



Echuca Regional Health

Supporting everyone to be healthy and live well

2019 ANNUAL REPORT

**PREMIER'S MEDIUM HEALTH
SERVICE OF THE YEAR**

**2018
VICTORIAN
PUBLIC
HEALTHCARE
AWARDS**



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Charter & Purpose

Manner of establishment and the relevant Ministers

The original Echuca District Hospital opened in 1882 and was renamed Echuca Regional Health (ERH) in November 1993 following amalgamation with Echuca Community Health Service. The Governor-in-Council issued an order on 26 October 1993 declaring Echuca Regional Health to be a public hospital. The order took effect on 1 November 1993 and Schedule 1 of the *Health Services Act 1988* was amended accordingly.

The responsible Ministers during the reporting period were:

The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2018 - 29/11/2018
Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	01/07/2018 - 30/06/2019

Acknowledgement of Country

We acknowledge the Yorta Yorta people as the traditional custodians of the land on which we meet. We pay our respect to their elders past, present and emerging. We also acknowledge their spiritual connection to country.

Purpose

Supporting everyone to be healthy and live well

Our Values

Echuca Regional Health has adopted a common set of values across the organisation and developed associated behaviours around these values.



Our Health Service

Echuca Regional Health services the Shire of Campaspe, which encompasses an area of 4,517 square kilometres, and the cross-border Murray River Council, with an area of 11,865 square kilometres. Campaspe Shire is located in Victoria's Loddon Mallee Region, 208km north of Melbourne. Townships and small settlements in Campaspe Shire include; Echuca, Kyabram, Rochester and Tongala amongst others. The estimated population in 2016 was 36,814.

Murray River Council is located along the southern border of New South Wales, with an estimated population of 11,500 in 2016 with approximately 53% of the population residing in Moama. The Council was formed in 2016 following the amalgamation of the Murray Shire and Wakool Shire. Major townships and small settlements in Murray River Council include; Moama, Barham, Mathoura, Moulamein and Wakool amongst others. Echuca Moama and townships are located directly across the state border from one another, separated by the Murray River.

ERH provides a comprehensive range of acute, medical, surgical and sub-acute services plus residential aged care and a broad range of community healthcare services.

ERH has commenced planning for a new Cancer and Wellness Centre. The \$6 Million centre will provide day medical services including chemotherapy, as well as flexible facilities for individual consultations and group programs to support people during and after their cancer treatment. The proposed centre will include dialysis services.

The health service has an operating budget of \$78 Million and a staff base of 819 representing 511 equivalent full time staff.

Our Facilities

69 ACUTE HOSPITAL

BEDS

- Haemodialysis
- High Dependency
- Medical
- Obstetric
- Paediatric
- Surgical

24 SUB -ACUTE HOSPITAL

BEDS

- Palliative Care
- Rehabilitation
- Geriatric Evaluation and Management

60 RESIDENTIAL AGED CARE

BEDS

- High Care

6 SHORT STAY UNIT

BEDS

- 4 currently commissioned

Our Services & Programs

- Accommodation
- Alcohol and Other Drugs
- Antenatal Classes
- Cardiac Rehabilitation
- Chemotherapy/Cancer Support Services
- Community Health Nursing
- Community Rehabilitation
- Complex Care
- Dental
- Diabetes
- Education
- Dietetics
- Discharge Planning
- District Nursing
- Education Department
- Emergency Department
- General Counselling
- Geriatric Evaluation and Management
- Glanville Village Aged Care
- Health Promotion
- Hospital in the Home
- McGrath Breast Care Nurse
- Meals on Wheels
- Medical Consulting Suites
- Medical Day Unit
- Occupational Therapy
- Palliative Care
- Pathology
- Perioperative Day Surgery
- Pharmacy
- Physiotherapy
- Podiatry
- Preoperative Clinic
- Primary Care Clinic
- Prostate Cancer Specialist Nurse
- Radiology
- Renal Dialysis
- Rural Health Academic Network
- Social Services
- Specialist Continence
- Speech Pathology
- Strengthening Hospital Responses to Family Violence
- Theatre Liaison
- Transition Care Program
- Volunteers
- Women's Health

Chairman & Chief Executive Report

On behalf of the Board and staff of ERH, we are pleased to present the 137th Report of Operations and Annual Report for the year ended 30 June 2019.

A significant year for ERH, as we were awarded The 'Premier Health Service of the Year' for a Medium Size. Meeting the needs of the patients, residents, clients and community we serve in an environment of increasing demand and complexity, rising community expectation and advances in technology, requiring us to think differently about the way we deliver care.

We have developed a new strategic plan for 2019/2024 to realise these opportunities. Over the next five years we will deliver a bold new approach to care that we are confident will result in improved consumer outcomes and experiences.

Better Health

The Health Service continues to safely manage record levels of patient activity reflecting the increased availability of services and the growth in our local population. A detailed analysis of each department's activity is provided in a later section of this report.

The Australian Government approved a Headspace for Echuca. We are very keen to offer this service to help improve the mental health of our young people so they do not need hospital treatment. Echuca Regional Health will work with local partners to get this much needed service up and operational and we thank our parliamentary representatives, Federal and State for their vision of our communities' improved mental health.

Better Access

The Board was delighted, when during the year, ERH received a \$6 Million grant from the Department of Health and Human Services to build the Cancer and Wellness Centre.

The need for this Centre is demonstrated by the following:

- The demand for oncology services at ERH is increasing rapidly driven by increase catchment area increased prevalence of cancer, ageing population and increased local availability of cancer specialists and support staff;
- Current facilities, located in Lumeah, a decommissioned nursing home built in 1978 are inadequate and extremely difficult for patients to access;
- The benefit of a new Centre will include more cancer treatments being able to be provided locally noting that ERH currently provides only 37% of chemotherapy services provided to Campaspe Shire residents. The need to reduce travel for cancer patients is an essential element of this development.

The ERH Foundation Fund has been established to preserve and grow the legacy of the former Echuca Regional Health Foundation Trust Fund which was originally established in 1998. As of the 30 June 2019, the balance of the ERH Foundation Fund is \$1.7 Million.

The objectives of the ERH Foundation are to:

- Ensure principle funds donated to the ERH Foundation Fund are maintained in perpetuity;
- New funds donated to the ERH Foundation Fund are added to the principal and maintained in perpetuity;
- Interest earned may be allocated to the purchase of patient care equipment and health care projects, with the approval of the ERH Board of Management;
- In the interest of transparency, all funds received by the ERH Foundation Fund remain separate from ERH's operating budget;
- Engage with the community to ensure an increase in the principal of the fund.

Better Care

Our commitment to continuous quality improvement by our dedicated and skilled staff has ensured that the health service has maintained full accreditation compliance for all services including:

- All Hospital and Primary Care Services; National Safety and Quality Health Service Standards
- Glanville Village Aged Care Service; Aged Care Standards Agency
- Medical Consulting Suites; Royal Australian College - General Practice Standards
- Home and Community Care (HACC) Services: Community Care Common Standards
- Family Services; Department of Human Services Standards
- Our contracted services are also fully accredited, Goulburn Valley Imaging Group: National Safety and Quality Health Service Standards and Goulburn Valley Health Pathology: Pathology National Association of Testing Authorities

Board of Directors

In July 2018 the Board welcomed two new Board directors Monica Morgan and Dr Sydney Paul.

At the annual election of Board office bearers in December the Board elected John Quirk as Chairman; Geoff Kelly and Larna Tarrant as Deputy Chair's and Greg Dwyer as Treasurer.

Mr Greg Dwyer and Cr Chris Bilkey completed their final terms on the Board with ERH achieving nine years of service, rounding out the longest participation allowed on a Board in accordance with the Department of Health and Human Services. The commitment and involvement of the ERH Board directors is greatly appreciated and both Greg and Chris have been invaluable members.

Life Governors

At the 136th Annual General Meeting, held on 12 November 2018, the Board has awarded Life Governorships to two individuals who, in very different ways, have, what the Board has considered, made an outstanding contribution to our Health Service. The recipients were Mrs Mary Boek and Mr Neil Thomas.

Mary Boek – first appointed to ERH Board 2004, Mary was elected as Board Chair 2013 and re-elected in 2014 and 2015. In 2016, Mary was senior Vice President for 1 year. Although Mary has concluded her term on the board, she has continued as a member of ERH's Seniors Advisory Group.

Neil Thomas - for his excellent commitment to the Make your Mark fundraising program, which he Chaired; raised over \$3.1 Million for the purchase of new equipment for our Health Service between 2012 - 2018.

Conclusion

We on behalf of the Board and staff, wish to record our thanks and appreciation to the many groups and individuals who provide significant support, in many different ways to our health service.

In particular our staff, volunteers, Visiting Medical Officers, contractors, the Seniors Advisory Group chaired by Dennis King and the Victoria Police Blue Ribbon Foundation Echuca Branch led by Paul Nicoll.

We continue to value and appreciate the ongoing support of the Department of Health and Human Services, our political representatives and the local media.

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Echuca Regional Health for the year ended 30 June 2019.

Mr John Quirk



Board Chairman
Echuca Regional Health
13 September 2019

Mr Nick Bush



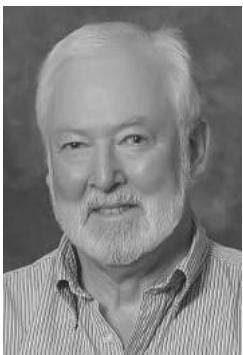
Chief Executive
Echuca Regional Health
13 September 2019

Management & Structure

BOARD OF DIRECTORS

JOHN QUIRK

Chairman



Appointed as
Chairman in
December 2017
Appointed
1 July 2013

GEOFF KELLY

Senior Chair



Appointed
1 July 2014

LARNA TARRANT

Junior Chair



Appointed
1 July 2014

GREG DWYER

Treasurer



Appointed
1 July 2010

CR CHRIS BILKEY



Appointed
1 July 2010

SUZANNA BARRY



Appointed
1 July 2016

JILLIAN HAMIT



Appointed
1 July 2016

SHANE WELLER



Appointed
1 July 2016

AMANDA SHAND



Appointed
1 July 2017

SUZANNE MULCAHY



Appointed
1 July 2017

DR SYDNEY PAUL



Appointed
1 July 2018

MONICA MORGAN



Appointed
1 July 2018

Board Committees

AUDIT COMMITTEE

CHAIR Ken Belfrage (Independent member)
• Greg Dwyer (Board Director)
• Suzanna Barry (Board Director)
• Carmel Britt (Independent member)
• Simone Knight (Independent member)

GOVERNANCE COMMITTEE

CHAIR Shane Weller (Board Director)
• John Quirk (Board Director)
• Amanda Shand (Board Director)
• Sue Mulcahy (Board Director)
• Jill Hamit (Board Director)

Senior Officers

NICK BUSH CHIEF EXECUTIVE OFFICER MHA, Dip HSc(Nsg), Grad Cert Crit Care, Grad Dip HSc(Admin), GAICD

Appointed
July 2018

The Chief Executive Officer is responsible to the Board for leading the workforce to deliver efficient and effective management of Echuca Regional Health. Key responsibilities include delivering appropriate health care within the parameters of Government policies, the development and implementation of operational plans, maximizing service efficiency, quality improvement and minimisation of risk. The Chief Executive works well with the Community to explore ways Echuca Regional Health can continue to deliver services and programs to the diverse community of rural Northern Victoria and Southern New South Wales.

JUNE DYSON EXECUTIVE DIRECTOR OF NURSING AND CHIEF NURSING OFFICER RN, RM, BHlthSc, GradDipMgt (Bus)

Appointed
Sept 2008

The Executive Director of Nursing is responsible for nursing professional standards across all services and has operational responsibility for Acute Inpatient Services; Maternity, Emergency Department, Perioperative Services, Aboriginal Liaison, Glanville Village Aged Care, Community Nursing and Palliative Care, Medical Day Procedures, Renal Dialysis and After Hours Management. The Quality and Safety Unit is headed by the Deputy Director of Nursing and ensures quality standards are maintained and ERH continues to meet accreditation requirements for each service.

Senior Officers

DR GLENN HOWLETT **EXECUTIVE DIRECTOR OF MEDICAL SERVICES AND CHIEF MEDICAL OFFICER**
MB BS LLB; GradDipHlthServMt; FRACGP; AFRACMA

Appointed May 2013 All medical staff report to the Chief Medical Officer. The Executive Director of Medical Services portfolio also includes the Medical Workforce Unit, Medico-Legal Services (including Freedom of Information), Pharmacy, Education, Medical Consulting Suites, and the contracted services of Pathology and Medical Imaging.

KATHRYN EYRE **EXECUTIVE DIRECTOR OF COMMUNITY SERVICES**
(Appointed January 2019)

LOUISE BRENNAN The Executive Director of Community Services leads a comprehensive range of Allied Health, Community and Primary Care services. This includes Alcohol and Other Drugs, Children's Allied Health, Community Rehabilitation, Dental Services, Diabetic Education, Dietetic Services, Health Promotion, NDIS, Occupational Therapy, Physiotherapy, Podiatry, Social Services, Speech Pathology, the Strengthening Hospital Response to Family Violence initiative and a diverse range of support staff and project workers.
MERRIN PRICTOR

ROBYN RUDGE **EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE SERVICES, CHIEF PROCUREMENT AND FINANCIAL OFFICER** B.Com, CPA

Appointed Feb 2016 The Executive Director of Finance and Corporate Services is responsible for the day to day provision of non-clinical support services throughout the health service, including Finance and Governance, Information and Communication Technology, Engineering, Health Information Services, Food and Café Services, Fleet, Cleaning, Procurement and Supply, Environmental and Security Services.

MARK FISCHMANN **ACTING EXECUTIVE DIRECTOR OF HUMAN RESOURCES ERH, KERANG DISTRICT HEALTH AND COHUNA DISTRICT HOSPITAL** (Maternity Cover October 2018 - June 2019)
JACKIE CLINGAN

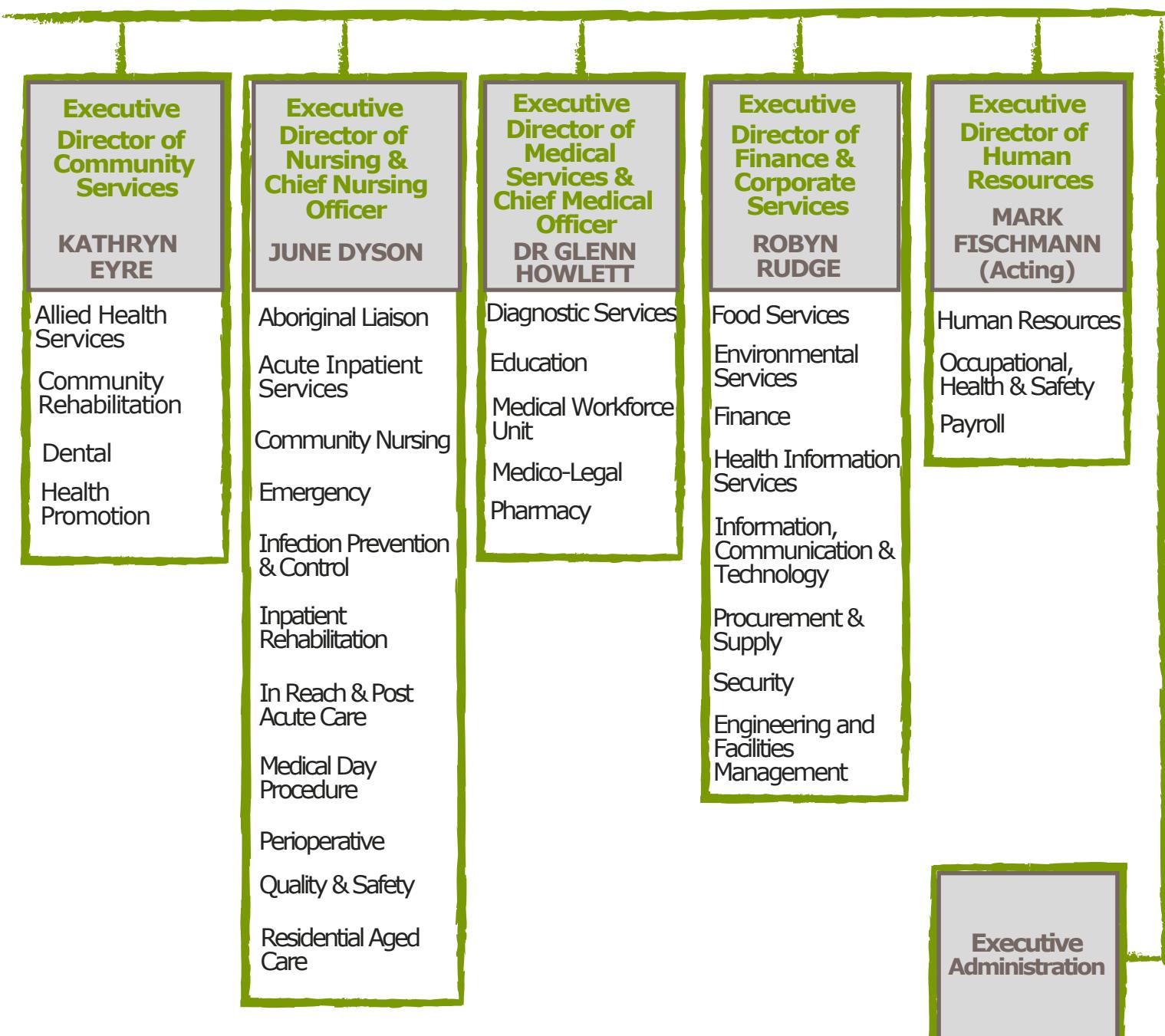
Appointed Aug 2014 The Executive Director of Human Resources provides an internal service supporting people managers in workforce planning, recruitment and talent selection, on-boarding, employee engagement, performance development, change management and industrial relations matters. Human Resources is responsible for managing the ERH Payroll, our Aboriginal Employment Plan, the Occupational Health and Safety function as well as WorkCover and strategic projects linked to these areas.

Organisational Chart

BOARD OF DIRECTORS

**CHIEF EXECUTIVE
NICK BUSH**

(As at 30 June 2019)



Workforce Data

ERH is committed to upholding the principles of merit and equity in all aspects of the employment relationship. To this end, we have policies and practices in place to ensure all employment related decisions, including recruitment, promotion, training and retention, are based on merit.

ERH employment contracts ensure that all employees are engaged within the terms and conditions set out in the relevant Enterprise Bargaining Agreement (EBA) or Modern Award. All ERH positions are assigned an appropriate classification from the EBA or Award which determines an employee's rate of remuneration and associated employment benefits, to ensure transparency and fairness in our employment relationships.

Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed. All staff are provided with education and training on their rights and responsibilities and are provided with the necessary resources to ensure equal opportunity principles are upheld.

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE		AVERAGE MONTHLY FTE	
	2019	2018	2019	2018
Nursing	244.43	224.63	242.25	221.11
Administration and Clerical	72.68	68.29	70.08	66.36
Medical Support	18.18	22.82	19.48	20.59
Hotel and Allied Services	98	91.96	100.76	94.83
Medical Officers	4.56	4.07	4.63	3.91
Hospital Medical Officers	19.89	15.18	18.22	16.31
Sessional Clinicians	3.98	2.07	2.71	2.09
Ancillary Staff (Allied Health)	49.46	54.92	53.78	53.67

Occupational Health and Safety

OH&S STATISTICS	2018-19	2017-18
Reported Hazards	81	86
Per 100 FTE	15.85	17.77
Reported Incidents that could have resulted in, or did result in, harm to an employee	126	182
Per 100 FTE	24.65	37.61
No. of lost time standard claims	6	3
Per 100 FTE	1.17	0.62
No. of lost time standard claims	\$33,401.87	\$16,469.98

ERH has a workplace culture that is committed to occupational health and safety. As part of this commitment we ensure compliance with our obligations under the *Occupational Health and Safety Act 2004*, the Occupational Health and Safety Regulations 2017 and any other legislation that supports safety in our workplace.

Our culture encourages all workers to be actively involved in workplace safety by identifying and reporting safety concerns and by participating in the various consultative arrangements in place to assist us in addressing the health and safety risks in our workplace. We have an Occupational Health and Safety Committee that meets regularly and our Health and Safety Representatives participate in annual training. We also have established a number of focus groups that target specific health and safety risks such as the Aggression Management Working Group and the Mental Health Working Group.

We have in place appropriate procedures for the reporting and handling of occupational health and safety related incidents and hazards and our environmental inspection program helps us to ensure that hazards are identified and all risks are controlled so far as reasonably practicable.

Occupational Violence

OCCUPATIONAL VIOLENCE STATISTICS		2018-19
Workcover accepted claims with an occupational violence cause per 100		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		151
Number of occupational violence incidents reported per 100 FTE		29.54
Percentage of occupational violence incidents resulting in a staff injury, illness or condition		10%

Definitions

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 2018-19.

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.

Statement of Priorities - PART A Strategic Priorities 2018-19

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GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Health	A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	Reduce Statewide Risks Build Healthy Neighbourhoods Help people to stay healthy Target health gaps	Work collaboratively with our partners in the Healthier Campaspe initiative to improve services for clients. Key identified health areas are Diabetes, Alcohol and Drug issues, Obesity, Cancer, and Mental Health.
Better Access	Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	Plan and invest Unlock innovation Provide easier access Ensure fair access	<i>Ongoing</i> - ERH is an active partner of Healthier Campaspe. ERH leads the cancer working group – ERH has members on all other groups; Diabetes, Alcohol and Drug issues, Obesity, Cancer and Mental Health.

Statement of Priorities - PART A Strategic Priorities 2018-19

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Care	<p>Target zero avoidable harm</p> <p>Healthcare that focuses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p>Put Quality First</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p>	<p><i>Ongoing</i> - ERH staff member Cynthia Opie is leading the Strengthening Hospital Response to Family Violence for ERH on behalf of our partners; Cohuna District Hospital, Kerang District Health, Rochester and Elmore District Health Service and Swan Hill District Health.</p> <p>Implement the initial phases of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative, including providing workplace training for staff at ERH, Cohuna District Hospital, Kerang District Health, Rochester and Elmore District Health Service and Swan Hill District Health.</p> <p><i>Completed</i> - The Nursing Workforce Plan and Medical Workforce Plan developed.</p> <p><i>Ongoing</i> - Allied Health Workforce Plan to be developed late 2019.</p> <p>Strengthen our workforce through the development and implementation of organisation-wide workforce development plans during 2018-19.</p>
Disability Action Plans	Draft disability action plans are to be completed in 2018-19.	Submit a draft disability action plan to the department by 30 June 2019 and outline the approach to fully implement the plan within the Health Service by 30 June 2020.	<p><i>Completed</i> - The disability action plan.</p> <p><i>Ongoing</i> - ERH are providing an increasing array of National Disability Insurance Scheme Services (NDIS) and Early Childhood Early Intervention (EI) services.</p>
Volunteer Engagement	Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	ERH will introduce CARE matters tools on standards of behaviours, and Rounding with volunteers during 2018-19.	<p><i>Completed</i> - CARE matters training.</p> <p><i>Ongoing</i> - Implementation of programs, processes and recognition initiatives led by the ERH Volunteer Coordinator to align with the National Standards for Volunteer Involvement.</p>

Statement of Priorities - PART A Strategic Priorities 2018-19

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Bullying and Harassment	<p>Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings.</p> <p>ERH will use of People Matter survey results to drive initiatives to strengthen positive workplace behaviour program via CARE matters.</p> <p>Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p>	<p>Review ERH Code of Conduct and Grievance policies and report the incidence of grievances and bullying and harassment investigations to Executive & Board.</p>	<p>Ongoing - ERH is improving the reporting to the board which commenced in October 2018, this included grievance, bullying and harassment investigations.</p> <p>The CEO speaks on CARE matters at each Orientation and Monthly Managers meetings. The People Matter Survey 2019 was promoted heavily, and feedback will be used to inform further enhancements to our Bullying prevention and management programs.</p>
Occupational Violence	<p>Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>Occupational Violence & Aggression (OVA) working party to review and refine OVA training framework with view to building internal capacity for delivery of regular introductory and refresher training, taking a tiered approach based on risk.</p>	<p>Ongoing - OVA committee formed with multi-disciplinary approach to building internal training capacity based on role and level of OVA risk exposure. Incidents are reported to the Board in the quarterly Human Resources Reports.</p>

Statement of Priorities - PART A Strategic Priorities 2018-19

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Environmental Sustainability	<p>Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.</p>	<p>Review and refine where necessary the reporting process for the environmental sustainability initiatives currently in place at ERH, with a view to strengthening governance reporting and monitoring.</p> <p>The ERH Theatre Department won the Victorian Tidy Towns award for recycling.</p>	<p>Ongoing - The Executive Director of Finance and Corporate Services is leading this area and complying with the DHHS reporting requirements.</p>
LGBTI		<p>Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.</p>	<p>Ongoing - All policies at ERH are being reviewed with a focus on being inclusive of all people.</p>

Financial Information

ERH's major financial and strategic objective is to provide the necessary resources to meet anticipated activity levels address essential capital needs and ensure cash sustainability.

The Operating result before capital and specific items is monitored by the DHHS in its Statement of Priorities performance review.

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
Operating Result	(487)	(233)	530	545	(271)
- Total revenue	83,827	75,201	68,415	62,181	58,185
- Total expenses	(88,124)	(79,175)	(71,670)	(66,748)	(59,543)
Net result from transactions	(4,297)	3,974	(3,255)	(4,567)	(1,358)
- Total other economic flows	(1,280)	(16)	(16)	58	-
- Net result	(5,577)	(3,990)	(3,271)	(4,509)	(1,358)
- Total assets	137,816	100,745	101,968	104,769	103,747
- Total liabilities	(24,967)	(22,509)	(19,742)	(19,532)	(17,094)
- Net assets/Total equity	112,849	78,236	82,226	85,237	86,653

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
Net operating result	(487)	(233)	530	545	(271)
CAPITAL & SPECIFIC ITEMS					
Capital purpose income	1,385	1,510	1,466	520	2,222
Specific income	-	-	-	-	-
Assets provided free of charge	-	-	-	-	-
Assets received free of charge	-	21	34	8	-
Expenditure for capital purpose	(8)	(18)	(7)	(11)	(1)
Depreciation and amortisation	(5,333)	(5,254)	(5,278)	(5,629)	(3,308)
Impairment of non-financial assets	(1,134)	(16)	(16)	58	-
Finance costs (other)	-	-	-	-	-
Net result from transactions	(5,577)	(3,990)	(3,271)	(4,509)	(1,358)

Subsequent events

There are no subsequent events to balance date which may have a significant effect on the operations of ERH in subsequent years.

Details of consultancies (under \$10,000)

In 2018-19, there were no consultancies where the total fees payable to the consultants were less than \$10,000.

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

In 2018-19, there was one consultant where the total fees payable to the consultant were \$10,000 or greater. The total expenditure incurred during 2018-19 in relation to this consultant was \$28,000 (excl. GST).

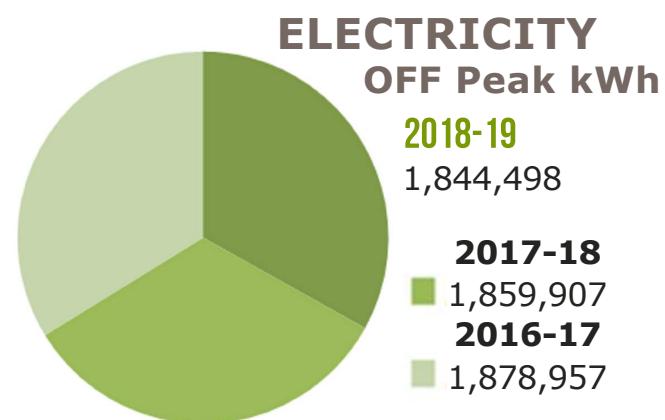
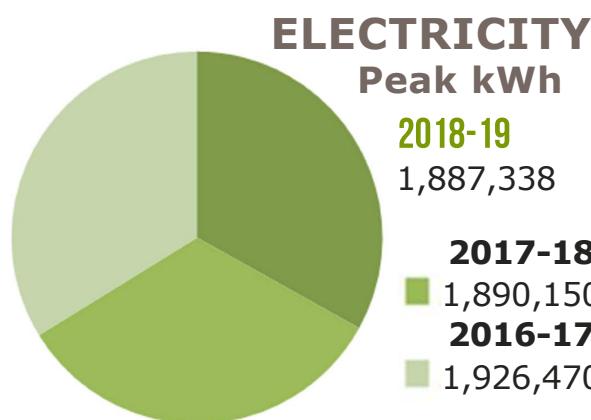
CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (ex GST)	EXPENDITURE 2018-19 (ex GST)	FUTURE EXPENDITURE (ex GST)
Biruu Health Pty Ltd	Development of the Strategic Workforce Plan	Nov 2018	Feb 2019	\$28,000	\$28,000	\$0

Disclosure of ICT expenditure

BUSINESS AS USUAL ICT EXPENDITURE		NON-BUSINESS AS USUAL ICT EXPENDITURE		
TOTAL (ex GST)	TOTAL = Operational Expenditure & Capital Expenditure (ex GST) (a) + (b)	Operational Expenditure (ex GST) (a)	Capital Expenditure (ex GST) (b)	
\$1.804 million	\$0.172 million	\$0	\$0.172 million	

Summary of Environmental Performance

Echuca Regional Health is committed to protecting the environment. When developing changes or making improvements, consideration is given to conserving energy and water, reducing greenhouse emissions and improving waste management.



UTILITY	2018-19	2017-18	2016-17
WASTE MANAGEMENT			
GENERAL Tonne	132.4 MT	134.04 MT	127.08 MT
RECYCLE M3	605.7 M3	618.32 M3	604.5 M3
CLINICAL Kg	14,513 Kg	14,597 Kg	12,798 Kg
CYTOTOXIC Kg	312 Kg	574 Kg	632 Kg
ANATOMICAL Kg	245 Kg	199 Kg	290 Kg
GAS MJ	24,331,302	22,718,264	26,915,570

Legislation

Freedom of Information Act 1982 -

The Freedom of Information (FOI) Act gives you the right to request information and access your medical record and in certain cases, our activities.

FOI requests from the public can be made on an ERH FOI application form, which is available for pick up from the ERH Freedom of Information Officer or can be emailed or mailed out. The FOI application fee as at 1st July 2019 is \$29.40 with a search fee of \$20.00 and 20c per page for photocopying and postage cost.

The FOI requests should be forwarded to the ERH FOI Officer or emailed to foi@erh.org.au For the 2018-2019 financial year, ERH received 130 requests. One being from a VAHPA and the remainder from the public, all these requests were completed.

Further information about FOI can be found on the Office of Victorian Information Commissioner's website www.foi.vic.gov or email enquiries@ovic.vic.gov.au

Building Act 1993 -

ERH complies with the building and maintenance provisions of the Building Act 1993, inclusive of the relevant provisions in the National Construction Code.

ERH and Glanville Village Aged Care Facility, maintain essential safety measures, maintenance and fire safety audits.

Protected Disclosure Act 2012 -

ERH has policies and guidelines which comply with the Protected Disclosure Act 2012 to protect people against action that might be taken against them if they choose to make a protected disclosure. No disclosures have been made during the financial year 2018-19.

Protected Disclosures about ERH can be made to Independent Broad-based Anti-corruption Commission (IBAC) orally or in writing and may be made anonymously. IBAC's website contains information about how to make a Protected Disclosure. Any inquiries received by ERH regarding how to make contact with IBAC should be referred to the Chief Executive, who will inform the person of IBAC's contact details.

Statement on National Competition Policy -

ERH complies with the building and maintenance provisions of the Building Act 1993, inclusive of the relevant provisions in the National Construction Code.

ERH and Glanville Village Aged Care Facility, maintain essential safety measures, maintenance and fire safety audits.

Carers Recognition Act 2012 -

ERH, its employees and agents take all practical measures to reflect the care relationship principles when developing, providing or evaluating support and assistance for persons in care relationships.

Local Jobs First Act 2003 -

In 2018-2019 there were no contracts requiring disclosure under the Local Jobs First Policy.

Safe Patient Care Act 2015 -

The hospital has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

Additional Information available on request

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service 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 the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Attestations

Data Integrity

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

Managing Conflicts of Interest

I, Nick Bush, certify that Echuca 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 Echuca 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.

Integrity, Fraud and Corruption

I, Nick Bush, certify that Echuca 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 Echuca Regional Health during the year.

Compliance Health Purchasing Victoria Policy

I, Nick Bush, certify that Echuca Regional Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Financial Management Compliance

I, John Quirk on behalf of the Responsible Body, certify that Echuca Regional Health has complied with the applicable Standing Directions 2018 under the Financial Management Act 1994 and Instructions.

Mr John Quirk



Board Chairman
Echuca Regional Health
26/8/2019

Mr Nick Bush



Chief Executive
Echuca Regional Health
26/8/2019

Reporting against the Statement of Priorities - PART B

Exceptional circumstances

ERH has had no recognised exceptional circumstances during the year 2018 - 19.

High Quality and Safe Care

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia Program	80%	84%
Percentage of healthcare workers immunised for influenza achieved for the period 16 April 2018 to 31 August 2018	80%	89%
Adverse Events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	1
Maternity and Newborn		
Rate of singleton per infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.4%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	33.3%
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≤ 0.645	1.126
Patient Experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey -percentage of positive patient experience - Quarter 1	95%	97.1%
Victorian Healthcare Experience Survey -percentage of positive patient experience - Quarter 2	95%	96.2%
Victorian Healthcare Experience Survey -percentage of positive patient experience - Quarter 3	95%	96.5%

* The above data was not finalised at the time of inclusion, if changes to data are required after further review this will occur on advice prior to finalising/printing.

Reporting against the Statement of Priorities - PART B

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Patient Experience		
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 1	75%	89.6%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 2	75%	87.1%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 3	75%	87.7%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 1	70%	91.8%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 2	70%	91.8%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 3	70%	86.7%
Unplanned readmission hip replacements		
Less than 50 cases, below reporting threshold	0	N/A
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks		
Less than 10 cases of severe foetal growth restriction in singleton pregnancy	0	N/A

Timely Access to Care

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	90%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	68%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	79%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	2

Reporting against the Statement of Priorities - PART B

Strong Governance, Leadership and Culture

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Organisational Culture		
People matter survey – percentage of staff with an overall positive response to safety and culture	80%	91%
People matter survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns"	80%	96%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	95%
People matter survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	93%
People matter survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	90%
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	95%
People matter survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	79%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	84%
People matter survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	97%

Reporting against the Statement of Priorities - PART B

Effective Financial Management

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Finance		
Operating result (\$m)	0.0	-0.49
Average number of days to paying trade creditors	60 days	43
Average number of days to receiving patient fee debtors	60 days	48
Public and Private WIES ¹ activity performance to target	100%	102.3%
Adjusted current asset ratio	0.7 or 3% improvement from health service	0.66
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	155.5
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	155.5 days

¹ WIES is a Weighted Inlier Equivalent Separation

Reporting against the Statement of Priorities - PART C

Activity and Funding

FUNDING TYPE	ACTIVITY ACHIEVEMENT
	2018 - 2019
Acute Admitted	
WIES Public	5836.11
WIES Private	1141.00
WIES DVA	111.28
WIES TAC	45.61
Acute Non-Admitted	
Emergency Services	22,829
Specialist Clinics	12,962
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	159.36
Subacute WIES - Rehabilitation Private	27.52
Subacute WIES - GEM Public	122.27
Subacute WIES - GEM Private	14.18
Subacute WIES - Palliative Care Public	39.19
Subacute WIES - Palliative Care Private	5.82
Subacute WIES - DVA	108
Subacute Non-Admitted	
Palliative Care Non-admitted	4,067
Health Independence Program - Public	6,923
Health Independence Program - DVA	108
Aged Care	
Residential Aged Care	20,661
HACC-PYP	719
Primary Health	
Community Health / Primary Care Programs	6,657
Other	
Health Workforce	50

Disclosure Index

The annual report of Echuca 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.

MINISTERIAL DIRECTIONS - Report of Operations		Page Ref
Legislation	Requirement	
Charter and Purpose		
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FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	3
FRD 22H	Activities, programs and achievements for the reporting period	3
FRD 22H	Significant changes in key initiatives and expectations for the future	3
Management and Structure		
FRD 22H	Organisational chart	9
FRD 22H	Workforce data/employment and conduct principles	10
FRD 22H	Occupational Health and Safety	10
Financial Information		
FRD 22H	Summary of the financial results for the year	16
FRD 22H	Significant changes in financial position during the year	16
FRD 22H	Operational and budgetary objectives and performance against objectives	16
FRD 22H	Subsequent events	16
FRD 22H	Details of consultancies under \$10,000	17
FRD 22H	Details of consultancies over \$10,000	17
FRD 22H	Disclosure of ICT expenditure	17
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	18
FRD 22H	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	18
FRD 22H	Application and operation of the <i>Protected Disclosure 2012 Act</i>	18
FRD 22H	Statement on National Competition Policy	18
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FRD 22H	Summary of the entity's environmental performance	17
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MINISTERIAL DIRECTIONS - Report of Operations Legislation Requirement		Page Ref
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SD 5.1.4	Financial Management Compliance attestation	20
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Attestations		
	Attestation on Data Integrity	20
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Financial Information		
	Reporting of outcomes from Statement of Priorities 2018–19	12, 21, 25
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	Reporting of compliance Health Purchasing Victoria policy	20
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	18

Acknowledgements

This Annual Report was compiled by Executive Administration with the support of numerous ERH staff of who we'd like to thank for their assistance and involvement with this publication.

Financial Report

The Financial Report which forms part of this Annual Report can be found following. If the Financial Report is not attached, a copy can be obtained from www.erh.org.au

Suggestions and Publications

ERH welcomes any feedback you may have on this or any of our other publications that is produced for our consumers. This can be forwarded to Echuca Regional Health, 226 Service street, Echuca VIC 3564 or emailed to enquiries@erh.org.au

Printing

Echuca Printers, 20 Hovell St, Echuca VIC 3564

FINANCIAL REPORT



FINANCIAL REPORT

Board Director's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

The attached Financial Statements for Echuca 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 2019 and the financial position of Echuca Regional Health at 30 June 2019.

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 this day.



John Quirk
Board Chairman
Echuca



Nick Bush
Chief Executive Officer
Echuca



Robyn Rudge
Chief Finance and
Accounting Officer
Echuca

26/8/2019

26/8/2019

26/8/2019

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Echuca Regional Health

Opinion	<p>I have audited the financial report of Echuca Regional Health (the health service) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• board member's, accountable officer's and chief finance and accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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



MELBOURNE
29 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

ECHUCA REGIONAL HEALTH

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$000	2018 \$000
Income from Transactions			
Operating Activities	2.1	83,636	75,029
Non-operating Activities	2.1	191	172
Total Income from Transactions		83,827	75,201
Total Expenses from Transactions			
Employee Expenses	3.1	(58,541)	(52,395)
Supplies & Consumables	3.1	(13,542)	(12,211)
Depreciation and Amortisation	4.3	(5,333)	(5,254)
Other Operating Expenses	3.1	(10,708)	(9,315)
Total Expenses from Transactions		(88,124)	(79,175)
Net Result from Transactions - Net Operating Balance		(4,297)	(3,974)
Other Economic Flows included in Net Result			
Impairment of Property, Plant and Equipment	3.2	(1,105)	-
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	(9)	-
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(20)	(16)
Other Gain/(Loss) from Other Economic Flows	3.2	(146)	-
Net Result for the year		(5,577)	(3,990)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in Physical Asset Revaluation Reserve	4.2(b)	40,190	-
Total Other Comprehensive Income		40,190	-
Comprehensive Result For The Year		34,613	(3,990)

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

ECHUCA REGIONAL HEALTH

BALANCE SHEET

AS AT 30 JUNE 2019

	Note	2019 \$000	2018 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	8,272	1,525
Receivables	5.1	1,939	2,081
Investments and Other Financial Assets	4.1	-	5,501
Inventories		744	773
Prepayments and Other Financial Assets		363	299
Total Current Assets		11,318	10,179
Non-Current Assets			
Receivables	5.1	3,365	2,700
Property, Plant & Equipment	4.2(a)	123,133	87,866
Total Non-Current Assets		126,498	90,566
TOTAL ASSETS		137,816	100,745
LIABILITIES			
Current Liabilities			
Payables	5.2	6,275	5,662
Borrowings	6.1	275	275
Employee Benefits	3.4	11,991	11,506
Other Liabilities	5.3	4,687	3,394
Total Current Liabilities		23,228	20,837
Non-Current Liabilities			
Payables	5.2	303	323
Borrowings	6.1	269	524
Employee Benefits	3.4	1,167	825
Total Non-Current Liabilities		1,739	1,672
TOTAL LIABILITIES		24,967	22,509
NET ASSETS		112,849	78,236
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2(f)	65,106	24,916
Restricted Specific Purpose Surplus		-	308
Contributed Capital		24,804	24,804
Accumulated Surpluses		22,939	28,208
TOTAL EQUITY		112,849	78,236

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

ECHUCA REGIONAL HEALTH

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2017	24,916	300	24,804	32,206	82,226
Net Result for the year	-	-	-	(3,990)	(3,990)
Transfer from / (to) accumulated surpluses	-	8	-	(8)	-
Balance at 30 June 2018	24,916	308	24,804	28,208	78,236
Net Result for the year	-	-	-	(5,577)	(5,577)
Other comprehensive income for the year	40,190	-	-	-	40,190
Transfer from / (to) accumulated surpluses	-	(308)	-	308	-
Balance at 30 June 2019	65,106	-	24,804	22,939	112,849

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

ECHUCA REGIONAL HEALTH

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$000	2018 \$000
Cash Flows from Operating Activities			
Operating Grants from Government		69,263	61,858
Capital Grants from Government		1,302	1,255
Patient and Resident Fees Received		4,307	4,306
Donations and Bequests Received		169	228
Capital Donations and Bequests Received		50	218
GST Received from/(paid to) ATO		2,520	2,024
Interest and Investment Income Received		212	80
Other Receipts		8,393	7,898
Total Receipts		86,216	77,867
Employee Expenses Paid		(57,689)	(51,728)
Payments for Supplies & Consumables		(14,493)	(12,683)
Payments for Medical Indemnity Insurance		(1,494)	(1,342)
Payments for Repairs and Maintenance		(869)	(1,151)
Other Payments		(9,919)	(7,999)
Total Payments		(84,464)	(74,903)
Net Cash Flow from / (used In) Operating Activities	8.1	1,752	2,964
Cash Flows from Investing Activities			
Purchase of Investments		-	(159)
Purchase of Non-Financial Assets		(1,524)	(1,019)
Proceeds from Disposal of Investments		5,501	-
Proceeds from Disposal of Non-Financial Assets		-	2
Net Cash Flows from / (used in) Investing Activities		3,977	(1,176)
Cash Flows from Financing Activities			
Repayment of Borrowings		(275)	(275)
Receipt of Accommodation Deposits		2,914	1,359
Repayment of Accommodation Deposits		(1,621)	(1,073)
Net Cash Flows from / (used in) Financing Activities		1,018	11
Net Increase/(Decrease) in Cash and Cash Equivalents Held		6,747	1,799
Cash and Cash Equivalents at Beginning of Year		1,525	(274)
Cash and Cash Equivalents at end of Year	6.2	8,272	1,525

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Echuca Regional Health for the period ended 30 June 2019. The report provides users with information about Echuca Regional Health's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994 and applicable AASBs, 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 & Finance, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer. Echuca Regional Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

(b) Reporting Entity

The financial statements include all the controlled activities of Echuca Regional Health. Its principal address is 226 Service Street, Echuca Victoria 3564.

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

(c) Basis of Accounting Preparation and Measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.6) and are presented in Australian dollars, the functional and presentation currency of the Health Service.

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 4.2);
- Defined benefit superannuation expense (refer to Note 3.5 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

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

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

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

(d) Jointly Controlled Operation

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

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

Echuca Regional Health is a Member of the Loddon Mallee Rural Health Alliance joint venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations).

Intersegment Transactions

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

(e) 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 Echuca Regional Health. Transfers with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Echuca 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.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Echuca 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.

(f) Rounding of amounts

The rounding used in the presentation of amounts in this model financial statements must be prominently displayed. Amounts in the financial statements have been rounded to the nearest \$1 000, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(g) Comparative Information

Where applicable, the comparative figures have been restated to align with presentation in the current year. Figures have been restated in Note 2 and Note 3.

Note 2: Funding Delivery of Our Services

Echuca Regional Health's overall objective is to provide quality health services, supporting everyone to be healthy and live well.

Echuca Regional Health Service is predominantly funded by accrual based grant funding for the provision of outputs.

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

	2019 \$'000	2018 \$'000
Government Grants - Operating	70,303	61,594
Government Grants - Capital	1,302	1,295
Capital Purpose Income (excluding interest)	50	220
Patient and Resident Fees	4,235	4,223
Commercial Activities	1,153	1,152
Assets Received Free of Charge or for nominal consideration	-	21
Other Revenue from Operating Activities (including non-capital donations)	6,593	6,564
Total Income from Operating Transactions	83,636	75,029
Capital Interest	33	35
Other Interest	158	137
Total Income from Non-Operating Activities	191	172
Total Income from Transactions	83,827	75,201

¹ Commercial activities represent business activities which health service enter into to support their operations.

Revenue Recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent that it is probable that the economic benefits will flow to Echuca Regional Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances, duties and taxes.

Government Grants and other transfers of income (other than contributions by owners)

In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when Echuca Regional Health gains control of the underlying assets irrespective of whether conditions are imposed on Echuca Regional Health's use of the contributions.

The Department of Health and Human Services makes certain payments on behalf of the Echuca Regional Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue. Contributions are deferred as income in advance when the Health Service has a present obligation to repay them and the present obligation can be reliably measured.

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

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 2:1: Income from Transactions (Continued)

Patient and Resident Fees

Patient fees are recognised as revenue on an accrual basis.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised.

Revenue from Commercial Activities

Revenue from commercial activities such as cafeteria, residential accommodation and property rental income are recognised on an accrual basis.

Fair value of Assets and Services Received Free of Charge or for Nominal Consideration

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Other Income

Other income includes recoveries for salaries and wages and external services provided.

Interest Revenue

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

Note 3: The Cost of Delivering Services

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

Structure

3.1 Expenses from Transactions

3.2 Other Economic Flows

3.3 Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

3.4 Employee Benefits in the Balance Sheet

3.5 Superannuation

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3.1: Expenses from Transactions

	2019 \$'000	2018 \$'000
Salaries and Wages	46,591	41,640
On-costs	4,177	3,783
Agency Expenses	641	375
Fee for Service Medical Officer Expenses	6,609	6,117
Workcover Premium	523	480
Total Employee Expenses	58,541	52,395
Drug Supplies	4,870	4,604
Medical and Surgical Supplies (including Prostheses)	3,176	2,929
Diagnostic and Radiology Supplies	3,320	2,761
Other Supplies and Consumables	2,176	1,917
Total Supplies and Consumables	13,542	12,211
Fuel, Light, Power and Water	1,186	1,127
Repairs and Maintenance	790	829
Maintenance Contracts	256	220
Medical Indemnity Insurance	1,358	1,220
Other Administrative Expenses	7,110	5,902
Expenses for Capital Purposes	8	17
Total Other Operating Expenses	10,708	9,315
Depreciation (refer note 4.3)	5,333	5,254
Total Other Non-operating Expenses	5,333	5,254
Total Expenses from Transactions	88,124	79,175

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); Oncosts; Agency expenses; Fee for service medical officer expenses; and Workcover premium expenses.

Supplies and Consumables

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

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; and Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

Non-Operating Expenses

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

Inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Other Inventories

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer fulfills the way it did when it was first acquired.

Fair Value of Assets, Services Provided Free of Charge or for Nominal Consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
Net Gain/(Loss) on Sale of Non-Financial Assets	(1,105)	-
Impairment of Property, Plant and Equipment	(9)	-
Total Net Gain/(Loss) on Non-Financial Assets	(1,114)	-
Net Gain/(Loss) on Financial Instruments at Fair Value	(20)	(16)
Allowance for Impairment Losses of Contractual Receivables	(20)	(16)
Total Net Gain/(Loss) on Non-Financial Assets	(20)	-
Other Gains / (Losses) from other Economic Flows	(146)	-
Net Gain / (Loss) arising from Revaluation of Long Service Liability	(146)	-
Total Net Gain/(Loss) on Non-Financial Assets	(146)	-
Total Other Gains/(Losses) from Other Economic Flows	(1,280)	(16)

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Net gain / (loss) on non-financial assets

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

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

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

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

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

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an other economic flow on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.1 Investments and other financial assets.

Other gains / (losses) from other economic flows

Other gains/(losses) include:

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

Note 3: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Commercial Activities				
Cafeteria	301	293	383	337
Residential Accommodation	169	161	123	139
Property	1	1	473	449
Public Relations	8	9	169	205
Total	9	-	5	22
	488	464	1,153	1,152

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3.4: Employee Benefits in the Balance Sheet

	2019 \$'000	2018 \$'000
Current Provisions		
Employee Benefits ⁱ		
Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	65	62
Annual Leave		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	3,000	2,751
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	1,101	1,143
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	800	1,000
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	5,863	5,430
	10,829	10,336
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled wholly within 12 months ⁱⁱ	375	376
Unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	787	744
	1,162	1,120
	11,991	11,506
Total Current Provisions		
Non-Current Provisions		
Conditional Long Service Leave		
Provisions related to Employee Benefit On-Costs		
	1,052	744
Total Non-Current Provisions	115	81
	1,167	825
	13,158	12,331
Total Provisions		

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

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

	2019 \$'000	2018 \$'000
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements		
Annual Leave Entitlements	7,390	7,131
Accrued Days Off	4,536	4,313
	65	62
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements		
	1,167	825
Total Employee Benefits and Related On-Costs		
	13,158	12,331

	2019 \$'000	2018 \$'000
(b) Movement in Oncosts Provision		
Balance at start of year	81	66
Additional Provisions Recognised	34	15
Balance at end of year	115	81

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3.4: Employee Benefits in the Balance Sheet (Continued)

Employee Benefit Recognition

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

Provisions

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

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

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because Echuca 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 salaries and wages, annual leave and accrued days off are measured at:

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

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

Termination Benefits

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

On-Costs Related to Employee Expense

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3: Superannuation

	Paid Contribution for the Year 2019 \$'000	Paid Contribution for the Year 2018 \$'000	Contribution Outstanding at Year End 2019 \$'000	Contribution Outstanding at Year End 2018 \$'000
Defined benefit plans:				
First State Super Fund	-	-	-	-
Hesta Fund	-	-	-	-
Other	-	-	-	-
Total	135	144	-	-

¹ The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Employees of Echuca Regional Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Echuca Regional Health to the superannuation plans in respect of the services of current Echuca Regional Health 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.

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

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

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

Defined Contribution Superannuation Plans

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

Note 4: Key Assets to Support Service Delivery

Echuca 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 the Echuca Regional Health Service to be utilised for delivery of those outputs.

Structure

4.1 Investments and Other Financial Assets

4.2 Property, Plant & Equipment

4.3 Depreciation

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.1: Investments and Other Financial Assets

	Operating Fund 2019 \$'000	Operating Fund 2018 \$'000	Specific Purpose Fund 2019 \$'000	Specific Purpose Fund 2018 \$'000	Capital Fund 2019 \$'000	Capital Fund 2018 \$'000	Total 2019 \$'000	Total 2018 \$'000
Current								
Term Deposits *	-	393	-	-	308	-	4,800	-
Total	-	393	-	-	308	-	4,800	-
Represented by:								
Investments	-	393	-	-	308	-	1,500	-
Monies Held in Trust	-	-	-	-	-	-	2,201	-
- Accommodation Bonds (Refundable Entrance Fees)	-	-	-	-	-	-	3,300	-
Total	-	393	-	-	308	-	4,800	-

Note 4.1: Investment Recognition

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

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

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

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired; or
- Echuca 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
- Echuca 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 Echuca Regional Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Echuca Regional Health's continuing involvement in the asset.

Impairment of financial assets

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

In order to determine an appropriate fair value as at 30 June 2019 for its portfolio of financial assets, Echuca Regional Health used the market value of investments held provided by the portfolio managers.

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.2: Property, Plant & Equipment

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) Fair value measurements

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

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

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

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

In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.2: Property, Plant & Equipment (Continued)

Non-Specialised Land, Non-Specialised Buildings and Cultural Assets

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

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

Specialised Land and Specialised Buildings

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

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

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

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

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

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

Vehicles

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2019.

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
Note 4.2 (a) Property, Plant and Equipment - Gross carrying amount and Accumulated Depreciation		
Land		
Land at Fair Value	3,676	2,218
Total Land	3,676	2,218
Buildings		
Buildings at Fair Value	112,577	29,873
Less Accumulated Depreciation	-	(6,899)
Buildings	112,577	22,974
Buildings Work in Progress at cost	88	215
Buildings at Cost	-	61,129
Less Accumulated Depreciation	-	(5,999)
Total Buildings	112,665	55,130
Plant and Equipment		
Plant and Equipment at Fair Value	3,751	3,846
Less Accumulated Depreciation	(1,331)	(1,215)
Work in Progress at cost	2,420	2,631
Total Plant and Equipment	543	-
Motor Vehicles		
Motor Vehicles at Fair Value	667	667
Less Accumulated Depreciation	(618)	(578)
Total Motor Vehicles	49	89
Medical Equipment		
Medical Equipment at Fair Value	7,130	7,621
Less Accumulated Depreciation	(5,089)	(5,218)
Work in Progress at cost	2,041	2,403
Total Medical Equipment	216	42
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	5,277	5,530
Less Accumulated Depreciation	(4,533)	(4,370)
Total Computers and Communication Equipment at Fair Value	744	1,160
Furniture and Fittings		
Furniture and Fittings at Fair Value	1,877	1,968
Less Accumulated Depreciation	(1,330)	(1,277)
Total Furniture and Fittings	547	691
Other Equipment		
Other Equipment	1,052	1,242
Less Accumulated Depreciation	(320)	(929)
Total Property, Plant and Equipment	232	313
Total Property, Plant and Equipment	123,133	87,866

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Medical Equipment	Computers & Communication Equipment	Furniture & Fittings	Other Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2017	2,218	81,216	2,835	139	2,784	1,685	784	419	92,080
Additions	-	531	22	-	144	56	(149)	(93)	1,040
Depreciation (Note 4.3)	-	(3,428)	(226)	(50)	(30)	(639)	(669)	(13)	(5,254)
Balance at 30 June 2018	2,218	78,319	2,631	89	2,445	1,160	691	313	87,866
Disposals	-	305	560	-	(2)	464	183	3	1,524
Revaluation Increments/(Decrements)	1,458	(1,105)	-	-	-	-	(7)	-	(1,114)
Depreciation (Note 4.3)	-	38,732	-	-	(40)	(650)	(599)	(140)	(40,190)
Balance at 30 June 2019	3,676	112,665	2,963	49	2,237	744	547	232	123,133

Land and Buildings carried at valuation

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

Note 4.2 (c) : Property, Plant and Equipment - Fair Value measurement hierarchy for assets

	Carrying Amount as at 30 June 2019 \$'000	Fair Value Measurement at End of Reporting Period using:		Carrying Amount as at 30 June 2018 \$'000	Fair Value Measurement at End of Reporting Period using:		Carrying Amount as at 30 June 2018 \$'000
		Level 1' \$'000	Level 2' \$'000	Level 3' \$'000	Level 1' \$'000	Level 2' \$'000	Level 3' \$'000
Land at Fair Value	3,676	-	-	3,676	-	-	2,218
Specialised Land							
Buildings at Fair Value							
Specialised Buildings	112,577	-	-	112,577	-	-	22,974
Plant and Equipment at Fair Value							
Plant and Equipment at Fair Value	2,420	-	-	2,420	2,631	-	2,631
Motor Vehicles at Fair Value	49	-	-	49	89	-	89
Medical Equipment at Fair Value	2,041	-	-	2,041	2,403	-	2,403
Computers and Communication Equipment at Fair Value	744	-	-	744	1,160	-	1,160
Furniture and Fittings at Fair Value	547	-	-	547	691	-	691
Other Equipment at Fair Value	232	-	-	232	313	-	313
	6,033	-	-	6,033	7,287	-	7,287
Total Property, Plant and Equipment	122,286	-	-	122,286	-	-	32,479

¹ Classified in accordance with the fair value hierarchy.

² There have been no transfers between levels during the period.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.2 (d) : Property, Plant and Equipment - Reconciliation of Level 3 Fair Value measurement

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000	Other Equipment \$'000
Balance at 1 July 2018								
Additions / (Disposals)	-	22,974	2,631	89	2,403	1,160	691	313
- Depreciation	-	54,157	17	-	288	183	(4)	9
Items recognised in Other Comprehensive Income	-	(3,586)	(228)	(40)	(650)	(599)	(140)	(90)
- Revaluation	-	-	-	-	-	-	-	-
Balance at 30 June 2019	1,458	38,732	-	-	-	-	-	-
3,676								
	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000	Other Equipment \$'000
Balance at 1 July 2017								
Additions / (Disposals)	-	24,384	2,460	139	2,784	1,685	784	419
Assets provided free of charge	-	-	397	-	253	129	56	(13)
Gains / (Losses) recognised in Net Result	-	-	-	-	5	16	-	-
- Depreciation	-	(1,410)	(226)	(50)	(639)	(670)	(149)	(93)
Balance at 30 June 2018	2,218	22,974	2,631	89	2,403	1,160	691	313
2,218								

Note 4.2 (e) : Property, Plant and Equipment - Fair Value determination

Asset Class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market Approach	N/A
Specialised Land (Crown / Freehold)	Market Approach	Community Service Obligations Adjustments of 20%
Non-specialised buildings	Market Approach	N/A
Specialised buildings	Depreciated replacement cost approach	Cost per square metre. Useful life.
Plant and equipment	Market Approach	N/A
Vehicles	Market Approach	N/A

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.2 (i): Property, Plant and Equipment Revaluation Surplus

	2019 \$'000	2018 \$'000
(a) Reserves		
Property, Plant & Equipment Revaluation Surplus		
Balance at the Beginning of the Reporting Period	24,916	24,916
Revaluation Increment (Refer Note 4.2(b))	1,458	-
- Buildings	38,332	-
Buildings at the End of the Reporting Period *	65,106	24,916
* Represented by:		
Land	1,718	260
Buildings	63,388	24,636
Total	65,106	24,916

Note 4.3: Depreciation

	2019 \$'000	2018 \$'000
Depreciation		
Buildings	3,586	3,428
Plant & Equipment	228	226
Motor Vehicles	40	50
Medical Equipment	650	639
Computers and Communication	59	669
Furniture and Fittings	140	149
Other Equipment	90	93
Total Depreciation	5,333	5,294

Depreciation

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

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2018	2019
Buildings		
- Structure, Shell and Building Fabric	2 to 47 years	2 to 47 years
- Site Engineering Services and Central Plant	3 to 33 years	3 to 33 years
- Fit Out	1 to 17 years	1 to 17 years
- Trunk Reticulated Building Systems	1 to 19 years	1 to 19 years
Plant and Equipment		
7 to 15 years	7 to 15 years	7 to 15 years
Medical Equipment	3 to 20 years	3 to 20 years
Computers and Communications	2 to 10 years	2 to 10 years
Furniture and Fitting	5 to 15 years	5 to 15 years
Motor Vehicles	4 to 10 years	4 to 10 years

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above. The changes in the useful life resulting from the building valuation are expected to have a minimal financial impact on the depreciation charge in 2019-20.

Note 5: Other Assets and Liabilities

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

- Structure
- 5.1 Receivables
- 5.2 Payables
- 5.3 Other Liabilities

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 5.1: Receivables

	2019 \$'000	2018 \$'000
Current		
Contractual		
Inter Hospital Debtors	168	470
Trade Debtors	77	113
Patient Fees	510	590
Accrued Investment Income	-	21
Accrued Revenue - Department of Health & Human Services	771	304
Accrued Revenue - Other	265	418
Refundable Rental Bonds	3	1
Less Allowance for Impairment Losses of Contractual Receivables		
Trade Debtors	(46)	(67)
Patient Fees	(81)	(79)
Statutory		
GST Receivable	272	310
Total Current Receivables	1,939	2,081
Non-Current		
Statutory		
Long Service Leave - Department of Health & Human Services	3,365	2,700
Total Non-Current Receivables	3,365	2,700
Total Receivables	5,304	4,781

Note 5.1 (a) Movement in the Allowance for Impairment Losses of Contractual Receivables

Balance at beginning of year	146	174
Amounts written off during the year	5	-
Increase/(decrease) in allowance recognised in the net result	(24)	(28)
Balance at end of year	127	146

Receivables recognition

Receivables consist of:

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

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

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

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
Note 5.2: Payables		
Current		
Contractual		
Trade Creditors	2,428	2,883
Accrued Expenses	1,961	1,644
Inter - Hospital Creditors	1,084	686
Income in Advance	715	368
	6,217	5,600
Statutory		
GST Payable	58	62
	58	62
Total Current Payables	6,275	5,662
Non Current		
Contractual		
Income in Advance	303	323
Total Non Current Payables	303	323
Total Payables	6,578	5,985

Payables consist of contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to Echuca Regional Health prior to the end of the financial year that are unpaid.

The normal credit terms for accounts payable are usually Net 60 days.

Maturity analysis of payables

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

Note 5.3: Other Liabilities

	2019 \$'000	2018 \$'000
Current		
Monies Held in Trust*		
- Patient Monies Held in Trust	37	45
- Accommodation Bonds (Refundable Entrance Fees)	4,611	3,319
- Other Monies Held in Trust	39	30
Total	4,687	3,394
* Total Monies Held in Trust		
Represented by the following assets:		
Cash Assets	4,687	74
Investments and Other Financial Assets	-	3,319
Land & Buildings	-	1
Total	4,687	3,394

Note 6: How we Finance our Operations

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 6.1: Borrowings

	2019 \$'000	2018 \$'000
Current		
- Loan *	275	275
Total Australian Dollar Borrowings	<u><u>275</u></u>	<u><u>275</u></u>
Non-Current		
- Loan *	269	524
Total Australian Dollar Borrowings	<u><u>269</u></u>	<u><u>524</u></u>
Total Interest Bearing Liabilities	<u><u>544</u></u>	<u><u>799</u></u>

* The Department of Health & Human Services have provided a five year interest free loan.

Maturing analysis of borrowings

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

Defaults and breaches

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

Note 6.2: Cash and Cash Equivalents

	2019 \$'000	2018 \$'000
Cash on Hand	4	4
Cash at Bank	373	1,481
Deposits at Call	7,895	40
Total Cash and Cash Equivalents	<u><u>8,272</u></u>	<u><u>1,525</u></u>

Represented by:

Cash as per Cash Flow Statement

	2019 \$'000	2018 \$'000
Total	<u><u>8,272</u></u>	<u><u>1,525</u></u>

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. Cash and cash equivalents includes monies held in trust.

Note 6.3: Commitments for Expenditure

There are no commitments for expenditure as at June 2019 (2018 \$Nil).

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

Note 7.1(a): Financial Instruments: Categorisation

	Contractual			Contractual		
	Contractual Financial Assets and Receivables 2019 \$'000	Contractual Financial Liabilities at Amortised Cost 2019 \$'000	Total 2019 \$'000	Contractual Financial Assets - Loans and Receivables 2018 \$'000	Contractual Financial Liabilities at Amortised Cost 2018 \$'000	Total 2018 \$'000
Contractual Financial Assets						
Cash and cash equivalents	8,272	-	8,272	1,525	-	1,525
Receivables	896	-	896	1,467	-	1,467
Investments and Other Financial Assets	-	-	-	5,501	-	5,501
Total Financial Assets	9,168	-	9,168	8,493	-	8,493
Financial Liabilities						
Payables	-	6,188	6,188	-	5,581	5,581
Borrowings	-	544	544	-	799	799
Accommodation Bonds	-	4,611	4,611	-	3,319	3,319
Other Liabilities	-	76	76	-	75	75
Total Financial Liabilities	-	11,419	11,419	-	9,774	9,774

¹ The carrying amount excludes statutory receivables / payables (i.e. GST receivable and DHHS payable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

Categories of Financial Instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). Echuca Regional Health recognises the following assets in this category:

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

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

- payables (excluding statutory payables); and
- borrowings.

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

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. 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.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
				Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years
2019							
Financial Liabilities							
At amortised cost							
Payables	5.2	6,188	6,188	6,030	158	-	-
Borrowings	6.1	544	544	138	-	137	269
Other Financial Liabilities (i)	5.3	4,611	4,611	-	480	1,265	2,866
- Accommodation Deposits							
- Other	5.3	76	76	-	-	10	66
Total Financial Liabilities		11,419	11,419	6,168	638	1,412	3,201
2018							
Financial Liabilities							
At amortised cost							
Payables	5.2	5,581	5,581	5,390	191	-	-
Borrowings	6.1	799	799	138	-	137	524
Other Financial Liabilities (i)	5.3	3,319	3,319	-	300	740	2,279
- Accommodation Deposits							
- Other	5.3	75	75	-	-	10	65
Total Financial Liabilities		9,774	9,774	5,528	491	887	2,868

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

Note 7.1 (c) : Contractual Receivables at Amortised Costs

	1-Jul-18	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate							
Gross carrying amount of contractual receivables		100	630	58	60	48	896
Loss Allowance		-	38	6	55	47	146

	30-Jun-19	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate							
Gross carrying amount of contractual receivables		178	944	5%	91%	98%	85%
Loss Allowance		-	19	176	90	79	147

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, the Echuca Regional Health has been recording the allowance for expected credit losses for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include Echuca Regional Health's contractual receivables, statutory 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. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

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

On this basis, Echuca Regional Health determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 7.1 (c): Contractual Receivables at Amortised Costs (Continued)

	2018	2017
Balance at Beginning of the Year	174	172
Opening Retained Earnings adjustment on adoption of AASB 9	-	-
Opening Loss Allowance	174	172
Increase (Decrease) in provision recognised in the net result	(28)	2
Balance at End of the Year	<u>146</u>	<u>174</u>

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

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

Statutory receivables and debt investments at amortised cost

Echuca Regional Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB9 requirements as if those receivables are financial instruments.

Echuca Regional Health also has investments in the Bendigo Bank and the National Australia Bank.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

NOTE 7.2: Contingent Assets and Contingent Liabilities

There are no Contingent Assets or Contingent Liabilities as at June 2019 (2018 \$Nil).

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
- 8.2 Responsible Persons Disclosures
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of auditors
- 8.6 Economic Dependency
- 8.7 Jointly Controlled Operations
- 8.8 AASBs issued that are not yet effective

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.1: Reconciliation of Net Result for the Year to Net Cash from Operating Activities

	2019 \$'000	2018 \$'000
Net Result for the Year	(5,577)	(3,990)
Non-Cash Movements:		
Depreciation	5,333	5,254
Impairment of Financial Assets	1,125	16
Assets Received Free of Charge	-	(21)
Movements included in Investing and Financing		
Net (Gain)/Loss from Sale of Assets	(9)	(2)
Movements in Assets and Liabilities		
(Increase)/Decrease in Receivables	(523)	187
(Increase)/Decrease in Inventories	29	(52)
(Increase)/Decrease in Prepayments	(64)	(32)
Increase/(Decrease) in Payables	611	584
Net Cash Inflow/(Outflow) from Operating Activities	827	1,020
	1,752	2,964

Note 8.2: Responsible Persons Disclosures

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

Responsible Ministers:

The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services
 The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services
 The Honourable Martin Foley, Minister for Mental Health
 The Honourable Martin Foley, Minister for Housing, Disability
 The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers
Mr J Quirk (Chair)
 Mr G Kelly
 Mr S Weiler
 Ms L Tarrant
 Mrs J Hamit
 Mrs S Barry
 Mrs A Shand
 Mrs S Mulcahy
 Dr S Pauli
 Ms M Morgan
 Mr G Dwyer
 Mr C Billeky

Accountable Officers:

	2019 No.	2018 No.
Mr N Bush - Chief Executive Officer	1	-
Mr M B Delahunty - Chief Executive Officer	1	1

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

	2019 \$'000	2018 \$'000
Total Numbers	13	1

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Echuca Regional Health's financial statements.
 Accountable Officers' remuneration was significantly impacted due to retirement.
 Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers

	2019 \$'000	2018 \$'000
Short-term Benefits	\$950.178	\$873.223
Post-employment Benefits	\$81.160	\$88.113
Other Long-term Benefits	\$41.026	\$46.275
Termination Benefits	\$36.372	-
Total Remuneration (i)	\$1,108.736	\$1,007.611
 Total Number of Executives	 8	 6
 Total Annualised Employee Equivalent (ii)	 5.0	 5.2

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) under AASB 124 Related Party Disclosures and are also reported within Note 8.6 Relates Parties.

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

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

Short-term employee benefits

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 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.

Other factors

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers retired, resigned or were retrenched in the past year. This has had an impact on remuneration figures for the termination benefits category.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.4: Related Parties

Echuca 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;
- Cabinet ministers (where applicable) and their close family members; and
- All health services and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

The Board of Directors and the Executive Directors of Echuca Regional Health are deemed to be KMPs. The compensation detailed below is reported in \$'000 and excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 , and is reported within the Department of Parliamentary Services' Financial Report.

Key management personnel of Echuca Regional Health

Entity	KMPs	Position Title
Echuca Regional Health	Mr John Quirk	Chair of the Board
Echuca Regional Health	Mr Geoff Kelly	Board Member
Echuca Regional Health	Mr Shane Weller	Board Member
Echuca Regional Health	Ms Larissa Tarrant	Board Member
Echuca Regional Health	Mrs Jillian Hamit	Board Member
Echuca Regional Health	Mrs Suzanne Barry	Board Member
Echuca Regional Health	Mrs Amanda Shand	Board Member
Echuca Regional Health	Mrs Suzanne Mulcahy	Board Member
Echuca Regional Health	Dr Sydney Paul	Board Member
Echuca Regional Health	Ms Monica Morgan	Board Member
Echuca Regional Health	Mr Greg Dwyer	Board Member
Echuca Regional Health	Mr Chris Bilkey	Board Member
Echuca Regional Health	Mr Nick Bush	Chief Executive Officer
Echuca Regional Health	Mr Michael Delahunt	Chief Executive Officer
Echuca Regional Health	Mrs Robyn Rudge	Executive Director of Finance & Corporate Services
Echuca Regional Health	Mrs June Dyson	Executive Director of Nursing
Echuca Regional Health	Mr Glenn Howlett	Executive Director of Medical Services
Echuca Regional Health	Mrs Jackie Clingan	Executive Director of Human Resources
Echuca Regional Health	Mr Mark Fischmann	Executive Director of Community Services
Echuca Regional Health	Mrs Merrin Prior	Executive Director of Community Services
Echuca Regional Health	Mrs Kathryn Eye	

The compensation detailed below is reported in \$'000 and excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 , and is reported within the Department of Parliamentary Services' Financial Report.

Compensation - KMPs

	2019 \$'000	2018 \$'000
Short-term Employee Benefits (i)	\$1,352.386	\$1,190.976
Post-employment Benefits	\$102.349	\$117.367
Other Long-term Benefits	\$54.046	\$25.543
Termination Benefits	\$242.356	–
Total	\$1,851.137	\$1,333.886

(i) KMPs are also reported in Note 8.3 Responsible Persons or Note 8.4 Remuneration of Executives.

Significant Transactions with Government Related Entities

Echuca Regional Health received funding from the Department of Health and Human Services of \$62.9M (2018: \$56.1M), and indirect contributions of \$50K (2018: \$52K).

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

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

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

Treasury Risk Management Directions require Echuca Regional Health to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.4: Related Parties (Continued)

Transactions with Key Management Personnel and Other Related Parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for Echuca Regional Health Board of Directors and Executive Directors in 2019.

Note 8.5: Remuneration of auditors

	2019 \$'000	2018 \$'000
Victorian Auditor-General's Office	40	39
Total Remuneration of Auditors	40	39

Note 8.6: Economic Dependency

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.7: Jointly Controlled Operations

Echuca Regional Health has entered into a joint operation called the Loddon Mallee Rural Health Alliance which was established to improve the operations' joint capability and capacity to use and acquire information and communication technology products and services. Echuca Regional Health has a 10.46% (2018: 10.47%) participating interest in this joint operation and is entitled to share in its output of services. Echuca Regional Health's interest in the assets employed in the joint operation are included in the balance sheet as below:

	2019 \$000 *	2018 \$000 *
Current Assets		
Cash and Cash Equivalents	452	103
Receivables	59	61
Inventories	-	10
Other Financial Assets	-	393
Total Current Assets	129	57
	640	624
Non-Current Assets		
Computers	135	136
Accumulated Depreciation	(76)	(77)
Total Non-Current Assets	59	59
Current Liabilities		
Payables	161	161
Total Current Liabilities	161	161
	538	522

Net share of assets employed in joint operation

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

	2019 \$000 *	2018 \$000 *
Revenue		
Income from Operating Activities	809	779
Capital Purpose	-	31
Total Revenue	809	810
Expenses		
Expenses from Operating Activities	802	794
Capital Purpose	(21)	24
Depreciation	12	7
Total Expenses	793	815
Net Result	16	(15)

* Figures obtained from the audited Loddon Mallee Rural Health Alliance annual report.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8-8: AASB's Issued that are not yet Effective

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

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

The table below outlines the accounting pronouncements that have been issued but not effective for 2018-19, which may result in potential impacts on public sector reporting for future reporting periods.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015.8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2019	Echuca Regional Health has performed a detailed impact assessment of AASB15 and AASB1058 with no potential impact for each major class of revenue and income in the initial year of application.
AASB 2018-4 Amendments to Australian Accounting Standards – AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1 Jan 2019	AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: <ul style="list-style-type: none">• Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058;• IP licenses to be accounted for under AASB 15; and• Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 <ul style="list-style-type: none">• Statutory receivables are recognised and measured similarly to financial assets,• The customer' does not need to be the recipient of goods and/or services;• The "contract" could include an arrangement entered into under the direction of another party;• Contracts are enforceable if they are enforceable by legal or equivalent means;• Contracts do not have to have commercial substance, only economic substance; and• Performance obligations need to be sufficiently specific to be able to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet which has an impact on net debt.	1 Jan 2019	Echuca Regional Health has performed a detailed impact assessment of AASB16. It is estimated that the potential impact in the initial year of application will be negligible.
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 Jan 2019	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. Echuca Regional Health has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, Echuca Regional Health considered that the methodology of valuing peppercorn leases was still being developed.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8-8: AASBs Issued that are not yet Effective (Continued)

AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 Jan 2019	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 Jan 2020	The standard is not expected to have a significant impact on the public sector.
AASB 1059 Service Concession Arrangements; Grantor	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1 Jan 2020	For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied: • Operator is providing public services using a service concession asset; • Operator manages at least some of public services under its own discretion; • Echuca Regional Health controls / regulates: – what services are to be provided; – to whom; and – at what price. • Echuca Regional Health controls any significant residual interest in the asset. If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 Jan 2020	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

NOTES



Echuca Regional Health

CARE Matters

Collaboration Accountability Respect Excellence

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