Edenhope & District
Memorial Hospital

A healthy, thriving and connected community.

2020-2021

ANNUAL REPORT

Edenhope & District Memorial Hospital recognises Indigenous Australians as the traditional custodians of the waters and lands, and seek to create a safe and welcoming environment for Aboriginal patients and their families.

Report of Operations:

Board Chairperson & Chief Executive Officer

On behalf of the Board of Directors, Executive team and staff of Edenhope & District Memorial Hospital (EDMH), we are pleased to present this Annual Report for the year ending 30 June 2021.

The Annual Report is a business and financial overview of the year, designed to be read in conjunction with the Quality Account which gives further detail on our services, achievements and improvements over the year. This year, due to the ongoing and significant impacts of COVID-19, there will be no Quality Account submitted.

We would like to take this opportunity to sincerely thank everyone associated with EDMH for their commitment, hard work and dedication over the year, which has continued to prove itself to be one of the most trying periods for all health services. The commitment and resilience of EDMH staff, volunteers, contractors and the Edenhope community has assisted EDMH to continue to provide high quality healthcare to the community.

Mr Philip Sabien
Chairperson, Board of Directors
2020-2021

Mr Andrew Saunders
Chief Executive Officer
2020-2021

Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Edenhope & District Memorial Hospital for the year ending 30 June 2021.

Mr Philip Sabien
Chairperson, Board of Directors
Edenhope & District Memorial Hospital
23rd September 2021

Disclosure Index

The Annual Report of EDMH 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.

**FR = data included in the financial reports*

Charter and Purpose

Edenhope & District Memorial Hospital was established as a public agency in 1930 under the *Health Services Act 1988*. Edenhope & District Memorial Hospital is authorised to provide public health and ancillary services as authorised under the *Health Service Act 1988*, and operate *Residential Care Services under the Aged Care Act 1997.*

The responsible Minister is the Minister for Health:

From 1 July 2020 to 26 September 2020
Jenny Mikakos MP
Minister for Health
Minister for Ambulance Services

From 26 Sept 2020 to 30 June 2021
The Hon Martin Foley MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

Our Profile

Edenhope & District Memorial Hospital
Incorporating the Lakes Hostel, Kowree Nursing Home, Barkala Flats, Elsie Bennett Community Centre and the Health & Wellbeing Hub
128 – 134 Elizabeth Street (PO Box 75)
Edenhope, Victoria 3318
Phone: 03 5585 9800; Fax 03 5585 9891;
Email: info@edmh.org.au
Web: www.edmh.org.au

The township of Edenhope is located in Western Victoria. It is the major town in the West Wimmera Shire. Edenhope & District Memorial Hospital (EDMH) is the main health care provider for local communities in the region including Edenhope, Apsley, Harrow, Minimay and surrounding districts. Edenhope is 395 kilometres from Melbourne which provide the majority of the community's requirements for tertiary health facilities.

Ballarat is 287 kilometres from Edenhope and is the nearest regional health care facility. Horsham is 100 kilometres from Edenhope and is the nearest sub-regional base hospital.

There are a number of similar or smaller sized Victorian healthcare facilities in the vicinity however none of these are located within an 80-kilometre radius of Edenhope.

Our History

EDMH began in 1910 as a privately owned and managed hospital. It was rebuilt in 1930 on its present site, becoming two wards with a total of five beds. The hospital continued to function as two wards until 1950, when management of the hospital was transferred to the Hospitals and Charities Commission. During 1961, the hospital underwent an upgrade and was extended to a 23-bed facility. In 1981, eight beds in the Nurses Home was reallocated as nursing home beds, raising the total number of hospital beds to 31.

In 1988-89, a new nursing home was built consisting of 18 beds. This created a facility of 20 acute beds and 18 nursing home beds. In 2003, five beds were added to the hostel, providing a total of 22 hostel beds. In 1998, the hospital opened a 17-bed hostel and the Elsie Bennett Community Health Centre.

Ownership of the Barkala Flats was transferred to EDMH in 2001. The 19 flats are provided as independent living units for community members.

In 2012, an onsite medical clinic on-site was opened which was operated by EDMH until 2020.

In 2018, through the Rural Health Infrastructure Fund and a bequest from Peter Carracher, redevelopment of our residential aged care facility commenced, which would see the Kowree Nursing Home and the Lakes Hostel combined into one Ageing-in-Place facility. The entire project is anticipated to be completed in October 2021.

EDMH successfully secured funding through round 3 of the Rural Health Infrastructure Fund to redevelop the urgent care and administration areas. These funds will be utilised to renovate the Kowree Nursing Home and repurpose the building into a new 2-bed urgent care centre, administration wing, new hospital entrance and patient transfer area.

Our vision

A healthy, thriving and connected community.

We seek to achieve this vision by:

- delivering outstanding healthcare for every person, every time
- working together with our rural community to shape the services it wants and needs
- pursuing opportunities in partnerships, technology and innovation to help us sustainably grow and do what we do really well.

Our values and guiding principles

We are led by our values and guiding principles

1. Excellence

We seek to lead the way in delivering best practice rural healthcare. We are always looking for new ways to do thingsbetter. We take pride in going beyond people's expectations.

2. Respect

We value everyone as an individual. We are kind and considerate. We actively listenand value the contributions of others.

We embrace diversity and people from different backgrounds.

3. Transparency and Integrity

We do what we say and we say what we mean. We seek to make things clear by making sure people have all the necessary facts. We encourage others to ask questions of us.

4. Accountability

We take responsibility for our actions and follow through on our commitments.

We work in line with sound governance policies and processes. We welcome feedback that will help us improve.

Our Services

EDMH is a one-stop shop for health care in the surrounding community, providing a range of on-site services and hosts visiting services. The aim is to provide as many services in the community as possible to minimise the amount of travel that people need to undertake to stay healthy.

Acute Hospital Care

Edenhope & District Memorial Hospital is a public hospital offering private patients not only peace of mind in receiving the highest standard of medical services, but also extra benefits of private care.

20-bed acute hospital

24-hour Urgent care

Residential Aged Care

Our residential aged care aims to not only provide support, but to also inspire our residents to get more out of life. To keep them connected with our community and help them to discover more ways to make life meaningful and fun every day.

Lakeside Living Residential Aged Care

Kowree Nursing Home

Respite Care

Barkala Flats

Other

We provide other services to assist the community, including:

Catering

Laundry

Primary Care

The Health & Wellbeing Hub is Edenhope and District Memorial Hospital's community- based services site. Our Primary Health team are now operating some services from our new location in Elizabeth Street near the Edenhope Pharmacy, including:

- District Nursing
- Intake & Data Officer
- Community Care Coordinator
- Cancer Resource Nurse
- Diabetes Resource Nurse
- Rural Outreach Program
- Mental Health Social Worker
- Maternal Child Health
- Foot Wellbeing Clinics
- Telehealth
- Aged & Community Care Support
- Health Services Navigation

Primary Health Services available at the Hospital include:

- Health Promotion
- Exercise Programs
- Cardiac Rehabilitation
- Adult & Disability Day Centre
- Social Support Groups
- Radiography
- Dentist
- Social Work
- Occupational Therapy
- Osteopathy
- Podiatry
- Physiotherapy
- Optometrist
- Audiologist
- Speech Pathology

Management and Structure

The Board of Directors is appointed by the Governor-in-Council from recommendations made by Edenhope & District Memorial Hospital and endorsed by the Minister for Health. Edenhope & District Memorial Hospital is a public agency established under the Health Services Act 1988. The role of the Board of Directors is to ensure Edenhope & District Memorial Hospital achieves its mission and strategic goals and objectives and, in doing so, meets all the legal and moral responsibilities accompanying 'best practice' corporate and clinical governance. Whilst the Board provide direction for the organisation and determine what must be done, the responsibility for determining how services are delivered is invested in the Chief Executive Officer.

Board of Directors

Mr Philip Sabien, Chairperson
Mrs Avril Hogan, Vice-Chairperson
Mrs Chris McCann, Board Director
Dr Abhishek Verma, Board Director
Mrs Annie Osborn, Board Director
Dr Ajai Verma, Board Director
Ms Laura Willows, Board Director
Mrs Julie West, Board Director
Mr Harry Ostendorf, Board Director

Audit, Risk and Compliance Committee

Ms Laura Willows, Chairperson of the Committee
Mr Philip Sabien, Chairperson of the Board of Directors
Mrs Chris McCann, Board Director
Mrs Annie Osborn, Board Director
Mr Andrew Saunders, Chief Executive Officer
Mrs Janette Lakin, Executive Director of Finance

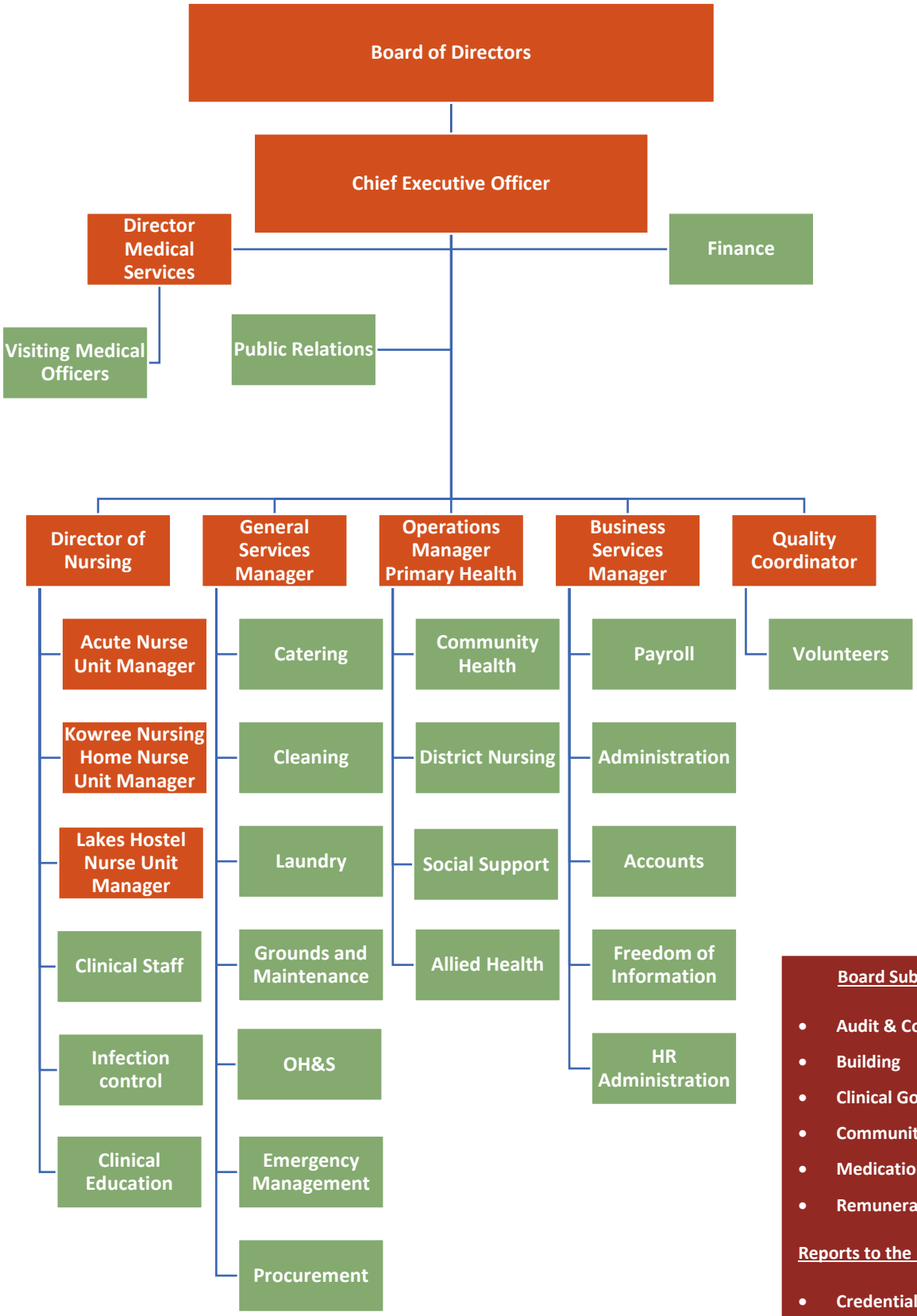
Chief Executive Officer

Mr Andrew Saunders

Senior Officers

Joseph Bermudo	Director of Nursing
Robyn Salt	Primary Health Operations Manager
Sara McDonnell	Communications Officer / Business Services Manager (July-Feb job-share)
Shelley Hartle	Business Services Manager (July - Feb job-share)
Jo Grant	Business Services Manager (Feb – June job-share)
Jessie Hicks	Business Services Manager (Feb – June job-share)
Debra Taylor	Quality & Risk Coordinator
Kurtis Stringer	General Services Manager
Kirily Ryan	Occupational Health & Safety Officer
Tricia McInnes	Acute Nurse Unit Manager
Darryl Atchison	Kowree Nursing Home Unit Manager
Debbie McLeish	The Lakes Hostel Nurse Unit Manager

Organisational Structure



Board Sub-Committees

- Audit & Compliance
- Building
- Clinical Governance
- Community Advisory
- Medication Advisory
- Remuneration

Reports to the Board

- Credentialing & Privileging

Workforce Data Disclosures

Hospitals labour category	JUNE current month FTE*		Average Monthly FTE**	
	2021	2020	2021	2020
Nursing	34.18	35.62	38.72	35.08
Administration and Clerical	14.58	12.95	15.68	14.37
Medical Support				
Hotel and Allied Services	30.90	28.93	34.81	28.38
Medical Officers				
Hospital Medical Officers				
Sessional Clinicians				
Ancillary Staff (Allied Health)	1.19	1.24	1.63	1.24

Variance between figures can be attributed to the effect that COVID-19 has had on recruitment and personnel management. Numerous positions have had increased hours, especially within Nursing services, and recruitment has increased to match the ongoing demand for services.

Edenhope & District Memorial Hospital has an ongoing commitment to workplace efficiency and promoting Equal Employment Opportunities in its workplace in accordance with the *Public Authorities (Equal Employment Opportunity) Act of 1990.*

Edenhope & District Memorial Hospital bases its employment decisions on merit, treats employees fairly and reasonably, provides employees with an avenue of redress against unfair or unreasonable treatment and does not discriminate, directly or indirectly on the basis of various individual proclivities, personal characteristics, beliefs or social activities.

Occupational Health and Safety

Edenhope & District Memorial Hospital provides a safe and healthy work environment for employees and suppliers. This includes ensuring safe and healthy living environments for Consumers, patients and visitors, and meeting moral and legal responsibilities toward the local community.

Occupation Health and Safety Statistics	2020-21	2019–20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	264.72	49.53	94.95
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0	1.25	0
The average cost per WorkCover claim for the year ('000)	0	$5,462	0

Explanation of significant variance includes:

- The VHIMS system was updated to split any single incident that involved an OHS incident (person-related incident) and a hazard (plant/equipment related incident) into two separate incidents. For example, if a staff member tripped on loose rocks in the carpark and reported this in VHIMS, two incidents will be generated: one for the staff member slipping and another for the hazard identified in the carpark. This explains the large increase in total incident report numbers.
- Another explanation for an increase in incident reports is due to EDMH's positive reporting culture that has been fostered over the years. Since the introduction of the new VHIMS platform, EDMH has committed to encouraging staff to report all incidents and has provided education on how to report in the new system. At staff orientation, new employees are provided with a full run-through of how to report incidents and receive encouragement to report.

Occupational Violence Statistics

Occupational violence statistics	2020-21
Workcover accepted claims with an occupational violence cause per 100 FTE	0%
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	19
Number of occupational violence incidents reported per 100 FTE	23.5
Percentage of occupational violence incidents resulting in an employee injury, illness or condition	0%

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 Performance

	2021 $000	2020 $000	2019 $000	2018 $000	2017 $000
*OPERATING RESULT **	231	(237)	(637)	89	(339)
Total revenue	12,601	10,902	12,565	12,313	10,007
Total expenses	11,919	11,905	11,446	10,423	10,198
Net result from transactions	682	(1,003)	1,119	1871	(191)
Total other economic flows	(3)	(15)	(33)	11	0
Net result	679	(1,017)	1,087	1,881	(339)
Total assets	22,756	22,938	24,036	18,647	16,613
Total liabilities	6,386	7,246	7,327	5,893	5,741
Net assets/Total equity	16,370	15,691	16,709	12,754	10,872

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

	2021 $000	2020 $000	2019 $000	2018 $000	2017 $000
*NET OPERATING RESULT **	231	(237)	(637)	89	(339)
Capital and specific items					
Capital purpose income	1,625	296	2,615	2,607	930
Specific income	-	-	-	-	-
COVID-19 State Supply Arrangements	69	-	-	-	-
- *Assets received free of charge or for nil consideration under the State Supply*					
State supply items consumed up to 30 June 2021	(69)	-	-	-	-
Assets provided free of charge	-	-	-	-	-
Assets received free of charge	-	-	-	-	-
Expenditure for capital purpose	(51)	56	29	33	0
Depreciation and amortisation	(1,122)	1,005	830	792	782
Impairment of non-financial assets	-	-	-	-	-
Finance costs (other)	-	-	-	-	-
Net result from transactions	682	(1,003)	1,119	1871	(191)

** The Net operating results is the result which the health service is monitored against in its Statement of Priorities.*

Summary of Significant Changes in Financial Position and Performance for the Year Ending 2020-2021

Edenhope District Memorial Hospital reports a **net operating surplus of $230,699** against a Statement of Priorities target of $36,000. Cash and investment movement has decreased to prior year as the redevelopment of the Residential Aged Care Facility nears completion. Our organisation is committed to providing safe person-centred care to the communities we serve and has strengthened that position with the Health and Wellness Hub positioned centrally in the town delivering allied health, community nursing and telehealth services for clinical and non-clinical purposes. Telehealth services increased significantly in the second half of the year primarily due COVID-19 restrictions preventing most forms of face to face contact over this period. This year's result was impacted by the following significant factors:

- Reduction in aged care occupancy which led to fees and funding being $73K less than the previous financial year and $205K less than budget.
- The Department of Health and Human Services provided $0.927M of sustainability funding.
- COVID-19 funding for maintaining capacity funding, support of carers, vaccination programs, cost increases and foregone revenue provisions.
- Capital grant for the Bade Wing Redevelopment was approved and revenue yet to be received of $817,000.

The state of emergency and the pandemic affected Edenhope & District Memorial Hospital in numerous ways including the full lockdown of the residential type facilities, service constraints to group activities and staff being required to work from home. EDMH acknowledges the various COVID-19 related funding programs that contributed significantly to its full year operating result as well as assisting in the retention of frontline aged care staff.

Monies held on behalf of our aged care residents (Refundable Accommodation Deposits) increased from the prior year, by $391K with lower occupancy which indicates that more residents are self-supported in care.

Our largest recurring investment is in our employees of which, even in difficult times, we have recruited, supported and developed over 120 staff with an annual expenditure of $8.3m.

Operational and budgetary objectives of the Hospital for the 2020-2021 financial year and performance against those objectives including significant activities and achievements during the year.

The Hospital's operational objectives for the year were met to a satisfactory extent (refer separate section related to Statement of Priorities).

The Hospital recorded an operating surplus $230k against the Statement of Priorities target of $36K.

Consultancies Information

Details of consultancies (under $10,000)

In 2020-2021, there were no consultancies where the total fees payable to the consultants were $10,000 or less.

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

In 2020-2021, there were no consultancies where the total fees payable to the consultants were $10,000 or greater.

Details of individual consultancies can be viewed at http://disruptivemedia.com.au/.

Details of Information and Communication Technology (ICT) Expenditure

The total ICT expenditure incurred during 2020-2021 is $548,313.39 (excluding GST) with the details shown below.

	Business As Usual (BAU) Expenditure	*Non Business As Usual (BAU) Expenditure*	
Total (Excluding GST)	Operational and Capital	Operational	Capital
$0.55 Million	$0.55 Million	$0.00 Million	$0.00 Million

Legislation

Application and Operation of *Freedom of Information Act 1982*

There were 10 requests made by the general public under the *Freedom of Information Act 1982*, eight of which were granted full access. One request was denied due to the documents requested either not existing or being unable to be retrieved, and one request was denied due to the requester not responding within the statutory timelines as outlined by the Act.

Freedom of Information requests can be made to EDMH through a written request that clearly states what information is being sought and addressing the request to the following:

The Freedom of Information Officer
Edenhope & District Memorial Hospital
PO Box 75, Edenhope VIC 3318

Compliance with Building and Maintenance Provisions of *Building Act 1993*

All building works have been designed in accordance with the Department of Human Service's Guidelines and comply with the Building Act 1993.

Application and Operation of *Public Interest Disclosure Act 2012*

The Public Interest Disclosure Act 2012 is designed to protect people who disclose information about serious wrongdoings within the Victorian Public Sector and to provide a framework for the investigation of these matters. EDMH's policies and procedures are consistent and compliant with the Public Interest Disclosure Act 2012.

Disclosures of improper conduct by EDMH or its employees may be made to the following contacts:

The Public Interest Disclosure Officer
Andrew Saunders
Edenhope and District Memorial Hospital
PO Box 75, Edenhope VIC 3318
Phone: 03 5585 9806
Email: andrews@edmh.org.au

The Ombudsman Victoria
570 Bourke Street
Melbourne, 3000
Phone 03 9613 6222, Toll Free 1800 806 314
www.ombudsman.vic.gov.au

Statement on National Competition Policy

EDMH complies with all government policies regarding competitive neutrality with respect to all tender applications, including the requirements of the Government policy statement, *Competitive Neutrality Policy Victoria*, and subsequent reforms.

Application and Operation of *Carers Recognition Act 2012*

The *Carers Recognition Act 2012* formally recognises and values the role of carers and the importance of care relationships in the Victorian community. EDMH complies with the philosophy and intent of this Act.

Safe Patient Care Act 2015

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

Environmental Performance

EDMH has chosen "Environmentally Sustainable Outputs" under the Social Procurement Framework, further assisting our drive to be environmentally conscious. EDMH staff continue to be reminded to turn off lights when not needed and shut down computers at night. There have been multiple small-scale projects implemented throughout the facility, including, for example, the replacement of plastic plates with recyclable paper plates.

Environmental impacts & energy usage

	2018-19	2019-20	2020-21
Energy use			
Electricity (MWh)	545	543	431
Liquefied Petroleum Gas (kL)	36	36	37
Carbon emissions (thousand tonnes of CO_2e)			
Electricity	1	0.55	0.42
Liquefied Petroleum Gas	0	0.06	0.06
Total emissions	1	0.61	0.48
Water use (millions litres)			
Potable Water	6	6.57	3.83

Factors influencing environmental impacts

	2018-19	2019-20	2020-21
Floor area (m2)	3722	3722	3722
Separations	259	136	117
In-Patient Bed Days	1539	627	880
Aged Care Bed Nights	11,794	10,652	9,838

Benchmarks | 2020-21

	Average for peer group	Your value	% above/ below ave.
Carbon emissions			
CO2e(t) per m2	0.12	0.13	11%
CO2e(t) per OBD	0.05	0.04	-6%
CO2e(t) per Seps	1.32	4.10	211%
Water use			
kL per m2	1.23	1.03	-16%
kL per OBD	0.50	0.36	-29%
kL per Seps	13.93	32.75	135%
Expenditure rates			
Total utility spend ($/m2)	32	29.90	-5.8%
Elec($/kWh)	0	0.19	-7.9%
Potable Water($/kL)	3	2.34	-19.7%
LPG($/kL)	561	506.77	-9.7%
Additional measures (not included in benchmarking chart)			
Total utility spend ($/Separations)		951.04	
Total utility spend ($/In-Patient Bed Days)		126.44	
Total utility spend ($/Aged Care Bed Nights)		11.31	

General notes

1. Information in this report is sourced from data provided by retailers and in some cases data manually uploaded by health services into Eden Suite. Data has not been externally validated. All annual values represent a year ending 30 June.
2. Emissions are calculated using the carbon factors for the year in which the emissions were generated. For health services provided with energy (electricity and steam) under the co-generation ESA (energy services agreement) carbon factors provided by the energy retailer are used.
3. Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
4. Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.

Additional Information

Consistent with FRD 22I (Section 5.19) details in respect of the items listed below have been retained by Edenhope & District Memorial Hospital and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

(a) Declarations of pecuniary interests have been duly completed by all relevant officers;

(b) Details of shares held by senior officers as nominee or held beneficially;

(c) Details of publications produced by the entity about itself, and how these can be obtained;

(d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;

(e) Details of any major external reviews carried out on the Health Service;

(f) 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;

(g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

(h) 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;

(i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;

(j) 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;

(k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;

(l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Local Jobs First Act disclosures

EDMH complies with the *Local Jobs First Act 2003.* There were no contracts in 2020-21 to which the Local Jobs First Act (2003) (incorporating the Victorian Industry Participation Policy Act (2003)) applied.

Gender Equality Act 2020

EDMH began working towards compliance with the *Gender Equality Act 2020* in early 2021, preparing gender impact assessments on policies and procedures by applying a gender lens during the review process, and completing an audit on the workforce as at 30 June 2021 in order to prepare a Gender Equality Action Plan for the Gender Equality Commission. EDMH is an equal opportunity employer and welcomes the chance to improve its services and accessibility for all consumers and staff.

Financial Management Compliance attestation – SD 5.1.4

I, Philip Sabien, on behalf of the Responsible Body, certify that Edenhope and District Memorial Hospital has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Philip Sabien
Chairperson, Board of Directors
Edenhope & District Memorial Hospital
23rd September 2021

Data Integrity Declaration

I, Andrew Saunders, certify that Edenhope and District Memorial Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Edenhope and District Memorial Hospital has critically reviewed these controls and processes during the year.

Andrew Saunders
Chief Executive Officer
Edenhope & District Memorial Hospital
23rd September 2021

Conflict of Interest Declaration

I, Andrew Saunders, certify that Edenhope and District Memorial Hospital 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 Edenhope and District Memorial Hospital 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.

Andrew Saunders
Chief Executive Officer
Edenhope & District Memorial Hospital
23rd September 2021

Integrity, Fraud and Corruption Declaration

I, Andrew Saunders, certify that Edenhope and District Memorial Hospital has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruptions risks have been reviewed and addressed at EDMH during the year.

Andrew Saunders
Chief Executive Officer
Edenhope & District Memorial Hospital
23rd September 2021

Reporting against the Statement of Priorities

In 2020-2021, Edenhope & District Memorial Hospital assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

Strategic priorities

Maintain robust COVID-19 readiness and response, working with the department to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for the community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of COVID-19 vaccine immunisation program rollout, ensuring the local community's confidence in the program.

Outcomes:

- Targeted campaign to assist vulnerable persons to access COVID-19 vaccinations, with vaccine ambassadors providing education, support, and guidance to community members.
- Ongoing and accessible COVID-19 testing provided to the community for systematic testing and cross border requirements to ensure the health and safety of all community members.
- Addressing the considerable increasing community need for assistance with cross border requirements in response to the fluctuating conditions to accessing essential services within South Australia.
- Continuing participation in clinical and non-clinical staff training to meet state government recommendations for the best practice implementation and ongoing facilitation of COVID-19 testing and vaccination clinics.
- Successfully obtained funding to support further the ongoing engagement and education of the community with regards to COVID-19 health precautions and vaccinations.

Engage with the community to address the needs of patients, especially 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.

Outcomes:

- Investment in assistive technology, strengthening resourcing and education to increase access to essential health services, assuage the ongoing difficulties resulting from South Australian border closures and state lockdowns throughout the year.
- Significant increase in service hours of staff to provide more responsive and proactive assistance to community members experiencing increased isolation and barriers to accessing support due to COVID-19 restrictions.
- Managed an ongoing continuous improvement process to ensure the service model that supports vulnerable Victorians for augmented outcomes within the restrictions and requirements of the new COVID-19 environment.

As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health system and the Royal Commission into Aged Care Quality and Safety.

Outcomes:

- Securing funding for the ongoing provision of the Rural Outreach Program to continue providing vital Rural and Remote Health Supports for the community.
- Increased specialised support for priority health conditions like dementia to provide preventative wellbeing support to primary carers.
- Maintain a service model that supports vulnerable Victorians, facilitating a community of practice with industry peers to provide the highest quality of care and ensure that staff can assist community members from all walks of life.

Develop and foster local health partner relationships to continue delivering collaborative approaches to planning, procurement and service delivery at scale. Including prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform

Outcomes:

- Formalising current relationships with other health services providers within the region to deliver more significant equity of access to services for community members.
- Personnel sharing arrangements established to alleviate the effects of COVID-19 on the health services workforce due to South Australian border closure to ensure appropriate staffing numbers.
- Improved partnerships with supplementary organisations through telehealth and associated resources for the management of patient care.

Key 2020-2021 Health Service Performance Priorities

High quality and safe care

Key performance measure	Target	Outcome
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	90%
Percentage of healthcare workers immunised for influenza	90%	100%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No Surveys conducted in 2020-2021
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No Surveys conducted in 2020-2021

Effective financial management

Key performance measure	Target	Outcome
Operating result ($m)	$0.00	$0.23
Average number of days to pay trade creditors	60 days	43
Average number of days to receive patient fee debtors	60 days	27
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.24
Actual number of days available cash, measured on the last day of each month.	14 days	21.7
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	$1,650,000

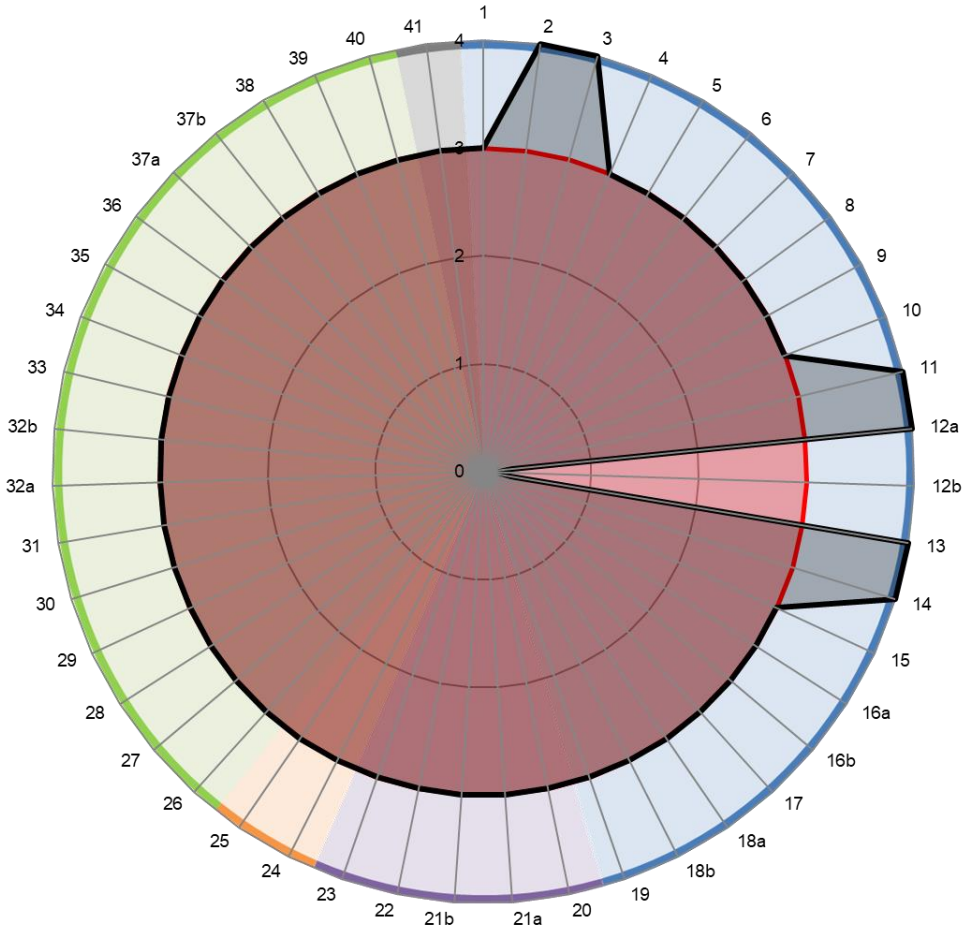
Funding type	2020-2021 Activity achievement	
Small Rural		
Small Rural Acute (TAC and DVA)	10	WEIS equivalents
Small Rural Residential Care	9,546	Beddays
Small Rural HACC	1,408	Service Hours

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise EDMH's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

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

Results:



Target Overall

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

Leadership and Accountability (requirements 1-19)

The HS Name has met or exceeded its target maturity level under most requirements within this category.

EDMH did not comply with some requirements in the areas of allocating asset management responsibility and other requirement. There is no material non-compliance reported in this category. A plan for improvement is in place to improve EDMH's maturity rating in these areas.

Planning (requirements 20-23)

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

Acquisition (requirements 24 and 25)

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

Operation (requirements 26-40)

EDMH has met or exceeded its target maturity level under most requirements within this category. EDMH did not comply with some requirements in the areas of monitoring and preventative action and information management. Monitoring and preventative action is an area of material non-compliance. EDMH is developing a plan for improvement to establish processes to proactively identify potential asset performance failures and identify options for preventive action.

Disposal (requirement 41)

EDMH has met its target maturity level in this category.

Financial Statements
Financial Year ended 30 June 2021

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of Edenhope District Memorial Hospital at 30 June 2021.

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

We authorise the attached financial statements for issue on 23 September 2021.

Board President	*Accountable Officer*	*Chief Finance & Accounting Officer*
		
Philip Sabien	Andrew Saunders	Janette Lakin
Board President	Chief Executive Officer	Chief Finance and Accounting Officer
Edenhope District Memorial Hospital	Edenhope District Memorial Hospital	Edenhope District Memorial Hospital
23 September 2021	23 September 2021	23 September 2021

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Edenhope and District Memorial Hospital

Opinion

I have audited the financial report of Edenhope and District Memorial Hospital (the health service) which comprises the:

- balance sheet as at 30 June 2021
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* 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 *Code of Ethics for Professional Accountants* (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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report

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 *Financial Management Act 1994*, 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.

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.

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
18 October 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Edenhope District Memorial Hospital

Annual Report

Financial Statements 2020-21

Table of contents

Comprehensive Operating Statement

Edenhope District Memorial Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue and income from transactions			
Operating activities	2.1	12,577	10,810
Non-operating activities	2.1	24	92
Total revenue and income from transactions		**12,601**	**10,902**
Expenses from transactions			
Employee expenses	3.1	(8,294)	(8,528)
Supplies and consumables	3.1	(593)	(465)
Finance costs	3.1	(3)	(18)
Depreciation	4.2	(1,122)	(1,005)
Other administrative expenses	3.1	(1,517)	(1,455)
Other operating expenses	3.1	(390)	(433)
Total expenses from transactions		**(11,919)**	**(11,904)**
Net result from transactions - net operating balance		**682**	**(1,002)**
Other economic flows included in net result			
Net gain/(loss) on financial instruments	3.4	-	1
Share of other economic flows from joint arrangements	3.4	(3)	(16)
Total other economic flows included in net result		**(3)**	**(15)**
Net Result for the Year		**679**	**(1,017)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant & equipment revaluation surplus	4.1(b)	-	-
Total other comprehensive income		**679**	**(1,017)**

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

Balance Sheet

Edenhope District Memorial Hospital
Balance Sheet
As at 30 June 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	6.2	6,120	7,639
Receivables and contract assets	5.1	237	191
Inventories	4.3	-	23
Prepayments		166	103
Total current assets		**6,523**	**7,956**
Non-current assets			
Receivables and contract assets	5.1	133	145
Property, plant and equipment	4.1	16,100	14,836
Total non-current assets		**16,233**	**14,981**
Total assets		**22,756**	**22,937**
Current liabilities			
Payables and contract liabilities	5.2	798	1,790
Borrowings	6.1	58	149
Provisions	3.2	1,763	1,525
Other liabilities	5.3	3,413	3,258
Total current liabilities		**6,032**	**6,722**
Non-current liabilities			
Borrowings	6.1	120	103
Provisions	3.2	234	421
Total non-current liabilities		**354**	**524**
Total liabilities		**6,386**	**7,246**
Net assets		**16,370**	**15,691**
Equity			
Property, plant and equipment revaluation surplus	4.1(f)	8,042	8,042
Restricted funds surplus		276	276
Contributed capital		3,982	3,982
Accumulated deficits		4,070	3,391
Total equity		**16,370**	**15,691**

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

Statement of Changes in Equity

Edenhope District Memorial Hospital
Statement of Changes in Equity
For the Financial Year Ended 30 June 2021

	Property, Plant & Equipment Revaluation Surplus	Restricted Funds Surplus	Contributed Capital	Accumulated Deficits	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	**8,042**	**276**	**3,982**	**4,408**	**16,708**
Other comprehensive income for the year	-	-	-	-	-
Net result for the year	-	-	-	(1,017)	(1,017)
Balance at 30 June 2020	**8,042**	**276**	**3,982**	**3,391**	**15,691**
Other comprehensive income for the year	-	-	-	-	-
Net result for the year	-	-	-	679	679
Balance at 30 June 2021	**8,042**	**276**	**3,982**	**4,070**	**16,370**

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

Cash Flow Statement

Edenhope District Memorial Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash Flows from operating activities			
Operating grants from government-State		6,857	5,905
Operating grants from government-Commonwealth		2,328	2,434
Capital grants from government-State		240	1,264
Patient and resident fees received		702	847
Private practice fees		-	283
GST received from/(paid to) ATO		349	49
Interest received		24	92
Commercial income received		161	188
Other receipts		1,024	1,343
Total receipts		**11,685**	**12,405**
Employee expenses paid		(7,978)	(8,714)
Payments for supplies and consumables		(980)	(743)
Payments for medical indemnity insurance		(23)	(34)
Payments for repairs and maintenance		(129)	(198)
Finance costs		(3)	(18)
Cash outflow for leases		(2)	(4)
Other payments		(1,785)	(1,652)
Total payments		**(10,900)**	**(11,363)**
Net cash flows from operating activities	8.1	**785**	**1,042**
Cash Flows from investing activities			
Proceeds from disposal of Investments		-	1,882
Purchase of non-financial assets		(2,232)	(3,629)
Capital donations and bequests received		-	10
Net cash flows used in investing activities		**(2,232)**	**(1,737)**
Cash flows from financing activities			
Proceeds from borrowings		-	222
Repayment of borrowings		(144)	(20)
Net receipt of accommodation deposits		72	(1,037)
Net cash flows from /(used in) financing activities		**(72)**	**(835)**
Net increase/(decrease) in cash and cash equivalents held		**(1,519)**	**(1,530)**
Cash and cash equivalents at beginning of financial year		**7,639**	**9,169**
Cash and cash equivalents at end of year	6.2	**6,120**	**7,639**

This Statement should be read in conjunction with the accompanying notes

Notes to the Financial Statements

Note 1: Basis of preparation

Structure

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Edenhope District Memorial Hospital ('the Hospital') for the year ended 30 June 2021. The report provides users with information about Edenhope District Memorial Hospital's stewardship of the resources entrusted to it.

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

Note 1.1: Basis of preparation of the financial statements

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

The 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.

Edenhope District Memorial Hospital 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 Hospital operates on a fund accounting basis and maintains two funds: Operating and Capital Funds. The Edenhope District Memorial Hospital's Capital Funds include:

- Residential Aged Care Redevelopment - Infrastructure Renewal Contribution
- Grampians Solar Panel
- Badewing Redevelopment - Infrastructure Renewal Contribution

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

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are 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 Edenhope District Memorial Hospital on 23 September 2021.

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. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, the Hospital was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which the Hospital operates.

Edenhope District Memorial Hospital introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- performing COVID-19 testing
- administering COVID-19 vaccinations
- Implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year the Hospital has been able to revise some measures where appropriate including:

- Easing of restrictions on non-essential visitors
- increasing visitor hours
- increasing elective surgery and theatre activity

The financial impacts of the pandemic are disclosed at:

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

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
SD	Standing Direction
VAGO	Victorian Auditor General's Office
The Hospital	Edenhope District Memorial Hospital

Note 1.4: Joint arrangements

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

Edenhope District Memorial Hospital has the following joint arrangements:

- Grampians Regional Health Alliance (GRHA)–joint venture

Details of the joint arrangements are set out in Note 8.7.

Note 1.5: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and 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 the Hospital and their potential impact when adopted in future periods is outlined below:

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

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

Note 1.7: Goods and Services Tax (GST)

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

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

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

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

Note 1.8: Reporting Entity

The principal address of Edenhope District Memorial Hospital is:

128 - 132 Elizabeth Street
Edenhope
Victoria 3318

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

Note 2: Funding delivery of our services

Edenhope District Memorial Hospital's overall objective is to provide quality health service and is predominantly funded by grant funding for the provision of outputs. The Hospital also receives income from the supply of services.

Structure

Note 2.1: Revenue and income from transactions
Note 2.2: Fair value of assets and services received free of charge or for nominal consideration
Note 2.3: Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

This included by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs.

Funding provided included:

- COVID-19 grants to fund income foregone, additional expenses and asset procurement
- Sustainability funding for supporting the retention of work force and services; and
- Assets and contributions received free of charge

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	The Hospital applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring the Hospital to recognise revenue as or when the Hospital transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	The Hospital 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	The Hospital applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the Hospital's progress as this is deemed to be the most accurate reflection of the stage of completion.

Note 2.1: Revenue and income from transactions

	2021 $'000	2020 $'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - operating	-	46
Government grants (Commonwealth) - operating	2,328	2,474
Patient and resident fees	702	864
Private practice fees	-	282
Commercial activities (i)	161	188
Total revenue from contracts with customers	**3,190**	**3,854**
Other sources of income		
Government grants (State) - operating	6,870	5,857
Government grants (State) - capital	1,504	-
Assets received free of charge or for nominal consideration	73	21
Other revenue from operating activities (including non-capital donations)	939	1,078
Total other sources of income	**9,387**	**6,956**
Total revenue and income from operating activities	**12,577**	**10,810**
Non-operating activities		
Income from other sources		
Other interest	24	92
Total income from non-operating activities	**24**	**92**
Total revenue and income from transactions	**12,601**	**10,902**

(i) Commercial Activities represent business activities which the Hospital enter into to support their operations.

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, the Hospital 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 Hospital:

- 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.

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

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

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

Government grant	Performance obligation
• Commonwealth funding for HACC program	For Commonwealth HACC funding, revenue is recognised monthly as the programs are run and the contact visits are being met. The performance obligations have been agreed funding for specific care needs assessments of individuals as determined by the agreed complexities of individuals and the associated costs of achieving adequate levels of care.
• Commonwealth funding for residential aged care (bed subsidies)	For Commonwealth bed day subsidies, revenue is recognised monthly based on the actual number of bed days provided and assessed ACFI rates for each resident. The performance obligations around Aged Care funding is the agreed funding for specific care needs assessments of individuals residents as determined by the agreed complexities of individuals and the associated costs of achieving adequate levels of care.
• Primary and Dental Health - Maternal Child and Family Health target based funding.	The performance obligations for Primary Care and Dental funding is a mixture of agreed targets and outcomes. Targets can be a mixture of contacts, cases loads, internally generated targets around funding parameters and externally set targets for outcomes.
•Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.	For other grants with performance obligations the Hospital exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of the Hospital as follows:

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

Capital grants

Where the Hospital 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 the Hospital'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.

Commercial activities

Revenue from commercial activities includes items such as Cafeteria sales income. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

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

	2021 $'000	2020 $'000
Cash donations and gifts	4	10
Assets received free of charge under State supply arrangements	69	11
Total income from transactions	**73**	**21**

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 the Hospital usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

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

Generally, the State Supply Arrangement stipulates that Health Purchasing Victoria (trading as HealthShare Victoria) sources, secures and agrees terms for the purchase of PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. The Hospital received these resources free of charge and recognised them as income.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. The Hospital does not depend on volunteers to deliver its services.

Note 2.3: Other income

	2021 $'000	2020 $'000
Other interest	24	92
	24	**92**

How we recognise other income

Interest Income

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

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the Hospital in delivering services and outputs. In Section 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

Note 3.1: Expenses from transactions
Note 3.2: Employee benefits in the balance sheet
Note 3.3: Superannuation
Note 3.4: Other economic flows

Telling the COVID-19 story

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 coronavirus pandemic. Additional costs incurred to deliver the following additional services:

- implement COVID safe practices throughout the Hospital including increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and additional equipment purchased
- Changes in salaries and wages due to greater demand for staff during the pandemic
- Changes in supplies and consumables required during the pandemic
- Changes in other operating expenses, including the impact of:
    - Changes in employee benefits recorded in the balance sheet (i.e. staff were unable to take as much leave due to heightened demand).

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 3.1: Expenses from transactions

	2021	2020
	$'000	$'000
Salaries and wages	7,261	7,094
On-costs	665	639
Alliance salaries and wages	80	-
Agency expenses	27	29
Fee for service medical officer expenses	195	686
Workcover premium	66	80
Total employee expenses	**8,294**	**8,528**
Drug supplies	15	18
Medical and surgical supplies	276	183
Diagnostic and radiology supplies	13	12
Other supplies and consumables	289	252
Total supplies and consumables	**593**	**465**
Finance costs	3	18
Total finance costs	**3**	**18**
Other administrative expenses	1,517	1,455
Total other administrative costs	**1,517**	**1,455**
Fuel, light, power and water	169	197
Repairs and maintenance	165	167
Maintenance contracts	23	35
Medical indemnity insurance	33	34
Total other operating expenses	**390**	**433**
Total operating expenses	**10,797**	**10,899**
Depreciation (refer Note 4.2)	1,122	1,005
Bad and Doubtful debt expense	-	-
Total other non-operating expenses	**1,122**	**1,005**
Total expenses from transactions	**11,919**	**11,904**

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses
- Fee for service medical officer expenses
- Work cover premiums.

Supplies and consumables

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

Finance costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred)
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- Finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1000).

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

Non-operating expenses

Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation.

Note 3.2: Employee benefits in the balance sheet

	2021 $'000	2020 $'000
Current Provisions		
Accrued days off		
- Unconditional and expected to be settled wholly within 12 months [(i)]	26	33
Annual leave		
- Unconditional and expected to be settled wholly within 12 months [(i)]	721	598
Long service leave		
- Unconditional and expected to be settled wholly within 12 months [(i)]	38	94
- Unconditional and expected to be settled wholly after 12 months [(ii)]	806	646
	1,591	**1,371**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months [(i)]	91	81
- Unconditional and expected to be settled after 12 months [(ii)]	81	73
	172	**154**
Total current provisions	**1,763**	**1,525**
Non-current provisions		
Conditional long service leave	194	378
Provisions related to employee benefit on-costs	40	43
Total non-current provisions	**234**	**421**
Total Provisions	**1,997**	**1,946**

[i] The amounts disclosed are nominal amounts.

[ii] The amounts disclosed are discounted to present values.

How we recognise employee benefits

Employee benefit recognition

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

Provisions

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

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

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because the Hospital does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- Nominal value – if the Hospital expects to wholly settle within 12 months or
- Present value – if the Hospital 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 the Hospital 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 the Hospital expects to wholly settle within 12 months or
- Present value – if the Hospital does not expect to wholly settle within 12 months.

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

Termination benefits

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

On-costs related to employee benefits

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

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

	2021 $'000	2020 $'000
Current employee benefits and related on-costs		
Unconditional annual leave entitlements	721	666
Unconditional accrued days off	26	37
Unconditional long service leave entitlement	1,016	822
Total current employee benefits and related on-costs	**1,763**	**1,525**
Non-current employee benefits		
Conditional long service leave entitlements	234	421
Total non-current employee benefits and related on-costs	**234**	**421**
Total employee benefits and related on-costs	**1,997**	**1,946**
Carrying amount at start of year	**1,946**	**1,895**
Additional provisions recognised	962	944
Amounts incurred during the year	(911)	(893)
Carrying amount at end of year	**1,997**	**1,946**

Note 3.3: Superannuation

	Paid Contributions for the Year		Contributions outstanding at year end	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Defined benefit plans (i) :				
First State Superannuation Fund	40	36	3	3
Total defined benefit plans	**40**	**36**	**3**	**3**
Defined contribution plans:				
First State Superannuation Fund	548	354	41	29
HESTA Superannuation Fund	222	203	17	17
Other	27	-	4	-
Total defined contribution plans	**797**	**557**	**62**	**46**
Total	**837**	**593**	**65**	**49**

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

How we recognise superannuation

Employees of the Hospital are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Hospital to the superannuation plans in respect of the services of current the Hospital's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

The Hospital 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 DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Service.

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

Note 3.4: Other economic flows

	2021 $'000	2020 $'000
Net gain on disposal of property plant and equipment	-	-
Total net gain/(loss) on non-financial assets	**-**	**-**
Allowance for impairment losses of contractual receivables	-	1
Total net gain/(loss) on financial instruments	**-**	**1**
Share of net profits/(losses) of joint entities, excluding dividends	-	-
Total share of other economic flows from joint operations	**-**	**-**
Net gain/(loss) arising from revaluation of long service liability	(3)	(16)
Total other gains/(losses) from other economic flows	**(3)**	**(16)**
Total other gains/(losses) from other economic flows	**(3)**	**(15)**

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

Net gain/(loss) on non-financial assets

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

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment)
- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.1 Investments and other financial assets); and
- disposals of financial assets and de-recognition 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 which 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.

Note 4: Key assets to support service delivery

The Hospital 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 Hospital to be utilised for delivery of those outputs.

Structure

Note 4.1: Property, plant and equipment
Note 4.2: Depreciation

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
Measuring fair value of property, plant and equipment and investment properties	The Hospital obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the Hospital estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices. Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	The Hospital assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. The Hospital reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the Hospital 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. The Hospital 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 the Hospital to restore a right-of-use asset to its original condition at the end of a lease, The Hospital 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.

Estimating the useful life of intangible assets	The Hospital assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, The Hospital assesses impairment by evaluating the conditions and events specific to the Hospital that may be indicative of impairment triggers. Where an indication exists, the Hospital tests the asset for impairment. The Hospital considers a range of information when performing its assessment, including considering: ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the Hospital uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the Hospital applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1: Property, plant and equipment

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

	2021 $'000	2020 $'000
Land		
Land at fair value	538	538
Total land	**538**	**538**
Buildings		
Buildings at fair value	9,066	9,066
Less acc'd depreciation	(1,582)	(791)
Total buildings	**7,484**	**8,275**
Plant and equipment		
Plant and equipment at fair value	966	927
Less acc'd depreciation	(772)	(721)
Total plant and equipment	**194**	**206**
Medical equipment		
Medical equipment at fair value	474	474
Less acc'd depreciation	(392)	(377)
Total medical equipment	**82**	**97**
Computers & communication equipment		
Computers & communication at fair value	795	753
Less acc'd depreciation	(550)	(380)
Total computers & communication equipment	**245**	**373**
Motor vehicles		
Motor vehicles at fair value	333	333
Less acc'd depreciation	(236)	(173)
Total motor vehicles	**97**	**160**
Furniture and fittings at fair value		
Furniture and fittings at fair value	378	362
Less acc'd depreciation	(242)	(212)
Total furniture and fittings	**136**	**150**
Right of use (RoU) assets - motor vehicles		
RoU assets at fair value	105	56
Less acc'd depreciation	(30)	(25)
Total RoU assets - motor vehicles	**75**	**31**
Assets under construction		
Assets under construction at cost	7,249	5,006
Total assets under construction	**7,249**	**5,006**
Total	**16,100**	**14,836**

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

	Land	Buildings	Plant & equipment	Medical equipment	Computers & comms
	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2019	**538**	**9,066**	**227**	**104**	**258**
Additions	-	-	38	8	142
Additions / (disposals) - GRHA	-	-	-	-	-
Transfer to / from assets under construction	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation (refer Note 4.2)	-	(791)	(59)	(15)	(27)
Balance at 30 June 2020	**538**	**8,275**	**206**	**97**	**373**
Additions	-	-	39	-	47
Additions / (disposals) - GRHA	-	-	93	-	(111)
Transfer to / from assets under construction	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation (refer Note 4.2)	-	(791)	(144)	(15)	(64)
Balance at 30 June 2021	**538**	**7,484**	**194**	**82**	**245**

	Motor vehicles	Furniture & fittings	RoU assets motor vehicles	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2019	**223**	**163**	**51**	**1,582**	**12,212**
Additions	-	17	-	3,424	**3,629**
Additions / (disposals) - GRHA	-	-	-	-	**-**
Transfer to / from assets under construction	-	-	-	-	**-**
Disposals	-	-	-	-	**-**
Depreciation (refer Note 4.2)	(63)	(30)	(20)	-	**(1,005)**
Balance at 30 June 2020	**160**	**150**	**31**	**5,006**	**14,836**
Additions	-	9	49	2,250	**2,394**
Additions / (disposals) - GRHA	-		10	-	**(8)**
Transfer to / from assets under construction	-	7	-	(7)	**-**
Disposals	-	-	-	-	**-**
Depreciation (refer Note 4.2)	(63)	(30)	(15)	-	**(1,122)**
Balance at 30 June 2021	**97**	**136**	**75**	**7,249**	**16,100**

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by the Hospital 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.

Subsequent measurement

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

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

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

- Increase in fair value of land of 7.73% ($579,600) and
- no material difference in the fair value of buildings.

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

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

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

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

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

Impairment

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

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

How we recognise right-of-use assets

Where the Hospital enters a contract, which provides the Hospital 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. The Hospital presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the Hospital.

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

Presentation of right-of-use assets

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

Initial recognition

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

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

- any lease payments made at or before the commencement date
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement

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

Impairment

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

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

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

Carrying amount as at 30 June 2021	Note	Carrying amount as at 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1 $'000	Level 2 $'000	Level 3 $'000
Land at fair value					
Non-specialised land		165	-	165	-
Specialised land		373	-	-	373
Total of land at fair value	4.1 a	538	-	165	373
Buildings at fair value					
Non-specialised buildings		697	-	697	-
Specialised buildings		6,787	-	-	6,787
Total of building at fair value	4.1 a	7,484	-	697	6,787
Plant and equipment at fair value					
Plant and equipment		194	-	-	194
Total of plant and equipment at fair value	4.1 a	194	-	-	194
Medical equipment at fair value					
Medical equipment		82	-	-	82
Total medical equipment at fair value	4.1 a	82	-	-	82
Computers and communications at fair value					
Computers and communications equipment		245	-	-	245
Total computers and communications equipment at fai	4.1 a	245	-	-	245
Motor vehicles at fair value					
Motor vehicles		97	-	-	97
Total motor vehicles at fair value	4.1 a	97	-	-	97
Furniture and fittings at fair value					
Furniture and fittings		136	-	-	136
Total furniture and fittings at fair value	4.1 a	136	-	-	136
Right of use motor vehicles					
Right of use motor vehicles		75	-	-	75
Total right of use motor vehicles at fair value	4.1 a	75	-	-	75
Total property, plant and equipment		**8,851**	**-**	**862**	**7,989**

(i) Classified in accordance with the fair value hierarchy,

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

Carrying amount as at 30 June 2020	Note	Carrying amount as at 30 June 2020 $'000	Fair value measurement at end of reporting period using: Level 1 $'000	Level 2 $'000	Level 3 $'000
Land at fair value					
Non-specialised land		165	-	165	-
Specialised land		373	-	-	373
Total of land at fair value	4.1 a	538	-	165	373
Buildings at fair value					
Non-specialised buildings		697	-	697	-
Specialised buildings		7,578	-	-	7,578
Total of building at fair value	4.1 a	8,275	-	697	7,578
Plant and equipment at fair value					
Plant and equipment		206	-	-	206
Total of plant and equipment at fair value	4.1 a	206	-	-	206
Medical equipment at fair value					
General medical equipment		97	-	-	97
Total medical equipment at fair value	4.1 a	97	-	-	97
Computers and communications at fair value					
Computers and communications equipment		373	-	-	373
Total computers and comms. equipment at fair value	4.1 a	373	-	-	373
Motor vehicles at fair value					
Motor vehicles		160	-	-	160
Total motor vehicles at fair value	4.1 a	160	-	-	160
Furniture and fittings at fair value					
Furniture and fittings		150	-	-	150
Total furniture and fittings at fair value	4.1 a	150	-	-	150
Right of use motor vehicles					
Right of use motor vehicles		31	-	-	31
Total right of use motor vehicles at fair value	4.1 a	31	-	-	31
Total property, plant and equipment		**9,830**	**-**	**862**	**8,968**

Level 1, 2 and 3 are classified in accordance with the fair value hierarchy.
There have been no transfers between levels during the period.

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

	Land $'000	Buildings $'000	Plant & equipment $'000	Medical equipment $'000	Computers & comms. $'000
Balance at 1 July 2019	**373**	**8,346**	**227**	**104**	**258**
Additions/(disposals)	-	-	38	8	142
Depreciation	-	(768)	(59)	(15)	(27)
Closing Balance at 30 June 2020	**373**	**7,578**	**206**	**97**	**373**
Additions/(disposals)	-	-	132	-	(63)
Depreciation	-	(791)	(144)	(15)	(64)
Balance at 30 June 2021	**373**	**6,787**	**194**	**82**	**246**

	Motor vehicles $'000	Furniture & fittings $'000	RoU assets motor vehicles $'000	Total $'000
Balance at 1 July 2019	**223**	**163**	**51**	**9,745**
Additions/(disposals)	**-**	17	**-**	**205**
Depreciation	(63)	(30)	(20)	**(982)**
Closing Balance at 30 June 2020	**160**	**150**	**32**	**8,968**
Additions/(disposals)	-	15	59	**143**
Depreciation	(63)	(30)	(15)	**(1,122)**
Balance at 30 June 2021	**97**	**135**	**75**	**7,989**

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

Note 4.1 (e): Fair value determination

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

How we measure fair value

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

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

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

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is the Hospital's independent valuation agency.

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

Valuation hierarchy

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

The levels are as follows:

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

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

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

Non-specialised land and non-specialised buildings

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

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

Specialised land and specialised buildings

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

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

Specialised land and specialised buildings continued

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 Edenhope and District Memorial Hospital, 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.

The Valuer-General Victoria performed an independent valuation of the Hospital's specialised land and specialised buildings. The effective date of the valuation is 30 June 2019.

Vehicles

The Hospital 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 Hospital who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Furniture, fittings, plant and equipment

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

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

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

	2021 $'000	2020 $'000
Property, plant and equipment revaluation reserve		
Balance at the beginning of the reporting period	8,042	8,042
Revaluation Increment		
- Land	-	-
- Buildings	-	-
Balance at the end of the reporting period*	**8,042**	**8,042**
*** Represented by:**		
- Land	151	151
- Buildings	7,891	7,891
	8,042	**8,042**

Note 4.2: Depreciation

Depreciation	2021 $'000	2020 $'000
Buildings	791	791
Plant & equipment	144	59
Medical equipment	15	15
Computers & communication	64	27
Motor vehicles	63	63
Furniture & fittings	30	30
ROU assets-motor vehicles	15	20
Total depreciation	**1,122**	**1,005**

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 depreciate 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 Hospital anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

	2021	2020
Buildings	5 to 38 years	6 to 38 years
Plant & equipment	5 to 10 years	5 to 10 years
Medical equipment	5 to 10 years	5 to 10 years
Computers & communication	2 to 3 years	3 to 3 years
Motor vehicles	4 to 5 years	5 to 5 years
Furniture and fitting	7 to 40 years	8 to 40 years

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from the Hospital's operations.

Structure

Note 5.1: Receivables and contract assets
Note 5.2: Payables and contract liabilities
Note 5.3: Other liabilities

Telling the COVID-19 story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	The Hospital 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.
Classifying a sub-lease arrangement as either an operating lease or finance lease	The Hospital applies significant judgement to determine if a sub-lease arrangement, where the Hospital is a lessor, meets the definition of an operating lease or finance lease. The Hospital considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if: ▪ The lease transfers ownership of the asset to the lessee at the end of the term ▪ The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term ▪ The lease term is for the majority of the asset's useful life ▪ The present value of lease payments amount to the approximate fair value of the leased asset and ▪ The leased asset is of a specialised nature that only the lessee can use without significant modification. All other sub-lease arrangements are classified as an operating lease.
Measuring deferred capital grant income	Where the Hospital has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. The Hospital applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	The Hospital 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	2021 $'000	2020 $'000
Contractual		
Trade debtors	13	112
Sundry debtors - GRHA	46	-
Patient fees	43	43
Accrued revenue - other	53	8
Amounts receivable from governments and agencies	36	-
Less: Allowance for impairment losses of contractual receivables		
- Trade debtors	-	-
- Patient fees	-	-
Total contractual receivables	**191**	**163**
Statutory		
GST receivable	46	28
Total statutory receivables	**46**	**28**
Total current receivables and contract assets	**237**	**191**
Non-current receivables and contract assets		
Contractual		
Long service leave - Department of Health and Human Services	133	145
Total contractual receivables	**133**	**145**
Total receivables and contract assets	**370**	**336**
Total receivables and contract assets	**370**	**336**
GST receivable	(46)	(28)
Total financial assets	**324**	**309**

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

As at 30 June 2021, the Hospital has contract assets of $324k which it has been assessed not to have an allowance for expected credit losses. That is due to the low number of invoices over 30 days and the expectation that all invoices will be paid.

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

	2021 $'000	2020 $'000
Balance at beginning of year	-	-
Reversal of unused allowance recognised in the net result	-	-
Increase in allowance recognised in the net result	-	-
Balance at end of year	**-**	**-**

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 Hospital holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

- **Statutory receivables**, 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 Hospital applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

The Hospital 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	Note	**2021 $'000**	**2020 $'000**
Contractual			
Trade creditors		156	275
Trade creditors - GRHA		146	-
Contract liabilities	5.2. b	33	10
Accrued expenses		285	144
Accrued salaries & wages		96	38
Deferred grant income	5.2. a		1,264
Amounts payable to governments and agencies		82	59
Total contractual payables		**798**	**1,790**
Total payables and contract liabilities		798	1,790
Deferred grant income		-	(1,264)
Contract liabilities		(33)	(10)
Total financial liabilties		**765**	**516**

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

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 the Hospital prior to the end of the financial year that are unpaid.

- **Statutory payables**, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2 (a) Deferred capital grant revenue

	2021 $'000	2020 $'000
Opening balance of deferred grant income	**1,264**	-
Grant consideration for capital works received	240	1,264
Deferred grant revenue recognised as revenue due to completion of capital works	(1,504)	-
Closing balance of deferred grant income	**-**	**1,264**

How we recognise deferred capital grant revenue

Grant consideration was received for Aged Care Redevelopment works. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Edenhope District Memorial Hospital satisfies its obligations under the transfer by controlling the asset as and when it is constructed.

The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. As a result, Edenhope District Memorial Hospital as deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations. Edenhope District Memorial Hospital expects to recognise all of the remaining deferred capital grant revenue for capital works by December 2021.

Note 5.2 (b) Contract liabilities

	2021 $'000	2020 $'000
Opening balance of contract liabilities	**10**	
Payments received for performance obligations not yet filled	3,214	3,864
Revenue recognised for the completion of a performance obligation	(3,190)	(3,854)
Total contract liabilities	**33**	**10**
Represented by		
Current contract liabilities	33	10
Non-current contract liabilities	-	-
	33	**10**

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of Department of Health, unspent client package funds and Grampians Regional Health Alliance IT JVA. The balance of contract liabilities has not changed and Nil to report as per previous reporting period.

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

	2021 $'000	2020 $'000
Current monies held it trust		
Patients monies held in trust	3	1
Refundable accommodation deposits	3,261	2,776
Auspice Funds	149	481
Total current monies held in trust	**3,413**	**3,258**
Represented by the following assets:		
Cash assets	3,413	3,258
Total current other liabilities	**3,413**	**3,258**

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 the Hospital upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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

Note 6: How we finance our operations

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

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

Note 6.1: Borrowings
Note 6.2: Cash and cash equivalents
Note 6.3: Commitments for expenditure
Note 6.4: Non-cash financing and investing activities

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was funded by Government.

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	The Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the health service: ▪ has the right-to-use an identified asset ▪ has the right to obtain substantially all economic benefits from the use of the leased asset and ▪ can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	The Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The Hospital 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 Hospital 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 Hospital applies the short-term lease exemption.
Discount rate applied to future lease payments	The Hospital 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 Hospital's lease arrangements, the Hospital 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 the Hospital is reasonably certain to exercise such options. The Hospital determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: ▪ If there are significant penalties to terminate (or not extend), the Hospital is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the Hospital is typically reasonably certain to extend (or not terminate) the lease. ▪ The Hospital considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	2021 $'000	2020 $'000
Current borrowings		
Lease liability (i)	38	31
Advances from government (ii)	20	118
Total current borrowings	**58**	**149**
Non current borrowings		
Lease liability (i)	38	-
Advances from government (ii)	82	103
Total non current borrowings	**120**	**103**
Total borrowings	**178**	**252**

(i) Secured by the assets leased.

(ii) These are unsecured loans which bear 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, and other non-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 the Hospital 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 7.2(b) for the maturity analysis of borrowings.

Defaults and breaches

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

Note 6.1 (a) Lease liabilities

The Hospital' lease liabilities are summarised below:

	2021 $'000	2020 $'000
Total undiscounted lease liabilities	77	31
Less unexpired finance expenses	(1)	-
	76	**31**

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

	2021 $'000	2020 $'000
Not longer than one year	38	31
Longer than 1 year and not longer than 5 years	39	-
Longer than 5 years	-	-
Minimum future lease liability	**77**	**31**
Less unexpired finance expenses	(1)	-
Present value of lease liability	**76**	**31**
Represented by:		
Current borrowings - lease liability	38	9
Non-current borrowings - lease liability	38	22
Total	**76**	**31**

How we recognise lease liabilities

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

To apply this definition the Hospital 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 the Hospital and for which the supplier does not have substantive substitution rights
- The Hospital 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 the Hospital has the right to direct the use of the identified asset throughout the period of use and
- The Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

The Hospital's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased vehicles	2 to 3 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.

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 the Services incremental borrowing rate. Our lease liability has been discounted by rates of 2.1%.

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.

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).

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.

Note 6.2: Cash and cash equivalents

	2021 $'000	2020 $'000
Cash on hand (excluding Monies held in trust)	1	1
Deposits at call (excluding Monies held in trust)	146	615
Deposits at call - CBS (excluding monies held in trust)	2,233	3,599
Cash at bank (excluding monies held in trust)	42	83
Cash - GRHA (excluding monies held in trust)	285	-
Total cash held for operations	**2,707**	**4,298**
Cash on hand (Monies held in trust)	11	557
Deposits at call - CBS (monies held in trust) (refer to Note 5.3)	3,402	2,784
Total cash held as monies in trust	**3,413**	**3,341**
Total cash and cash equivalents	**6,120**	**7,639**

How we recognise cash and cash equivalents

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

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

Note 6.3: Commitments for expenditure

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	2021 $'000	2020 $'000
Capital expenditure commitments		
Not later than one year	59	3,040
Total capital expenditure commitments	**59**	**3,040**
Non-cancellable short term and low value lease commitments		
Not later than one year	2	3
Later than 1 year and not later than 5 years	-	2
Total operating expenditure commitments	**2**	**5**
Total commitments for expenditure (inclusive of GST)	**61**	**3,045**
less GST recoverable from the Australian Tax Office	(6)	(277)
Total commitments for expenditure (exclusive of GST)	**56**	**2,768**

Future lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

How we disclose our commitments

Our commitments relate to expenditure, and 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

The Hospital 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 6.4: Non-cash financing and investing activities

	2021 $'000	2020 $'000
Assumption of Liabilities		
Acquisition of motor vehicles by means of Leases	77	31
Total non-cash financing and investing activities	**77**	**31**

Note 7: Risks, contingencies and valuation uncertainties

The Hospital 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

Note 7.1 Financial instruments
Note 7.2: Financial risk management objectives and policies
Note 7.3: Contingent assets and contingent liabilities

Note 7.1: Financial instruments

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

2021	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Contractual financial assets				
Cash and cash equivalents	6.2	6,120	-	6,120
Receivables and contract assets	5.1	324	-	324
Total financial assets		**6,444**	**-**	**6,444**
Financial liabilities				
Payables	5.2	-	765	765
Lease - motor vehicles	6.1	-	76	76
Advances from government	6.1	-	102	102
Other financial liabilities (refundable accommodation deposits)	5.3	-	3,261	3,261
Other financial liabilities	5.3	-	151	151
Total financial liabilities		**-**	**4,355**	**4,355**

Note 7.1 (a) Categorisation of financial instruments continued

2020	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Contractual financial assets				
Cash and cash equivalents	6.2	7,639	-	7,639
Receivables and contract assets	5.1	309	-	309
Total financial assets		**7,948**	**-**	**7,948**
Financial liabilities				
Payables	5.2	-	516	516
Lease - motor vehicles	6.1	-	31	31
Advances from government	6.1	-	221	221
Other financial liabilities (refundable accommodation deposits)	5.3	-	2,776	2,776
Other financial liabilities	5.3	-	482	482
Total financial liabilities		**-**	**4,026**	**4,026**

The carrying amount excludes statutory receivables (i.e. GST receivable).

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when the Hospital becomes party to the contractual provisions to the instrument. For financial assets, this is at the date the Hospital 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.

Financial assets at amortised cost

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

- the assets are held by the Hospital solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

The Hospital recognises the following assets in this category:

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

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

The Hospital recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

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
- The Hospital 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
- The Hospital has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Hospital has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Hospital'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 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, the Hospital'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, the Hospital'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.

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

The Hospital's 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. The Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

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

In addition, the Hospital 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, the Hospital'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 the Hospital 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 the Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Hospital's credit risk profile in 2020-21.

Impairment of financial assets under AASB 9

The Hospital records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

Contractual receivables at amortised cost

The Hospital 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. The Hospital has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Hospital past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, the Hospital determines the closing loss allowance at the end of the financial year as follows:

30-Jun-20 $'000	***Current***	***Less than 1 month***	***1–3 months***	***3 months –1 year***	***1–5 years***	***Total***
Expected loss rate	0%	0%	0%	0.0%	0%	
Gross carrying amount of contractual receivables	$ 156	-	$ 1	-	$ 6	**$ 163**
Loss allowance	**-**	**-**	**-**	**-**	**-**	**-**

30-Jun-21 $'000	***Current***	***Less than 1 month***	***1–3 months***	***3 months –1 year***	***1–5 years***	***Total***
Expected loss rate	0%	0%	0.0%	0.0%	0%	
Gross carrying amount of contractual receivables	$ 28	$ 149	$ 4	$ 9	-	**$ 191**
Loss allowance	**-**	**-**	**-**	**-**	**-**	**-**

Statutory receivables at amortised cost

The Hospital'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.

Both 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.

Note 7.2 (b) Liquidity risk

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

The Hospital 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 Hospital 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.

The Hospital'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 the Hospital's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

The maturity dates of the refundable accommodation deposits in the table represent the estimated timing of the repayments.

				Maturity Dates			
2021	**Not**	**Carrying amount $'000**	**Nominal amount $'000**	**Less than 1 Month $'000**	**1-3 Months $'000**	**3 months - 1 Year $'000**	**1-5 Years**
Financial Liabilities							
At amortised cost							
Payables	5.2	765	765	765	-	-	-
Borrowings	6.1	178	178	-	-	178	-
Other financial liabilities (i)							
Accommodation deposits	5.3	3,261	3,261	-	-	1,900	1,361
Other financial liabilities	5.3	151	151	-	-	151	-
Total financial liabilities		**4,355**	**4,355**	**765**	**-**	**2,229**	**1,361**
2020							
Financial Liabilities							
Payables	5.2	516	516	516	-	-	-
Borrowings	6.1	252	252	2	3	145	102
Other financial liabilities (i)							
Accommodation deposits	5.3	2,776	2,776	-	-	1,651	1,125
Other financial liabilities	5.3	482	482	-	-	482	-
Total financial liabilities		**4,026**	**4,026**	**518**	**3**	**2,278**	**1,227**

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

Note 7.2 (c) Market risk

The Hospital'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

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

- a change in interest rates of 1% up or down.

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. The Hospital 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. The Hospital has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Note 7.3: Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

At the date of this report, the Hospital has no known contingent assets or contingent liabilities.

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 8: Other disclosures

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

Structure

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 inflow / (outflow) from operating activities

		2021	2020
		$'000	$'000
Net result for the period		679	(1,017)
Non-cash movements:			
Depreciation	4.2	1,122	1,005
Discount (interest) / expense on loan		1	(1)
GRHA net result for the current year	8.6	(33)	-
Assets and services received free	2.2	73	-
Share of other economic flows from joint arrangements		6	-
Net gain/(loss) arising from revaluation of long service liability	3.4	3	-
Movements included in investing and financing activities			
Net (gain)/loss from disposal of non financial physical assets		-	(10)
Movements in assets and liabilities:			
(Increase)/Decrease in receivables and contract assets		(34)	360
(Increase)/Decrease in prepaid expenses		(117)	1
Increase/(Decrease) in payables and contract liabilities		(989)	648
Increase/(Decrease) in employee benefits		51	6
(Increase)/decrease in inventories		23	50
Net cash inflow from operating activities		**785**	**1,042**

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 made regarding responsible persons for the reporting period.

		Period
Responsible Ministers:		
The Honourable Martin Foley:		
Minister for Health		26 Sep 2020 - 30 Jun 2021
The Honourable Jenny Mikakos:		
Minister for Health		1 Jul 2020 - 26 Sep 2020
Governing Board Directors:		
Philip Sabien	Board Chair	1 Jul 2020 - 30 Jun 2021
Avril Hogan	Board Director	1 Jul 2020 - 30 Jun 2021
Chris McCann	Board Director	1 Jul 2020 - 30 Jun 2021
Dr Abhishek K Verma	Board Director	1 Jul 2020 - 30 Jun 2021
Annie Osborn	Board Director	1 Jul 2020 - 30 Jun 2021
Dr Ajai Verma	Board Director	1 Jul 2020 - 30 Jun 2021
Laura Willows	Board Director	1 Jul 2020 - 30 Jun 2021
Julie West	Board Director	1 Jul 2020 - 30 Jun 2021
Harry Ostendorf	Board Director	1 Aug 2020 - 30 Jun 2021
Anthony Kealy	Board Director	1 Jul 2020 - 31 Aug 2020
Josephine Murdoch	Board Director	1 Jul 2020 - 31 Aug 2020
Accountable Officers		
Andrew Saunders	Chief Executive Officer	1 Jul 2020 - 30 Jun 2021

Remuneration of Responsible Persons

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

Income Band	**2021 $'000**	**2020 $'000**
$0 - $9,999	10	9
$10,000 - $19,998	1	-
$180,000 - $189,999	1	-
$230,000 - $239,999	-	1
Total Numbers	**12**	**10**

	2021 $'000	**2020 $'000**
Total remuneration received, due and receivable by Responsible Persons from the Hospital amounted to:	238	218

Amounts relating to the Governing Board Members and Accountable Officer of the Hospital's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, 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)

	2021	2020
	$'000	$'000
Short-term employee benefits	282	219
Post-employment benefits	27	21
Other long-term benefits	-	6
Total remuneration (i)	**309**	**246**
Total number of executive officers	2	2
Total annualised employee equivalent (AEE)	2	2

(i) The total number of executive officers includes persons who meet the defnintion of Key Managment Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also relevant to the related parties note disclosure (Note 8.4).

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

Total remuneration payable to executives during the year may include bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related parties

The Hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the Hospital include:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the Grampians Rural Health Alliance Information Technology Joint Venture and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

Key management personnel

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

Entity	KMPs	Position Title
Edenhope District Memorial Hospital	Philip Sabien	Board Chair
Edenhope District Memorial Hospital	Avril Hogan	Board Director
Edenhope District Memorial Hospital	Chris McCann	Board Director
Edenhope District Memorial Hospital	Dr Abhishek K Verma	Board Director
Edenhope District Memorial Hospital	Annie Osborn	Board Director
Edenhope District Memorial Hospital	Dr Ajai Verma	Board Director
Edenhope District Memorial Hospital	Laura Willows	Board Director
Edenhope District Memorial Hospital	Julie West	Board Director
Edenhope District Memorial Hospital	Harry Ostendorf	Board Director
Edenhope District Memorial Hospital	Jo Murdoch	Board Director
Edenhope District Memorial Hospital	Tony Kealy	Board Director
Edenhope District Memorial Hospital	Andrew Saunders	Chief Executive Officer
Edenhope District Memorial Hospital	Joseph Bermudo	Director Of Nursing
Edenhope District Memorial Hospital	Robyn Salt	Director Of Primary Health

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

Compensation - KMPs	**2021**	**2020**
	$'000	**$'000**
Short-term employee benefits	504	418
Post-employment benefits	43	36
Other long-term benefits	-	10
Total*	**547**	**464**

*KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant transactions with government related entities

The Hospital received funding from the Department of Health of $8.0 m (2020: $5.9m) and indirect contributions of $0.089m (2020: $0.057m). Balances recallable at year-end are $Nil (2020:$0.014m). Balances outstanding as at 30 June 2021 are $0.024m (2020 $0.22 m).

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

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

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

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Hospital, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2021 (2020: none).

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

Note 8.5: Remuneration of auditors

	2021 $'000	2020 $'000
Victorian Auditor-General's Office		
Audit of financial statements	13	13
	13	**13**

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7: Joint arrangements

The Services interest in controlled operations are detailed below. The amounts are included in each relevant category of the financial statements and notes thereto.

Summarised balance sheet:	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	285	202
Receivables	46	4
Other current assets	68	8
Total current assets	**399**	**214**
Non-current Assets		
Property, plant & equipment	211	213
Total non-current Assets	**211**	**213**
Total assets	**610**	**427**
Current liabilities		
Payables	278	99
Total current liabilities	**278**	**99**
Total liabilities	**278**	**99**
Equity		
Accumulated surpluses	**332**	**328**
Total equity	**332**	**328**

The Services interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

Summarised operating statement:	**2021**	**2020**
	$'000	**$'000**
Revenue		
Revenue from operating activities	397	382
Capital revenue	63	32
Total revenue	**460**	**415**
Expenses		
Other expense from continuing operations	401	336
Depreciation & amortisation	92	56
Total expenses	**493**	**392**
Net result	**(33)**	**23**

* Figures obtained from the unaudited Grampians Regional Health Alliance IT JVA annual report.

			Ownership Interest		Published Fair Value	
Name of Entity	**Principal Activity**	**Country of Incorp'n**	**2021 %**	**2020 %**	**2021 $'000**	**2020 $'000**
Jointly Controlled Entities						
Grampians Regional Health Alliance IT JVA	Info. Tech. Services	Australia	5.32	4.78	332	328

Contingent Liabilities and Capital Commitments

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

Note 8.8: Equity

Contributed capital

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

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Specific restricted purpose reserves

The specific restricted purpose reserve is established where the Hospital has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 8.9: Economic dependency

The Hospital is dependent on the Department of Health for the majority of its revenue used to operate the Hospital. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support the Hospital.