

2020

ANNUAL REPORT



Echuca Regional Health

Supporting everyone to be healthy and live well



Charter and Purpose	1
Chairman and Chief Executive Report	2
Our Health Service	4
Audit Committee	5
Management and Structure	6
Workforce Data	10
Occupational Health and Safety	10
Occupational Violence	11
Statement of Priorities - PART A Strategic Priorities 2019-2020	12
PART A Specific Priorities 2019-2020	14
Financial Information	18
Legislation	20
Summary of Environmental Performance	21
Attestations and Declarations	23
Reporting against the Statement of Priorities - PART B	24
High Quality and Safe Care	24
Patient Experience	25
Timely Access to Care	25
Strong Governance, Leadership and Culture	26
Effective Financial Management	27
Statement of Priorities - PART C Activity and Funding	28
Disclosure Index	29
Acknowledgements	30
Financials	31

ACKNOWLEDGEMENT OF COUNTRY

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

CHARTER AND 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 Minister during the reporting period was:

The Minister for Health,
Jenny Mikakos MP,
Minister for Ambulance Services
Minister for the Coordination of
Health and Human Service COVID-19.



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.



Collaboration



Accountability



Respect



Excellence



CHIEF EXECUTIVE AND CHAIRPERSON'S REPORT

On behalf of the Board and staff of ERH, we are pleased to present the 138th Report of Operations and Annual Report for the year ended 30 June 2020.

An unprecedented year for ERH as on the 11th March 2020, the World Health Organisation declared COVID-19 outbreak, a global pandemic.

Our services and community were confronted with the Covid-19 virus, it impacted everyone significantly as the Victorian Government enacted the Public Health Act and many businesses and services were closed.

ERH responded early by opening a screening clinic on 12th March. Between opening and 30th June, there were 2,119 presentations to the clinic and 1,861 swabs taken. A total of 4 COVID-19 positives were reported from the ERH screening clinic from March – 30th June. We commenced temperature checking of all staff and visitors and asked staff to stay home if at all unwell.

The ERH Volunteer program was suspended in mid-March. 2,672 hours of volunteer support was unable to be provided to our health service, staff and patients due to COVID-19.

An asymptomatic testing blitz was conducted as part of a State blitz directive from the Department of Health and Human Services from 1st May to 10th May - 931 tests were conducted across the Echuca Moama community.

A further testing blitz was conducted from 18th May – 26th May of teachers and education support staff across 8 schools in the Campaspe and Murray River Council areas.

ERH staff went to these locations, where 260 swabs were conducted.

Throughout this, we have also focused on implementing the 2019/2024 strategic plan. Over the next four 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 high levels of patient activity reflecting the increased capacity of our services and the growth in our local population and our extending catchment. A detailed analysis of each department's activity is provided in a later section of this report.

The Australian Government through Murray PHN approved a headspace for Echuca.

ERH will offer this much needed service to help improve the mental health of our young people so they improve and do not require hospital treatment.

ERH will work with local partners to get this much needed service operational. We thank our Parliamentary representatives, Federal and State, for sharing the ERH purpose, "supporting everyone to be healthy and live well".

Better Access

The \$6 Million grant from the Department of Health and Human Services following the completion of the feasibility study has now been confirmed 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 the expanding catchment area; an increasing prevalence of cancer, an ageing population and increased local availability of cancer specialists and support staff.
- 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.

We look forward to completing the planning and commence construction in early 2021.

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. Innovation is a key area of focus in our new strategic plan for the year ahead.

Board of Directors

In August 2019 the Board welcomed one new Board Director, Michelle Johns.

At the annual election of Board office bearers in December the Board elected Geoff Kelly as Chairman; Larna Tarrant and Sue Mulcahy as Deputy Chairs and Suzanna Barry as Treasurer.

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 this year we not only thank but acknowledge all our ERH staff and Visiting Medical Officers for their dedication and commitment to their employment here at ERH in the face of a pandemic not seen in any of our life times.

We also thank our volunteers and note that their absence from ERH during the time of COVID-19 has been felt by all here and hope they are all taking good care of themselves.

We continue to value and appreciate the ongoing support of the Department of Health and Human Services, the Seniors Advisory Group and the Victoria Police Blue Ribbon Foundation Echuca Branch led by Paul Nicoll.

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 2020.

Mr Nick Bush



Chief Executive
Echuca Regional Health
15 September 2020

Mr Geoff Kelly



Board Chairman
Echuca Regional Health
15 September 2020

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 and design of the new Cancer and Wellness Centre. More than 1,200 patients each year will benefit from better care, with improved access to consultations from haematologists, medical oncologists, nephrologists and radiation oncologists, all under the one roof. 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 new facility will have 10 treatment bays and will increase our capacity to treat more chemotherapy and dialysis patients every year.

The health service has an operating budget of \$78 Million and a staff base of 827 representing 513 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 being used as Covid-19 screening clinic

Our Services and Programs

- Accommodation
- Alcohol and Other Drugs
- Antenatal Classes
- Cardiac Rehabilitation
- Chemotherapy/Cancer Support Services
- Community Health Nursing
- Community Rehabilitation
- Complex Care
- Dental
- Diabetes
- Dietetics
- Discharge Planning
- District Nursing
- Education Department
- Emergency Department
- General Counselling
- Geriatric Evaluation and Management
- Glanville Village Aged Care
- Hospital in the Home
- McGrath Breast Care Nurse
- Meals on Wheels
- Population Health

AUDIT COMMITTEE

CHAIR Ken Belfrage (Independent member)

- Michelle Johns (Board Director)
- Suzanna Barry (Board Director)
- Carmel Britt (Independent member)
- Simone Knight (Independent member)

The purpose of the Audit and Risk Committee is to assist, oversee and advise the Board on matters of accountability and internal control affecting Echuca Regional Health operations.



- 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

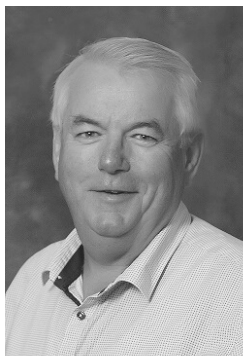
- Radiology
- Renal Dialysis
- Rural Health Academic Network
- Social Services
- Specialist Continence
- Speech Pathology
- Strengthening Hospital Response to Family Violence
- Theatre Liaison
- Transition Care Program
- Volunteers
- Women's Health

MANAGEMENT AND STRUCTURE

Board of Directors

GEOFF KELLY

Chairperson



Appointed
1 July 2014

Appointed Chair
(5.12.2019 - 30.6.2020)

LARNA TARRANT

Senior Deputy
Chairperson



Appointed
1 July 2014

SUZANNE MULCAHY

Junior Deputy
Chairperson



Appointed
1 July 2017

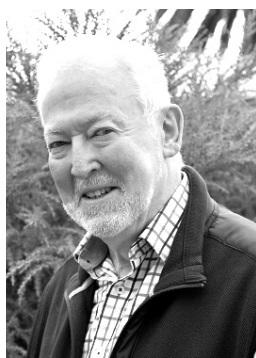
SUZANNA BARRY

Treasurer



Appointed
1 July 2016

JOHN QUIRK



Appointed
1 July 2013

Appointed Chair
(1.7.2019 - 5.12.2019)

JILLIAN HAMIT



Appointed
1 July 2016

SHANE WELLER



Appointed
1 July 2016

AMANDA SHAND



Appointed
1 July 2017

DR SYDNEY PAUL



Appointed
1 July 2018

MONICA MORGAN



Appointed
1 July 2018

MICHELLE JOHNS



Appointed
6 August 2019

Organisational Chart

BOARD OF DIRECTORS

CHIEF EXECUTIVE
Nick Bush

Executive Director of Community Services

Executive Director of Nursing & Chief Nursing Officer

Executive Director of Medical Services & Chief Medical Officer

Executive Director of Finance & Corporate Services

Executive Director of Human Resources

Cynthia Opie

- Alcohol and Other Drugs
- Allied Health Services
- Community Rehabilitation
- Dental
- Family Services
- National Disability Insurance Scheme/Early Childhood Early Intervention
- Population Health
- Primary Mental Health

June Dyson

- Aboriginal Liaison
- Acute Inpatient Services
- Community Nursing
- Emergency
- Infection Prevention & Control
- Inpatient Rehabilitation
- In Reach & Post Acute Care
- Medical Day Procedure
- Perioperative
- Quality & Safety
- Residential Aged Care

Dr Glenn Howlett

- Diagnostic Services
- Education
- Medical Workforce Unit
- Medico-Legal
- Pharmacy

Robyn Rudge

- Engineering & Facilities Management
- Environmental Services
- Finance
- Food Services
- Health Information Services
- Information, Communication & Technology
- Procurement & Supply
- Security

Jackie Clingan

- Human Resources
- Occupational, Health & Safety
- Payroll



Echuca Regional Health

Supporting everyone to be healthy and live well

Senior Management

**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, improving efficiency of services, 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, BHIthSc, GradDipMgt (Bus)

**Appointed
September
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 ensures quality standards are maintained and ERH continues to meet accreditation requirements for each service.

**DR GLENN
HOWLETT**

EXECUTIVE DIRECTOR OF MEDICAL SERVICES AND CHIEF MEDICAL OFFICER
MB BS LLB, GradDipHIthServMt, FRACGP, AFRACMA

**Appointed
May 2013**

The Executive Director of Medical Services leads Medical Division encompassing: Medical Workforce, Education, Training and Research, Pharmacy, Medico-Legal Services (including Freedom of Information), Medical Consulting Suites, Diagnostic Services (Medical Imaging and Pathology). All medical staff report professionally to the Chief Medical Officer.

**ROBYN
RUDGE**

EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE SERVICES, CHIEF PROCUREMENT AND FINANCIAL OFFICER
B.Comm, CPA

**Appointed
February
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, Procurement and Supply, Environmental and Security Services.

Senior Management

**CYNTHIA
OPIE**

EXECUTIVE DIRECTOR OF COMMUNITY SERVICES
Masters Public Health (MPH), BA Public Health
(Major Health Promotion), BA Nursing, Assoc. Dip. App.
Sci (Myotherapy)

**Appointed
September
2019**

The Executive Director of Community Services leads a comprehensive range of Allied Health, Community and Primary Care services to enable continued health and wellbeing across the lifespan. Services include: Population Health (Primary Prevention); Community Rehabilitation (Cardiac, Pulmonary, Continence, Falls and Balance and Orthopaedic Rehabilitation); Public and Private Dental Services (including Smiles 4 Miles and Smile Squad); National Disability Insurance Scheme (NDIS) and Early Childhood and Early Intervention (ECEI); Alcohol and Other Drugs, including Opioid Replacement Therapy (ORT) Pharmacotherapy; Paediatric and Adult Allied Health delivered through Diabetes Education, Dietetics, Occupational Therapy, Physiotherapy, Podiatry, Social Services (including Primary Mental Health), Speech Pathology and Women's Health; Strengthening Hospital Response to Family Violence (SHRFV) Initiative; Allied Health Education and a diverse range of support staff and Project Workers.

**JACKIE
CLINGAN**

**EXECUTIVE DIRECTOR OF HUMAN RESOURCES ERH, KERANG
DISTRICT HEALTH AND COHUNA DISTRICT HOSPITAL**
BA(HR), GradDipPsych

**Appointed
August 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 relation matters. Human Resources is the Occupational Health and Safety function as well as WorkCover and strategic projects linked to these areas.



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	
	2020	2019	2020	2019
Administration and Clerical	69.82	72.68	70.46	70.08
Ancillary Staff (Allied Health)	56.95	49.46	59.53	53.78
Hosp Specialists & Med Admin	2	0	2.60	0
Hospital Medical Officers	23	19.89	21.95	18.22
Hotel and Allied Services	87.40	98	94.30	100.76
Medical Officers	3	4.56	2.38	4.63
Medical Support Services	27.07	18.18	27.15	19.48
Nursing Services	241	244.43	247.96	242.25
Sessional Medical Officers	2.64	3.98	2.87	2.71

Occupational Health and Safety

OH&S STATISTICS	2019-20	2018-19	2017-18
Reported Hazards	71	81	86
Per 100 FTE	13.84	15.85	17.77
Reported Incidents that could have resulted in, or did result in, harm to an employee	126	126	182
Per 100 FTE	24.5	24.65	37.61
No. of lost time standard Workcover claims	8	6	3
Per 100 FTE	1.56	1.17	0.62
Average cost per Workcover claim for the year ('000)	\$113,050	\$33,408	\$16,470

We have seen an increase in the estimated costs for claims lodged this year. Three complex claims with an occupational violence causation contributed to this estimate.

Echuca Regional Health continues to be proactive in managing occupational health and safety risks and is committed to providing a safe environment for everyone and one that complies with our obligations under the *Occupational Health and Safety Act 2004*, Occupational Health and Safety Regulations 2017 and other legislation and standards that support safety.

This year we commenced the implementation of a three year OH&S Plan which focuses on building capacity and accountability for OH&S performance across our leadership group. We have also been working towards improving safety in the following priority areas:

- Prevention and management of Occupational Violence. In response to the increase in severity of occupational violence incidents, we have revised our Occupational Violence Action Plan, re-instated our Occupational Violence Committee and Police Liaison Committee and have commenced the roll-out of an internal multi-disciplinary training program that focuses on identifying and planning for occupational violence risks.
- Supporting the wellbeing of our workforce. We have partnered with the Black Dog Institute and commenced the implementation of a wellbeing program. The program will ensure we have the necessary procedures in place to support the mental health of our workforce and includes an extensive training program to build our capacity in this area.
- Improving workplace culture and reducing the occurrence of workplace bullying through the implementation of the Know Better, Be Better program.

Occupational Violence

OCCUPATIONAL VIOLENCE STATISTICS		2019-20
Workcover accepted claims with an occupational violence cause per 100 FTE		0.58
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.		3.53
Number of occupational violence incidents reported		80
Number of occupational violence incidents reported per 100 FTE		15.60
Percentage of occupational violence incidents resulting in a staff injury, illness or condition		26%

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 an incident, regardless of whether the employee required time off work or submitted a claim.

STATEMENT OF PRIORITIES - PART A

Strategic Priorities 2019/2020

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
BETTER HEALTH			
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Reduce statewide risks • Build healthy neighbourhoods • Help people to stay healthy • Target health gaps 	<ul style="list-style-type: none"> • Improve the health of our community by implementing healthy eating and tobacco cessation strategies consistent with the new Victorian Health and Wellbeing Plan. • Targeted 'Closing the Gap' measures will be created, monitored and actioned by a newly created Aboriginal Health Advisory Committee. • Strengthen health promotion in schools by implementing oral health initiatives at all public primary schools in the Campaspe Shire Council in 2019-20. 	ACHIEVED <ul style="list-style-type: none"> • Healthier Campaspe/ Campaspe Municipal Health and Wellbeing Plan is consistent with Victorian Health and Wellbeing Plan. • ERH and Aboriginal Health Advisory Committee is focusing on improving the health and wellbeing of Aboriginal people. • The Commonwealth Government is setting new 'Closing the Gap' targets. • The Smile Squad vans are expected to arrive in school term 4, ready to start in school term 1, 2021.
BETTER ACCESS			
<ul style="list-style-type: none"> • Care is always being there when people need it • Better access to care in the home and community 	<ul style="list-style-type: none"> • Plan and invest • Unlock innovation • Provide easier access • Ensure fair access 	<ul style="list-style-type: none"> • Increase access to health care for rural and regional communities by participating in the development of the Loddon Mallee Telehealth Plan. 	NOT ACHIEVED <ul style="list-style-type: none"> • ERH is part of Loddon Mallee Health Alliance, improved use of telehealth is underway

STATEMENT OF PRIORITIES - PART A

Strategic Priorities 2019/2020

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
BETTER ACCESS			
<ul style="list-style-type: none"> • People are connected to the full range of care and support they need • Equal access to care 		<ul style="list-style-type: none"> • Implement the government initiative to fund 500,000 additional specialist appointments in rural Victoria by increasing existing and additional specialist services to the community - including paediatric, physician and oncology consultations. 	NOT ACHIEVED <ul style="list-style-type: none"> • Echuca has been the grateful recipient of specialist appointment funding. • Recruitment of a Paediatrician has been impacted by Covid-19.
BETTER CARE			
<ul style="list-style-type: none"> • Targeting zero avoidable harm • Healthcare that focuses on outcomes • Patients and carers are active partners in care • Care fits together around people's needs 	<ul style="list-style-type: none"> • Put quality first • Join up care • Partner with patients • Strengthen the workforce • Embed evidence • Ensure equal care 	<ul style="list-style-type: none"> • Participate in the development of a regional volunteering strategy to increase volunteer numbers and the quality and safety of support they provide to patients and residents. • Implement the Department of Health and Human Services Rural Generalist Training. • Framework at Echuca Regional Health to ensure sufficient numbers of staff skilled to provide high quality care into the future. 	ACHIEVED <ul style="list-style-type: none"> • ERH is part of the Campaspe Volunteer Network that won a statewide award. ERH has 120 engaged volunteers. • Quarterly meetings scheduled for 2020 with all Volunteer departments. • ERH has employed Gemma Bilardi from Murray PHN to implement the Department of Health and Human Services Rural Generalist Training Framework for the region.

STATEMENT OF PRIORITIES - PART A

Specific Priorities 2019/2020

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
SUPPORTING THE MENTAL HEALTH SYSTEM			
<ul style="list-style-type: none">• Improve service access to mental health treatment to address the physical and mental health needs of consumers.	<ul style="list-style-type: none">• Contribute to the development of a Regional Mental Health plan for the Loddon Mallee in collaboration with the Primary Health Network.	ACHIEVED <ul style="list-style-type: none">• The Murray Partnership Leadership Gateway Group, a Safer Care Victoria funded initiative, is pushing the Murray Primary Health Network for the plan to be implemented.	
ADDRESSING OCCUPATIONAL VIOLENCE			
<ul style="list-style-type: none">• Foster an organisational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.• Implement the Department's security training principles to address identified security risks.	<ul style="list-style-type: none">• Improve the health and safety of health service staff and volunteers by implementing and evaluating site specific Occupational Violence action plans.	ACHIEVED <ul style="list-style-type: none">• ERH is the key organisation for Strengthening Hospital Response to Family Violence; training across the region has been implemented.• ERH is central to delivering the Security Officer training program for the Loddon Mallee Region.• ERH has launched the e-learning modules, implementation of the remainder of the Department's Occupational Violence training framework for all staff scheduled for late July 2020.	

STATEMENT OF PRIORITIES - PART A

Specific Priorities 2019/2020

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
ADDRESSING BULLYING AND HARASSMENT			
<ul style="list-style-type: none">Actively promote positive workplace behaviours, encourage reporting and action on all reports.Implement the Department's framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.	<ul style="list-style-type: none">Actively promote positive workplace behaviours by implementing the framework for promoting a positive workplace culture, focusing on the reduction of bullying through targeted education.	ACHIEVED <ul style="list-style-type: none">ERH is actively promoting positive workplace behaviours by implementing Know Better, Be Better, dealing with allegations and bullying across the organisation.Know Better, Be Better pledge has been signed by the ERH Board Chair and CEO.Know Better, Be Better e-learning is mandatory for all staff during 2020 with face to face training being rolled out incrementally based on areas of need.	
SUPPORTING VULNERABLE PATIENTS			
<ul style="list-style-type: none">Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.	<ul style="list-style-type: none">Build an understanding of childhood adversity and complex trauma and the impact upon health across the lifespan within our workforce to improve engagement strategies with vulnerable populations.	ACHIEVED <ul style="list-style-type: none">ERH has been awarded headspace and part of this will be to develop a greater focus on children's health and well being that would develop into a young person's hub.	

STATEMENT OF PRIORITIES - PART A

Specific Priorities 2019/2020

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
SUPPORTING ABORIGINAL CULTURAL SAFETY			
<ul style="list-style-type: none">Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.	<ul style="list-style-type: none">Participate in the development of a regional plan for improved Aboriginal cultural safety and implement consistent local strategies to improve health outcomes of Aboriginal and Torres Strait Islander people.Embed the Aboriginal Employment Plan and the cultural safety pathway and equity recommendations outlined in the Mangan Dunguludja Ngatan (Build Strong Employment) study conducted by the health service, in acknowledgement that education and income are inextricably linked to the social gradient of health.Develop a board committee to supervise and monitor the Echuca Regional Health performance on the 'Closing the Gap' measures.	<p>ACHIEVED</p> <ul style="list-style-type: none">ERH has a Reconciliation Action Plan (RAP) that has been approved by both the Aboriginal Health Advisory Committee and Board of Management.ERH currently employs 5 Aboriginal Staff, less than 1% of our workforce. ERH has a target of 2%. 4 of the 5 staff are undertaking further studies with the support of ERH during 2020.The Board of Management has developed an Aboriginal Health Advisory Committee to supervise and monitor ERH performance on improving the health and wellbeing of Aboriginal people.ERH has partnered with the Royal Children's in the development of a Cultural Safety e-learning package, rolled out to health services statewide in the first half of 2020.	

STATEMENT OF PRIORITIES - PART A

Specific Priorities 2019/2020

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
ADDRESSING FAMILY VIOLENCE			
<ul style="list-style-type: none">Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.	<ul style="list-style-type: none">Improve our health service response to family violence by undertaking a census of our workforce capabilities and aligning health service activities to be consistent with the Multiagency Risk Assessment and Risk Management Framework.Engage clinical champions to embed a model of reflective practice to continually improve the 'whole-of-organisation' response to family violence and the principles of trauma informed practice.	ACHIEVED <ul style="list-style-type: none">ERH has undertaken the risk assessment. The clinical champions have been identified and are being worked with.	
IMPLEMENTING DISABILITY ACTION PLAN			
<ul style="list-style-type: none">Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.	<ul style="list-style-type: none">Improve the quality of care and employment opportunities for people with a disability by finalising and commencing Echuca Regional Health Disability Action Plan.Develop a whole-of-organisation response to people with a disability, including the adoption of innovative action plans, for example a Disability Passport.	ACHIEVED <ul style="list-style-type: none">ERH has a Disability Action Plan approved by the Board of Management and is being implemented.	

SUPPORTING ENVIRONMENTAL SUSTAINABILITY

<ul style="list-style-type: none"> Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions. 	<ul style="list-style-type: none"> Participate in the development of a hospital waste management strategy across the Loddon Mallee region. Implement the Regional Health Service Solar Program. 	ACHIEVED <ul style="list-style-type: none"> ERH has a strong waste management program including winning an award for theatre waste reduction. ERH has a strong solar energy program in place.
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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.

Covid - 19 has had a negative financial impact due to the decrease in activity. However, our health service was in a strong position prior to the pandemic. DHHS continues to provide cash support to our organisation.

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

	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000
Operating result *	1,988	(487)	(233)	530	545
- Total revenue	89,045	83,827	75,201	68,415	62,181
- Total expenses	(92,254)	(88,124)	(79,175)	(71,670)	(66,748)
Net result from transactions	(3,209)	(4,297)	3,974	(3,255)	(4,567)
- Total other economic flows	(69)	(1,280)	(16)	(16)	58
Net result	(2,621)	(5,577)	(3,990)	(3,271)	(4,509)
- Total assets	139,806	137,816	100,745	101,968	104,769
- Total liabilities	(30,235)	(24,967)	(22,509)	(19,742)	(19,532)
Net assets/Total equity	109,571	112,849	78,236	82,226	85,237

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

	2019-20 \$000
Net Operating result *	1,988
Capital purpose income	1,149
Specific income	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	77
State Supply items consumed up to 30 June 2020	(77)
Assets provided free of charge	0
Assets received free of charge	244
Expenditure for capital purpose	(19)
Depreciation and amortisation	(6,571)
Impairment of non-financial assets	11
Finance costs (other)	(80)
Net assets/Total equity	(3,278)

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 2019-20, there were no consultancies where the total fees payable to the consultants were less than \$10,000.

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

In 2019-20, there were no consultancies where the total fees payable to the consultant were \$10,000 or greater.

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)
\$1.866 million	\$0.068 million	\$0	\$0.068 million

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 2019-2020 financial year, ERH received 119 requests and all 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.

Public Interest 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 2019-20.

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 National Competition Policy, including compliance with the requirements of the policy statement 'Competitive Neutrality Policy Victoria'.

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 2019-2020 there were no contracts requiring disclosure under the Local Jobs First Policy.

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.

Greenhouse Gas Emissions		2019-20	2018-19	2017-18
Total Greenhouse Gas Emissions (tonnes CO ₂ e)				
SCOPE 1		1,290	1,289	1,287
SCOPE 2		3,791	4,113	4,170
TOTAL		5,081	5,402	5,457
Normalised Greenhouse Gas Emissions				
Emissions per unit of floor space (kgCO ₂ e/m ²)		256.17	272.36	275.11
Emissions per unit of separations (kgCO ₂ s/Separations)		454.71	422.75	448.66
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO ₂ s/OBD)		107.90	109.66	112.63
Stationary Energy				
Total stationary energy purchased by energy type (GJ)				
Electricity		13,380	13,839	13,899
Natural Gas		25,032	25,009	24,972
TOTAL		38,412	38,848	38,872
Normalised stationary energy consumption				
Energy per unit of floor space (GJ/m ²)		1.94	1.96	1.96
Energy per unit of separations (GJ/Separations)		3.44	3.04	3.20
Emissions per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)		0.82	0.79	0.80
Water				
Total water consumption by type (kL)				
Class A Recycled Water		N/A	N/A	N/A
Potable Water		40,943	38,774	36,693
Reclaimed Water		N/A	N/A	N/A
TOTAL		40,943	38,774	36,693
Normalised water consumption				
Water per unit of floor space (kL/m ²)		2.06	1.95	1.85
Water per unit of separations (kL/separations)		3.66	3.03	3.02
Water per unit of bed-day (LOS+Aged Care OBD)(kL/OBD)		0.87	0.79	0.76
Waste and Recycling				
Total waste generated		20,785	18,175	17,537
Total waste to landfill generated		20,390	17,994	17,537
Total waste to landfill per patient treated		0.26	0.79	0.21
Recycling rate %		100%	100%	N/A

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;
- 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 AND DECLARATIONS

Financial Management Compliance

I, Geoff Kelly on behalf of Echuca Regional Health, certify that Echuca Regional Health has no material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

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.

Conflict 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.

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.

Mr Nick Bush

Mr Geoff Kelly



Chief Executive
Echuca Regional Health
15 September 2020



Board Chairperson
Echuca Regional Health
15 September 2020

REPORTING AGAINST THE STATEMENT OF PRIORITIES - PART B

Exceptional circumstances

ERH has had no recognised exceptional circumstances during the year 2019 - 20.

High Quality and Safe Care

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Accreditation		
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia Program Percentage of healthcare workers immunised for influenza achieved for the period April 2019 to August 2019	Data not available 80%	Data not available 91.70%
Adverse Events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	100%
Maternity and Newborn		
Rate of singleton per infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.0%
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	1.940
Patient Experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey -percentage of positive patient experience - Quarter 1	95%	98%
Victorian Healthcare Experience Survey -percentage of positive patient experience - Quarter 2	95%	98.1%
Victorian Healthcare Experience Survey -percentage of positive patient experience - Quarter 3	95%	100%

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%	88.7%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 2	75%	88%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 3	75%	87%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 1	70%	92.7%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 2	70%	92.5%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 3	70%	91.4%
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%	89%
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%	73%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	78%
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%	85%
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%	94%
People Matter Survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	93%
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%	87%
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%	84%
People Matter Survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	86%
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%	69%
People Matter Survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	74%
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%	92%

REPORTING AGAINST THE STATEMENT OF PRIORITIES - PART B

Effective Financial Management

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Finance		
Operating result (\$m)	0.0	1.98
Average number of days to paying trade creditors	60 days	47
Average number of days to receiving patient fee debtors	60 days	38
Public and Private WIES ¹ activity performance to target	100%	94.6%
Adjusted current asset ratio	0.7 or 3% improvement from health service	0.85
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	-0.2
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	-9.6 days

¹ WIES is a Weighted Inlier Equivalent Separation

REPORTING AGAINST THE STATEMENT OF PRIORITIES - PART C

Activity and Funding

FUNDING TYPE	ACTIVITY ACHIEVEMENT
Acute Admitted	2019 - 2020
Acute WIES	6,804
WIES DVA	87.58
WIES TAC	13.42
Acute Non-Admitted	
Specialist Clinics	12,962
Subacute and Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	143.46
Subacute WIES - Rehabilitation Private	29.25
Subacute WIES - GEM Public	126.85
Subacute WIES - GEM Private	33.18
Subacute WIES - Palliative Care Public	44.11
Subacute WIES - Palliative Care Private	10.51
Subacute WIES - DVA	1.80
Subacute Non-Admitted	
Health Independence Program - Public	6,025
Health Independence Program - DVA	105
Aged Care	
Residential Aged Care	20,348
HACC-PYP	2503
Primary Health	
Community Health / Primary Care Programs	5,181

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		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	4
FRD 22H	Activities, programs and achievements for the reporting period	2
FRD 22H	Significant changes in key initiatives and expectations for the future	2
Management and Structure		
FRD 22H	Organisational chart	7
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	18
FRD 22H	Significant changes in financial position during the year	18
FRD 22H	Operational and budgetary objectives and performance against objectives	18
FRD 22H	Subsequent events	19
FRD 22H	Details of consultancies under \$10,000	19
FRD 22H	Details of consultancies over \$10,000	19
FRD 22H	Disclosure of ICT expenditure	19
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	20
FRD 22H	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	20
FRD 22H	Application and operation of the <i>Public Interest Act 2012</i>	20
FRD 22H	Statement on National Competition Policy	20
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	20
FRD 22H	Summary of the entity's environmental performance	21
FRD 22H	Additional information available on request	22

MINISTERIAL DIRECTIONS - Report of Operations		PAGE REF
LEGISLATION REQUIREMENT		
Other relevant reporting directives		
FRD 25D	<i>Local Jobs First Act disclosure</i>	20
SD 5.1.4	Financial Management Compliance attestation	23
SD 5.2.3	Declaration in Report of Operations	3
Attestations		
	Attestation on Data Integrity	23
	Attestation on managing Conflicts of Interest	23
	Attestation on Integrity, Fraud and Corruption	23
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2019–20	12, 24, 28
	Occupational Violence reporting	11
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	18

ACKNOWLEDGEMENTS

This Annual Report was compiled by Tiana Cronin, Executive Administration with the support of numerous ERH staff who we would 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 St, Echuca VIC 3564 or emailed to enquiries@erh.org.au

Printing

Echuca Printers, 20 Hovell St, Echuca VIC 3564

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 2020 and the financial position of Echuca Regional Health at 30 June 2020.

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

We authorise the attached Financial Statements for issue on this day 14/09/2020.



Larna Tarrant
Chair

Echuca
14/09/2020



Nick Bush
Chief Executive Officer

Echuca
14/09/2020



Robyn Rudge
Chief Finance and Accounting Officer

Echuca
14/09/2020

Independent Auditor's Report

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 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance 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 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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Echuca Regional Health

Comprehensive Operating Statement

For the Financial Year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Income from Transactions			
Operating Activities	2.1	88,921	83,636
Non-operating Activities	2.1	124	191
Total Income from Transactions		89,045	83,827
Total Expenses from Transactions			
Employee Expenses	3.1	(61,957)	(58,541)
Supplies & Consumables	3.1	(13,072)	(13,542)
Depreciation and Amortisation	4.2	(6,571)	(5,333)
Other Operating Expenses	3.1	(10,654)	(10,708)
Total Expenses from Transactions		(92,254)	(88,124)
Net Result from Transactions - Net Operating Balance		(3,209)	(4,297)
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	7	(9)
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	4	(20)
Other Gain/(Loss) from Other Economic Flows	3.2	(80)	(146)
Net Result for the year		(3,278)	(5,577)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in Physical Asset Revaluation Reserve	4.1(b)	-	40,190
Total Other Comprehensive Income		-	40,190
Comprehensive Result for the Year		(3,278)	34,613

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

Echuca Regional Health

Balance Sheet

as at 30 June 2020

	Note	2020 \$000	2019 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	13,009	8,272
Receivables	5.1	1,429	1,939
Inventories	4.3	913	744
Prepayments and Other Financial Assets		1,957	363
Total Current Assets		17,308	11,318
Non-Current Assets			
Receivables	5.1	3,449	3,365
Property, Plant & Equipment	4.1 (a)	119,049	123,133
Total Non-Current Assets		122,498	126,498
TOTAL ASSETS		139,806	137,816
LIABILITIES			
Current Liabilities			
Payables	5.2	6,028	6,275
Borrowings	6.1	3,837	275
Employee Benefits	3.4	12,772	11,991
Other Liabilities	5.3	5,172	4,687
Total Current Liabilities		27,809	23,228
Non-Current Liabilities			
Payables	5.2	282	303
Borrowings	6.1	809	269
Employee Benefits	3.4	1,335	1,167
Total Non-Current Liabilities		2,426	1,739
TOTAL LIABILITIES		30,235	24,967
NET ASSETS		109,571	112,849
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.1(f)	65,106	65,106
Contributed Capital		24,804	24,804
Accumulated Surpluses		19,661	22,939
TOTAL EQUITY		109,571	112,849

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

Echuca Regional Health

Statement of Changes in Equity

For the Financial Year ended 30 June 2020

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 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
Net Result for the year	-	-	-	(3,278)	(3,278)
Other comprehensive income for the year	-	-	-	-	-
Transfer from / (to) accumulated surpluses	-	-	-	-	-
Balance at 30 June 2020	65,106	-	24,804	19,661	109,571

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

Echuca Regional Health

Cash Flow Statement

For the Financial Year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Cash Flows from Operating Activities			
Operating Grants from Government		79,699	73,421
Capital Grants from Government - State		738	1,302
Capital Grants from Government - Commonwealth		123	-
Patient Fees Received		4,423	4,307
Donations and Bequests Received		200	219
GST Received from ATO		2,345	2,520
Interest and Investment Income Received	2.1 (a)	124	212
Other Receipts		4,035	4,235
Total Receipts		91,687	86,216
Employee Expenses Paid		(61,123)	(57,689)
Payments for Supplies & Consumables		(14,068)	(14,493)
Payments for Medical Indemnity Insurance		(3,153)	(1,494)
Payments for Repairs and Maintenance		(878)	(869)
Other Payments		(10,191)	(9,919)
Total Payments		(89,413)	(84,464)
Net Cash Flow from / (used In) Operating Activities	8.1	2,274	1,752
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(2,125)	(1,524)
Proceeds from Disposal of Investments		-	5,501
Proceeds from Disposal of Non-Financial Assets		20	-
Net Cash Flows from / (used in) Investing Activities		(2,105)	3,977
Cash Flows from Financing Activities			
Proceeds from Borrowings		4,379	-
Repayment of Borrowings		(275)	(275)
Receipt of Accommodation Deposits		2,130	2,914
Repayment of Accommodation Deposits		(1,666)	(1,621)
Net Cash Flows from / (used in) Financing Activities		4,568	1,018
Net Increase/(Decrease) in Cash and Cash Equivalents Held		4,737	6,747
Cash and Cash Equivalents at Beginning of Year		8,272	1,525
Cash and Cash Equivalents at end of Year	6.2	13,009	8,272

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Basis of preparation

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

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Echuca Regional Health for the period ended 30 June 2020. 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 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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

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

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 4.1 Property, Plant and Equipment); 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 recoverable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

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

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

COVID-19

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic known as COVID-19. A state of disaster was subsequently declared on 2 August 2020. To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government which in turn has impacted the manner in which businesses operate, including Echuca Regional Health. In response, Echuca Regional Health placed restrictions on non-essential visitors, implementing reduced visiting hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate. For further details refer to Note 2.1 (a) Income from Transactions; Note 3.1 Expenses from Transactions and Note 4.1 Property, Plant and Equipment.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (Continued)

(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 classfied as a joint operation (refer to Note 8.9 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

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

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.

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.

Echuca Regional Health also receives income from the supply of services.

Structure

2.1 Income from Transactions

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 2.1 (a) Income from Transactions

Government Grants (State) - Operating¹
 Government Grants (Commonwealth) - Operating
 Government Grants (State) - Capital
 Government Grants (Commonwealth) - Capital
 Other Capital Purpose Income
 Capital Donations
 Patient and Resident Fees
 Commercial Activities²
 Assets Received Free of Charge or for nominal consideration
 Other Revenue from Operating Activities (including non-capital donations)

Total Income from Operating Transactions

Capital Interest
 Other Interest

Total Income from Non-Operating Activities

Total Income from Transactions

¹ Government Grants (State) - operating includes funding of \$4.08M which was spent due to the impact of COVID-19.
² Commercial activities represent business activities which health service enter into to support their operations.

Revenue Recognition

Income is recognised in accordance with either:

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

Impact of COVID-19 on revenue and income

As indicated in Note 1 Echuca Regional Health's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Echuca Regional Health incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impact on Echuca Regional Health. Echuca Regional Health also received personal protective equipment free of charge under the State supply agreement.

Government Grants

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

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

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

Performance Obligations

The types of government grants recognised under AASB 15 *Revenue from Contracts with Customers* includes: Activity Based Funding (ABF) paid as WIES casemix and Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations. The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of Health & Human Services (DHHS) in the annual Statement of Priorities. Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and Funding guidelines issued by DHHS. For other grants with performance obligations Echuca Regional Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

For Capital Grants recognised under AASB 15, revenue is recognised as each performance obligation is satisfied, which would generally be when you construct the assets the grants were provided for.

Echuca Regional Health exercises judgement over whether performance obligations related to a project are met. This is measured by the contractual arrangements agreed upon.

Previous accounting policy for 30 June 2019

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

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

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

Patient and Resident Fees

The performance obligations related to patient fees are recognised as revenue on an accrual basis. These performance obligations have been selected as they align with the terms and conditions of the providing services.

Revenue is recognised as these performance obligations are met.

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

	2020	2019
	\$'000	\$'000
Government Grants (State) - Operating ¹	70,260	64,970
Government Grants (Commonwealth) - Operating	8,910	5,333
Government Grants (State) - Capital	811	1,302
Government Grants (Commonwealth) - Capital	123	-
Other Capital Purpose Income	60	-
Capital Donations	137	50
Patient and Resident Fees	4,312	4,235
Commercial Activities ²	988	1,153
Assets Received Free of Charge or for nominal consideration	244	-
Other Revenue from Operating Activities (including non-capital donations)	3,076	6,594
Total Income from Operating Transactions	88,921	83,636
Capital Interest	18	33
Other Interest	106	138
Total Income from Non-Operating Activities	124	171
Total Income from Transactions	89,045	83,807

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 2.1: Income from Transactions (Continued)

Private Practice Fees

The performance obligations related to private practice fees are recognised as revenue at the time invoices are raised. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider.

Commercial Activities

Revenue from commercial activities includes such items as cafeteria, residential accommodation and property rental income.

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

Medical Equipment
Other Equipment

Total fair value of assets and services received free of charge or for nominal consideration

	2020	2019
	\$'000	\$'000
	231	27
	13	14
	244	41

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

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

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

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

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Performance obligations and revenue recognition policies

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

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

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover the returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables (Note 5.2) and the right to recover returned goods is included in inventory (Note 4.3). Echuca Regional Health reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. As the sales are made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the sale of goods as a result of the adoption of AASB 15.

Note 2.1 (c) Other Income

Capital Interest
Other Interest

Total Other Income

	2020	2019
	\$'000	\$'000
	18	33
	106	158
	124	191

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

Interest Income

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

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

Note 3.1: Expenses from Transactions

	2020 \$'000	2019 \$'000
Salaries and Wages	49,270	46,591
On-costs	4,422	4,177
Agency Expenses	683	641
Fee for Service Medical Officer Expenses	6,965	6,609
Workcover Premium	617	523
Total Employee Expenses	61,957	58,541
Drug Supplies	4,268	4,870
Medical and Surgical Supplies (including Prostheses)	3,212	3,176
Diagnostic and Radiology Supplies	3,738	3,320
Other Supplies and Consumables	1,854	2,176
Total Supplies and Consumables	13,072	13,542
Fuel, Light, Power and Water	1,185	1,186
Repairs and Maintenance	798	790
Maintenance Contracts	303	256
Medical Indemnity Insurance	1,448	1,358
Other Administrative Expenses	6,901	7,110
Expenses for Capital Purposes	19	8
Total Other Operating Expenses	10,654	10,708
Depreciation (refer note 4.2)	6,571	5,333
Total Expenses from Transactions	92,254	88,124

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

Impact of COVID-19 on Expenses

As indicated in Note 1, Echuca Regional Health's daily activities were impacted by the pandemic. This resulted in an increase in costs directly associated with testing and screening of patients and caring for patients. The majority of the increased costs relate to salaries and wages, however there were other cost items such as consumables in particular additional Personal Protective Equipment (PPE).

Employee Expenses

Employee expenses include: Salaries and wages (including Fringe benefits tax); Leave entitlements; Termination payments; On-costs; Agency expenses; Fee for service medical officer expenses; and Workcover premium expenses.

Supplies and Consumables

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

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.

Operating lease payments

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

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

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

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 3.2: Other Economic Flows

Net Gain/(Loss) on Non-Financial Assets

Impairment of Property, Plant and Equipment
Net Gain on Disposal of Property, Plant and Equipment

Total Net Gain/(Loss) on Non-Financial Assets

Net Gain/(Loss) on Financial Instruments

Allowance for Impairment Losses of Contractual Receivables

Total Net Gain/(Loss) on Non-Financial Assets

Other Gains / (Losses) from other Economic Flows

Net Gain / (Loss) arising from Revaluation of Long Service Liability

Total other Gains/(Losses) from Other Economic Flows

Total Gains/(Losses) from Other Economic Flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

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

Net gain / (loss) on non-financial assets

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

- Revaluation gains / (losses) of non-financial physical assets (Refer to Note 4.1 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

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- 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.

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.

	2020	2019
	\$'000	\$'000
	-	(1,105)
	7	(9)
	7	(1,114)
	4	(20)
	4	(20)
	(80)	(146)
	(80)	(146)
	(69)	(1,280)

Note 3.3: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
	217	300	385	383
	167	169	98	123
	1	1	445	473
	3	8	51	169
	6	10	9	5
	394	488	988	1,153

Commercial Activities

Cafeteria

Residential Accommodation

Property

Public Relations

Other

Total

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 3.4: Employee Benefits in the Balance Sheet

Current Provisions

Employee Benefits ⁱ

Accrued Days Off

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

Annual Leave

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

- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ

Long Service Leave

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

- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ

Provisions related to Employee Benefit On-Costs

Unconditional and expected to be settled wholly within 12 months ⁱⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ

Total Current Provisions

Non-Current Provisions

Conditional Long Service Leave

Provisions related to Employee Benefit On-Costs

Total Non-Current Provisions

Total Provisions

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

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs

Unconditional Long Service Leave Entitlements

Annual Leave Entitlements

Accrued Days Off

Non-Current Employee Benefits and Related On-Costs

Conditional Long Service Leave Entitlements

Total Employee Benefits and Related On-Costs

(b) Movement in Oncosts Provision

Balance at start of year

Additional Provisions Recognised

Balance at end of year

2020	2019
\$'000	\$'000

61 65

3,100 3,000
1,300 1,101

600 800
6,451 5,863
11,512 10,829

370 375
890 787
1,260 1,162

12,772 11,991

1,202 1,052
133 115
1,335 1,167

14,107 13,158

2020 2019
\$'000 \$'000

7,834 7,389
4,878 4,536
61 65

1,335 1,167

14,108 13,157

2020 2019
\$'000 \$'000
1,277 1,200
116 77
1,393 1,277

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

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

Employee Benefit Recognition

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

Provisions

Provisions are recognised when 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 Financial Year ended 30 June 2020

Note 3.5: Superannuation

Defined benefit plans:¹

First State Super

Defined contribution plans:

First State Super

Hesta

Other

Total

	Paid Contribution for the Year 2020 \$'000	Paid Contribution for the Year 2019 \$'000	Contribution Outstanding at Year End 2020 \$'000	Contribution Outstanding at Year End 2019 \$'000
	131	135	-	-
	2,494	2,546	-	-
	1,288	1,159	-	-
	509	337	-	-
	4,422	4,177	-	-

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 Property, Plant & Equipment

4.2 Depreciation

4.3 Inventories

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 4.1: 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.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads 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' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

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

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

In accordance with FRD 103H, 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 Financial Year ended 30 June 2020

Note 4.1: 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.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads 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' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

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

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

In accordance with FRD 103H, 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 Financial Year ended 30 June 2020

Note 4.1: 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 2020.

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 2020.

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 Financial Year ended 30 June 2020

Note 4.1 (a) Property, Plant and Equipment - Gross carrying amount and Accumulated Depreciation

	2020 \$'000	2019 \$'000
Land		
Land at Fair Value		
Total Land	3,676	3,676
Buildings		
Buildings at Fair Value	112,577	112,577
Less Accumulated Depreciation	(4,914)	-
	107,663	112,577
Buildings Work in Progress at cost	208	88
Buildings at Cost	37	-
Less Accumulated Depreciation	(1)	-
	36	-
Total Buildings	107,907	112,665
Plant and Equipment		
Plant and Equipment at Fair Value	4,023	3,751
Less Accumulated Depreciation	(1,563)	(1,331)
	2,460	2,420
Work in Progress at cost	1,328	543
Total Plant and Equipment	3,788	2,963
Motor Vehicles		
Motor Vehicles at Fair Value	605	667
Less Accumulated Depreciation	(590)	(618)
Total Motor Vehicles	15	49
Medical Equipment		
Medical Equipment at Fair Value	8,137	7,130
Less Accumulated Depreciation	(5,469)	(5,089)
	2,668	2,041
Work in Progress at cost	-	216
Total Medical Equipment	2,668	2,257
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	5,351	5,277
Less Accumulated Depreciation	(4,994)	(4,533)
	357	744
Work in Progress at cost	16	-
Total Computers and Communication Equipment at Fair Value	373	744
Furniture and Fittings		
Furniture and Fittings at Fair Value	1,552	1,877
Less Accumulated Depreciation	(1,119)	(1,330)
Total Furniture and Fittings	433	547
Other Equipment		
Other Equipment	1,059	1,052
Less Accumulated Depreciation	(870)	(820)
	189	232
Total Property, Plant and Equipment	119,049	123,133

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 4.1 (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
Note									
Balance at 30 June 2018	2,218	78,319	2,631	89	2,445	1,160	691	313	87,866
Additions	-	-	560	-	464	183	3	9	1,524
Disposals	-	(1,105)	-	-	(2)	-	(7)	-	(1,114)
Revaluation Increments/(Decrements)	1,458	38,732	-	-	-	-	-	-	40,190
Depreciation	-	(3,586)	(228)	(40)	(650)	(599)	(140)	(90)	(5,333)
Balance at 30 June 2019	3,676	112,665	2,963	49	2,257	744	547	232	123,133
Additions	-	157	1,078	-	853	129	22	20	2,259
Disposals	-	-	-	-	(9)	(2)	(5)	-	(16)
Assets provided free of charge	-	-	-	-	231	-	-	13	244
Depreciation	-	(4,915)	(253)	(34)	(664)	(498)	(131)	(76)	(6,571)
Balance at 30 June 2020	3,676	107,907	3,788	15	2,668	373	433	189	119,049
4.2									
4.1 (a)									

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 was 30 June 2019.

In compliance with FRD103H in the year ended 30 June 2020, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2020. Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimation. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subject to the impacts of COVID-19 in future accounting periods.

The VGV indices, which are based on data to March 2020, indicate an average increase of 6% across all land parcels and an average increase of 5% in buildings. As the accumulative movement was less than 10% for land and buildings no managerial revaluation was required. The land and building balances are sensitive to market considered conditions.

Note 4.1 (c): Property, Plant and Equipment - Fair Value measurement hierarchy for assets

	Carrying Amount as at 30 June 2020	Fair Value Measurement at End of Reporting Period using:	Level 1	Level 2	Level 3	Carrying Amount as at 30 June 2019	Fair Value Measurement at End of Reporting Period using:	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land at Fair Value	3,676	-	-	-	3,676	3,676	-	-	-	3,676
Specialised Land										
Buildings at Fair Value	107,663	-	-	-	107,663	112,577	-	-	-	112,577
Specialised Buildings										
Plant and Equipment at Fair Value	2,460	-	-	-	2,460	2,420	-	-	-	2,420
Plant and Equipment at Fair Value	15	-	-	-	15	49	-	-	-	49
Motor Vehicles at Fair Value	2,668	-	-	-	2,668	2,041	-	-	-	2,041
Medical Equipment at Fair Value	357	-	-	-	357	744	-	-	-	744
Computers and Communication Equipment at Fair Value	433	-	-	-	433	547	-	-	-	547
Furniture and Fittings at Fair Value	189	-	-	-	189	232	-	-	-	232
Other Equipment at Fair Value	6,122	-	-	-	6,122	6,033	-	-	-	6,033
Total Property, Plant and Equipment	117,461	-	-	-	117,461	122,286	-	-	-	122,286

¹ Classified in accordance with the fair value hierarchy.

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 4.1 (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
Note								
4.1 (b)	2,218	22,974	2,631	89	2,403	1,160	691	313
4.1 (b)	-	54,457	17	-	288	183	(4)	9
	-	(3,586)	(228)	(40)	(650)	(599)	(140)	(90)
	1,458	38,732	-	-	-	-	-	-
Balance at 1 July 2018	3,676	112,577	2,420	49	2,041	744	547	232
4.1 (b)	-	-	293	-	1,060	111	17	20
	-	-	-	-	231	-	-	13
Balance at 30 June 2020	3,676	107,663	2,460	15	2,668	357	433	189

Note 4.1 (e): Property, Plant and Equipment - Fair Value determination

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

^a A Community Service Obligation (CSO) of 20% was applied to the health services Specialised Land. Classified in accordance with the fair value hierarchy.

Note 4.1 (f): Property, Plant and Equipment Revaluation Surplus

	Note	2020 \$'000	2019 \$'000
(a) Reserves			
Property, Plant & Equipment Revaluation Surplus		65,106	24,916
Balance at the Beginning of the Reporting Period		-	-
Revaluation Increment	4.1 (b)	-	1,458
- Land	4.1 (b)	-	38,732
- Buildings		-	-
Balance at the End of the Reporting Period *		65,106	65,106
* Represented by:			
Land		1,718	1,718
Buildings		63,388	63,388
Total		65,106	65,106

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 4.2: Depreciation

Depreciation

Buildings	
Plant & Equipment	
Motor Vehicles	
Medical Equipment	
Computers and Communication Equipment	
Furniture and Fittings	
Other Equipment	
Total Depreciation	

2020	2019
\$'000	\$'000
4,915	3,586
253	228
34	40
664	650
498	599
131	140
76	90
6,571	5,333

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.

	2020	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
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.

Note 4.3: Inventories

Current

Pharmacy Supplies - at cost	
General Stores - at cost	
Theatre Stores - at cost	
Wards Stores - at cost	
Medical and Surgical Lines - at cost	
Engineering Stores - at cost	
Administration Stores - at cost	
Total Current Inventories	

2020	2019
\$'000	\$'000
87	80
233	209
297	283
168	159
-	-
14	13
114	-
913	744

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.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

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

Note 5.1: Receivables

Current

Contractual

Inter Hospital Debtors

Trade Debtors

Patient Fees

Accrued Revenue - Other

Refundable Rental Bonds

Statutory

Accrued Revenue - Department of Health & Human Services

GST Receivable

Total Current Receivables

Non-Current

Statutory

Long Service Leave - Department of Health & Human Services

Total Non-Current Receivables

Total Receivables

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

Balance at beginning of year

Amounts written off during the year

Increase/(decrease) in allowance recognised in the net result

Balance at end of year

Receivables Recognition

Receivables consist of:

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

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

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

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

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.

	2020 \$'000	2019 \$'000
	321	168
	32	31
	313	429
	230	265
	3	3
	899	896
	65	771
	465	272
	530	1,043
	1,429	1,939
	3,449	3,365
	3,449	3,365
	4,878	5,304
	127	146
	-	5
	-	(24)
	127	127

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 5.2: Payables

	2020 \$'000	2019 \$'000
Current		
Contractual		
Trade Creditors	1,415	2,428
Accrued Wages and Salaries	2,267	1,961
Accrued Expenses	1,042	1,084
Inter - Hospital Creditors	195	715
Deferred Grant Revenue	893	-
Income in Advance	167	29
	5,979	6,217
Statutory		
GST Payable	49	58
	49	58
	6,028	6,275
Total Current Payables		
Non Current		
Contractual		
Income in Advance	282	303
	282	303
Total Non Current Payables		
Total Payables	6,310	6,578

Payables Recognition

Payables consist of:

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

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts. The normal credit terms for accounts payable are usually Nett 60 days.

Deferred Grant Revenue

Capital Grants - grant consideration for capital works received during the year from DHHS of \$657,000 for the replacement of two cooling towers in 2020-21.

Operating Grants - grant consideration received from DHHS for the appointment of a Rural Generalist \$162,500 and for Transition to Practice Nursing and Midwifery training \$74,000 in 2020-21.

Note 5.3: Other Liabilities

	2020 \$'000	2019 \$'000
Current		
Monies Held in Trust*		
- Patient Monies Held in Trust	33	37
- Refundable Accommodation Deposits	5,075	4,611
- Other Monies Held in Trust	64	39
Total Other Liabilities	5,172	4,687
* Total Monies Held in Trust Represented by the following assets:		
Cash Assets		
Total	5,172	4,687

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

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

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

Note 6: How we Finance our Operations

This section provides information on the sources of finance utilised by 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 Financial Year ended 30 June 2020

Note 6.1: Borrowings

	2020 \$'000	2019 \$'000
Current		
Loan ^(v)		
Advance ^(vi)	275	275
Total Australian Dollar Borrowings	3,562	-
	3,837	275
Non-Current		
Loan ^(vi)	809	269
Total Australian Dollar Borrowings	809	269
	4,646	544
Total Interest Bearing Liabilities		

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

⁽ⁱⁱ⁾ Advance from the Department of Health & Human Services due to COVID-19 related cash flow issues.

^(iv) The Department of Health & Human Services have provided a six 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

	2020 \$'000	2019 \$'000
Cash on Hand (excluding monies held in trust)	2	2
Cash on Hand (Monies held in trust)	2	2
Cash at Bank (excluding monies held in trust)	1,985	367
Cash at Bank (Monies held in trust)	2	6
Cash at Bank - CBS (excluding monies held in trust)	6,011	3,254
Cash at Bank - CBS (Monies held in trust)	5,077	4,611
Deposits at Call (Monies held in trust)	30	30
Total Cash and Cash Equivalents	13,009	8,272

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

Capital Expenditure Commitments

Less than 1 year

Total Capital Expenditure Commitments

Commitments

Commitments for future capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

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 health service is related mainly to fair value determination.

Structure

- 7.1 Financial Instruments
- 7.2 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of 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

	Note	Financial Assets at Amortised Cost 2020 \$'000	Financial Liabilities at Amortised Cost 2020 \$'000	Total 2020 \$'000	Financial Assets at Amortised Cost 2019 \$'000	Financial Liabilities at Amortised Cost 2019 \$'000	Total 2019 \$'000
Contractual Financial Assets							
Cash and Cash Equivalents	6.2	13,009	-	13,009	8,272	-	8,272
Receivables	5.1	899	-	899	896	-	896
Total Financial Assets¹		13,908	-	13,908	9,168	-	9,168
Financial Liabilities							
Payables	5.2	-	4,919	4,919	-	6,188	6,188
Borrowings	6.1	-	4,646	4,646	-	544	544
Refundable Accommodation Deposits	5.3	-	5,075	5,075	-	4,611	4,611
Other Liabilities	5.3	-	97	97	-	76	76
Total Financial Liabilities¹		-	14,737	14,737	-	11,419	11,419

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

Financial Assets at amortised cost

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

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

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

Echuca Regional Health recognises the following assets in this category:

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

Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are designated as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in Echuca Regional Health's own credit risk. In this case, the portion of the change attributable to changes in Echuca Regional Health's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Echuca Regional Health recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 7.1(a): Financial Instruments: Categorisation (Continued)

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. Echuca Regional Health recognises the following liabilities in this category:

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

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

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

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

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 Echuca Regional Health's continuing involvement in the asset.

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

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

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 7.1 (b): Maturity analysis of Financial Liabilities as at 30 June 2020

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	1-5 Years	Over 5 Years
			\$'000	\$'000	\$'000	\$'000
2020						
Financial Liabilities at amortised cost						
Payables	5,812	5,812	5,730	82	-	-
Borrowings	4,646	4,646	138	-	3,699	646
Other Financial Liabilities (i)						163
- Refundable Accommodation Deposits	5,075	5,075	-	120	1,075	3,880
- Other	98	98	-	-	10	88
Total Financial Liabilities	15,631	15,631	5,868	202	4,784	4,614
2019						
Financial Liabilities at amortised cost						
Payables	6,188	6,188	6,030	158	-	-
Borrowings	544	544	138	-	137	269
Other Financial Liabilities (i)						-
- Refundable Accommodation Deposits	4,611	4,611	-	480	1,265	2,866
- Other	76	76	-	-	10	66
Total Financial Liabilities	11,419	11,419	6,168	638	1,412	3,201

(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-19	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate		0%	2%	5%	35%	85%	
Gross carrying amount of contractual receivables		(393)	944	176	90	79	896
Loss Allowance		-	19	9	32	67	127
30-Jun-20							
Expected loss rate		0%	2%	5%	35%	85%	
Gross carrying amount of contractual receivables		(103)	760	63	86	93	899
Loss Allowance		-	15	3	30	79	127

Impairment of financial assets under AASB 9 Financial Instruments

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

Equity instruments are not subject to impairment under AASB 9 *Financial Instruments*. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments*. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments*, any identified impairment loss would be 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 loss allowance 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 Financial Year ended 30 June 2020

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

	2020	2019
Opening Loss Allowance	127	146
Increase (Decrease) in provision recognised in the net result	-	(19)
Balance at End of the Year	127	127

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 *Financial Instruments* requirements as if those receivables are financial instruments.

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

NOTE 7.2: Contingent Assets and Contingent Liabilities

There are no Contingent Assets or Contingent Liabilities as at June 2020 (2019: \$Nil).

Note 8: Other Disclosures

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

- Structure
- 8.1 Reconciliation of Net Result for the Year to Net Cash 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 Events Occurring after the Balance Sheet Date
- 8.7 Economic Dependency
- 8.8 Changes in Accounting Policy
- 8.9 Jointly Controlled Operations
- 8.10 AASBs issued that are not yet effective

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

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

	2020 \$'000	2019 \$'000
Net Result for the Year	(3,278)	(5,577)
Non-Cash Movements:		
Depreciation	6,571	5,333
Impairment of Financial Assets	-	1,125
Discount (Interest) expense on loan	(4)	-
Assets Received Free of Charge	(244)	-
Revaluation of Long Service Leave	(80)	(146)
Movements included in Investing and Financing		
Net (Gain)/Loss from Sale of Assets	(7)	(9)
Movements in Assets and Liabilities		
(Increase)/Decrease in Receivables	426	(523)
(Increase)/Decrease Inventories	(169)	29
(Increase)/Decrease in Prepayments	(1,594)	(64)
Increase/(Decrease) in Payables	(296)	757
Increase/(Decrease) in Employee Benefits	949	827
Net Cash Inflow/(Outflow) from Operating Activities	2,274	1,752

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:

	Period
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	01/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019 - 30/06/2020
The Honourable Gabrielle Williams, Minister for the Prevention of Family Violence	01/07/2019 - 30/06/2020

Governing Boards:

Mr G Kelly (Chair)	01/07/2019 - 30/06/2020
Mr J Quirk	01/07/2019 - 30/06/2020
Mr S Weller	01/07/2019 - 30/06/2020
Ms L Tarrant	01/07/2019 - 30/06/2020
Mrs J Hamit	01/07/2019 - 30/06/2020
Mrs S Barry	01/07/2019 - 30/06/2020
Mrs A Shand	01/07/2019 - 30/06/2020
Mrs S Mulcahy	01/07/2019 - 30/06/2020
Dr S Paul	01/07/2019 - 30/06/2020
Ms M Morgan	01/07/2019 - 30/06/2020
Mrs M John	06/08/2019 - 30/06/2020
(Appointed 6 August 2019)	
Mr N Bush - Chief Executive Officer	01/07/2019 - 30/06/2020

Accountable Officers:

Remuneration of Responsible Persons

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

Income Band	2020 No.	2019 No.
\$0-\$9,999	1	-
\$10,000-\$19,999	10	11
\$20,000 - \$259,999	-	1
\$260,000 - \$289,999	1	-
\$330,000 - \$339,999	-	1
Total Numbers	12	13

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	2020	2019
	\$'000	\$'000
	413	742

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 Financial Year ended 30 June 2020

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.

	Total Remuneration	
	2020	2019
	\$'000	\$'000
Short-term Benefits	\$970	\$950
Post-employment Benefits	\$80	\$81
Other Long-term Benefits	\$99	\$41
Termination Benefits	\$54	\$37
Total Remuneration (i)	\$1,203	\$1,109
Total Number of Executives	6	8
Total Annualised Employee Equivalent (ii)	4.9	5.0

- (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 8.4 *Related 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 a impact on remuneration figures for the termination benefits category.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

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 of Victoria 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 Geoff Kelly	Chair of the Board
Echuca Regional Health	Mr John Quirk	Board Member
Echuca Regional Health	Mr Shane Weller	Board Member
Echuca Regional Health	Ms Larna Tarrant	Board Member
Echuca Regional Health	Mrs Jillian Hamit	Board Member
Echuca Regional Health	Mrs Suzanna 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	Mrs Michelle John	Board Member
Echuca Regional Health	Mr Nick Bush	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	Mrs Cynthia Ople	Executive Director of Community Services

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

Short-term Employee Benefits (i)	2020	2019
Post-employment Benefits	\$'000	\$'000
Other Long-term Benefits	\$1,352	\$1,352
Termination Benefits	\$101	\$102
Total	\$109	\$54
	\$1,616	\$1,851

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

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

Significant Transactions with Government Related Entities

Echuca Regional Health received funding from the Department of Health and Human Services of \$71.1M (2019: \$62.9M) and indirect contributions of \$46K (2019: \$50K).

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 Victorian unless an exemption has been approved by the Minister for Health and the Treasurer.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

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

There were no related party transactions required to be disclosed for Echuca Regional Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

Note 8.5: Remuneration of auditors

Victorian Auditor-General's Office

Audit of the Financial Statements

Total Remuneration of Auditors

2020 \$'000	2019 \$'000
52	40
52	40

Note 8.6: Events Occurring after the Balance Sheet Date

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

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

Note 8.7: 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.

Note 8.8: Changes in Accounting Policy

Changes in Accounting Policy

Leases

Echuca Regional Health has reviewed the impact of the adoption of AASB 16 *Leases* on Echuca Regional Health's financial statements and have determined that it has no leases that are required to be accounted for under the provisions of this Australian Accounting Standard.

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, Echuca Regional Health has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening earnings at 1 July 2019. Under this transition method, Echuca Regional Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Income of Not-for-Profit Entities

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 8.9: 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 10.27% (2019: 10.46%) 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:

	2020 \$000 *	2019 \$000 *
Current Assets		
Cash and Cash Equivalents	622	452
Receivables	45	59
Inventories	114	-
Other Assets	133	129
Total Current Assets	914	640
Non-Current Assets		
Computers	171	135
Accumulated Depreciation	(81)	(76)
Total Non-Current Assets	90	59
Current Liabilities		
Payables	488	161
Total Current Liabilities	488	161
Net share of assets employed in joint operation	516	538
Revenue		
Income from Operating Activities	2020 \$000 *	2019 \$000 *
Capital Purpose	1,047	809
Total Revenue	61	-
Expenses		
Expenses from Operating Activities	1,120	802
Capital Purpose	-	(21)
Depreciation	10	12
Total Expenses	1,130	793
Net Result	(22)	16

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

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2020

Note 8.10: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 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 2020, 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 2019-20, 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 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 Echuca Regional Health.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 303 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on Echuca Regional Health.

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 2019-20 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 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

NOTES



Echuca Regional Health

Supporting everyone to be healthy and live well



Echuca Regional Health **CARE Matters**

Collaboration Accountability Respect Excellence

