	-	71	-
Right of use PPE	4.2 (a)	369	-	-	369
<b>Total right-of-use assets at fair value</b>		<b>440</b>	-	<b>71</b>	<b>369</b>
<b>Total non-financial physical assets at fair value</b>		<b>12,806</b>	-	<b>1,189</b>	<b>11,617</b>

	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		365	-	365	-
Specialised land		308	-	-	308
<b>Total land at fair value</b>	4.1 (a)	<b>673</b>	-	<b>365</b>	<b>308</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	4.1 (a)	276	-	-	276
Motor vehicles	4.1 (a)	68	-	-	68
Medical equipment	4.1 (a)	160	-	-	160
Computer equipment	4.1 (a)	103	-	-	103
Furniture and fittings	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>904</b>	<b>9,989</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 2021</b>		219	8,481	684	292
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		89	1,219	-	-
<b>Balance at 30 June 2022</b>	7.4 (a)	<b>308</b>	<b>8,685</b>	<b>650</b>	<b>346</b>
Additions/(Disposals)		-	1,985	605	114
Net Transfers between classes		-	56	11	-
Gains/(Losses) recognised in net result					
- Depreciation and Amortisation		-	(856)	(196)	(91)
- Impairment loss		-	-	-	-
Items recognised in other comprehensive income					
- Revaluation		-	-	-	-
<b>Balance at 30 June 2023</b>	7.4 (a)	<b>308</b>	<b>9,870</b>	<b>1,070</b>	<b>369</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)
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments <sup>(i)</sup>
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***

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

	<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>Net result for the year</b>	625	128
<b>Non-cash movements:</b>		
(Gain)/Loss on sale or disposal of non-financial assets	3.2 (54)	(15)
Depreciation and amortisation of non-current assets	4.4 1,180	1,417
Bad and doubtful debt expense	3.1 -	(2)
Less cash inflow/outflow from investing and financing activities	(2)	-
<b>Movements in Assets and Liabilities:</b>		
(Increase)/Decrease in receivables and contract assets	53	(529)
(Increase)/Decrease in prepaid expenses	35	(6)
Increase/(Decrease) in payables and contract liabilities	624	1,229
Increase/(Decrease) in employee benefits	(328)	81
Increase/(Decrease) in other liabilities	(78)	(287)
<b>Net cash inflow from operating activities</b>	<b>2,055</b>	<b>2,016</b>

## Note 8.2 Responsible person disclosures

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

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

	<b>Period</b>
The Honourable Mary-Anne Thomas MP	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks MP	
Former Minister for Disability, Ageing and Carers	1 Jul 2022 - 5 Dec 2022
<b>Governing Boards</b>	
Peter van den Oever	1 Jul 2022 - 30 Jun 2023
Narelle Macalister	1 Jul 2022 - 30 Jun 2023
Robyn Francis	1 Jul 2022 - 30 Jun 2023
Deborah Miller	1 Jul 2022 - 30 Jun 2023
Emily Richardson	1 Jul 2022 - 30 Jun 2023
Thelma Hutchison	1 Jul 2022 - 30 Jun 2023
Carl Turney	1 Jul 2022 - 30 Jun 2023
George Neophytou	1 Jul 2022 - 30 Jun 2023
Wayne Pease	1 Jul 2022 - 30 Jun 2023
<b>Accountable Officers</b>	
Lindy Washington (Acting Chief Executive Officer)	29 May 2023 - 30 Jun 2023
Mark Johnson (Acting Chief Executive Officer)	06 Mar 2023 - 26 May 2023
Frank Megens (Acting Chief Executive Officer)	20 Feb 2023 - 02 Mar 2023
Vicki Farthing (Chief Executive Officer)	1 Jul 2022 - 16 Feb 2023



## 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  
\$10,000 - \$19,999  
\$20,000 - \$29,999  
\$50,000 - \$59,999  
\$140,000 - \$149,999  
\$170,000 - \$179,999

#### Total Numbers

<b>Total 2023 No</b>	<b>Total 2022 No</b>
9	11
1	-
1	-
1	-
1	-
-	1
<b>13</b>	<b>12</b>

<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
<b>\$275</b>	<b>\$206</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>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
	343	298
	31	28
	21	11
	-	-
	<b>395</b>	<b>337</b>
Total number of executives	5	3
Total annualised employee equivalent <sup>ii</sup>	3.0	3.0

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	Robyn Francis	Board Member
Orbost Regional Health	Deborah Miller	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	Wayne Pease	Board Member
Orbost Regional Health	Lindy Washington	Chief Executive Officer
Orbost Regional Health	Mark Johnson	Acting Chief Executive Officer
Orbost Regional Health	Frank Megens	Acting Chief Executive Officer
Orbost Regional Health	Vicki Farthing	Chief Executive Officer
Orbost Regional Health	Melissa Bultjens	Acting Director of Clinical and Aged Care Services
Orbost Regional Health	Kim Griebenow	Acting Director of Clinical and Aged Care Services
Orbost Regional Health	Mitchell Schwenke	Director of Community Health
Orbost Regional Health	Kim Treasure	Co-Director of Clinical and Aged Care Services
Orbost Regional Health	Tanya Murray	Co-Director of Clinical and Aged Care Services

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

	Total 2023 \$'000	Total 2022 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	570	482
Post-employment Benefits	54	46
Other Long-term Benefits	46	15
<b>Total<sup>ii</sup></b>	<b>670</b>	<b>543</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 \$9.95 m (2022: \$9.2 m) and indirect contributions of \$0.75 m (2022: \$0.15 m). Balances outstanding as at 30 June 2023 are \$0.47 m (2022 \$0.16 m)

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

- Commonwealth Government funding received for health related programs totalling \$3.90m (2022: \$3.69m),
- Other Victorian State Government \$0.85m (2022: \$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 2023 (2022: 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 2023 (2022: none).

**Note 8.5: Remuneration of Auditors**

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

<b>Total 2023 \$'000</b>	<b>Total 2022 \$'000</b>
21	16
<b>21</b>	<b>16</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	
		2023 %	2022 %
Gippsland Health Alliance	Information Technology Services	4.6	5.03

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:

	2023 \$'000	2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	451	158
Other current assets	219	260
<b>Total current assets</b>	<b>670</b>	<b>418</b>
<b>Non-current assets</b>		
Property, plant and equipment	35	54
<b>Total non-current assets</b>	<b>35</b>	<b>54</b>
<b>Total assets</b>	<b>705</b>	<b>472</b>
<b>Current liabilities</b>		
Other Liabilities	102	56
Lease Liability	9	11
<b>Total current liabilities</b>	<b>111</b>	<b>67</b>
<b>Non-current liabilities</b>		
Lease Liability	15	23
<b>Total non-current liabilities</b>	<b>15</b>	<b>23</b>
<b>Total liabilities</b>	<b>126</b>	<b>90</b>
<b>Net assets</b>	<b>579</b>	<b>382</b>
<b>Equity</b>		
Accumulated surplus	579	382
<b>Total equity</b>	<b>579</b>	<b>382</b>

## Note 8.7 Joint arrangements

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Operating Activities	1,196	1,077
<b>Total revenue</b>	<b>1,196</b>	<b>1,077</b>
<b>Expenses</b>		
Other Expenses from Continuing Operations	979	1,141
Depreciation	20	21
<b>Total expenses</b>	<b>999</b>	<b>1,162</b>
<b>Net result</b>	<b>197</b>	<b>(85)</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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