



Echuca Regional Health

ERGENCY

# Annual Report 2022





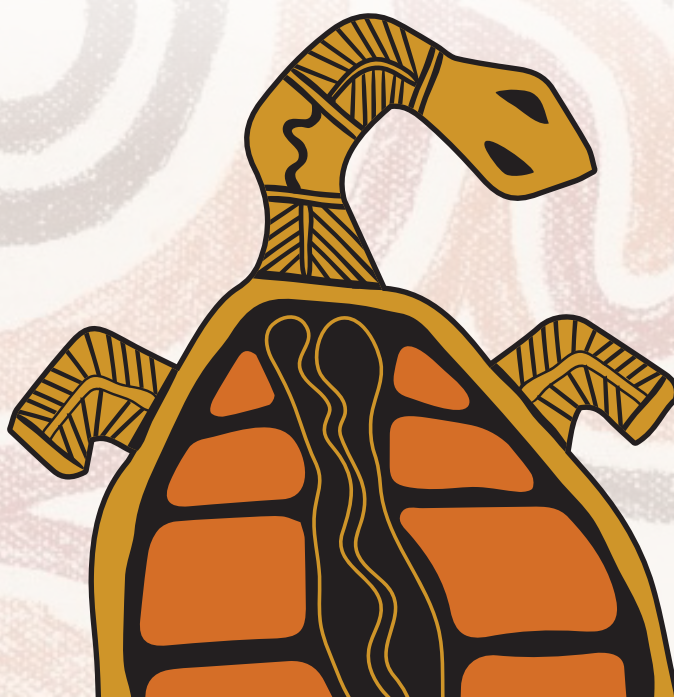
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## Acknowledgement of Country

We acknowledge the Yorta Yorta people of the land and pay our respects to their Elders past, present and emerging.

We also acknowledge their spiritual connection to country.



## Charter and Purpose

### Manner of establishment and the relevant Ministers

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

## Purpose

*Supporting everyone to be healthy and live well*

## Our Values

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



The responsible Ministers during the reporting period were:

**From 1 July 2021 to 27 June 2022**

The Hon Martin Foley MP

Minister for Health, Minister for Ambulance Services, Minister for Equality

**From 27 June 2022 to 30 June 2022**

The Hon Mary-Anne Thomas MP

Minister for Health, Minister for Ambulance Services

# Our Health Service

## Functions, Powers and Duties

ERH services the Shire of Campaspe, which encompasses an area of 4,519 square kilometres, and the cross-border Murray River Council, with an area of 17,416 square kilometres.

Campaspe Shire is located in Victoria's Loddon Mallee Region, 180km north of Melbourne and is a predominantly rural area covering 4,518 square kilometres with a population of 37,919. It has significant residential areas in the townships of Echuca and Kyabram. Smaller townships include Gunbower, Lockington, Rochester, Rushworth, Stanhope and Tongala.

Murray River Council is located along the southern border of New South Wales, with an estimated population of 12,780 with approximately 53% of the population residing in Moama. Major townships and small settlements in Murray River Council include Moama, Barham, Mathoura, Moulamein and Wakool amongst others.

Echuca Moama and townships are located directly across the state border from one another, separated by the Murray River.

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

The health service has an operating budget of \$106 Million and a staff base of 977 representing 603 equivalent full time staff.





# Nature and range of services provided

## Our Facilities

### ACUTE HOSPITAL

- High Dependency
- Medical
- Obstetric
- Paediatric
- Surgical
- Emergency Department
- Short Stay Unit
- Theatre
- Pharmacy

### RESIDENTIAL AGED CARE

### SUB - ACUTE HOSPITAL

- Palliative Care
- Rehabilitation
- Geriatric Evaluation and Management

### EDUCATION, TRAINING AND RESEARCH

- Accommodation Services (staff and students)

### COMMUNITY BASED SERVICES

- 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
- Enhanced Maternity Care Program
- Falls and Balance
- Family Services
- Geriatric Evaluation and Management
- Haemodialysis
- headspace
- Hospital in the Home
- Maternity Care
- McGrath Breast Care Nurse
- Medical Consulting
- NDIS
- Occupational Therapy
- Physiotherapy
- Podiatry
- Population Health
- Primary Care Clinic
- Prostate Care Specialist Nurse
- Fracture Clinic
- Pulmonary Rehabilitation
- Readiness Program Smile Squad
- Smiles 4 Miles
- Specialist Continence
- Speech Pathology
- Strengthening Hospital Response to Family Violence
- Transition Care Program
- Volunteers
- Wellbeing and Primary Mental Health



Echuca Regional Health

*Supporting everyone to be healthy and live well*

# Our Care At A Glance

1 July 2021 - 30 June 2022



# Chairperson and Chief Executive Report

On behalf of the Board and team of staff at ERH, we are pleased to present the 140th Report of Operations and Annual Report for the year ended 30 June 2022.

Our team of approximately 1000 have again risen to the challenges faced by the health sector over the past 12 months showing high levels of flexibility and resilience to maintain services and develop new ones as the COVID-19 pandemic progressed.

January 2022 saw ERH become a COVID-19 streaming hospital which facilitated the admission of COVID-19 positive patients to our inpatient environment. We worked together with other hospitals to ensure that local people had access to high quality COVID care including; immunisations, testing, Emergency Department care, inpatient care and care in the home. We rapidly developed models of care that utilised innovative technologies and allowed us to scale up the volume of care we could provide, often in times of significant staffing pressures. ERH is very proud of the role we are able to play in providing COVID care to our community which we continue to do whilst providing high levels of care across the entire health service.

Another significant achievement for the region was the opening of the Echuca headspace in March 2022. Following extensive consultation with young people the youth friendly environment has opened for service. headspace Echuca is a confidential and free service where young people can access a range of services including in-person catch ups, phone and videocall services so that young people can access the support they need. ERH is proud to be the lead agency in the consortium that are providing this important service and look forward to growing the service to align with the needs of the community.

The development of the Cancer and Wellness Centre continues to progress very well and is due to commence operation at the end of 2022. The building (which was partly funded by community fundraising support) will facilitate the provision of optimal care in a light and bright space by a co-located team. We look forward to the benefits this will bring in terms of the patient experience and the depth and breadth of services that will be provided locally.

Whilst focusing on the immediate priorities of 2021-2022 the ERH team have also remained focused on achieving our vision of *"Supporting everyone to be healthy and live well."* Across the six key priorities the following are highlights of some of the progress made:

## 1. Reliable, safe, person-centred care

- Universal Access and Engagement Plan developed and endorsed by the Community Advisory Committee
- Dementia enabling environment refurbishment work completed in Aged Care
- Short Stay Unit re-opened to provide short stay care for patients admitted via the Emergency Department
- Aboriginal Cultural Safety Gap analysis commenced

## 2. Innovation in Care

- Inpatient stroke care enhanced with commencement of telehealth neurologist consultations
- Better @ Home care enhanced through the development of a Virtual Monitoring Module in the Regional Community Platform (RCP) electronic Patient Record (ePR) enabling risk management and support to COVID positive cases admitted to Hospital in the Home (HITH).
- Implementation of a Health Service Daily Operating System to support staff and patient safety as well as patient access

## 3. Community integration and collaboration

- Cancer Services Model of Care being developed collaboratively with the community to leverage the opportunity that the new infrastructure will bring
- ERH continues to provide leadership to many regional collaborations including the Murray Health Service Partnership (Sub-region of Loddon Mallee Health Network)

## 4. Digital Transformation

- Implementation of Cancer Services software to support Chemotherapy prescribing (CHARM)
- Embedding and enhanced use of the Regional Community Platform, an electronic patient record for non-admitted services.

## 5. Outer Regional Educational Leader

- Successfully created a strong reputation as the health service of choice for undergraduate and postgraduate medical, nursing and allied health students
- Developed an interdisciplinary approach to education and training with the introduction of multidisciplinary simulation training for obstetrics and emergency medicine
- Strengthening partnership with universities and education centres to provide new and innovative programs that support our ongoing growth at ERH.

## 6. Talented, capable, engaged people

- Gender Equality Action Plan completed
- ERH People and Culture strategy developed in response to 2021 People Matter Survey
- 2022 People Matter Survey completed with 61% response rate

## The Board

In July 2021 the Minister for Health appointed new Board Director Stacy Williams. In 2021 we bid farewell to Monica Morgan and Shane Weller and in 2022 to John Quirk and Suzanna Barry. We thank them all for their valuable contributions.

## The Executive

In April 2022 the ERH Board appointed Robyn Lindsay as CEO following the resignation of Nick Bush in November 2021. 2021 also saw the retirement of June Dyson as the Executive Director of Nursing and Midwifery, Michelle Shingles providing interim leadership and the appointment of Maree Woodhouse ongoing into that role (in February 2022). The Executive team also welcomed Angela Hussey in March 2022 as the Executive Director of People and Culture following the resignation of Jackie Clingan as the Executive Director of Human Resources. Dr Catherine Lees provided leadership to the interim Executive Director of Human Resources role prior to Angela's appointment.

## Conclusion

ERH comprises a significant number of buildings, equipment and technology but what makes it special is the community and the team who collaborate to provide excellent care for people, as close to their home as possible. As our community grows ERH will continue to evolve to ensure that health services both meet community needs and expectations and are delivered in alignment with our values.

To the ERH teams, your commitment to achieving our vision of *"Supporting everyone to be healthy and live well"* in very difficult circumstances throughout 2021-2022 has been remarkable and we are very grateful for your continuing contributions.

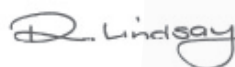
Thank you.

## Responsible Bodies Declaration

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



**Larna Tarrant**  
BOARD CHAIRPERSON



**Robyn Lindsay**  
CHIEF EXECUTIVE OFFICER



# Management and Structure

## Senior Officers

### **ROBYN LINDSAY**

CHIEF EXECUTIVE OFFICER

BPhysio, MHLthSci, ProfCertHSM, GAICD

The Chief Executive Officer role leads the ERH staffing team to deliver the strategic vision of the health service. This is achieved by ensuring high levels of operational performance, staff engagement and strong partnerships. Through the delegation provided by the Board to the CEO the role provides oversight to the safety of staff and patients, the planning for services and infrastructure, and the compliance with all relevant legislative and compliance frameworks. The role ensures appropriate risk management frameworks are in place and that ERH delivers our priorities in a manner aligned to our organisational values.

### **MAREE WOODHOUSE**

EXECUTIVE DIRECTOR OF NURSING  
MIDWIFERY AND CHIEF NURSING OFFICER  
RN, RM, BN, GCAdvNurs, GradDipMid,  
DipMgt, MHA, GAICD

The Executive Director of Nursing and Midwifery/Chief Nursing Officer is responsible for nursing professional standards across all services and has operational responsibility for Acute Inpatient Services; Sub-Acute, Maternity, Emergency Department, Perioperative Services, Glanville Village Aged Care, Medical Day Procedures, Renal Dialysis and After Hours Management. Responsibility also includes Infection Prevention and Control and the Quality and Safety Unit and ensures quality standards are maintained and ERH continues to meet accreditation requirements for each service.

### **CYNTHIA OPIE**

EXECUTIVE DIRECTOR OF COMMUNITY SERVICES

MPH/TM, BaPH, BaNursing, RN, Ass.Dip.App. Sci (Myotherapy)

The Executive Director of Community Services leads a comprehensive range of services including Aboriginal Health, Allied Health, Dental, Alcohol and Other Drug, Pharmacotherapy, Wellbeing Primary Mental Health, headspace, Community Rehabilitation, Community Nursing, Complex Care and Primary Prevention (Population Health) to enable continued health and

wellbeing across the lifespan including a diverse range of support staff and Project Workers. Home-based care delivered via Hospital in the Home, Post-Acute Care, Telehealth, Remote Patient Monitoring and Virtual Home Monitoring are a rapidly expanding form of care provision in Community Services.

### **DR GLENN HOWLETT**

EXECUTIVE DIRECTOR MEDICAL SERVICES  
AND CHIEF MEDICAL OFFICER  
MBBS LLB GradDipHLthServMt FRACGP  
AFRACMA

The Executive Director of Medical Services/Chief Medical Officer is responsible for medical professional standards across all services. The Executive Director Medical Services portfolio also includes the Medical Workforce Unit, Medico-Legal Services (including Freedom of Information), Pharmacy, Medical Consulting Suites, and the contracted services of Pathology (Austin Pathology) and Medical Imaging (I-MED).

### **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, Payroll, Engineering, Health Information Services, Food and Café Services, Fleet, Cleaning, Procurement and Supply, Environmental and Security Services.

### **ANGELA HUSSEY**

EXECUTIVE DIRECTOR PEOPLE CULTURE  
Grad Cert (HR)

The Executive Director People and Culture and the team provide a professional service support to the entire organisation. Concentrating on people management initiatives, workplace safety and developing our workforce with the help of our Education, Training and Research centre. Following considerable growth last year and emerging from two very challenging years, particular attention is being spent to improve culture, build leadership capability and take a proactive approach to workplace safety.



## Board of Directors



**Robyn Lindsay**  
CHIEF EXECUTIVE



**Cynthia Opie**

EXECUTIVE DIRECTOR  
COMMUNITY SERVICES

- Aboriginal Liaison
- Alcohol and Other Drugs
- Allied Health Services
- Community Rehabilitation
- Community Nursing/HITH/ Community Palliative Care
- Dental
- headspace
- National Disability Insurance Scheme/ Early Childhood Intervention
- Population Health
- Residential In-Reach, Post-Acute Care and Complex Care
- Wellbeing and Primary Mental Health



**Maree Woodhouse**

EXECUTIVE DIRECTOR  
NURSING & MIDWIFERY/  
CHIEF NURSING OFFICER

- Acute Inpatient Services
- -Maternity
- -Surgical
- -Medical
- Emergency
- Infection Prevention and Control
- Inpatient Rehabilitation
- Medical Day Procedure
- Perioperative
- Quality and Safety
- Residential Aged Care



**Dr Glenn Howlett**

EXECUTIVE DIRECTOR  
MEDICAL SERVICES &  
CHIEF MEDICAL OFFICER

- Consulting Suites
- Diagnostic Services
- Medical Workforce
- Medico-Legal
- Pharmacy



**Robyn Rudge**

EXECUTIVE DIRECTOR  
FINANCE & CORPORATE  
SERVICES

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



**Angela Hussey**

EXECUTIVE DIRECTOR  
PEOPLE & CULTURE

- Education
- Human Resources
- Occupational Health and Safety
- Research

# Organisational Chart

As at 30 June 2022

## Board Members

**Larna Tarrant** (*Chairperson*)

*Appointed Chairperson -*

1 July 2020 – 30 June 2022

Appointed Board 1 July 2014

**Suzanne Mulcahy** (*Senior Vice Chairperson*)

*Appointed Senior Vice Chairperson -*

3 December 2020 – 30 June 2022

Appointed Board 1 July 2017

**Dr Sydney Paul** (*Junior Vice Chairperson*)

*Appointed Junior Vice Chairperson -*

3 December 2020 – 30 June 2022

Appointed Board 1 July 2018

**Suzanna Barry** (*Treasurer*)

*Appointed Treasurer -*

3 December 2020 – 30 June 2022

Appointed Board 1 July 2016

**John Quirk**

Appointed Board 1 July 2013

**Jillian Hamit**

Appointed Board 1 July 2016

**Michelle Johns**

Appointed Board 6 August 2019

**Christopher Sykes**

Appointed Board 1 July 2020

**Scott Webb**

Appointed Board 1 July 2020

**Daniel Butel**

Appointed Board 1 July 2020

**Stacy Williams**

Appointed Board 1 July 2021

## Audit and Risk Committee

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.

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*.

### Members of ERH's Audit Committee for the 2021-22 financial year were:

**Ken Belfrage** (*Chair, External Member*)

July 2021 - December 2021

**Suzanna Barry** (*Chair, Board Director*)

December 2021 – 30 June 2022

**Simone Knight** (*External Member*)

**Carmel Britt** (*External Member*)

**Rachel McAsey** (*External Member*)

Appointed 9 May 2022

**Daniel Butel** (*Board Director*)

**Michelle Johns** (*Board Director*)

**Scott Webb** (*Board Director*)

**Dr Sydney Paul** (*Board Director*)





## Workforce data, employment and conduct principles

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.

It remains a concern that our staff continue to experience violence or aggression at

work. We note that the largest percentage of staff experienced this from a client, customer, patient or stakeholder.

We acknowledge our workforce is at the heart of everything we do at ERH.

With a steady increase to our FTE numbers we are committed to developing a culture that is underpinned by our values; Collaboration, Accountability, Respect and Excellence.

This year we have concentrated heavily on the health and wellbeing of our staff, developing a dedicated strategy to create an environment that is supportive and encourages work life balance.

Our strategy highlights the importance of leaders championing our values and promoting our focus on health and wellbeing, in particular mental wellbeing. It also recognises that health and wellbeing is everyone's business. We all play a part in supporting each other to be healthy and live well, for this reason, we have introduced six key pillars; leadership excellence and capability, mental wellbeing, healthy lifestyles, building a strong safety culture, social connection and equality and respect.

The strategy will be implemented over the next three years and we look forward to receiving regular feedback from our staff to make improvements along the way.

Hospitals labour category	JUNE current month FTE		Average Monthly FTE	
	2022	2021	2022	2021
Nursing	243	254	243	246
Administration and Clerical	85	78	77	75
Medical Support	61	28	57	27
Hotel and Allied Services	63	87	60	90
Medical Officers	2	3	2	3
Hospital Medical Officers	25	26	28	25
Sessional Clinicians	8	6	9	4
Ancillary Support (Allied Health)	74	74	68	65

FTE excludes staff employed during the COVID epidemic.

## Occupational Health and Safety Statistics

	2021-22	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	23.81	6.86	13.84	15.85
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.043	.79	1.56	1.17
The average cost per WorkCover claim for the year ('000)	\$59,719	\$22,538	\$113,050	\$33,408

	2021-22
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.35
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	2.2
Number of occupational violence incidents reported	51
Number of occupational violence incidents reported per 100 FTE	8.86
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	3.93%

# Occupational Violence Statistics

## 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.

## Financial Information

	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
<b>Operating Result*</b>	246	-	1,988	(487)	(233)
Total revenue	115,654	96,659	89,045	83,827	75,201
Total expenses	(112,645)	(99,931)	(92,254)	(88,124)	(79,175)
<b>Net result from transactions</b>	3,009	(3,272)	(3,209)	(4,297)	(3,974)
Total other economic flows	146	264	(69)	(1,280)	(16)
<b>Net result</b>	3,155	(3,008)	(2,621)	(5,577)	(3,990)
Total assets	144,651	137,067	139,806	137,816	100,745
Total liabilities	(32,865)	(29,583)	(30,235)	(24,967)	(22,509)
<b>Net assets/Total equity</b>	111,786	107,484	109,571	112,849	78,236

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

### Operating Result\*

Reconciliation between the Net result from transactions to the Statement of Priorities Operating Result



	2021-22 \$'000
<b>Net operating result *</b>	246
Capital purpose income	9,462
Specific income	-
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	1,194
State supply items consumed up to 30 June 2022	(1,194)
Assets provided free of charge	-
Assets received free of charge	209
Expenditure for capital purpose	(429)
Depreciation and amortisation	(6,479)
Impairment of non-financial assets	108
Finance costs (other)	38
<b>Net result from transactions</b>	3,155

## Consultancies information

### Details of consultancies (under \$10,000)

Echuca Regional Health did not engage the services of consultants less than \$10,000 over the course of the financial year.

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

In 2021-22, there were nil consultancies where the total fees payable to the consultants were \$10,000 or greater.

## Information and Communication Technology (ICT) 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)
\$2.2m	-	-	-

# Disclosures required under Legislation

- **FREEDOM OF INFORMATION ACT 1982**

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

FOI requests from the public can be made on an ERH FOI application form, which is available from the ERH Freedom of Information Officer. The FOI application fee as at 1 July 2021 was \$30.10 with a search fee of \$20.00 and 20c per page for photocopying and postage cost.

The FOI requests should be forwarded to the ERH FOI Officer or emailed to [foi@erh.org.au](mailto:foi@erh.org.au)

For the 2021-22 financial year, ERH received 129 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](http://www.foi.vic.gov) or email [enquiries@ovic.vic.gov.au](mailto: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 and maintenance.

- **PUBLIC INTEREST DISCLOSURE ACT 2012 (VIC)**

Echuca Regional Health (ERH) is committed to the aims and objectives of the *Public Interest Disclosures Act 2012 (Vic)*.

ERH does not tolerate detrimental action being taken against any person in relation to the making of a public interest disclosure or any other 'whistleblower' disclosure protected by law.

ERH has developed procedures for the protection of persons from detrimental action being taken against them by ERH's officers and employees.

The procedures are readily available to ERH's officers and employees through ERH's intranet. The procedure accessible to members of the public is available at [www.erh.org.au](http://www.erh.org.au)

The ERH website search function also points to the relevant procedure through the search terms of 'whistleblower', 'protected disclosure' and 'public interest disclosure'.

No disclosures have been made during the financial year 2021 - 2022.

- **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.



# Environmental Performance

Echuca Regional Health is committed to protecting the environment. ERH monitors and reports on environmental and sustainability practices to help the Health Service better integrate and gain strategic value from existing sustainability efforts.

When developing changes or making improvements, consideration is given to conserving energy and water, reducing greenhouse emissions and improving waste management.

	2021-22	2020-21	2019-20	2018-19
Peak kWh	1,640,048	1,927,047	1,903,658	1,887,338
Off Peak kWh	1,570,856	1,713,579	1,703,423	1,844,798
Mj	25,035,652	26,804,511	24,802,055	24,936,436
kL	44,454	42,719	43,278	36,362
Recycled kL	9,163	8,434	6,312	8,730

## Greenhouse Gas Emissions

Total greenhouse gas emissions (tonnes CO <sub>2</sub> e)	2021-22	2020-21	2019-20
Scope 1	1,322	1,322	1,322
Scope 2	3,021	3,675	3,791
<b>Total</b>	<b>4,344</b>	<b>5,103</b>	<b>5,092</b>
Normalised greenhouse gas emissions			
Emissions per unit of floor space (kgCO <sub>2</sub> e/m <sup>2</sup> )	291.03	257.29	256.75
Emissions per unit of Separations (kgCO <sub>2</sub> e/ Separations)	314.80	474.34	423.67
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO <sub>2</sub> e/OBD)	74.37	197.19	104.63



## Stationary Energy

Total stationary energy purchased by energy type (GJ)	2021-22	2020-21	2019-20
Electricity	11,952	13,500	13,380
Natural Gas	25,673	27,713	25,256
<b>Total</b>	<b>37,625</b>	<b>41,213</b>	<b>38,636</b>
<b>Normalised stationary energy consumption</b>			
Energy per unit of floor space (GJ/m2)	1.89	2.08	1.95
Energy per unit of Separations (GJ/Separations)	2.72	3.83	3.21
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	.64	1.59	0.79
<b>Total water consumption by type (kL)</b>			
Potable Water	40,037	37,966	40,705
<b>Total</b>	<b>40,037</b>	<b>37,966</b>	<b>40,705</b>
<b>Normalised water consumption (Potable &amp; Class A)</b>			
Water per unit of floor space (kL/m2)	2.01	1.91	2.05
Water per unit of Separations (kL/Separations)	2.90	3.53	3.39
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	.68	1.47	0.84

Waste	2021-22	2020-21	2019-20
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	197,694	140,755	20,785
Total waste to landfill generated (kg clinical waste+kg general waste)	197,004	106,086	20,390
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	.20	1.64	0.24
Recycling rate % (kg recycling / (kg general waste+kg recycling))	100.00	28.64	100.00

To note – The significant increase in waste is a direct result of increased usage of Personal Protective Equipment and clinical waste to protect staff and patients 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.

## LOCAL JOBS ACT 2003

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

## GENDER EQUALITY ACT 2020

In response to the *Gender Equality Act 2020 (GE Act)* that was introduced in March 2021, Echuca Regional Health has finalised and submitted their 2021-2025 Gender Equality Action Plan.

With Chief Executive Officer and Chairperson endorsement the plan represents an organisation commitment to promoting gender equality in the workplace. Following consultation with our staff, we have committed to providing a culturally safe environment for all our staff, volunteers and community and promote respect, diversity and inclusion in all areas of the service, while also aligning to our corporate values. This will provide a blueprint for our actions and priorities over the next four years.

A copy of the Gender Equality Plan is on [www.erh.org.au](http://www.erh.org.au)

# Attestations and Declarations

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## **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  
30 June 2022

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## **DATA INTEGRITY DECLARATION**

I, Robyn Lindsay, 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.

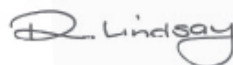


**Robyn Lindsay**  
Accountable Officer  
Echuca Regional Health  
30 June 2022

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## **CONFLICT OF INTEREST DECLARATION**

I, Robyn Lindsay, 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.

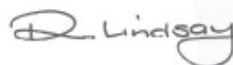


**Robyn Lindsay**  
Accountable Officer  
Echuca Regional Health  
30 June 2022

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## **INTEGRITY, FRAUD AND CORRUPTION DECLARATION**

I, Robyn Lindsay, 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.



**Robyn Lindsay**  
Accountable Officer  
Echuca Regional Health  
30 June 2022

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## **SAFE PATIENT CARE 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*.



# 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	Pg
<b>Ministerial Directions</b>		
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant Ministers	1
FRD 22	Purpose, functions, powers and duties	1
FRD 22	Nature and range of services provided	3
FRD 22	Activities, programs and achievements for the reporting period	4
FRD 22	Significant changes in key initiatives and expectations for the future	5
<b>Management and structure</b>		<b>7</b>
FRD 22	Organisational structure	8
FRD 22	Workforce data/ employment and conduct principles	10
FRD 22	Occupational Health and Safety	11
<b>Financial Information</b>		
FRD 22	Summary of the financial results for the year	29
FRD 22	Significant changes in financial position during the year	
FRD 22	Operational and budgetary objectives and performance against objectives	
FRD 22	Subsequent events	
FRD 22	Details of consultancies under \$10,000	13
FRD 22	Details of consultancies over \$10,000	13
FRD 22	Disclosure of ICT expenditure	13
<b>Legislation</b>		
FRD 22	Application and operation of Freedom of Information Act 1982	14
FRD 22	Compliance with building and maintenance provisions of Building Act 1993	14
FRD 22	Application and operation of Public Interest Disclosure Act 2012	14
FRD 22H	Statement on National Competition Policy	14
FRD 22H	Application and operation of Carers Recognition Act 2012	14
FRD 22H	Summary of the entity's environmental performance	15
FRD 22H	Additional information available on request	17
<b>Other relevant reporting directives</b>		
FRD 25	Local Jobs First Act 2003 disclosures	17
SD 5.1.4	Financial Management Compliance attestation	18
SD 5.2.3	Declaration in report of operations	



## Attestations

Attestation on Data Integrity	18
Attestation on managing Conflicts of Interest	18
Attestation on Integrity, fraud and corruption	18

### **OTHER REPORTING REQUIREMENTS**

Reporting of outcomes from Statement of Priorities 2021-2022	21
Occupational Violence reporting	12

### **GENDER EQUALITY ACT 2020**

Reporting obligations under the Safe Patient Care Act 2015	18
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# Reporting against Statement of Priorities 2021-22

Priority	2021-2022 Outcome
Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing to testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.	<p>ERH provided:</p> <ul style="list-style-type: none"> <li>• 35,502 COVID-19 tests via the ERH led community testing site</li> <li>• 25,452 COVID-19 vaccinations through the community clinic</li> <li>• Supported 1,394 people with COVID-19 through the Hospital in the Home program</li> <li>• Active participation and local resourcing of COVID positive patient monitoring via Regional Community Platform rollout</li> <li>• Respiratory Emergency Department services</li> <li>• Managed residential aged care outbreaks as required</li> <li>• Became a COVID-19 streaming hospital and admitted COVID-19 positive patients as required from January 2022</li> <li>• Provided trusted and regular information to the community to maintain community health literacy and confidence</li> </ul>
Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed-blockage to enable improved whole of hospital system flow.	<p>Emergency Access Improvements made to reduce four-hour waits including:</p> <ul style="list-style-type: none"> <li>• Re-opening the Short-Stay Unit</li> <li>• Implementing a Daily Operating System (huddles) focused on staff and patient safety and patient access</li> </ul>
Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the Health Service Partnership (HSP) Policy and Guidelines.	<p>ERH has provided leadership to and participated in all Loddon Mallee Health Network (HSP) programs including:</p> <ul style="list-style-type: none"> <li>• Regional Covid response</li> <li>• Implementation of regional payroll solution</li> <li>• Development of Murray sub-regional leadership programs</li> <li>• Allied Health Supervision and Support Project</li> </ul> <p>Participation in LMHN Quarterly forums x 4 Participation in LMHN Board Committees (Quality &amp; Safety, Clinical Workforce, Corporate Effectiveness, Shared Services).</p> <p>Identification of delegates and participation in regional committees/forums (22) contributing to the formal committee structure of LMHN.</p>

Priority	2021-2022 Outcome
<p>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. Work collaboratively with your Health Service Partnership to:</p> <ul style="list-style-type: none"> <li>• implement the Better@Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.</li> <li>• improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.</li> </ul>	<p><b>Better@Home</b> ERH@Home has been successfully implemented including:</p> <ul style="list-style-type: none"> <li>• the introduction of virtual care @ home models,</li> <li>• the use of the regional community platform (electronic patient record) for community-based programs</li> <li>• Expansion of volume of activity provided to the community in their homes (with all program activity targets met).</li> </ul> <p><b>Elective Surgery</b> LM has been successful with EOI to Department of Health to full financial allocation. Progress to date includes:</p> <p>Part A: Optimising surgical throughput:</p> <ul style="list-style-type: none"> <li>• Preparatory work for the laparoscopic cholecystectomy improvement group is underway</li> <li>• Other improvement working groups will include: <ul style="list-style-type: none"> <li>• General Surgery: simple breast surgery;</li> <li>• Urology: transurethral resection of prostate (TURP);</li> <li>• Orthopaedics: total knee and hip joint arthroplasty;</li> <li>• Gynaecology: hysterectomy.</li> </ul> </li> <li>• A colorectal preadmission clinic will be implemented at Bendigo Health as part of the project and learnings disseminated across the region.</li> <li>• In collaboration with the Bendigo Health Better@Home project, a pathway for surgical patients with diabetes to the Diabetes Nurse Practitioner Candidate clinic for consultation and optimisation pre-surgery will be developed.</li> </ul> <p>Part D: Project co-ordination and complementary reforms: priorities for this section include:</p> <ul style="list-style-type: none"> <li>• Implementation of Best Care Policy</li> <li>• Surgical patient flow between organisations in the HSP, and exploring HSP organisation capability and capacity and surgical workforce with LMHSP population demand for surgeries.</li> </ul>



Priority	2021-2022 Outcome
<p>Address critical mental health (MH) demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of system approach as an active participant in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards</p>	<p>ERH has supported MH reform in the following ways:</p> <ul style="list-style-type: none"> <li>• A significant achievement for the region was the opening of the Echuca headspace in March 2022. Following extensive consultation with young people the youth friendly environment has opened for service. headspace Echuca is a confidential and free service where young people can access a range of services including in-person catch ups, phone and videocall services so that young people can access the support they need. ERH is proud to be the lead agency in the consortium and look forward to growing the service to align with the needs of the community.</li> <li>• ERH collaborated with Bendigo Community Health Service (BHCS) and Sunbury Cobaw Community Health Centre (SCCHC) in a submission to the Department of Families, Fairness and Housing (DFFH) for an Infant, Child and Family Wellbeing and Mental Health Hub. While the broad intention is that the 'Hub' would be centralised in Bendigo, both Sunbury/ Cobaw and Echuca would be 'Spoke' recipients, to ensure care across the catchment is integrated, yet place-based, dependent upon local need. Application submitted on the 13 May 2022. Outcome pending;</li> <li>• ERH awaits advice/progress re the allocation of an Adult and Older Adult Wellbeing and Mental Health hub in Echuca;</li> <li>• Wellbeing Primary Mental Health (WPMH) Model of Care has been revised and team are delivering Trauma Informed Care training to the Board Consumer Advisory Committee at the next scheduled meeting.</li> </ul> <p>There is broad engagement with MH reform at ERH.</p>
<p>Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.</p>	<p>An Aboriginal and Torres Strait Islander Co-Design Project has commenced to ensure a thorough and comprehensive analysis using the Aboriginal Cultural Safety reflection tool. Five key components to the co-design will be undertaken:</p> <ol style="list-style-type: none"> <li>1. ERH Workforce Survey to assess cultural safety awareness;</li> <li>2. Observational Audits to monitor ERH staff behaviour;</li> <li>3. Community Survey to assess how cultural safety at ERH is experienced by Aboriginal people;</li> <li>4. In-depth interviews to undertake a deep dive into cultural views;</li> <li>5. Focus Groups to facilitate broad consultation.</li> </ol> <p>Activities completed to date include:</p> <ul style="list-style-type: none"> <li>• Aboriginal Cultural Safety Co-Design Project Plan developed;</li> <li>• ERH Workforce Survey developed and ready for Aboriginal Health Advisory Committee (AHAC) review;</li> <li>• Community Survey developed and ready for AHAC review.</li> </ul>

# Statement of Priorities 2021-22

## Key Performance Measures

### High Quality and Safe Care

Key Performance Measure	Target	Result
<b>Infection Prevention and Control</b>		
Hand Hygiene	85%	94.5%
Healthcare worker immunisation	92%	92%
<b>Patient Experience</b>		
Overall rating of care	95%	98.7%
<b>Potentially Preventable Infections</b>		
Healthcare-associated surgical site infections - selected procedures	no outliers	no outliers
<b>Maternity and Newborn</b>		
Baby's wellbeing at birth (Apgar score)	1.4%	0.2%
Severe fetal growth restriction born at 40 or more week's gestation (FGR rate)	28.6%	100%
<b>Continuing Care</b>		
FIM efficiency for rehab	0.645	1.458

### Strong Governance, leadership and culture

Key Performance Measure	Target	Result
<b>Organisational Culture</b>		
Safety Culture Among Healthcare Workers	62%	63%

## Timely access to care

Emergency Care	Target	Result
Patients transferred from Ambulance to ED within 40 minutes	90%	86%
Percentage of Triage Category 1 Patients seen immediately	100%	100%
Triage Category 1-5 Patients seen within clinically recommended time	80%	61%
Patients with a length of stay in the ED of less than 4 hours	81%	68%
Patients with a length of stay in the ED greater than 24 hours	0	6
Mental Health Care		
Percentage of mental health related ED presentations with a length of stay of less than 4 hours	81%	61%

## Effective Financial Management

Key performance indicator	Target	Result
Operating result (\$m)	0.000	0.242
Average number of days to pay trade creditors	60 days	32 days
Average number of days to receive patient fee debtors	60 days	69 days
Public and Private NWAU activity performance to target	100%	104.4%
Adjusted current asset ratio	.70	.80
Actual number of days available cash	14 days	0.5 days
Variance between forecast and actual Net result from transactions (NRFT) for the financial year ending 30 June.	Variance ≤ \$250,000	Achieved

# Reporting against Statement of Priorities

## Part C:

### ERH Activity Achieved 2021-2022

Funding Type	Activity
<b>Consolidated Activity Funding</b>	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	13,751
<b>Acute Admitted</b>	
National Bowel Cancer Screening Program NWAU	53
Acute admitted DVA	59
Acute admitted TAC	26
Other Admitted	-
<b>Acute Non-Admitted</b>	
Emergency Services	-
<b>Subacute/Non-Acute, Admitted &amp; Non-admitted</b>	
Subacute WIES - DVA	5
Palliative Care Non-admitted	-
Health Independence Program - DVA	-
<b>Aged Care</b>	
Residential Aged Care	21,696
HACC	2,158
<b>Primary Health</b>	
Community Health/Primary Care Programs	5,432
Community Health Other	-
<b>Other</b>	
Health Workforce	-
Other Specified Funding	-





Victorian Auditor-General's Office

## Independent Auditor's Report

### To the Board of Echuca Regional Health

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

**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  
17 October 2022

Dominika Ryan  
as delegate for the Auditor-General of Victoria

# Financial Report

## Echuca Regional Health

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### Financial Statements Financial Year ended 30 June 2022

#### Board Member'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.

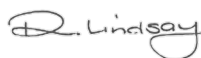
We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of Echuca Regional Health at 30 June 2022.

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

We authorise the attached Financial Statements for issue on 19/09/2022.



Larna Tarrant  
Chairperson



Robyn Lindsay  
Accountable Officer



Robyn Rudge  
Chief Finance and Accounting Officer

Echuca Regional Health  
19/09/2022

Echuca Regional Health  
19/09/2022

Echuca Regional Health  
19/09/2022

# Echuca Regional Health

## Comprehensive Operating Statement

For the Financial Year Ended 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Revenue and income from transactions</b>			
Operating activities	2.1	115,603	96,603
Non-operating activities	2.1	51	56
<b>Total revenue and income from transactions</b>		<b>115,654</b>	96,659
<b>Expenses from transactions</b>			
Employee expenses	3.1	(77,183)	(68,047)
Supplies & consumables	3.1	(16,360)	(14,441)
Depreciation	4.4	(6,479)	(6,338)
Other operating expenses	3.1	(12,623)	(11,105)
<b>Total expenses from transactions</b>		<b>(112,645)</b>	(99,931)
<b>Net result from transactions - net operating balance</b>		<b>3,009</b>	(3,272)
<b>Other economic flows included in net result</b>			
Net gain/(loss) on sale of non-financial assets	3.4	101	79
Net gain/(loss) on financial instruments at fair value	3.4	7	(5)
Other gain/(loss) from other economic flows	3.4	38	190
<b>Net result for the year</b>		<b>3,155</b>	(3,008)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation reserve	4.1(b)	1,146	922
<b>Total other comprehensive income</b>		<b>1,146</b>	922
<b>Comprehensive result for the year</b>		<b>4,301</b>	(2,086)

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



# Echuca Regional Health

## Balance Sheet

as at 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6.2	12,946	9,059
Receivables and contract assets	5.1	1,927	3,133
Inventories	4.5	853	823
Prepayments		2,154	1,927
<b>Total current assets</b>		<b>17,880</b>	<b>14,942</b>
<b>Non-current assets</b>			
Receivables and contract assets	5.1	3,701	3,609
Property, plant and equipment	4.1 (a)	121,617	118,148
Right of use assets	4.2 (a)	1,453	368
<b>Total non-current assets</b>		<b>126,771</b>	<b>122,125</b>
<b>Total assets</b>		<b>144,651</b>	<b>137,067</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables and contract liabilities	5.2	8,124	4,327
Borrowings	6.1	283	3,409
Employee benefits	3.2	15,354	14,268
Other liabilities	5.3	5,844	5,058
<b>Total current liabilities</b>		<b>29,605</b>	<b>27,062</b>
<b>Non-current liabilities</b>			
Payables and contract liabilities	5.2	237	260
Borrowings	6.1	1,809	956
Employee benefits	3.2	1,214	1,304
<b>Total non-current liabilities</b>		<b>3,260</b>	<b>2,520</b>
<b>Total liabilities</b>		<b>32,865</b>	<b>29,582</b>
<b>Net assets</b>		<b>111,786</b>	<b>107,485</b>
<b>Equity</b>			
Revaluation surplus	4.3	67,174	66,028
Contributed capital	SCE	24,804	24,804
Accumulated surpluses	SCE	19,808	16,653
<b>Total Equity</b>		<b>111,786</b>	<b>107,485</b>

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 2022

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses	Total
	\$000	\$000	\$000	\$000
<b>Balance at 30 June 2020</b>	<b>65,106</b>	<b>24,804</b>	<b>19,661</b>	<b>109,571</b>
Net result for the year	-	-	(3,008)	<b>(3,008)</b>
Other comprehensive income for the year	922	-	-	<b>922</b>
<b>Balance at 30 June 2021</b>	<b>66,028</b>	<b>24,804</b>	<b>16,653</b>	<b>107,485</b>
Net result for the year	-	-	3,155	<b>3,155</b>
Other comprehensive income for the year	1,146	-	-	<b>1,146</b>
<b>Balance at 30 June 2022</b>	<b>67,174</b>	<b>24,804</b>	<b>19,808</b>	<b>111,786</b>

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

# Echuca Regional Health

## Cash Flow Statement

For the Financial Year Ended 30 June 2022

	Note	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Operating grants from State Government		87,815	82,082
Operating grants from Commonwealth Government		10,193	699
Capital grants from State Government		1,900	1,547
Capital grants from Commonwealth Government		1,471	9
Patient fees received		4,394	4,550
Donations and bequests received		874	352
GST received from ATO		3,598	3,108
Interest and investment income received		51	56
Other receipts received		3,677	4,491
<b>Total receipts</b>		<b>113,973</b>	<b>96,894</b>
Employee expenses		(75,524)	(67,955)
Payments for supplies and consumables		(14,876)	(15,186)
Payments for medical indemnity insurance		(1,717)	(1,698)
Payments for repairs and maintenance		(1,569)	(936)
GST paid to ATO		(625)	(542)
Other payments		(10,037)	(9,958)
<b>Total payments</b>		<b>(104,348)</b>	<b>(96,275)</b>
<b>Net cash flow from operating activities</b>	8.1	<b>9,625</b>	<b>619</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-financial assets		102	81
Purchase of non-financial assets		(2,756)	(3,874)
<b>Net cash flows from investing activities</b>		<b>(2,654)</b>	<b>(3,793)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(3,893)	(3,873)
Receipt of borrowings		-	3,188
Repayment of accommodation deposits		(1,389)	(1,371)
Receipt of accommodation deposits		2,198	1,280
<b>Net cash flows from financing activities</b>		<b>(3,084)</b>	<b>(776)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>3,887</b>	<b>(3,950)</b>
Cash and cash equivalents at beginning of year		9,059	13,009
<b>Cash and cash equivalents at end of year</b>	6.2	<b>12,946</b>	<b>9,059</b>

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 2022

#### 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 2022. 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.

#### 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*.

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.

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 presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Echuca Regional Health on 19/09/2022.

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

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

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

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

- introducing restrictions on non-essential visitors
- utilised telehealth services
- deferring elective surgery and reducing activity
- transferred inpatients to private health facilities
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implementing work from home arrangements where appropriate.

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

- 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



**Note 1.3: Abbreviations and terminology used in the financial statements**

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General’s Office
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 has 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: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definitions of Accounting Estimates</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-5: <i>Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies Tier 2 and Other Australian Accounting Standards</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: <i>Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 1.8: Goods and Services Tax (GST)

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

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

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

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

#### Note 1.9: Reporting entity

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

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

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

#### 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 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

#### 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.

#### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>Echuca Regional Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Echuca Regional Health to recognise revenue as or when the health service transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	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 2022

### Note 2.1: Revenue and income from transactions

	Note	2022 \$'000	2021 \$'000
<b>Operating activities</b>			
<b>Revenue from contracts with customers</b>			
Government grants (State) - Operating		65,420	48,149
Government grants (Commonwealth) - Operating		9,469	8,664
Patient and resident fees		4,285	4,840
Commercial activities <sup>1</sup>		878	954
<b>Total revenue from contracts with customers</b>	2.1(a)	<b>80,052</b>	62,607
<b>Other sources of income</b>			
Government grants (State) - Operating		21,307	26,921
Government grants (Commonwealth) - Operating		634	623
Government grants (State) - Capital		7,257	2,193
Government grants (Commonwealth) - Capital		1,337	9
Other capital purpose income		17	606
Capital donations		846	321
Assets received free of charge or for nominal consideration	2.2	209	22
Other revenue from operating activities (including non-capital donations)		3,944	3,301
<b>Total other sources of income</b>		<b>35,551</b>	33,996
<b>Total revenue and income from operating activities</b>		<b>115,603</b>	96,603
<b>Non-operating activities</b>			
Capital interest		6	5
Other interest		45	51
<b>Total income from non-operating activities</b>		<b>51</b>	56
<b>Total revenue and income from transactions</b>		<b>115,654</b>	96,659

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

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

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

#### Goods and services transferred to customers:

Over time	79,118	62,172
At a point in time	934	435
<b>Total revenue from contracts with customers</b>	<b>80,052</b>	62,607

#### 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 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:

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

If a contract liability is recognised, Echuca Regional Health recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

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

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

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 2.1: Revenue and income from transactions (Continued)

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p> <p>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p>
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
Commonwealth Aged Care funding	<p>The performance obligations for Commonwealth Aged Care funding are the number and mix of residents in the Aged Care facility.</p> <p>Revenue is recognised at a point in time, when the Commonwealth claim is received.</p>

#### 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.

# Echuca Regional Health

## Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

Medical equipment
Other equipment
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>

<b>2022</b>	<b>2021</b>
<b>\$'000</b>	<b>\$'000</b>
<b>209</b>	16
-	6
<b>209</b>	<b>22</b>

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

#### Donations and bequests

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

Echuca Regional Health receives volunteer services from members of the community in the following areas: fleet, administration and the gift shop.

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

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

#### Non-cash contributions from the Department of Health

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

<b>Supplier</b>	<b>Description</b>
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 2022

#### 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 and related on-costs

##### 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.

#### Key judgements and estimates

This section contains the following key judgements and estimates:

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

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 3.1: Expenses from transactions

	2022	2021
	\$'000	\$'000
Salaries and wages	61,767	53,981
On-costs	5,717	4,804
Agency expenses	929	825
Fee for service medical officer expenses	7,898	7,761
Workcover premium	872	676
<b>Total employee expenses</b>	<b>77,183</b>	<b>68,047</b>
Drug supplies	4,672	4,462
Medical and surgical supplies (including prostheses)	5,259	3,702
Diagnostic and radiology supplies	4,467	4,412
Other supplies and consumables	1,962	1,865
<b>Total supplies and consumables</b>	<b>16,360</b>	<b>14,441</b>
Fuel, light, power and water	1,119	1,210
Repairs and maintenance	1,426	851
Maintenance contracts	288	307
Medical indemnity insurance	1,492	1,569
Other administrative expenses	7,870	7,078
Expenses for capital purposes	428	90
<b>Total other operating expenses</b>	<b>12,623</b>	<b>11,105</b>
Depreciation (refer note 4.4)	6,479	6,338
<b>Total depreciation</b>	<b>6,479</b>	<b>6,338</b>
<b>Total expenses from transactions</b>	<b>112,645</b>	<b>99,931</b>

#### How we recognise expenses from transactions

##### Expense recognition

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

##### Employee expenses

Employee expenses include: Salaries and wages (including fringe benefits tax; leave entitlements; termination payments); On-costs; Agency expenses; Fee for service medical officer expenses 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 2022

#### Note 3.2: Employee benefits and related on-costs

##### Current employee benefits and related on-costs

###### Accrued Days Off

Unconditional and expected to be settled wholly within 12 months <sup>i</sup>

###### Annual Leave

Unconditional and expected to be settled wholly within 12 months <sup>i</sup>

Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>

###### Long Service Leave

Unconditional and expected to be settled wholly within 12 months <sup>i</sup>

Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>

##### Provisions related to employee benefit on-costs

Unconditional and expected to be settled wholly within 12 months <sup>i</sup>

Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>

##### Total current employee Benefits

##### Non-current employee benefits and related on-costs

Conditional Long Service Leave <sup>ii</sup>

Provisions related to employee benefit on-costs <sup>ii</sup>

##### Total non-current employee benefits and related on-costs

##### Total employee benefits and related on-costs

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

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

2022 \$000	2021 \$000
95	80
3,800	3,400
2,100	1,871
1,000	750
6,604	6,613
13,599	12,714
624	510
1,131	1,044
1,755	1,554
15,354	14,268
1,074	1,161
140	143
1,214	1,304
16,568	15,572

#### Note 3.2 (a): Employee benefits and related on-costs

Unconditional accrued days off

Unconditional annual leave entitlements

Unconditional long service leave entitlements

##### Total current employee benefits and related on-costs

Conditional long service leave entitlements

##### Total non-current employee benefits and related on-costs

##### Total employee benefits and related on-costs

##### Attributable to:

Employee benefits

Provision for related on-costs

##### Total employee benefits and related on-costs

2022 \$000	2021 \$000
95	80
6,667	5,919
8,592	8,269
15,354	14,268
1,214	1,304
1,214	1,304
16,568	15,572
14,673	13,875
1,895	1,697
16,568	15,572

#### Note 3.2 (b): Provision for related on-costs movement schedule

##### Carrying amount at start of year

Net gain/(loss) arising from revaluation of long service leave

##### Carrying amount at end of year

2022 \$000	2021 \$000
1,697	1,393
198	304
1,895	1,697

### Note 3.2: Employee benefits and related on-costs (continued)

#### How we recognise employee benefits

##### Employee benefit recognition

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

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

##### Annual leave and accrued days off

Liabilities for annual leave and accrued days off are 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.

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

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

### Note 3.3: Superannuation

#### Defined benefit plans: <sup>i</sup>

Aware <sup>ii</sup>

#### Defined contribution plans:

Aware <sup>ii</sup>

Hesta

Other

**Total**

Paid Contribution for the Year 2022 \$'000	Paid Contribution for the Year 2021 \$'000	Contribution Outstanding at Year End 2022 \$'000	Contribution Outstanding at Year End 2021 \$'000
93	125	-	-
2,834	2,748	-	-
1,807	1,440	-	-
983	491	-	-
<b>5,717</b>	<b>4,804</b>	<b>-</b>	<b>-</b>

<sup>i</sup> The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

<sup>ii</sup> Superannuation fund name change from First State Super to Aware.

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 3.3: Superannuation (Continued)

##### 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.

##### Defined benefit superannuation plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Echuca Regional Health to the superannuation plans in respect of the services of current Echuca Regional Health Staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Echuca Regional Health does not recognise any unfunded defined benefit liability in respect of the plans because the hospital has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

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

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

##### Defined contribution superannuation plans

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

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.

#### Note 3.4: Other economic flows

Net gain on disposal of property, plant and equipment

**Total net gain/(loss) on non-financial assets**

Allowance for impairment losses of contractual receivables

Other gains/(losses) from other economic flows

**Total net gain/(loss) on financial instruments**

Net gain / (loss) arising from revaluation of long service liability

**Total other gains/(losses) from other economic flows**

**Total gains/(losses) from other economic flows**

##### 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 equity instruments from the reserves to retained surplus/(deficit) 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:

- net gain / (loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

##### Net gain/(loss) on financial instruments

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

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

##### Amortisation of non-produced intangible assets

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

##### Impairment of non-financial assets

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

	2022 \$'000	2021 \$'000
	101	79
	101	79
	34	(5)
	(27)	-
	7	(5)
	38	190
	38	190
	146	264



**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 Right-of-use assets
- 4.3 Revaluation surplus
- 4.4 Depreciation
- 4.5 Inventories
- 4.6 Impairment of assets

**Telling the COVID-19 story**

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

**Key judgements and estimates**

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Echuca Regional Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	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.
Estimating restoration costs at the end of a lease	Where a lease agreement requires Echuca Regional Health to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Identifying indicators of impairment	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"><li>• If an asset’s value has declined more than expected based on normal use</li><li>• If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li><li>• If an asset is obsolete or damaged</li><li>• If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life</li><li>• If the performance of the asset is or will be worse than initially expected.</li></ul> Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 4.1: Property, plant & equipment

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

	2022 \$'000	2021 \$'000
Land at fair value	5,744	4,598
<b>Total land at fair value</b>	<b>5,744</b>	<b>4,598</b>
Buildings at fair value	112,614	112,614
Less accumulated depreciation	(14,754)	(9,835)
<b>Total buildings at fair value</b>	<b>97,860</b>	<b>102,779</b>
Leasehold improvements at fair value	1,172	-
Less accumulated depreciation	(15)	-
<b>Total leasehold improvements at fair value</b>	<b>1,157</b>	<b>-</b>
Work in progress at cost	8,094	2,350
<b>Total land and buildings</b>	<b>112,855</b>	<b>109,727</b>
Plant and equipment at fair value	6,542	4,023
Less accumulated depreciation	(1,989)	(1,821)
	4,553	2,202
Work in progress at fair value	656	2,836
<b>Total plant and equipment at fair value</b>	<b>5,209</b>	<b>5,038</b>
Motor vehicles at fair value	63	268
Less accumulated depreciation	(63)	(261)
<b>Total motor vehicles at fair value</b>	<b>-</b>	<b>7</b>
Medical equipment at fair value	8,938	8,440
Less accumulated depreciation	(6,602)	(6,025)
	2,336	2,415
Work in progress at fair value	-	14
<b>Total medical equipment at fair value</b>	<b>2,336</b>	<b>2,429</b>
Computer equipment at fair value	5,191	4,865
Less accumulated depreciation	(4,659)	(4,499)
	532	366
Work in progress at fair value	-	23
<b>Total computer equipment at fair value</b>	<b>532</b>	<b>389</b>
Furniture and fittings at fair value	1,952	1,564
Less accumulated depreciation	(1,375)	(1,229)
	577	335
Work in Progress at fair value	-	75
<b>Total furniture and fittings at fair value</b>	<b>577</b>	<b>410</b>
Other equipment	1,097	1,089
Less accumulated depreciation	(989)	(941)
<b>Total other equipment at fair value</b>	<b>108</b>	<b>148</b>
<b>Total plant &amp; equipment, furniture &amp; fittings and vehicles at fair value</b>	<b>8,762</b>	<b>8,421</b>
<b>Total property, plant and equipment</b>	<b>121,617</b>	<b>118,148</b>

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

		Land	Buildings	Buildings work in progress	Leasehold improvements	Plant & equipment	Motor vehicles	Medical equipment	Computer equipment	Furniture & fittings	Other equipment	Total
	Note	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2020</b>		3,676	107,699	208	-	3,788	15	2,668	373	433	189	<b>119,049</b>
Additions		-	-	2,142	-	1,509	-	488	193	102	24	<b>4,458</b>
Disposals		-	-	-	-	-	-	(2)	-	-	-	<b>(2)</b>
Assets provided free of charge		-	-	-	-	-	-	16	-	-	6	<b>22</b>
Revaluation Increments/(Decrements)		922	-	-	-	-	-	-	-	-	-	<b>922</b>
Depreciation	4.4	-	(4,920)	-	-	(259)	(8)	(741)	(177)	(125)	(71)	<b>(6,301)</b>
<b>Balance at 30 June 2021</b>	4.1 (a)	<b>4,598</b>	<b>102,779</b>	<b>2,350</b>	<b>-</b>	<b>5,038</b>	<b>7</b>	<b>2,429</b>	<b>389</b>	<b>410</b>	<b>148</b>	<b>118,148</b>
Additions		-	-	5,744	1,172	539	-	380	304	316	8	<b>8,463</b>
Disposals		-	-	-	-	-	(1)	-	-	-	-	<b>(1)</b>
Assets provided free of charge		-	-	-	-	-	-	209	-	-	-	<b>209</b>
Revaluation increments/(decrements)		1,146	-	-	-	-	-	-	-	-	-	<b>1,146</b>
Depreciation	4.4	-	(4,919)	-	(15)	(368)	(6)	(682)	(161)	(149)	(48)	<b>(6,348)</b>
<b>Balance at 30 June 2022</b>	4.1 (a)	<b>5,744</b>	<b>97,860</b>	<b>8,094</b>	<b>1,157</b>	<b>5,209</b>	<b>-</b>	<b>2,336</b>	<b>532</b>	<b>577</b>	<b>108</b>	<b>121,617</b>

#### Land and buildings carried at valuation

The Valuer-General; Victoria undertook to re-value all of Echuca Regional Health's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022.

#### 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 in Note 7.4.

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

##### Revaluation

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

Where an independent valuation has not been undertaken at balance date, 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 2022 indicated an overall:

- increase in fair value of land of 49% (\$1,146,059)

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

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 2022.

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

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

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

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

#### Note 4.2: Right-of-use assets

##### Note 4.2 (a): Gross carrying amount and accumulated depreciation

Right-of-use buildings at fair value

Less accumulated depreciation

**Total right of use buildings at fair value**

Right-of-use motor vehicles at fair value

Less accumulated depreciation

**Total right of use motor vehicles at fair value**

**Total right of use assets**

	2022	2021
	\$'000	\$'000
	1,031	-
	(39)	-
	992	-
	590	405
	(129)	(37)
	461	368
	1,453	368

Echuca Regional Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

		Right of use buildings	Right of use motor vehicles	Total
	Note	\$'000		\$'000
Balance at 30 June 2020		-	-	-
Additions		-	405	405
Depreciation	4.4	-	(37)	(37)
Balance at 30 June 2021		-	368	368
Additions	4.2 (a)	1,031	185	1,216
Depreciation	4.4	(39)	(92)	(131)
Balance at 30 June 2022	4.2 (a)	992	461	1,453

Right of use assets carried at valuation

The Valuer-General Victoria undertook to re-value all of Echuca Regional Health Services right of use assets to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts of which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022.

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 buildings	5 to 20 years
Leased motor vehicles	3 years

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

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

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



## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 4.3: Revaluation surplus

	Note	2022 \$'000	2021 \$'000
Balance at the beginning of the reporting period		66,028	65,106
<b>Revaluation increment</b>			
- Land	4.1 (b)	1,146	922
<b>Balance at the end of the reporting period *</b>		<b>67,174</b>	<b>66,028</b>
<b>* Represented by:</b>			
Land		3,786	2,640
Buildings		63,388	63,388
<b>Total</b>		<b>67,174</b>	<b>66,028</b>

#### Note 4.4: Depreciation

	2022 \$'000	2021 \$'000
<b>Depreciation</b>		
<b>Property, plant and equipment</b>		
Buildings	4,919	4,920
Leasehold improvements	15	-
Plant & equipment	368	259
Motor vehicles	6	8
Medical equipment	682	741
Computers equipment	161	177
Furniture and fittings	149	125
Other equipment	48	71
<b>Total depreciation - property, plant and equipment</b>	<b>6,348</b>	<b>6,301</b>
<b>Right-of-use assets</b>		
Right-of-use - buildings	39	-
Right of use - motor vehicles	92	37
<b>Total depreciations - right-of-use assets</b>	<b>131</b>	<b>37</b>
<b>Total depreciation</b>	<b>6,479</b>	<b>6,338</b>

#### How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under 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.

	2022	2021
Buildings		
- Structure, shell and building fabric	2 to 47 years	2 to 47 years
- Site engineering services and central plant	3 to 33 years	3 to 33 years
- Fit out	1 to 17 years	1 to 17 years
- Trunk reticulated building systems	1 to 19 years	1 to 19 years
Plant and equipment	7 to 15 years	7 to 15 years
Medical equipment	3 to 20 years	3 to 20 years
Computer equipment	2 to 10 years	2 to 10 years
Furniture and fittings	2 to 15 years	5 to 15 years
Motor vehicles	4 to 10 years	4 to 10 years
Leasehold improvements	5 to 20 years	

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above.

Note 4.5: Inventories

Current

Pharmacy supplies - at cost  
General stores - at cost  
Theatre stores - at cost  
Wards stores - at cost  
Engineering stores - at cost  
Total current inventories

2022	2021
\$'000	\$'000
90	87
264	237
294	309
189	176
16	14
853	823

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.

Note: 4.6 Impairment of assets

How we recognise impairment

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

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

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

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

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

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

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

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### 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 and contract liabilities

##### 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.

#### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	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.

#### Note 5.1: Receivables and contract assets

##### Current receivables and contract assets

##### Contractual

Inter hospital debtors  
Trade receivables  
Debtor - Department of Health  
Patient fees  
Allowance for impairment losses  
Accrued revenue - other  
Accrued revenue - Department of Health  
Refundable rental bonds

##### Total contractable receivables

##### Statutory

GST receivable

##### Total statutory receivables

##### Total current receivables and contract assets

##### Non-current receivables and contract assets

##### Contractual

Long service leave - Department of Health

##### Total non-current receivables and contract assets

##### Total receivables and contract assets

(i) Financial assets classified as receivables and contract assets (Note 7.1(a))

Total receivables and contract assets

GST receivable

##### Total financial assets

2022 \$000	2021 \$000
499	436
37	29
-	813
813	797
(329)	(260)
338	394
-	446
1	3
1,359	2,658
568	475
568	475
1,927	3,133

3,701	3,609
3,701	3,609
5,628	6,742

5,628	6,742
(568)	(475)
5,060	6,267

7.1 (a)

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

Balance at the beginning of the year

Amounts written off during the year

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

##### Balance at the end of the year

260	127
(7)	(7)
76	140
329	260

Note 5.1: Receivables and contract assets (continued)

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.

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

Current payables and contract liabilities

Contractual

Trade creditors  
Accrued salaries and wages  
Accrued expenses  
Contract liabilities  
Superannuation  
Inter - hospital creditors  
Department of Health  
**Total contractual payables**

Statutory

GST payable

Total statutory payables

Total current payables and contractual liabilities

Non-current payables and contract liabilities

Contract liabilities

Total non-current payables and contract liabilities

Total payables and contract liabilities

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

Total payables and contract liabilities  
GST payable  
Contract liabilities  
**Total financial liabilities**

How we recognise payables and contract liabilities

Payables consist of:

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

**Statutory payables**, includes 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.

	2022	2021
	\$000	\$000
	1,773	1,248
	1,796	902
	1,593	1,578
	444	61
	181	40
	189	133
	2,040	316
	8,016	4,278
	108	49
	108	49
	8,124	4,327
	237	260
	237	260
	8,361	4,587
	8,361	4,587
	(108)	(49)
	(444)	(61)
	7,809	4,477

7.1 (a)

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 5.2 (a): Contract liabilities

##### Opening balance of contract liabilities

Grant consideration for sufficiently specific performance obligations received during the year

Revenue recognised for the completion of a performance obligation

##### Total contract liabilities

2022	2021
\$'000	\$'000
321	449
415	39
(54)	(167)
682	321
444	61
238	260
682	321

##### \*Represented by:

Current contract liabilities

Non-current contract liabilities

##### How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in supporting health programs, providing 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.

##### Maturity analysis of payables

Please refer to Note 7.2 (b) for the ageing analysis of payables.

#### Note 5.3: Other liabilities

##### Current monies held in trust

Patient monies

Refundable accommodation deposits

Other monies

##### Total current monies held in trust

##### \* Represented by:

Cash Assets

##### Total

2022	2021
\$'000	\$'000
7	20
5,792	4,983
45	55
5,844	5,058
5,844	5,058
5,844	5,058
5,844	5,058

##### How we recognise other liabilities

##### Refundable Accommodation Deposit ("RAD")/accommodation bond liabilities

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	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"><li>has the right-to-use an identified asset</li><li>has the right to obtain substantially all economic benefits from the use of the leased asset and</li><li>can decide how and for what purpose the asset is used throughout the lease.</li></ul>
Determining if a lease meets the short-term or low value asset lease exemption	Echuca Regional Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. 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. 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.
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. Echuca Regional Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: <ul style="list-style-type: none"><li>If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li><li>If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.</li><li>The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li></ul>

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### Note 6.1: Borrowings

		2022 \$'000	2021 \$'000
<b>Current borrowings</b>			
Loan <sup>(i)</sup>		164	164
Lease liability <sup>(ii)</sup>	6.1 (a)	119	62
Advances from government <sup>(iii)</sup>		-	3,183
<b>Total current borrowings</b>		<b>283</b>	<b>3,409</b>
<b>Non-current borrowings</b>			
Loan <sup>(i)</sup>		453	650
Lease liability <sup>(ii)</sup>	6.1 (a)	1,356	306
<b>Total non-current borrowings</b>		<b>1,809</b>	<b>956</b>
<b>Total borrowings</b>	7.1 (a)	<b>2,092</b>	<b>4,365</b>

(i) The Department of Health have provided a six year loan maturing on June 2026.

(ii) The headspace building and motor vehicles are secured by the assets leased.

(iii) Advance from the Department of Health which bears no interest.

#### How we recognise borrowings

Borrowings refer to interesting 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:

	2022 \$'000	2021 \$'000
Total undiscounted lease liabilities	1,907	384
Less unexpired finance expenses	(432)	(16)
<b>Net lease liabilities</b>	<b>1,475</b>	<b>368</b>

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

	2022 \$'000	2021 \$'000
Not longer than one year	163	69
Longer than one year but not longer than five years	701	315
Longer than five years	1043	-
<b>Minimum future lease liability</b>	<b>1907</b>	<b>384</b>
Less unexpired finance expenses	(432)	(16)
<b>Present value of lease liability</b>	<b>1475</b>	<b>368</b>

#### \*Represented by:

- Current liabilities	119	62
- Non-current liabilities	1,356	306
	<b>1,475</b>	<b>368</b>

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.

Echuca Regional Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased buildings	5 to 20 years
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 rates of between 2.25% to 3.55%.

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.

The following types of lease arrangements, contain extension and termination options:

- Headspace building lease - extension option for up to three further terms of five years each and termination options for breaching the agreement including unpaid rent and destruction or damage.

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

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

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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 2022

#### Note 6.2: Cash and cash equivalents

Cash on hand (excluding monies held in trust)  
 Cash at bank (excluding monies held in trust)  
 Cash at bank - CBS (excluding monies held in trust)  
**Total cash held for operations**

2022 \$'000	2021 \$'000
3	2
887	785
6,212	3,214
7,102	4,001

Cash on hand (monies held in trust)  
 Cash at bank (monies held in trust)  
 Cash at bank - CBS (monies held in trust)  
 Deposits at call (monies held in trust)  
**Total cash held as monies held in trust**

2	2
5	3
5,837	5,038
-	15
5,844	5,058
12,946	9,059

#### Total cash and cash equivalents

#### How we recognise cash and cash equivalents

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

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

#### Note 6.3: Commitments for expenditure

#### Capital expenditure commitments

Less than 1 year

#### Total capital expenditure commitments

2022 \$'000	2021 \$'000
4,177	747
4,177	747

#### 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.

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
- 7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Echuca Regional Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service’s assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Echuca Regional Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"><li>• Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Echuca Regional Health’s [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach.</li><li>• Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Echuca Regional Health’s [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach.</li><li>• Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Echuca Regional Health does not this use approach to measure fair value.</li></ul> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"><li>• Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Echuca Regional Health does not categorise any fair values within this level.</li><li>• Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Echuca Regional Health categorises non-specialised land and right-of-use concessionary land in this level.</li><li>• Level 3, where inputs are unobservable. Echuca Regional Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.</li></ul>

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### 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

		Financial assets at amortised cost 2022 \$'000	Financial liabilities at amortised cost 2022 \$'000	Total 2022 \$'000	Financial assets at amortised cost 2021 \$'000	Financial liabilities at amortised cost 2021 \$'000	Total 2021 \$'000
	Note						
<b>Contractual financial assets</b>							
Cash and cash equivalents	6.2	12,946	-	12,946	9,059	-	9,059
Receivables and contract assets	5.1	5,060	-	5,060	6,267	-	6,267
<b>Total financial assets (i)</b>		<b>18,006</b>	<b>-</b>	<b>18,006</b>	15,326	-	15,326
<b>Contractual financial liabilities</b>							
Payables and contract liabilities	5.2	-	7,809	7,809	-	4,477	4,477
Borrowings	6.1	-	2,092	2,092	-	4,365	4,365
Refundable accommodation deposits	5.3	-	5,792	5,792	-	4,983	4,983
Other liabilities	5.3	-	52	52	-	75	75
<b>Total financial liabilities (i)</b>		<b>-</b>	<b>15,745</b>	<b>15,745</b>	-	13,900	13,900

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

#### How we categorise financial instruments

##### Categories of financial assets

Financial assets are recognised when 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 an "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.
- other liabilities (including monies held in trust).

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### 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 between 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.

### 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 2021-22.

### 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.

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

### Contractual receivables at amortised cost

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 month	1 1-3 months	3 months - 1 year	1-5 years	Total
<b>30 June 2022</b>							
<b>Expected loss rate</b>		0%	4%	12%	50%	95%	
Gross carrying amount of contractual receivables	5.1	3,413	983	308	191	165	5,060
<b>Loss allowance</b>		-	(39)	(37)	(96)	(157)	(329)
<b>30 June 2021</b>							
<b>Expected loss rate</b>		0%	2%	5%	35%	85%	
Gross carrying amount of contractual receivables	5.1	4,619	1,087	183	185	193	6,267
<b>Loss allowance</b>		-	(22)	(9)	(65)	(164)	(260)

### 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 2022

#### 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.

Note	Carrying amount \$'000	Nominal amount \$'000	Maturity Dates				
			Less than 1 month	1-3 months	3 months - 1 Year	1-5 Years	Over 5 Years
			\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>							
<b>Financial liabilities at amortised cost</b>							
Payables 5.2	7,809	7,809	7,657	152	-	-	-
Borrowings 6.1	2,092	2,092	9	23	1,238	822	-
Other financial liabilities (i)							
- Refundable accommodation deposits 5.3	5,792	5,792	-	725	5,067	-	-
- Other 5.3	53	53	-	3	19	31	-
<b>Total financial liabilities</b>	<b>15,746</b>	<b>15,746</b>	<b>7,666</b>	<b>903</b>	<b>6,324</b>	<b>853</b>	<b>-</b>
<b>2021</b>							
<b>Financial liabilities at amortised cost</b>							
Payables 5.2	4,587	4,587	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	-
<b>Total financial liabilities</b>	<b>14,010</b>	<b>14,010</b>	<b>4,134</b>	<b>763</b>	<b>5,630</b>	<b>3,113</b>	<b>-</b>

(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 5% 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 end 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 and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### Contingent assets

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

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

#### Contingent liabilities

Contingent liabilities are:

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.

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### Note 7.4: Fair value determination

#### How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment
- Right-of-use assets

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

#### Valuation hierarchy

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

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

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.

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

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

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

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

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## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

		Carrying amount as at 30 June 2022	Fair value measurement at end of Reporting period using:			Carrying amount as at 30 June 2021	Fair value measurement at end of Reporting period using:		
		\$'000	Level 1 <sup>1</sup> \$'000	Level 2 <sup>1</sup> \$'000	Level 3 <sup>1</sup> \$'000	\$'000	Level 1 <sup>1</sup> \$'000	Level 2 <sup>1</sup> \$'000	Level 3 <sup>1</sup> \$'000
Specialised land	4.1 (a)	5,744	-	-	5,744	4,598	-	-	4,598
Specialised buildings	4.1 (a)	97,860	-	-	97,860	102,779	-	-	102,779
Plant and equipment at fair value	4.1 (a)	4,553	-	-	4,553	2,202	-	-	2,202
Motor vehicles at fair value	4.1 (a)	-	-	-	-	7	-	-	7
Medical equipment at fair value	4.1 (a)	2,336	-	-	2,336	2,415	-	-	2,415
Computer equipment at fair value	4.1 (a)	532	-	-	532	366	-	-	366
Furniture and fittings at fair value	4.1 (a)	577	-	-	577	335	-	-	335
Other equipment at fair value	4.1 (a)	108	-	-	108	148	-	-	148
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>8,106</b>	-	-	<b>8,106</b>	<b>5,473</b>	-	-	<b>5,473</b>
Right-of-use buildings	4.2 (a)	992	-	-	992	-	-	-	-
<b>Total non-financial physical assets at fair value</b>		<b>112,702</b>	-	-	<b>112,702</b>	<b>112,850</b>	-	-	<b>112,850</b>

#### How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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 highest and best use 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.

#### 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.

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 was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

#### Vehicles

The 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 the health service 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 2022.



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

Reconciliation of level 3 fair value measurement

Balance at 1 July 2020

Additions / (disposals)  
Assets provided free of charge  
Gains / (losses) recognised in net result  
- Depreciation  
Items recognised in Other Comprehensive Income  
- Revaluation

Balance at 30 June 2021

Additions / (Disposals)  
Assets provided free of charge  
Gains / (losses) recognised in net result  
- Depreciation  
Items recognised in other comprehensive income  
- Revaluation

Balance at 30 June 2022

(i) Classified in accordance with the fair value hierarchy, refer Note 7.4.

Note	Land \$'000	Buildings \$'000	Plant, equipment, furniture, fittings and vehicles \$'000	Right-of-use buildings \$'000	Right-of-use vehicles \$'000
	3,676	107,699	6,122	-	-
	-	-	710	-	405
	-	-	22	-	-
	-	(4,920)	(1,381)	-	(37)
	922	-	-	-	-
7.4 (a)	4,598	102,779	5,473	-	368
	-	1,176	3,839	1,031	185
	-	-	209	-	-
	-	(4,919)	(1,414)	(39)	(92)
	1,146	-	-	-	-
7.4 (a)	5,744	99,036	8,107	992	461

Fair value determination of level 3 fair value measurement

Asset Class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown / freehold)	Market approach	Community Service Obligations Adjustments <sup>(a)</sup>
Specialised buildings	Current replacement cost approach	Cost per square metre. Useful life.
Plant and equipment	Current replacement cost approach	Cost per unit. Useful life.
Vehicles	Current replacement cost approach	Cost per unit. Useful life.

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

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### 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.

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

	2022	2021
	\$'000	\$'000
<b>Net result for the year</b>	<b>3,155</b>	(3,008)
<b>Non-cash movements:</b>		
Depreciation	6,479	6,338
Discount (interest) / expense on loan	(7)	5
Assets received free of charge	(209)	(22)
(Gain)/loss on revaluation of long service leave liability	38	190
Net (gain)/loss from sale of assets	(101)	(79)
Other non-cash movements (i)	(5,357)	(803)
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	1,114	(1,864)
(Increase)/decrease inventories	(30)	90
(Increase)/decrease in prepayments	(227)	30
Increase/(decrease) in payables	3,774	(1,723)
Increase/(decrease) in employee benefits	996	1,465
<b>Net cash inflow/(outflow) from operating activities</b>	<b>9,625</b>	619

(i) Department of Health funded directly the Cancer and Wellness Centre building.

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.

		Period
Responsible Ministers:	The Honourable Mary-Anne Thomas:	
	Minister for Health	27/06/2022 - 30/06/2022
	Minister for Ambulance Services	27/06/2022 - 30/06/2022
	The Honourable Martin Foley:	
	Minister for Health	01/07/2021 - 27/06/2022
	Minister for Ambulance Services	01/07/2021 - 27/06/2022
	The Honourable Colin Brooks:	
	Minister for Disability, Ageing and Carers	27/06/2022 - 30/06/2022
	The Honourable Anthony Carbines:	
	Minister for Child Protection and Family Services	01/07/2021 - 27/06/2022
	Minister for Disability, Ageing and Carers	06/12/2021 - 27/06/2022
	The Honourable Luke Donnellan:	
Governing Boards:	Minister for Disability, Ageing and Carers	01/07/2021 - 11/10/2021
	The Honourable Gabrielle Williams:	
	Minister for Mental Health	27/06/2022 - 30/06/2022
	The Honourable James Merlino:	
	Minister for Mental Health	01/07/2021 - 27/06/2022
	Minister for Disability, Ageing and Carers	11/10/2021 - 06/12/2021
	Ms L Tarrant (Chair)	01/07/2021 - 30/06/2022
	Mr J Quirk	01/07/2021 - 21/06/2022
	Mr S Webb	01/07/2021 - 30/06/2022
	Mrs J Hamit	01/07/2021 - 30/06/2022
	Mrs S Barry	01/07/2021 - 30/06/2022
	Mrs S Mulcahy	01/07/2021 - 30/06/2022
Accountable Officers:	Dr S Paul	01/07/2021 - 30/06/2022
	Mrs M Johns	01/07/2021 - 30/06/2022
	Mr D Butel	01/07/2021 - 30/06/2022
	Mr C Sykes	01/07/2021 - 30/06/2022
	Ms S Williams	01/07/2021 - 30/06/2022
	Mr N Bush - Chief Executive Officer	01/07/2021 - 17/10/2021
	Dr Glenn Howlett - Acting Chief Executive Officer	18/10/2021 - 14/11/2021
	Ms Robyn Lindsay - Interim Chief Executive Officer	15/11/2021 - 13/04/2022
	Ms Robyn Lindsay - Chief Executive Officer	14/04/2022 - 30/06/2022

## Echuca Regional Health

### Notes to the Financial Statements for the Financial Year Ended 30 June 2022

#### 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

\$0-\$9,999  
\$10,000-\$19,999  
\$30,000 - \$39,999  
\$240,000 - \$249,999  
\$280,000 - \$289,999

##### Total numbers

2022 No.	2021 No.
2	1
10	11
1	-
1	-
-	1
14	13

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

2022	2021
\$'000	\$'000
426	444

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 State's Annual 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.

##### Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)

Short-term benefits  
Post-employment benefits  
Other long-term benefits  
**Total remuneration** (i)

Total remuneration	
2022	2021
\$'000	\$'000
1,006	1,295
100	84
248	32
1,354	1,411
7	7
4.9	5.0

##### Total number of executives

##### Total annualised employee equivalent (ii)

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

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

##### Short-term employee benefits

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

##### Post-employment benefits

Pensions and other retirement benefits (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.

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. Tthis includes the following:

Entity	KMPs	Position title
Echuca Regional Health	Ms Larna Tarrant	Chair of the Board
Echuca Regional Health	Mr John Quirk	Board Member
Echuca Regional Health	Mr Scott Webb	Board Member
Echuca Regional Health	Mrs Jillian Hamit	Board Member
Echuca Regional Health	Mrs Suzanna Barry	Board Member
Echuca Regional Health	Mrs Suzanne Mulcahy	Board Member
Echuca Regional Health	Dr Sydney Paul	Board Member
Echuca Regional Health	Mrs Michelle Johns	Board Member
Echuca Regional Health	Mr Daniel Butel	Board Member
Echuca Regional Health	Mr Christopher Sykes	Board Member
Echuca Regional Health	Ms Stacy Williams	Board Member
Echuca Regional Health	Ms Robyn Lindsay	Chief Executive Officer
Echuca Regional Health	Mr Nick Bush	Chief Executive Officer
Echuca Regional Health	Mrs Robyn Rudge	Executive Director of Finance & Corporate Services
Echuca Regional Health	Ms Maree Woodhouse	Executive Director Nursing and Midwifery
Echuca Regional Health	Mrs June Dyson	Executive Director of Nursing
Echuca Regional Health	Dr Glenn Howlett	Executive Director of Medical Services
Echuca Regional Health	Mrs Angela Hussey	Executive Director People and Culture
Echuca Regional Health	Mrs Cynthia Opie	Executive Director Community Services
Echuca Regional Health	Dr Catherine Lees	Executive Director of Human Resources

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

Short-term employee benefits (i)  
Post-employment benefits  
Other long-term benefits  
Termination benefits  
Total

2022 \$'000	2021 \$'000
\$1,288	\$1,709
\$124	\$105
\$280	\$41
\$88	-
\$1,780	\$1,855

(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 \$84.3M (2021: \$73.4M) and indirect contributions of \$140K (2021: \$121K).

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 2022

#### 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 2022 (2021: 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 2022 (2021: none).

#### Note 8.5: Remuneration of auditors

##### Victorian Auditor-General's Office

Audit of the financial statements

##### Total remuneration of auditors

2022	2021
\$'000	\$'000
25	44
25	44

#### 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.



Note 8.8: 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 9.21% (2021: 9.39%) 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:

	2022	2021
	\$000 *	\$000 *
Current assets	733	598
Cash and cash equivalents	50	102
Receivables	225	140
Other assets	1,008	840
Total current assets		
Non-current assets	182	181
Computers	(107)	(90)
Accumulated depreciation	75	91
Total non-current assets		
Current liabilities	396	276
Payables	396	276
Total current liabilities		
Net share of assets employed in joint operation	687	655

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

	2022	2021
	\$000 *	\$000 *
Revenue	1,142	1,953
Income from operating activities	17	116
Capital purpose	1,159	2,069
Total revenue		
Expenses	1,104	1,912
Expenses from operating activities	5	-
Capital purpose	18	18
Depreciation	1,127	1,930
Total expenses		
Net result	32	139

\* 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

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.

Restricted specific 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

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# EM

← EMERGENCY

COVID testing


# EMERGENCY



### ZERO TOLERANCE

The hospital has a  
**ZERO TOLERANCE** against  
threatening behaviour towards their staff.  
This includes shouting, swearing, aggression,  
threats or any other inappropriate behaviour.

Abusive people will be reported to the police  
and asked to leave the premises.

 This is a non smoking site