



2021 Annual Report

Supporting everyone to be healthy and live well

Contents

REPORT OF OPERATIONS

CHARTER AND PURPOSE	1
CHIEF EXECUTIVE & CHAIRPERSON'S REPORT	2
OUR HEALTH SERVICE	4
AUDIT COMMITTEE	5
EXECUTIVE MANAGEMENT	6
Organisation Chart	7
Board of Directors	8
WORKFORCE DATA	9
Occupational Health and Safety	9
Occupational Violence	10
Gender Equality	10
FINANCIAL INFORMATION	11
Consultancies Information	11
Information and communication technology (ICT) expenditure	11
ENVIRONMENTAL PERFORMANCE	12
ASSET MANAGEMENT FRAMEWORK	14
LEGISLATION	16
ATTESTATION AND DECLARATIONS	17
PART A - Reporting of outcomes from Statement of Priorities 2020-21	18
PART B - Health Service Performance Priorities	20
PART C - Reporting against Statement of Priorities 2020-21	22
DISCLOSURE INDEX	23
FINANCIAL REPORT	24

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Yorta Yorta people as 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 relevant Ministers

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

The responsible Ministers during the reporting period were:

MINISTER FOR HEALTH AND MINISTER FOR AMBULANCE SERVICES

- | | |
|----------------------------|-------------------------|
| • The Hon Jenny Mikakos MP | 01/07/2020 - 26/09/2020 |
| • The Hon Martin Foley MP | 26/09/2020 - 30/06/2021 |

MINISTER FOR MENTAL HEALTH

- | | |
|----------------------------|-------------------------|
| • The Hon Martin Foley MP | 01/07/2020 - 29/09/2020 |
| • The Hon James Merlino MP | 29/09/2020 - 30/06/2021 |

Our Values

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



CHIEF EXECUTIVE AND CHAIRPERSON'S REPORT



On behalf of the Board and staff of ERH, we are pleased to present the 139th Report of Operations and Annual Report for the year ended 30 June 2021.

The World Health Organisation declared COVID-19 outbreak a global pandemic. The Victorian Government enacted the Public Health Act and many businesses and services were closed on several occasions. This significantly changed the role of the Health Service. ERH staff, services and community in 2020/2021 continued to be confronted with the impacts of the COVID-19 virus. The ERH Screening Clinic opened on 12 March 2020, which has undertaken 9,941 tests in the last financial year. We then opened a COVID-19 immunisation clinic on May 10 2021 to vaccinate the staff and community against Corona Virus. As at 30 June 2021, 5,252 immunisations had been administered.

Throughout these significant changes we have been busy implementing the 2019/2024 strategic plan. Over the next three years we will deliver a bold new approach to care that we are confident will result in improved consumer outcomes and experiences. Our Health Service continues to safely manage high levels of patient activity which reflects the increased capacity of our services and growth in the local population and catchment area.

Safe, effective, person-centred care

The Department of Health (DH) has endorsed ERH's Strategic Plan. Full implementation of the 2019/2024 plan will see ERH as a leading outer regional health service.

Part of this includes the ERH 'facilities refresh plan' that has been developed

to assist in delivering components of the ERH strategic plan. A key focus of the plan is to remodel and refurbish the current buildings as many are heritage listed and could be better utilised and restored to be fit for purpose.

Talented, capable, engaged workforce

A focus for the CEO and Executive team of ERH has been to embed ERH's purpose, 'supporting everyone to be healthy and live well' and organisation values - CARE Matters (Collaboration, Accountability, Respect and Excellence) across the Health Service. ERH staff undertook the Victorian Government's 2021 People Matter Survey and we expect results through in September. This information will help us to respond to the needs of our staff and look to target any areas for improvement.

Community integration and collaboration

The demand for post medical intern positions is strong and we're working on increasing the number of interns with an interest in practising as a Rural Generalist, moving into post graduate year two, then progressing onto Rural Generalist procedural training. We thank our skilled Rural Generalists who are leading this training.

The CEO of ERH continues to Chair and lead the Murray Health Partnership which includes: Kyabram District Health Service, Rochester and Elmore District Health Services, Cohuna District Hospital, Kerang District Health Service and Swan Hill District Health.



Digital transformation

The Regional Community Platform, an electronic patient record for all non-admitted services, went live on 1st July 2021. This platform will improve care patients receive as our staff will have real time information whilst treating the patient and will be able to complete their reports in people's homes. This platform will potentially be developed further to be the electronic patient record for all of our services. A really productive step forward.

Cybersecurity is a risk for all health services. ERH's IT team monitors and assesses these risks and produces a quarterly cybersecurity report for the Audit and Risk Committee which highlights actions being taken to mitigate the risks for ERH.

Become an outer regional health service education and research leader
ERH is leading the Rural Generalist training program for the Loddon Mallee region and our future medical workforce. The intent of the program is to have a coordinated and integrated pathway from intern year through to GP fellowship that includes procedural skills training. We have positions in the Loddon Mallee for obstetrics, emergency, anaesthetics, paediatrics and mental health.

ERH is also continuing to strengthen its relationship with Universities, particularly The University of Melbourne who provide us with our medical and dental students.

Operational Performance

ERH had a break-even financial result for 2020/2021. This is due to the strong Department of Health support for us to lead the COVID-19 response.

NICK BUSH

Chief Executive
Echuca Regional Health
2 September 2021

Innovation in care

We have commenced the construction of the \$8.3 million Cancer and Wellness Centre which is aimed for completion by late 2022. The fundraising plan to raise \$1.279 million is well underway with a healthy \$750,000 approximately raised to date. Thank you to our very generous community. Let us continue to dig deep.

The Board

In July 2020 the Health Minister appointed three new Board Directors - Daniel Butel, Christopher Sykes and Scott Webb. We bid farewell to Geoff Kelly and Amanda Shand and thank them for their contributions. The ERH Board then elected Larna Tarrant as Chairperson; Sue Mulcahy and Dr Sydney Paul as Deputy Chairs and Suzanna Barry as Treasurer.

Conclusion

On behalf of the Board and staff, we record our thanks and appreciation to the many groups and individuals who provide significant support in many different ways to our health service. We thank our staff and visiting medical officers for their flexibility and dedication shown during the COVID-19 pandemic. Your efforts are acknowledged and appreciated. We thank our Parliamentary representatives, Federal and State, for their support to allow us to continue to respond effectively to COVID-19. We thank our volunteers, noting their considerable absence from ERH which has been felt by everyone, and hope they are all taking good care of themselves during this pandemic.

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 2021.

LARNA TARRANT

Board Chairperson
Echuca Regional Health
2 September 2021

OUR HEALTH SERVICE

Echuca Regional Health services the Shire of Campaspe, which encompasses an area of 4,518 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 is 36,814.

Murray River Council is located along the southern border of New South Wales, with an estimated population of 11,500 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.

The Health Service has an operating budget of \$78 million and a staff base of 819 representing 511 equivalent full time staff.

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.

ACUTE HOSPITAL

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

SUB-ACUTE HOSPITAL

- Palliative Care
- Rehabilitation
- Geriatric Evaluation and Management

RESIDENTIAL AGED CARE

- High Care

Our Services and Programs

- Accommodation
- Alcohol and Other Drugs
- Cardiac Rehabilitation
- Cervical Screening and Reproductive Health
- Chemotherapy/Cancer Support Services
- Cognitive, Dementia and Memory Service
- Community Palliative Care
- Community Rehabilitation
- Complex Care
- Dental
- Diabetes
- Discharge Planning
- Drought Counselling
- Education, Training and Research
- Emergency Department
- Enhanced Maternity Care Program
- Falls and Balance
- Family Services
- Geriatric Evaluation and Management
- Glanville Village Aged Care
- headspace
- Hospital in the Home
- Loddon Mallee Public Health - Sub-hub
- Maternity Care
- McGrath Breast Care Nurse
- Medical Consulting
- Medical Day Unit
- Occupational Therapy
- Orthopaedic Rehabilitation
- Pathology
- Perioperative Day Surgery
- Pharmacy
- Physiotherapy
- Podiatry
- Population Health
- Preoperataive Clinic
- Primary Care Clinic
- Prostate Care Specialist Nurse
- Public Fracture Clinic
- Pulmonary Rehabilitation
- School Readiness Program
- Smile Squad
- Smiles 4 Miles
- Specialist Continence
- Speech Pathology
- Strengthening Hospital Response to Family Violence
- Subacute Rehabilitation
- Theatre Liaison
- Transition Care Program
- Volunteers
- Wellbeing and Primary Mental Health

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is an advisory Committee to the Board of Directors appointed pursuant to the By-Laws of ERH and in accordance with the purpose of the *Health Services Act 1988*.

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance responsibilities in regards to the integrity of financial reporting, risk management, the internal control environment, compliance with legal and regulatory obligations, oversight of the internal and external audit functions and other matters, within scope, referred by the Board.

Members of ERH's Audit Committee for the 2020/21 financial year were:

- Ken Belfrage (Chair, External Member)
- Simone Knight (External Member)
- Carmel Britt (External Member)
- Daniel Butel (Board Member)
- Michelle Johns (Board Member)
- Scott Webb (Board Member)
- Dr Sydney Paul (Board Member)
- Suzanna Barry (Board Member)



EXECUTIVE MANAGEMENT

Nick Bush

CHIEF EXECUTIVE OFFICER

MHA, Dip HSc(Nsg), Grad Cert Crit Care,
Grad Dip HSc(Admin), GAICD

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

June Dyson

EXECUTIVE DIRECTOR OF NURSING AND CHIEF NURSING OFFICER

RN, RM, BHlthSc, GradDipMgt (Bus)

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.

Cynthia Opie

EXECUTIVE DIRECTOR OF COMMUNITY SERVICES

Masters Public Health (MPH), BA Public Health (Major Health Promotion), BA Nursing, Assoc. Dip. App. Sci (Myotherapy)
The Executive Director of Community Services leads a comprehensive range of Allied Health, Dental, Community and Primary Care services including headspace to enable continued health and wellbeing across the lifespan and a diverse range of support staff and Project Workers.

Jackie Austin

EXECUTIVE DIRECTOR OF HUMAN RESOURCES ECHUCA REGIONAL HEALTH, KERANG DISTRICT HEALTH AND COHUNA DISTRICT HOSPITAL

MBA(HR), DipBA

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

Dr Glenn Howlett

EXECUTIVE DIRECTOR OF MEDICAL SERVICES AND CHIEF MEDICAL OFFICER

MBBS LLB; GradDipHlthServMt; FRACGP;
AFRACMA

Dr John Gallichio (January-August 2021)

MBBS; FRACMA; MBA; MRACGP; AFCHSM

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

Robyn Rudge

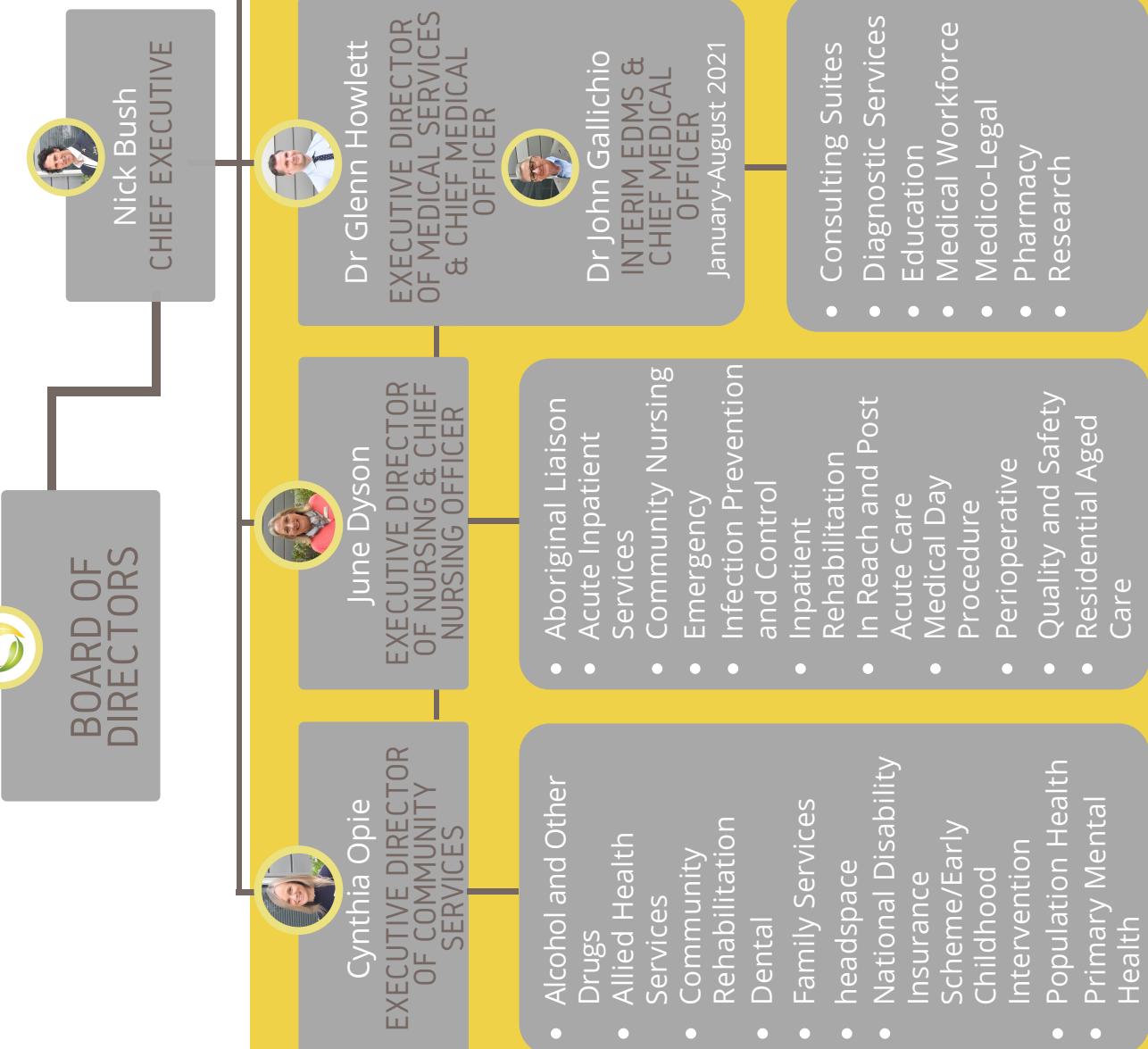
EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE SERVICES, CHIEF PROCUREMENT AND FINANCIAL OFFICER

B.Comm, CPA

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



ORGANISATIONAL CHART



BOARD OF DIRECTORS



Larna Tarrant
CHAIRPERSON

Appointed Chairperson
1 July 2020
Appointed Board 1 July 2014



Sue Mulcahy
SENIOR Vice Chairperson

Appointed SVC
3 December 2020
Appointed JVC 1 July 2020
Appointed Board 1 July 2017



Suzanna Barry
Treasurer

Appointed Treasurer
3 December 2020
Appointed Board 1 July 2016



Dr Sydney Paul
JUNIOR Vice Chairperson

Appointed JVC
3 December 2020
Appointed Board 1 July 2018



John Quirk
Appointed 1 July 2013



Jillian Hamit
Appointed 1 July 2016



Shane Weller
Appointed 1 July 2016



Monica Morgan
Appointed 1 July 2018



Michelle Johns
Appointed 6 August 2019



Christopher Sykes
Appointed 1 July 2020



Scott Webb
Appointed 1 July 2020



Daniel Butel
Appointed 1 July 2020



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	
	2021	2020	2021	2020
Nursing	254	241	246	248
Administration and Clerical	78	70	75	70
Medical Support	28	27	27	27
Hotel and Allied Services	87	87	90	94
Medical Officers	3	3	3	2
Hospital Medical Officers	26	23	25	22
Sessional Clinicians	6	3	4	3
Ancillary Staff (Allied Health)	74	57	65	60

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety Statistics	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	6.86	13.84	15.85
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	.79	1.56	1.17
The average cost per WorkCover claim for the year ('000)	\$22,538	\$113,050	\$33,408

OCCUPATIONAL VIOLENCE

Occupational Violence Statistics	2020-21
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	46
Number of occupational violence incidents reported per 100 FTE	5.17
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	4.34%

DEFINITIONS OF OCCUPATIONAL VIOLENCE

- Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- Accepted Workcover claims – accepted Workcover claims that were lodged in 2020-21.
- Lost time – is defined as greater than one day.
- Injury, illness or condition – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

GENDER EQUALITY ACT 2020

The Gender Equality Act 2020 (GE Act), commenced on 31st March 2021, works to improve workplace gender equality in the Victorian public sector, universities and local councils. The objective of the GE Act requires Echuca Regional Health to consider and promote gender equality in their policies, programs and services.

For many Victorians, gender inequality may be compounded by other forms of disadvantage or discrimination that a person may experience due to other characteristics, such as:

- race
- Aboriginality
- religion
- ethnicity
- disability
- age
- sexual orientation
- gender identity

The GE Act requires ERH to consider these when developing strategies and measures to promote gender equality. Within the GE Act ERH is mandated to collect and report data on gender equality in the workplace through a workplace gender equality audit. Workplace gender audits informs the development of a four year Gender Equality Action Plan due for submission on December 1st 2021.

Informing the whole organisation about the requirements of the GE Act, allows for a holistic approach towards successful implementation and helps influence the long term strategy and key changes that will be made within the organisation. First steps of the implementation includes building it into the policy approval forms and having the GE Act as a standing agenda item on multiple committees to promote exposure to staff and create conversations about inclusion and change.

FINANCIAL INFORMATION



	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
OPERATING RESULT*	-	1,988	(487)	(233)	530
Total revenue	96,659	89,045	83,827	75,201	68,415
Total expenses	(99,931)	(92,254)	(88,124)	(79,175)	(71,670)
Net result from transactions	(3,272)	(3,209)	(4,297)	(3,974)	(3,255)
Total other economic flows	264	(69)	(1,280)	(16)	(16)
Net result	(3,008)	(2,621)	(5,577)	(3,990)	(3,271)
Total assets	137,067	139,806	137,816	100,745	101,968
Total liabilities	(29,583)	(30,235)	(24,967)	(22,509)	(19,742)
Net assets/Total equity	107,484	109,571	112,849	78,236	82,226

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

	2020-21 (\$000)
Net operating result *	0
Capital purpose income	3,134
Specific income	0
COVID 19 State Supply Arrangements	
- Assets received free of charge or for nil consideration under the State Supply	400
State supply items consumed up to 30 June 2021	(400)
Assets provided free of charge	0
Assets received free of charge	22
Expenditure for capital purpose	(90)
Depreciation and amortisation	(6,338)
Impairment of non-financial assets	74
Finance costs (other)	190
Net result from transactions	(3,008)

ERH's financial and strategic objective is to provide the necessary resources to achieve activity levels, address essential capital needs and ensure cash sustainability. ERH achieved a breakeven for the 2021 Financial Year and DH continues to provide cash support to our Health Service.

CONSULTANCIES INFORMATION

Details of Consultancies (under \$10,000)

In 2020-21, there was one consultant where the total fees payable to the consultant were less than \$10,000. The total expenditure incurred during 2020-21 in relation to this consultant was \$9,600 (excl. GST).

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

In 2020-21, there were zero consultancies where the total fees payable to the consultants were \$10,000 or greater.

INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$2.3 million	\$0.2 million	\$0.0 million	\$0.2 million

ENVIRONMENTAL PERFORMANCE

ERH 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.

ELECTRICITY	2020-21	2019-20	2018-19
Peak kWh	1,927,047	1,903,658	1,887,338
Off Peak KWh	1,713,579	1,703,423	1,844,798
GAS			
Mj	26,804,511	24,802,055	24,936,436
WATER			
kL	42,719	43,278	36,362
Recycled kL	8,434	6,312	8,730

GREENHOUSE GAS EMISSIONS	2020-21	2019-20	2018-19
Total greenhouse gas emissions (tonnes CO2e)			
Scope 1	1,428	1,301	1,289
Scope 2	3,675	3,791	4,113
Total	5,103	5,092	5,402
Normalised greenhouse gas emissions			
Emissions per unit of floor space (kgCO2e/m ²)	257.29	256.75	272.36
Emissions per unit of Separations (kgCO2e/Separations)	474.34	423.67	422.75
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	197.19	104.63	109.66

STATIONARY ENERGY	2020-21	2019-20	2018-19
Total stationary energy purchased by energy type (GJ)			
Electricity	13,500	13,380	13,839
Natural Gas	27,713	25,256	25,009
Total	41,213	38,636	38,848
Normalised stationary energy consumption			
Energy per unit of floor space (GJ/m ²)	2.08	1.95	1.96
Energy per unit of Separations (GJ/Separations)	3.83	3.21	3.04
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	1.59	0.79	0.79

WATER	2020-21	2019-20	2018-19
Total water consumption by type (kL)			
Potable Water	37,966	40,705	38,774
Total	37,966	40,705	38,774
Normalised water consumption (Potable + Class A)			
Water per unit of floor space (kL/m ²)	1.91	2.05	1.95
Water per unit of Separations (kL/Separations)	3.53	3.39	3.03
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	1.47	0.84	0.79

WASTE AND RECYCLING			
Waste	2020-21	2019-20	2018-19
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	140,755	20,785	18,175
Total waste to landfill generated (kg clinical waste+kg general waste)	106,086	20,390	17,994
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	1.64	0.24	0.21
Recycling rate % (kg recycling / (kg general waste+kg recycling))	28.64	100.00	100.00

* The significant increase in waste is a direct result of increased usage of Personal Protective Equipment to protect staff from COVID-19.

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, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants /contractors engaged, services provided, and expenditure committed for each engagement.



ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK

The following sections summarise ERH's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements.

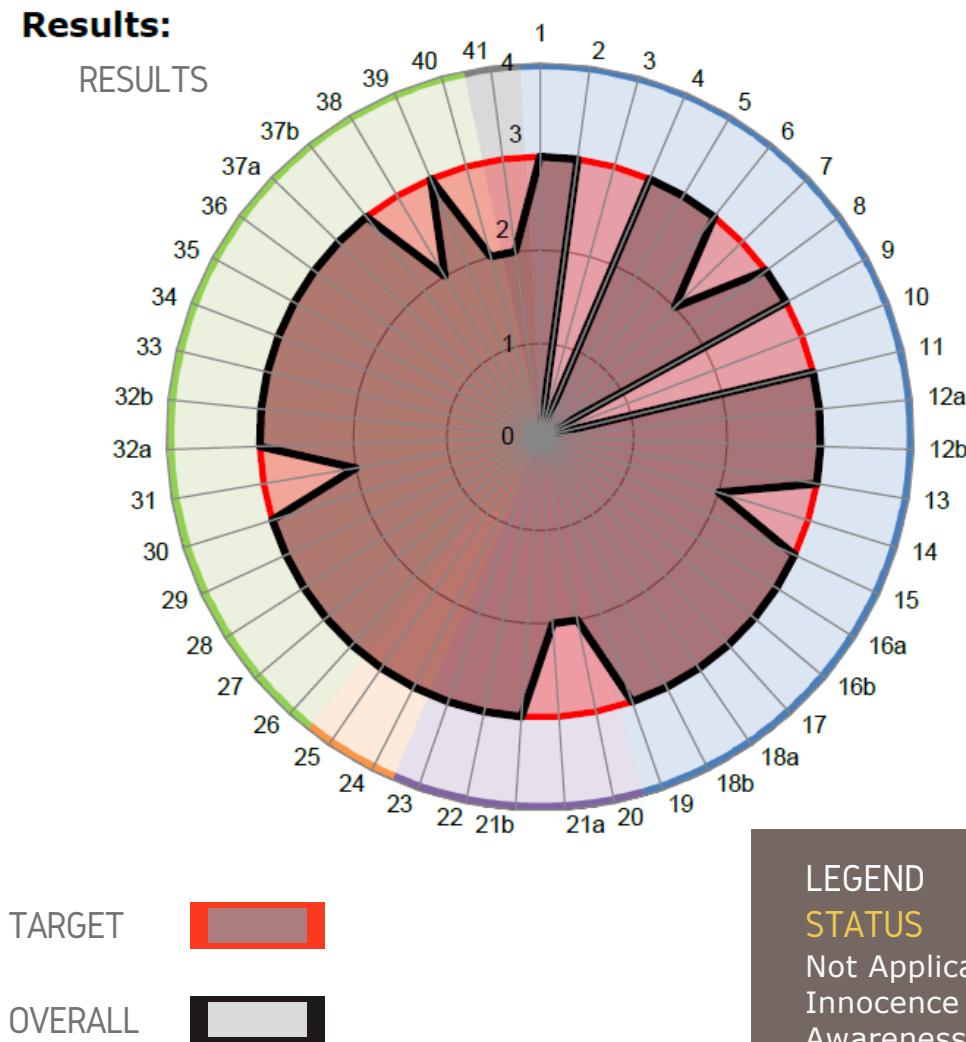
These requirements can be found on the Department of Treasury and Finance website:

www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework

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

Results:

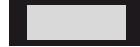
RESULTS



TARGET



OVERALL



LEGEND

STATUS

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

SCALE

N/A	
0	
1	
2	
3	
4	
U/A	



LEADERSHIP AND ACCOUNTABILITY (REQUIREMENTS 1-19)

ERH has met its target maturity level under most requirements within this category. ERH did identify some areas of partial compliance with some requirements in the areas of allocating asset management responsibility and monitoring asset performance requirement.

There is no material non-compliance reported in this category. A plan for improvement is in place to improve our maturity rating in these areas.

PLANNING (REQUIREMENTS 20-23)

ERH did identify some areas of partial compliance some requirements in asset management strategy.

There is no material non-compliance reported in this category. A plan for improvement is in place to improve our maturity rating in this area.

ACQUISITION (REQUIREMENTS 24 AND 25)

ERH has met or exceeded its target maturity level in this category.

OPERATION (REQUIREMENTS 26-40)

ERH has met target maturity level under most requirements within this category. ERH did identify some areas of partial compliance with some of the requirements in the areas of maintenance of assets, information management and asset valuation.

There are no material non-compliances reported in this category. A plan for improvement is in place to improve our maturity rating in these areas.

DISPOSAL (REQUIREMENT 41)

ERH did identify some areas of partial compliance in disposals. There is no material non-compliance reported in this category.

A plan for improvement is in place to improve our maturity rating in this area.

LEGISLATION

LOCAL JOBS ACT 2003

In 2020-2021 there were no contracts requiring disclosure under the Local Jobs First Policy.

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 from the ERH Freedom of Information Officer. The FOI application fee as at 1st July 2020 is \$29.60 with a search fee of \$20.00 and 20c per page for photocopying and postage.

The FOI requests should be forwarded to the ERH FOI Officer or emailed to foi@erh.org.au. For the 2020-2021 financial year, ERH received 113 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.

GENDER EQUALITY ACT 2020

Information listed on page 10.

PUBLIC INTEREST DISCLOSURE ACT 2012

ERH has policies and guidelines which comply with the *Public Interest 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 2020 - 2021.

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.

SAFE PATIENTCARE ACT 2015

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



ATTESTATIONS AND DECLARATIONS

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION – SD 5.1.4

I, Larna Tarrant, 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.

Larna Tarrant
Board Chairperson
Echuca Regional Health
[02/09/2021]

DATA INTEGRITY DECLARATION

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.

Nick Bush
Chief Executive
Echuca Regional Health
[02/09/2021]

CONFLICT OF INTEREST DECLARATION

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.

Nick Bush
Chief Executive
Echuca Regional Health
[02/09/2021]

INTEGRITY, FRAUD AND CORRUPTION DECLARATION

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.

Nick Bush
Chief Executive
Echuca Regional Health
[02/09/2021]

REPORTING OF OUTCOMES FROM STATEMENT OF PRIORITIES 2020 - 21



PART A - SPECIFIC PRIORITIES

Strategic Priorities	ERH Strategy and Outcome
Maintain a robust COVID-19 readiness and response which includes testing for community and staff and the vaccine immunisation program rollout.	ERH has a well-developed Pandemic Plan that is leading the response to COVID-19. ERH has conducted 9,941 COVID-19 screening tests and administered 5,936 vaccinations in the financial year.
Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.	<p>ERH supported the Campaspe Shire Council with emergency relief through the Community Activation and Social Isolation (CASI) program. The program ensured that vulnerable populations that tested positive to COVID-19 or were required to self-isolate or quarantine were provided with both practical support through the Post-Acute Care (PAC) team. Emotional and psychological wellbeing support through the Wellbeing Primary Mental Health team was also provided.</p> <p>ERH partnered with Bendigo Community Health Service (BCHS) to implement the High Risk Accommodation Response (HRAR) project to ensure people at greatest risk of COVID-19 infection were supported to embed infection prevention measures, including vaccination.</p> <p>ERH is working closely with the lead Public Health Unit – Bendigo (PHUB) as a sub-hub for the Loddon Mallee to implement the COVID-19 Vaccination Program.</p> <p>The Loddon Mallee Health Network (LMHN) are leading the cluster implementation of the Elective Surgery Blitz and Better at Home Initiative. Both funding sources have enabled ERH to increase theatre (3,638 patients were operated on in 2020-21), Hospital In The Home (HITH) and Complex Care activity enabling more people with chronic conditions to receive timely access to care.</p>
As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health system and the Royal Commission into Aged Care Quality and Safety.	ERH was awarded the lead agency role of the new headspace Echuca Centre and are therefore well poised to further respond to the recommendations in the Royal Commission. ERH is working closely with Bendigo Health, the area Mental Health service, to seek opportunities to grow and develop service provision within the ERH catchment. To date, ERH have been the recipient of a Hospital Outreach Post-suicidal Engagement (HOPE) worker, aimed at improving care following a suicide attempt.

Strategic Priorities	ERH Strategy and Outcome
	<p>The Aged Care Royal Commission handed down 148 recommendations in its final report. Glanville Village has taken a proactive approach in implementing all new legislative changes at the time of notification, well before due dates. So far this has included changes with Restrictive Practice, the introduction of SIRS (Serious Incident Response Scheme), new workforce requirements via recruitment and in addition, will be submitting quarterly reports to receive the new 2021 Basic Daily Fee Supplement (\$10 per resident per day). New processes have been introduced to ensure that we meet the additional reporting requirements with Myagedcare, NDIS Commission, VICNISS. We are currently drafting a business case for the purchase and introduction of an Electronic Medication Administration System.</p>
<p>Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.</p>	<p>Within the LMHN, ERH takes a leadership role, whereby the CEO chairs the Murray Health Partnership that captures the Murray region of the Network (including therefore, Kyabram District Health Service (KDHS), Rochester and Elmore District Health Service (REDHS), Cohuna District Hospital (CDH), Kerang District Health (KDH) and Swan Hill District Health (SHDH). The partnership enables a place-based approach to prioritising local issues, in particular, workforce planning, Mental Health and patient flow across the region.</p> <p>During the pandemic the LMHN strengthened the health service response through the implementation of the Surgical Blitz, the Better at Home Initiative and the Regional Telehealth Project. ERH rapidly transitioned to telehealth during the first wave of the pandemic, enabling continuity of care and through both one to one care and/or hybrid options (a mixture of face to face and Telehealth for group therapy). The subsequent Regional Telehealth Project, enabled an ability to secure additional Information Communication Technology (ICT) infrastructure, ensuring the long-term success of virtual options.</p> <p>Throughout the pandemic, ERH progressed with all planned advances in digital technology. A key example is the partnership between Bendigo Health (BH), Maryborough District Health Service (MDHS) and KDHS in the development of the Regional Community Platform (RCP), an electronic Patient Record (ePR) designed specifically for people accessing non-admitted care.</p> <p>The platform is accessible via the internet, enabling real time data entry for care delivered offsite including in the home or community settings. Furthermore, the platform will support ERH to engage flexible working arrangements for staff, given the capacity to deliver Telehealth from home.</p>
<p>Initiatives to support Aboriginal Cultural Safety</p>	<p>ERH's Reconciliation Action Plan was received by the Aboriginal Health Advisory Committee and underwent a check in with Reconciliation Victoria. A Cultural awareness eLearning module was developed by a partnership between ERH and RCH, Western Health, Eye and Ear and Monash Health; and was launched during NAIDOC week 2020. ERH continue to work collaboratively with the Yorta Yorta community to tailor to local community, and share resources.</p> <p>An internal ERH suite of Aboriginal collateral has been developed and ratified by the Aboriginal Health Advisory Committee to assist in multiple areas across the service, ie. Closing the Gap invoicing, Services Brochure, ALO information, patient file identification and a staff and Yorta Yorta all-inclusive badge introduced as part of our uniform.</p>

STATEMENT OF PRIORITIES 2020-21

PART B - HEALTH SERVICE PERFORMANCE PRIORITIES

HIGH QUALITY AND SAFE CARE

Key performance measure	Target	RESULT
Health service accreditation		Full compliance
Compliance with cleaning standards		Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	89.6%
Percentage of healthcare workers immunised for influenza	90%	98%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	92%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	-
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.0%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0.0%
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.569

TIMELY ACCESS TO CARE

Key performance measure	Target	RESULT
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	88%
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%	71%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	73%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	4
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	90%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	100%



EFFECTIVE FINANCIAL MANAGEMENT

Key performance measure	Target	RESULT
Operating result (\$m)	0.000	0.13
Average number of days to pay trade creditors	60 days	31
Average number of days to receive patient fee debtors	60 days	45
Public and Private WIES activity performance to target	100%	95.5%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.00
Actual number of days available cash, measured on the last day of each month.	14 days	-13.0
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	-0.05



Supporting everyone to be healthy and live well

PART C - REPORTING AGAINST STATEMENT OF PRIORITIES

FUNDING TYPE	2020-21 ACTIVITY ACHIEVEMENT
Acute Admitted	
Acute WIES	6992.18
WIES DVA	90.02
WIES TAC	23.56
Other Admitted	0
Other non-admitted	-
Acute Non-Admitted	
Emergency Services	29,981
Specialist Clinics	16,172
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	116.02
Subacute WIES - Rehabilitation Private	33.67
Subacute WIES - GEM Public	105.01
Subacute WIES - GEM Private	35.74
Subacute WIES - Palliative Care Public	46.23
Subacute WIES - Palliative Care Private	7.85
Subacute WIES - DVA	17.32
Subacute Non-Admitted	
Health Independence Program - Public	6,698
Health Independence Program - DVA	13,788
Aged Care	
Residential Aged Care	20,093
HACC - PYP	1,709
Primary Health	
Community Health / Primary Care Programs	6,251

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.

LEGISLATION	REQUIREMENT	PAGE
MINISTERIAL DIRECTIONS		
REPORT OF OPERATIONS		
CHARTER AND PURPOSE		
FRD 22I Manner of establishment and the relevant Ministers		
FRD 22I Purpose, functions, powers and duties		
FRD 22I Nature and range of services provided		
FRD 22I Activities, programs and achievements for the reporting period		
FRD 22 Significant changes in key initiatives and expectations for the future		
MANAGEMENT AND STRUCTURE		
FRD 22I Organisational structure		
FRD 22I Workforce data/ employment and conduct principles		
FRD 22I Occupational Health and Safety		
FINANCIAL INFORMATION		
FRD 22I Summary of the financial results for the year		
FRD 22I Significant changes in financial position during the year		
FRD 22I Operational and budgetary objectives and performance against objectives		
FRD 22I Subsequent events		
FRD 22I Details of consultancies under \$10,000		
FRD 22I Details of consultancies over \$10,000		
FRD 22I Disclosure of ICT expenditure		
LEGISLATION		
FRD 22I Application and operation of Freedom of Information Act 1982		
FRD 22I Compliance with building and maintenance provisions of Building Act 1993		
FRD 22I Application and operation of Public Interest Disclosure Act 2012		
FRD 22I Statement on National Competition Policy		
FRD 22I Application and operation of Carers Recognition Act 2012		
FRD 22I Summary of the entity's environmental performance		
FRD 22I Additional information available on request		
OTHER RELEVANT REPORTING DIRECTIVES		
FRD 25D Local Jobs First Act disclosures		
SD 5.1.4 Financial Management Compliance attestation		
SD 5.2.3 Declaration in report of operations		
ATTESTATIONS		
FRD 25D Local Jobs First Act disclosures		
SD 5.1.4 Financial Management Compliance attestation		
SD 5.2.3 Declaration in report of operations		
OTHER REPORTING REQUIREMENTS		
Reporting of outcomes from Statement of Priorities 2020-21		
Occupational Violence reporting		
Reporting obligations under the Safe Patient Care Act 2015		
Reporting obligations under the Asset Management Accountability Framework (AMAF)		

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

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

We authorise the attached Financial Statements for issue on 02/09/2021.

NICK BUSH

Chief Executive
Echuca Regional Health
2 September 2021

LARNA TARRANT

Board Chairperson
Echuca Regional Health
2 September 2021

ROBYN RUDGE

*Chief Finance and
Accounting Officer*
Echuca Regional Health
2 September 2021

FINANCIAL INFORMATION

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Echuca Regional Health

Opinion	<p>I have audited the financial report of Echuca Regional Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance 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 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

MELBOURNE
30 September 2021


Dominika Ryan
as delegate for the Auditor-General of Victoria

Echuca Regional Health

Comprehensive Operating Statement

For the Financial Year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue and income from transactions			
Operating activities	2.1	96,603	88,921
Non-operating activities	2.1	56	124
Total revenue and income from transactions		96,659	89,045
Expenses from transactions			
Employee expenses	3.1	(68,047)	(61,957)
Supplies & consumables	3.1	(14,441)	(13,072)
Depreciation	4.2	(6,338)	(6,571)
Other operating expenses	3.1	(11,105)	(10,654)
Total expenses from transactions		(99,931)	(92,254)
Net result from transactions - net operating balance		(3,272)	(3,209)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.4	79	7
Net gain/(loss) on financial instruments at fair value	3.4	(5)	4
Other gain/(loss) from other economic flows	3.4	190	(80)
Net result for the year		(3,008)	(3,278)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation reserve	4.1(b)	922	-
Total other comprehensive income		922	-
Comprehensive result for the year		(2,086)	(3,278)

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

Echuca Regional Health

Balance Sheet

as at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Current assets			
Cash and cash equivalents	6.2	9,059	13,009
Receivables and contract assets	5.1	3,133	1,429
Inventories	4.3	823	913
Prepayments		1,927	1,957
Total current assets		14,942	17,308
Non-current assets			
Receivables and contract assets	5.1	3,609	3,449
Property, plant and equipment	4.1 (a)	118,516	119,049
Total non-current assets		122,125	122,498
Total assets		137,067	139,806
Liabilities			
Current liabilities			
Payables and contract liabilities	5.2	4,327	6,028
Borrowings	6.1	3,409	3,837
Employee benefits	3.2	14,268	12,772
Other liabilities	5.3	5,058	5,172
Total current liabilities		27,062	27,809
Non-current liabilities			
Payables and contract liabilities	5.2	260	282
Borrowings	6.1	956	809
Employee benefits	3.2	1,304	1,335
Total non-current liabilities		2,520	2,426
Total liabilities		29,582	30,235
Net assets		107,485	109,571
Equity			
Property, plant & equipment revaluation surplus	4.1(f)	66,028	65,106
Contributed capital	SCE	24,804	24,804
Accumulated surpluses	SCE	16,653	19,661
Total Equity		107,485	109,571

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 2021

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses	Total
	\$000	\$000	\$000	\$000
Balance at 30 June 2019	65,106	24,804	22,939	112,849
Net result for the year	-	-	(3,278)	(3,278)
Balance at 30 June 2020	65,106	24,804	19,661	109,571
Net result for the year	-	-	(3,008)	(3,008)
Other comprehensive income for the year	922	-	-	922
Balance at 30 June 2021	66,028	24,804	16,653	107,485

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

Echuca Regional Health

Cash Flow Statement

For the Financial Year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Cash flows from operating activities			
Operating grants from government		82,781	79,699
Capital grants from government - State		1,547	738
Capital grants from government - Commonwealth		9	123
Patient fees received		4,550	4,423
Donations and bequests received		352	200
GST received from ATO		2,566	2,345
Interest and investment income received	2.1 (a)	56	124
Other receipts		4,491	4,035
Total receipts		96,352	91,687
Employee expenses paid		(67,955)	(61,123)
Payments for supplies & consumables		(15,186)	(14,068)
Payments for medical indemnity insurance		(1,698)	(3,153)
Payments for repairs and maintenance		(936)	(878)
Other payments		(9,155)	(10,191)
Total payments		(94,930)	(89,413)
Net cash flow from / (used In) operating activities	8.1	1,422	2,274
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,677)	(2,125)
Proceeds from disposal of non-financial assets		81	20
Net cash flows from / (used in) investing activities		(4,596)	(2,105)
Cash flows from financing activities			
Proceeds from borrowings		3,188	4,379
Repayment of borrowings		(3,873)	(275)
Receipt of accommodation deposits		1,280	2,130
Repayment of accommodation deposits		(1,371)	(1,666)
Net cash flows from / (used in) financing activities		(776)	4,568
Net increase/(decrease) in cash and cash equivalents held		(3,950)	4,737
Cash and cash equivalents at beginning of year		13,009	8,272
Cash and cash equivalents at end of year	6.2	9,059	13,009

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 2021

Note 1: Basis of preparation

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

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

Note 1.1: Basis of preparation of the financial statements

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

The report provides users with information about Echuca Regional Health's stewardship of resources entrusted to it.

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 and Finance (DTF), 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 a "not-for-profit" health service under the Australian Accounting Standards.

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

Echuca Regional Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Echuca Regional Health's Capital and Specific Purpose Funds include:

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

The financial statements have been prepared on a going concern basis (refer to Note 8.7 Economic Dependency).

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Echuca Regional Health on 02/09/2021.

Note 1.2: Impact of COVID-19 pandemic

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Echuca Regional Health was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Echuca Regional Health operates.

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

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- transferring inpatients to private health facilities
- performing COVID-19 testing
- implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Echuca Regional Health has been able to revise some measures where appropriate including easing restrictions on non-essential visitors and increasing elective surgery.

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.
- Note 4: Key assets to support service delivery
- Note 5: Other assets and liabilities
- Note 6: How we finance our operations
- Note 8: Other disclosures

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 1.3: Abbreviations and terminology used in the financial statements

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

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

Note 1.4: Joint arrangements

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

Echuca Regional Health as a joint arrangement with the Loddon Mallee Rural Health Alliance.

Details of the joint arrangements are set out in Note 8.8.

Note 1.5: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6: Accounting standards issued but not yet effective

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

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

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 1.8: Goods and Services Tax (GST)

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

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

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

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

Note 1.9: Reporting entity

The financial statements include all the activities of Echuca Regional Health.

The principal address is 226 Service Street, Echuca Victoria 3564.

Note 1.10: Rounding of amounts

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.

Note 1.11: 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 grant funding for the provision of outputs.

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

Structure

2.1 Revenue and income from transactions

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

2.3 Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

	2021 \$'000	2020 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	48,149	47,038
Government grants (Commonwealth) - Operating	8,664	8,296
Patient and resident fees	4,840	4,312
Commercial activities ¹	954	988
Total revenue from contracts with customers	62,607	60,634
Other sources of income		
Government grants (State) - Operating	26,921	23,222
Government grants (Commonwealth) - Operating	623	614
Government grants (State) - Capital	2,193	811
Government grants (Commonwealth) - Capital	9	123
Other capital purpose income	606	60
Capital donations	321	137
Assets received free of charge or for nominal consideration	22	244
Other revenue from operating activities (including non-capital donations)	3,301	3,076
Total other sources of income	33,996	28,287
Total revenue and income from operating activities	96,603	88,921
Non-operating activities		
Capital interest	5	18
Other interest	51	106
Total income from non-operating activities	56	124
Total revenue and income from transactions	96,659	89,045

Note 2.1: Revenue and income from transactions

Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	48,149	47,038
Government grants (Commonwealth) - Operating	8,664	8,296
Patient and resident fees	4,840	4,312
Commercial activities ¹	954	988
Total revenue from contracts with customers	62,607	60,634
Other sources of income		
Government grants (State) - Operating	26,921	23,222
Government grants (Commonwealth) - Operating	623	614
Government grants (State) - Capital	2,193	811
Government grants (Commonwealth) - Capital	9	123
Other capital purpose income	606	60
Capital donations	321	137
Assets received free of charge or for nominal consideration	22	244
Other revenue from operating activities (including non-capital donations)	3,301	3,076
Total other sources of income	33,996	28,287
Total revenue and income from operating activities	96,603	88,921
Non-operating activities		
Capital interest	5	18
Other interest	51	106
Total income from non-operating activities	56	124
Total revenue and income from transactions	96,659	89,045

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

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Echuca Regional Health assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 1058 – *Income for not-for-profit entities*, the health service:

When both these conditions are satisfied, the health service:

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

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

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

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

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 2.1: Revenue and income from transactions (continued)

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

Capital grants

Where Echuca Regional Health receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards. Income is recognised progressively as the asset is constructed which aligns with Echuca Regional Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and resident fees

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

Private practice fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial activities

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

Non-cash contributions from the Department of Health

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

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 2.2 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

	2021 \$'000	2020 \$'000
Medical equipment	16	231
Other equipment	6	13
Total fair value of assets and services received free of charge or for nominal consideration	22	244

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

Donations and bequests

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

Personal protective equipment

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

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health were acting as an agent of the Department of Health under this arrangement.

Contributions

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

On initial recognition of the asset, Echuca Regional Health recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer. Echuca Regional Health recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

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

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated.

Echuca Regional Health did not receive any volunteer services and does not depend on volunteers to deliver its services.

Note 2.3: Other income

Capital interest

Other interest

Total Other Income

	2021 \$'000	2020 \$'000
Capital interest	5	18
Other interest	51	106
Total Other Income	56	124

How we recognise other income

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.

Note 3: The cost of delivering our 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 Employee benefits in the balance sheet

3.3 Superannuation

3.4 Other economic flows

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates

Measuring and classifying employee benefit liabilities

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 3.1: Expenses from transactions

	2021 \$'000	2020 \$'000
Salaries and wages	53,981	49,270
On-costs	4,804	4,422
Agency expenses	825	683
Fee for service medical officer expenses	7,761	6,965
Workcover premium	676	617
Total employee expenses	68,047	61,957
Drug supplies	4,462	4,268
Medical and surgical supplies (including prostheses)	3,702	3,212
Diagnostic and radiology supplies	4,412	3,738
Other supplies and consumables	1,865	1,854
Total supplies and consumables	14,441	13,072
Fuel, light, power and water	1,210	1,185
Repairs and maintenance	851	798
Maintenance contracts	307	303
Medical indemnity insurance	1,569	1,448
Other administrative expenses	7,078	6,901
Expenses for capital purposes	90	19
Total other operating expenses	11,105	10,654
Depreciation (refer note 4.2)	6,338	6,571
Total depreciation	6,338	6,571
Total expenses from transactions	99,931	92,254

How we recognise expenses from transactions

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

Employee expenses

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

Supplies and consumables

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

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).

The Department of Health also makes certain payments on behalf of Echuca Regional Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 3.2: Employee benefits in the balance sheet

	2021 \$'000	2020 \$'000
Current provisions		
<i>Accrued Days Off</i>		
Unconditional and expected to be settled wholly within 12 months ¹	80	61
<i>Annual Leave</i>		
Unconditional and expected to be settled wholly within 12 months ¹	3,400	3,100
Unconditional and expected to be settled wholly after 12 months ¹¹	1,871	1,300
<i>Long Service Leave</i>		
Unconditional and expected to be settled wholly within 12 months ¹	750	600
Unconditional and expected to be settled wholly after 12 months ¹¹	6,613	6,451
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled wholly within 12 months ¹	510	370
Unconditional and expected to be settled wholly after 12 months ¹¹	1,044	890
Total current employee Benefits	14,268	12,772

	2021 \$'000	2020 \$'000
Non-current provisions		
<i>Conditional Long Service Leave</i>		
Provisions related to employee benefit on-costs	80	61
Total non-current provisions	80	61
Total employee benefits	15,572	14,107

¹ The amounts disclosed are nominal amounts.
¹¹ The amounts disclosed are discounted to present values.

	2021 \$'000	2020 \$'000
Note 3.2 (a): Employee benefits and related on-costs		
Unconditional accrued days off	80	61
Unconditional annual leave entitlements	5,919	4,878
Unconditional long service leave entitlements	8,269	7,834
Total current employee benefits and related on-costs	14,268	12,773
Conditional long service leave entitlements	1,304	1,335
Total non-current employee benefits and related on-costs	1,304	1,335
Total employee benefits and related on-costs	15,572	14,108

	2021 \$'000	2020 \$'000
(b) Movement in oncosts provision		
Carrying amount at start of year	1,393	1,277
Additional provisions recognised	304	116
Carrying amount at end of year	1,697	1,393

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 3.2: Employee benefits in the balance sheet (continued)

How we recognise employee benefits

Employee benefit recognition

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

Provisions

Provisions are recognised when 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 2021

Note 3.3: Superannuation

	Paid Contribution for the Year 2021 \$'000	Paid Contribution for the Year 2020 \$'000	Contribution Outstanding at Year End 2021 \$'000	Contribution Outstanding at Year End 2020 \$'000
Defined benefit plans:¹				
First State Super	-	-	-	-
Defined contribution plans:				
First State Super	2,748	2,494	-	-
Hesta	1,440	1,288	-	-
Other	491	509	-	-
Total	4,804	4,422		

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

How we recognise superannuation

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 benefit 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.

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.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 3.4: Other economic flows

	2021 \$'000	2020 \$'000
Net gain on disposal of property, plant and equipment	79	7
Total net gain/(loss) on non-financial assets	79	7
Allowance for impairment losses of contractual receivables	(5)	4
Total net gain/(loss) on financial instruments	(5)	4
Net gain / (loss) arising from revaluation of long service liability	190	(80)
Total other gains/(losses) from other economic flows	190	(80)
Total gains/(losses) from other economic flows	264	(69)

How we recognise other economic flows

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

- The revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to 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

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.

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

Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Description	Key judgements and estimates
Echuca Regional Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.	Estimating useful life and residual value of property, plant and equipment
The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Echuca Regional Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.	Identifying indicators of impairment
At the end of each year, Echuca Regional Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: <ul style="list-style-type: none"> • If an asset's value has declined more than expected based on normal use • If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset • If an asset is obsolete or damaged • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.	Estimating useful life of right-of-use assets

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 4.1: Property, plant & equipment

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

	2021 \$'000	2020 \$'000
Land at fair value	4,598	3,676
Total land at fair value	4,598	3,676
Buildings at fair value	112,614	112,614
Less accumulated depreciation	(9,835)	(4,915)
	102,779	107,699
Buildings, work in progress at fair value	2,350	208
Total buildings at fair value	105,129	107,907
Plant and equipment at fair value	4,023	4,023
Less accumulated depreciation	(1,821)	(1,563)
	2,202	2,460
Work in progress at fair value	2,836	1,328
Total plant and equipment	5,038	3,788
Motor vehicles at fair value	268	605
Less accumulated depreciation	(261)	(590)
Total motor vehicles	7	15
Right of use motor vehicles at fair value	405	-
Less accumulated depreciation	(37)	-
Total right of use motor vehicles at fair value	368	-
Medical equipment at fair value	8,440	8,137
Less accumulated depreciation	(6,025)	(5,469)
	2,415	2,668
Work in progress at fair value	14	-
Total medical equipment	2,429	2,668
Computer equipment at fair value	4,865	5,351
Less accumulated depreciation	(4,499)	(4,994)
	366	357
Furniture and fittings at fair value	23	16
Less accumulated depreciation	389	373
Total computer equipment at fair value	389	373
Other equipment	1,564	1,552
Less accumulated depreciation	(1,229)	(1,119)
	335	433
Work in Progress at fair value	75	-
Total furniture and fittings at fair value	410	433
Other equipment	1,089	1,059
Less accumulated depreciation	(941)	(870)
	148	189
Total property, plant and equipment	118,516	119,049

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 4.1 (b): Reconciliations of the carrying amount by class of asset

	Land	Buildings	Plant & equipment	Motor vehicles	Right of use motor vehicles	Medical equipment	Computer equipment	Furniture & fittings	Other equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	3,676	11,265	2,963	49	-	2,257	744	22	232	12,133
Additions	-	157	1,078	-	-	853	129	(5)	20	2,259
Disposals	-	-	-	-	-	(9)	(2)	-	-	(16)
Assets provided free of charge	-	-	-	-	-	231	-	-	13	244
Depreciation	4.2	-	(4,915)	(253)	(34)	(664)	(498)	(131)	(76)	(6,571)
Balance at 30 June 2020	3,676	107,907	3,788	15	-	2,568	373	433	189	119,049
Additions	-	2,142	1,509	-	405	488	193	102	24	4,863
Disposals	-	-	-	-	-	(2)	16	-	-	(2)
Assets provided free of charge	-	-	-	-	-	-	-	-	6	22
Revaluation increments/(decrements)	922	-	(4,920)	(259)	(8)	(37)	(741)	(177)	(125)	(71)
Depreciation	4.2	-	4,598	105,129	5,038	7	368	2,429	389	410
Balance at 30 June 2021	4,598	105,129	5,038	7	368	2,429	389	410	148	118,516

How we recognise property, plant and equipment

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

Initial Recognition

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

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

Subsequent measurement

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

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

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

- increase/decrease in fair value of land of 25% (\$921,941)

As the cumulative movement was more than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

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

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

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

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

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

Note 4.1 (b): Reconciliations of the carrying amount by class of asset (continued)**Impairment**

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

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

How we recognise right-of-use assets

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

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability.

Echuca Regional Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

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

Class of right-of-use asset	Lease term
Leased motor vehicles	3 years

Presentation of right-of-use assets

Echuca Regional Health presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet.

Initial recognition

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

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

- any lease payments made at or before the commencement date and
- any initial direct costs incurred.

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

Echuca Regional Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. The health service has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Echuca Regional Health's dependency on such lease arrangements.

Subsequent measurement

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

Impairment

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

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 4.1 (c): Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2021 \$'000	Fair value measurement at end of Reporting period using: Level 1 '\$000	Carrying amount as at 30 June 2020 \$'000	Fair value measurement at end of Reporting period using: Level 1 '\$000	Carrying amount as at 30 June 2020 \$'000	Fair value measurement at end of Reporting period using: Level 1 '\$000	Carrying amount as at 30 June 2021 \$'000	Fair value measurement at end of Reporting period using: Level 1 '\$000	Carrying amount as at 30 June 2020 \$'000	Fair value measurement at end of Reporting period using: Level 1 '\$000	Carrying amount as at 30 June 2021 \$'000
Specialised land	4,598	-	-	4,598	-	-	3,676	-	-	-	3,676
Specialised buildings	102,779	-	-	102,779	-	-	107,699	-	-	-	107,699
Plant and equipment at fair value											
Motor vehicles at fair value	2,202	-	-	2,202	-	-	2,460	-	-	-	2,460
Medical equipment at fair value	7	-	-	7	-	-	15	-	-	-	15
Computer equipment at fair value	2,415	-	-	2,415	-	-	2,668	-	-	-	2,668
Furniture and fittings at fair value	366	-	-	366	-	-	357	-	-	-	357
Other equipment at fair value	335	-	-	335	-	-	433	-	-	-	433
	148	-	-	148	-	-	189	-	-	-	189
	5,473	-	-	5,473	-	-	6,122	-	-	-	6,122
Total property, plant and equipment at fair value	112,850	-	-	112,850	-	-	117,497	-	-	-	117,497

¹ Classified in accordance with the fair value hierarchy.

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

Note	Land \$'000	Buildings \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Computer equipment \$'000	Furniture & fittings \$'000	Other equipment \$'000
4.1 (b)	3,676	112,577	2,420	49	2,041	744	547	232
4.1 (b)	-	-	293	-	1,060	111	17	20
	-	-	-	-	231	-	-	13
4.2	(3,676)	(4,914)	(253)	(34)	(664)	(498)	(131)	(76)
4.1 (c)	3,676	107,663	2,460	15	2,668	357	433	189
4.1 (b)	-	-	-	-	472	186	27	24
	-	-	-	-	16	-	-	6
4.2	-	(4,919)	(259)	(8)	(741)	(177)	(125)	(71)
4.1 (c)	922	-	-	-	-	-	-	-
Balance at 30 June 2021	4,598	102,744	2,202	7	2,415	366	335	148

¹ Classified in accordance with the fair value hierarchy, refer Note 4.1(c)

Note 4.1 (e): Fair value determination

Asset Class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown / freehold)	Market approach	Community Service Obligations Adjustments ^(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	Market approach	N/A
	Depreciated replacement cost approach	Cost per unit. Useful life.

^a A Community Service Obligation (CSO) of 20% was applied to Echuca Regional Health's specialised land.

How we measure fair value

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

For the purpose of fair value disclosures, 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.

There have been no transfers between levels during the 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 are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

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

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

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, Echuca Regional Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 4.1 (e): Fair value determination (continued)

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).

Furniture, fittings, plant and equipment

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

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

Note 4.1 (f): Property, plant and equipment revaluation surplus

Property, plant and equipment revaluation surplus

Note	2021 \$'000	2020 \$'000
4.1 (b)	65,106	65,106
	922	-
	66,028	65,106
	66,028	65,106

* Represented by:

Land
Buildings
Total

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 4:2: Depreciation

	2021 \$'000	2020 \$'000
Depreciation		
Buildings		
Plant & equipment	4,920	4,915
Motor vehicles	259	253
Right of use - motor vehicles	8	34
Medical equipment	37	-
Computers equipment	741	664
Furniture and fittings	177	498
Other equipment	125	131
Total depreciation	71	76
	6,338	6,571

How we recognise 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.

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

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.

	2021	2020
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		
Medical equipment	7 to 15 years	7 to 15 years
Computer equipment	3 to 20 years	3 to 20 years
Furniture and fittings	2 to 10 years	2 to 10 years
Motor vehicles	5 to 15 years	5 to 15 years
Right of use - motor vehicles	4 to 10 years	4 to 10 years
	0 to 3 years	N/A

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

	2021 \$'000	2020 \$'000
Current		
Pharmacy supplies - at cost	87	87
General stores - at cost	237	233
Theatre stores - at cost	309	297
Wards stores - at cost	176	168
Engineering stores - at cost	14	14
Administration stores - at cost	-	114
Total current inventories	823	913

How we recognise 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. Inventories are measured at the lower of cost and net realisable value.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

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 and contract assets

5.2 Payables

5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

	Description
Key judgements and estimates	Echuca Regional Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring contract liabilities	Echuca Regional Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer. The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.

Note 5.1: Receivables and contract assets

	2021 \$000	2020 \$000
Contractual		
Inter hospital debtors	436	348
Trade debtors	29	52
Debtors - Department of Health	813	-
Patient fees	797	393
Provision for impairment	(260)	(127)
Accrued revenue - other	394	230
Accrued revenue - Department of Health	446	65
Refundable rental bonds	3	3
Statutory		
GST receivable	2,658	964
Total statutory receivables	475	465
Total current receivables	3,133	1,429
Non-current receivables		
Contractual		
Long service leave - Department of Health	3,609	3,449
Total non-current receivables	3,609	3,449
Total receivables	6,742	4,878
Note 5.1 (a): Movement in the allowance for impairment losses of contractual receivables		
Balance at beginning of year	127	127
Amounts written off during the year	(7)	-
Increase/(decrease) in allowance recognised in the net result	140	-
Balance at end of year	260	127
How we recognise receivables		
Receivables consist of:		
Contractual receivables , which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.		
Statutory receivables , which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables 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.		

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 5.1: Receivables and contract assets (continued)

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.

Note 5.2: Payables and contract liabilities

	2021 \$000	2020 \$000
Current payables and contract liabilities		
Contractual		
Trade creditors	1,248	1,415
Accrued salaries and wages	942	2,267
Accrued expenses	1,578	1,042
Inter - hospital creditors	133	195
Department of Health	316	893
Contract liabilities	61	167
Total contractual payables	4,278	5,979
Statutory		
GST Payable	49	49
Total statutory payables	49	49
Total current payables and contractual liabilities	4,327	6,028
Non-current payables and contract liabilities		
Contract liabilities	260	282
Total non-current payables and contract liabilities	260	282
Total payables and contract liabilities	4,587	6,310

(i) Financial liabilities classified as payables and contract liabilities (Note 7.1 (a))

Total payables and contract liabilities	4,587	6,310
GST Payable	(49)	(49)
Contract liabilities	(321)	(449)
Total financial liabilities	4,217	5,812

Note 5.2 (a): Contract liabilities

Payables consist of:

Contractual payables, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Echuca Regional Health prior to the end of the financial year that are unpaid.
Statutory payables, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts. The normal credit terms for accounts payable are usually Nett 60 days.

	2021 \$000	2020 \$000
Opening balance of contract liabilities	449	-
Adjustment for initial adoption of AASB 15	-	332
Payments received for performance obligations not yet fulfilled	39	137
Revenue recognised for the completion of a performance obligation	(167)	(20)
Total contract liabilities	321	449
*Represented by:		
Current contract liabilities	61	167
Non-current contract liabilities	260	282
	321	449

How we recognise payables and contract liabilities

Contract liabilities include consideration received in advance from customers in respect of furniture, IT equipment and student accommodation. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of furniture, IT equipment and student accommodation. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 5:3: Other liabilities

	2020 \$'000	2021 \$'000
Current monies held in trust	20	33
Patient monies	4,983	5,075
Refundable accommodation deposits	55	64
Other monies	5,058	5,172
* Represented by:		
Cash Assets	5,058	5,172
Total	5,058	5,172

How we recognise other liabilities

Refundable accommodation deposit ("RAD")/ accommodation bond liabilities

RADs/Refundable Accommodation Deposits are non-interest-bearing deposits made by some aged care residents to Echuca Regional Health. 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

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

	2021 \$'000	2020 \$'000
Current borrowings		
Loan ⁽ⁱ⁾	164	275
Lease liability ⁽ⁱⁱ⁾	62	-
Advances from government ⁽ⁱⁱⁱ⁾	3,183	3,562
Total current borrowings	3,409	3,837
Non-current borrowings		
Loan ^(iv)	650	809
Lease liability ^(iv)	306	-
Total non-current borrowings	956	809
Total borrowings	4,365	4,646

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Echuca Regional Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

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

Maturity analysis

Please refer to Note 7.1(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 6.1(a): Lease liabilities

Echuca Regional Health's lease liabilities are summarised below:

	2021 \$'000	2020 \$'000
Total undiscounted lease liabilities	384	-
Less unexpired finance expenses	(16)	-
Net lease liabilities	368	-

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

	2021 \$'000	2020 \$'000
Not longer than one year	69	-
Longer than one year but not longer than five years	315	-
Minimum future lease liability	384	-
Less unexpired finance expenses	(16)	-
Present value of lease liability	368	-
*Represented by:		
- Current liabilities	62	-
- Non-current liabilities	306	-
	368	-

Note 6.1(a): Lease liabilities (continued)**How we recognise lease liabilities**

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Echuca Regional Health and for which the supplier does not have substantive substitution rights
- Echuca Regional Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Echuca Regional Health has the right to direct the use of the identified asset throughout the period of use and
- Echuca Regional Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Type of asset leased	Lease term
Leased motor vehicles	3 Years
Leased equipment	3 to 5 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. The following low value, short term and variable lease payments are recognised in profit or loss:

Type of asset leased	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	Photocopiers Computer equipment

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Echuca Regional Health's incremental borrowing rate. Our lease liability has been discounted by the rate of 2.25%.

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

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

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 6.2: Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash on hand (excluding monies held in trust)	2	2
Cash at bank (excluding monies held in trust)	785	1,885
Cash at bank - CBS (excluding monies held in trust)	<u>3,214</u>	5,950
Total cash held for operations	<u>4,001</u>	7,837
Cash on hand (monies held in trust)	2	2
Cash at bank (monies held in trust)	3	2
Cash at bank - CBS (monies held in trust)	5,038	5,138
Deposits at call (monies held in trust)	<u>15</u>	30
Total cash held as monies held in trust	<u>5,058</u>	5,172
Total cash and cash equivalents	<u>9,059</u>	13,009

How do we recognise cash and cash equivalents

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

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

Note 6.3: Commitments for expenditure

	2021 \$'000	2020 \$'000
Capital expenditure commitments		
Less than 1 year	747	942
Total capital expenditure commitments	<u>747</u>	<u>942</u>

How we disclose our commitments

Our commitments relate to expenditure, short term and low value leases.

Expenditure commitments

Commitments for future expenditure include operating and 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.

Short term and low value leases

Echuca Regional Health discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

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 Financial risk management objectives and policies
- 7.3 Contingent assets and contingent liabilities

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Echuca Regional Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1(a): Categorisation of financial instruments

Note	\$'000	Financial assets at amortised cost		Financial liabilities at amortised cost		\$'000
		2021	2021	Total	2021	2020
Contractual financial assets						
Cash and cash equivalents	6.2	9,059	-	9,059	13,009	-
Receivables and contract assets	5.1	6,267	-	6,267	4,413	-
Total financial assets	15,326	-	15,326	17,422	-	17,422
Contractual financial liabilities						
Payables and contract liabilities	5.2	-	4,217	4,217	-	5,812
Borrowings	6.1	-	4,365	4,365	-	4,646
Refundable accommodation deposits	5.3	-	4,983	4,983	-	5,075
Other liabilities	5.3	-	75	75	-	97
Total financial liabilities	13,640	-	13,640	-	15,630	15,630

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Note 7.1(a): Categorisation of financial instruments (Continued)**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 interest on the principal amount outstanding on specific dates.

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).

Financial assets at fair value through other comprehensive income

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the assets are held by Echuca Regional Health to achieve its objective both by collecting the contractual cash flows and by selling the financial assets and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through net result

Echuca Regional Health initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- it is in accordance with the documented risk management and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Categories of financial liabilities

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

Financial liabilities at fair value through net result

A financial liability is measured at fair value through net result if the financial liability is:

- held for trading or
- initially designated as at fair value through net result.

Changes in fair value are recognised in the net results 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.

Financial liabilities at amortised cost

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

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

Echuca Regional Health recognises the following liabilities in this category:

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

Note 7.1(a): Financial instruments: categorisation (continued)**Derivative financial instruments**

A derivative financial instrument is classified as a held for trading financial asset or financial liability. They are initially recognised at fair value on the date on which a derivative contract is entered. 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:

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.

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

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

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

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 7.2 (a): Credit risk

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

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

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

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

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

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

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

Impairment of financial assets under AASB 9

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

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

Echuca Regional Health applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. 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 Echuca Regional Health'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 closing loss allowance at the end of the financial year as follows:

		Current	Less than 1 month	1	1-3 months	3 months - 1 year	1-5 years	Total
30 June 2021	Expected loss rate	0%	2%	5%	35%	85%		
	Gross carrying amount of contractual receivables	4,619	1,087	183	185	193	6,267	
	Loss allowance	-	(22)	(9)	(65)	(164)	(260)	
		Current	Less than 1 month	1	1-3 months	3 months - 1 year	1-5 years	Total
30 June 2020	Expected loss rate	0%	2%	5%	35%	85%		
	Gross carrying amount of contractual receivables	3,411	760	63	86	93	4,413	
	Loss allowance	-	(15)	(3)	(30)	(79)	(127)	

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 AASB 9 requirements as if those receivables are financial instruments.

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 7.2 (b): Liquidity risk

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

- Echuca Regional Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:
- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
 - maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
 - holding investments and other contractual financial assets that are readily tradeable in the financial markets and
 - careful maturity planning of its financial obligations based on forecasts of future cash flows.

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

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.

2021 Financial liabilities at amortised cost	Note	Carrying amount \$'000	Nominal amount \$'000	Maturity Dates			
				Less than 1 month \$'000	1-3 months - \$'000	1-5 Years \$'000	Over 5 Years \$'000
Payables	5.2	4,217	4,217	4,014	203	-	-
Borrowings	6.1	4,365	4,365	-	-	3,715	650
Other financial liabilities (i)							
- Refundable accommodation deposits	5.3	4,983	4,983	120	560	1,903	2,400
- Other	5.3	75	75	-	-	12	63
Total financial liabilities		13,640	13,640	4,134	763	5,630	3,113
2020 Financial liabilities at amortised cost	Note	Carrying amount \$'000	Nominal amount \$'000	Maturity Dates			
				Less than 1 month \$'000	1-3 months - \$'000	1-5 Years \$'000	Over 5 Years \$'000
Payables	5.2	5,812	5,812	5,730	82	-	-
Borrowings	6.1	4,646	4,646	138	-	3,699	646
Other financial liabilities (i)							
- Refundable accommodation deposits	5.3	5,075	5,075	-	120	1,075	3,880
- Other	5.3	97	97	-	-	10	87
Total financial liabilities		15,630	15,630	5,868	202	4,784	4,613

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

Note 7.2 (c) Market risk

Echuca Regional Health's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

Echuca Regional Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Echuca Regional Health's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 1% up or down and
- a change in the top ASX 200 index of 15% up or down.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Echuca Regional Health does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Echuca Regional Health has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the reporting period.

Echuca Regional Health has minimal exposure to foreign currency risk.

Note 7:3: Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities**Contingent assets**

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

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

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

Contingent liabilities

Contingent liabilities are:

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

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

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

Note 8: Other disclosures

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

Structure

- 8.1 Reconciliation of net result for the year to net cash 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 Jointly controlled operations
- 8.9 Equity

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

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

	2021 \$'000	2020 \$'000
	(3,008)	(3,278)
Net result for the year	6,338	6,571
Non-cash movements:		
Depreciation	5	(4)
Discount (interest) / expense on loan	(22)	(244)
Assets received free of charge	190	(80)
(Gain)/loss on revaluation of long service leave liability	(79)	(7)
Net (gain)/loss from sale of assets	(1,864)	(426)
	90	(169)
	30	(1,594)
	(1,723)	(296)
Movements in assets and liabilities	1,465	949
(Increase)/decrease in receivables	1,422	2,274
(Increase)/decrease in inventories		
(Increase)/decrease in prepayments		
Increase/(decrease) in payables		
Increase/(decrease) in employee benefits		
Net cash inflow/(outflow) from operating activities	1,422	2,274

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 Martin Foley:	01/07/2020 - 29/09/2020
Minister for Mental Health	26/09/2020 - 30/06/2021
Minister for Health	01/07/2020 - 26/09/2020
Minister for Ambulance Services	26/09/2020 - 30/06/2021
Minister for the Coordination of Health and Human Services: COVID-19	26/09/2020 - 09/11/2020
The Honourable Jenny Mikakos:	01/07/2020 - 26/09/2020
Minister for Health	01/07/2020 - 26/09/2020
Minister for Ambulance Services	01/07/2020 - 26/09/2020
Minister for the Coordination of Health and Human Services: COVID-19	01/07/2020 - 30/06/2021
The Honourable Luke Donnellan:	01/07/2020 - 30/06/2021
Minister for Child Protection	01/07/2020 - 30/06/2021
Minister for Disability, Ageing and Carers	01/07/2020 - 30/06/2021
The Honourable James Merlino:	29/09/2020 - 30/06/2021
Minister for Mental Health	01/07/2020 - 30/06/2021

Governing Boards:

Ms L Tarrant (Chair)	01/07/2020 - 30/06/2021
Mr J Quirk	01/07/2020 - 30/06/2021
Mr S Weller	01/07/2020 - 30/06/2021
Mr S Webb	01/07/2020 - 30/06/2021
Mrs J Hamit	01/07/2020 - 30/06/2021
Mrs S Barry	01/07/2020 - 30/06/2021
Mrs S Mulcahy	01/07/2020 - 30/06/2021
Dr S Paul	01/07/2020 - 30/06/2021
Ms M Morgan	01/07/2020 - 30/06/2021
Mrs M Johns	01/07/2020 - 30/06/2021
Mr D Butel	01/07/2020 - 30/06/2021
Mr C Sykes	01/07/2020 - 30/06/2021

Accountable Officers:

Mr N Bush - Chief Executive Officer	01/07/2020 - 30/06/2021
-------------------------------------	-------------------------

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 8.2: Responsible persons disclosures (continued)

Remuneration of responsible persons

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

Income band	No.	2020 No.
\$0-\$9,999	1	1
\$10,000-\$19,999	11	10
\$280,000 - \$289,999	1	1
Total numbers	13	12

Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to:

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

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.

	2021	2020
Total remuneration	\$000	\$000
	444	413
	2021	2020
Total remuneration	\$000	\$000
	1,295	970
Short-term benefits	\$84	\$80
Post-employment benefits	\$32	\$99
Other long-term benefits	-	\$54
Total remuneration	\$1,411	\$1,203
Total number of executives	7	6
Total annualised employee equivalent	5.0	4.9

Total annualised employee equivalent (i)

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

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

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

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 2021

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 and personal business interests
- 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, directly or indirectly.

Key management personnel

The Board of Directors and the Executive Directors of Echuca Regional Health are deemed to be KMPs. This includes the following:

Entity	KMPs	Position title
Echuca Regional Health	Ms Lana Tarrant	Chair of the Board
Echuca Regional Health	Mr John Quirk	Board Member
Echuca Regional Health	Mr Shane Weiler	Board Member
Echuca Regional Health	Mr Scott Webb	Board Member
Echuca Regional Health	Mrs Jillian Hamit	Board Member
Echuca Regional Health	Mrs Suzanne Barry	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 Johns	Board Member
Echuca Regional Health	Mr Daniel Butel	Board Member
Echuca Regional Health	Mr Christopher Sykes	Chief Executive Officer
Echuca Regional Health	Mr Nick Bush	Executive Director of Finance & Corporate Services
Echuca Regional Health	Mrs Robyn Rudge	Executive Director of Nursing
Echuca Regional Health	Mrs June Dyson	Executive Director of Medical Services
Echuca Regional Health	Mr Glenn Howlett	Executive Director of Medical Services
Echuca Regional Health	Mr John Gallicchio	Executive Director of Human Resources
Echuca Regional Health	Mrs Jackie Austin	Executive Director of Human Resources
Echuca Regional Health	Dr Catherine Lees	Executive Director of Community Services
Echuca Regional Health	Mrs Cynthia Opie	

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

Compensation - KMPs

	2021	2020
Short-term employee benefits (i)	\$000	\$000
Post-employment benefits	\$1,709	\$1,352
Other long-term benefits	\$105	\$101
Termination benefits	\$41	\$109
Total	\$1,855	\$1,616

(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 of \$73.4M (2020: \$71.1M) and indirect contributions of \$121K (2020: \$46K).

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 2021

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 2021 (2020: none).

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

Note 8.5: Remuneration of auditors

	2021	2020
	\$'000	\$'000
Victorian Auditor-General's Office	44	52
Audit of the financial statements	44	52
Total remuneration of auditors	44	52

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.

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

Echuca Regional Health

Notes to the Financial Statements for the Financial Year ended 30 June 2021

Note 8:3: 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 9.39% (2020: 10.27%) 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:

	2021	2020
	\$'000 *	\$'000 *
Current assets		
Cash and cash equivalents	598	622
Receivables	102	45
Inventories	-	114
Other assets	140	133
Total current assets	840	914
Non-current assets		
Computers	181	171
Accumulated depreciation	(90)	(81)
Total non-current assets	91	90
Current liabilities		
Payables	276	488
Total current liabilities	276	488
Net share of assets employed in joint operation	655	516

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

	2021	2020
	\$'000 *	\$'000 *
Revenue		
Income from operating activities	1,953	1,047
Capital purpose	116	61
Total revenue	2,069	1,108
Expenses		
Expenses from operating activities	1,912	1,120
Capital purpose	-	-
Depreciation	18	10
Total expenses	1,930	1,130
Net result	139	(22)

* 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.

Note 8:9: 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.

Financial assets at fair value through comprehensive income revaluation reserve

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

Specific restricted purpose reserves

The specific restricted purpose reserve 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.



Echuca Regional Health

Supporting everyone to be healthy and live well

226 Service Street Echuca VIC 3564
Phone 03 5485 5000
Fax 03 5482 5478
www.erh.org.au
ABN 30 490 690 530