

Independent Auditor's Report

To the Board of Yarram & District Health Service

Opinion I have audited the financial report of Yarram & District Health Service (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.



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
26 October 2021

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 Yarram & District Health Service 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 Yarram & District Health Service 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 20th October, 2021.

Board Member



Shaun Braybrook

Chair

Yarram

20-Oct-21

Accountable Officer



Paul Head

Interim Chief Executive Officer

Yarram

20-Oct-21

Chief Finance & Accounting Officer



Andrew Arundell

Chief Finance and Accounting Officer (Contract)

Yarram

20-Oct-21

**Yarram & District Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021**

		Total 2021 \$	Total 2020 \$
Revenue and income from transactions			
Operating activities	2.1	16,759,790	14,678,303
Non-operating activities	2.1	29,420	118,155
Total revenue and income from transactions		16,789,210	14,796,458
Expenses from transactions			
Employee expenses	3.1	(11,905,705)	(12,022,289)
Supplies and consumables	3.1	(1,000,991)	(624,662)
Finance costs	3.1	(1)	-
Depreciation	3.1	(703,372)	(572,487)
Other administrative expenses	3.1	(1,521,711)	(1,426,950)
Other operating expenses	3.1	(863,945)	(676,679)
Other non-operating expenses	3.1	(92,307)	-
Total Expenses from transactions		(16,088,032)	(15,323,067)
Net result from transactions - net operating balance		701,178	(526,609)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.4	61,244	(92,957)
Net gain/(loss) on financial instruments at fair value	3.4	(1,138)	(8,976)
Share of other economic flows from joint arrangements	3.4	(29,191)	18,111
Other gain/(loss) from other economic flows	3.4	7,101	(7,550)
Total other economic flows included in net result		38,016	(91,372)
Net result for the year		739,194	(617,981)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.1(b)	282,855	-
Comprehensive result for the year		1,022,049	(617,981)

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

Yarram & District Health Service
Balance Sheet
As at 30 June 2021

	Total 2021 \$	Total 2020 \$
Current assets		
Cash and cash equivalents	6.2 7,684,127	7,410,696
Receivables and contract assets	5.1 413,934	533,192
Inventories	4.3 57,235	63,032
Prepaid expenses	249,051	212,653
Total current assets	8,404,347	8,219,573
Non-current assets		
Receivables and contract assets	5.1 713,619	820,836
Property, plant and equipment	4.1 (a) 24,376,487	22,824,089
Total non-current assets	25,090,106	23,644,925
Total assets	33,494,453	31,864,498
Current liabilities		
Payables and contract liabilities	5.2 1,096,574	1,141,349
Borrowings	6.1 252,682	283,630
Employee benefits	3.2 2,560,280	2,584,234
Other liabilities	5.3 3,043,519	1,996,606
Total current liabilities	6,953,055	6,005,819
Non-current liabilities		
Borrowings	6.1 195,066	460,442
Employee benefits	3.2 338,775	412,729
Total non-current liabilities	533,841	873,171
Total liabilities	7,486,896	6,878,990
Net assets	26,007,557	24,985,508
Equity		
Property, plant and equipment revaluation surplus	4.1(f) 19,390,936	19,108,081
Restricted specific purpose surplus	SCE 94,500	94,500
Contributed capital	SCE 6,121,891	6,121,891
Accumulated surplus/(deficit)	SCE 400,230	(338,964)
Total equity	26,007,557	24,985,508

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

**Yarram & District Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2021**

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surplus/(Deficits)	Total	
Total	Note	\$	\$	\$	\$	
Balance at 30 June 2019		19,108,081	94,500	6,121,891	279,017	25,603,489
Net result for the year		-	-	-	(617,981)	(617,981)
Balance at 30 June 2020		19,108,081	94,500	6,121,891	(338,964)	24,985,508
Net result for the year		-	-	-	739,194	739,194
Other comprehensive income for the year	4.1(b)	282,855	-	-	-	282,855
Balance at 30 June 2021		19,390,936	94,500	6,121,891	400,230	26,007,557

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

Yarram & District Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2021

	Total 2021 \$	Total 2020 \$
Cash Flows from operating activities		
Operating grants from government	12,367,090	11,910,056
Capital grants from government - State	1,561,551	63,385
Patient fees received	1,319,923	1,604,271
Donations and bequests received	4,724	-
GST received from / (paid to) ATO	65,914	(61,570)
Interest and investment income received	29,420	323,310
Commercial Income Received	37,732	40,307
Other receipts	1,223,535	1,357,313
Total receipts	16,609,889	15,237,072
Employee expenses paid	(11,858,478)	(12,252,295)
Payments for supplies and consumables	(868,151)	(865,092)
Payments for medical indemnity insurance	(58,916)	(46,026)
Payments for repairs and maintenance	(440,683)	(361,967)
Finance Costs	(1)	-
Cash outflow for leases	(48,869)	(2,236)
Payment for share of rural health alliance	(29,191)	18,111
Other payments	(1,868,659)	(1,639,462)
Total payments	(15,172,948)	(15,148,967)
Net cash flows from operating activities	8.1 1,436,941	88,105
Cash Flows from investing activities		
Purchase of property, plant and equipment	(2,569,795)	(4,646,907)
Proceeds from disposal of property, plant and equipment	658,124	97,666
Proceeds from disposal of investments	-	4,995,977
Net cash flows from/(used in) investing activities	(1,911,671)	446,736
Cash flows from financing activities		
Repayment of borrowings	(297,462)	(273,744)
Receipt of accommodation deposits	1,541,759	1,269,964
Repayment of accommodation deposits	(496,136)	(2,668,536)
Net cash flows from /(used in) financing activities	748,161	(1,672,316)
Net increase/(decrease) in cash and cash equivalents held	273,431	(1,137,475)
Cash and cash equivalents at beginning of year	7,410,696	8,548,171
Cash and cash equivalents at end of year	6.2 7,684,127	7,410,696

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

**Yarram & District Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021**

Note 1: Basis of preparation

Structure

- 1.1 Basis of preparation of the financial statements*
- 1.2 Impact of COVID-19 pandemic*
- 1.3 Abbreviations and terminology used in the financial statements*
- 1.4 Joint arrangements*
- 1.5 Key accounting estimates and judgements*
- 1.6 Accounting standards issued but not yet effective*
- 1.7 Goods and Services Tax (GST)*
- 1.8 Reporting entity*

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Yarram & District Health Service for the year ended 30 June 2021. The report provides users with information about Yarram & District Health Service'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.

Yarram & District Health Service 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 year.

The Yarram & District Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Yarram & District Health Service's Capital and Specific Purpose Funds include:

- Donation and fundraising funds,
- Specific Program Reserves

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.

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

The amounts presented in the financial statements have been rounded to the nearest dollar. 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 Yarram & District Health Service on 20th October, 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, Yarram & District Health Service 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 Yarram & District Health Service operates.

Yarram & District Health Service 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
- performing COVID-19 testing
- administering COVID-19 vaccinations
- implementing work from home arrangements where appropriate.

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

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1.3 Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
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
WIES	Weighted Inlier Equivalent Separation

Note 1.4 Joint arrangements

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

Yarram & District Health Service has the following joint arrangements:

- Gippsland Health Alliance (GHA)

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.

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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 Yarram & District Health Service and their potential impact when adopted in future periods is outlined below:

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

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Note 1.8 Reporting Entity

The financial statements include all the activities of Yarram & District Health Service.

Its principal address is:
85-91 Commercial Road
Yarram
Victoria 3971

A description of the nature of Yarram & District Health Service'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

Yarram & District Health Service's overall objective is to provide quality health service and to be a leading regional healthcare provider delivering timely, accessible, integrated and responsive services to the Gippsland community. Yarram & District Health Service is predominantly funded by grant funding for the provision of outputs. Yarram & District Health Service also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

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

2.3 Other income

Telling the COVID-19 story

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

Funding provided included:

- COVID-19 operational funding
- Vaccination program funding

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

	Total 2021 \$	Total 2020 \$
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	424,040	198,851
Government grants (Commonwealth) - Operating	3,626,293	3,348,228
Patient and resident fees	1,323,574	1,682,473
Commercial activities ¹	37,732	40,307
Total revenue from contracts with customers	5,411,639	5,269,859
Other sources of income		
Government grants (State) - Operating	8,494,184	8,039,035
Government grants (State) - Capital	1,561,551	63,385
Assets received free of charge or for nominal consideration	88,947	11,357
Other revenue from operating activities (including non-capital donations)	1,203,469	1,294,667
Total other sources of income	11,348,151	9,408,444
Total revenue and income from operating activities	16,759,790	14,678,303
Non-operating activities		
Income from other sources		
Capital interest	29,420	118,155
Total other sources of income	29,420	118,155
Total income from non-operating activities	29,420	118,155
Total revenue and income from transactions	16,789,210	14,796,458

1. Commercial activities represent business activities which Yarram & District Health Service enter into to support their operations.

Note 2.1 Revenue and income from transactions (continued)

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Yarram & District Health Service assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the health service:

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

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

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as ‘casemix’) in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>
Commonwealth Residential Aged Care Grants	<p>Funding is provided for the provision of care for aged care residents within facilities at Yarram & District Health Service.</p> <p>The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers.</p> <p>Revenue is recognised at the point in time when the service is provided within the residential aged care facility.</p>

Note 2.1 Revenue and income from transactions (continued)

Capital grants

Where Yarram & District Health Service 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 Yarram & District Health Service’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 provision of meals and property rental. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Yarram & District Health Service as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Yarram & District Health Service 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.

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

	Total 2021 \$	Total 2020 \$
Cash donations and gifts	4,724	-
Personal protective equipment	84,223	11,357
Total fair value of assets and services received free of charge or for nominal consideration	88,947	11,357

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 Yarram & District Health Service 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. Yarram & District Health Service received these resources free of charge and recognised them as income.

Contributions

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

On initial recognition of the asset, Yarram & District Health Service recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Yarram & District Health Service recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

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

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Yarram & District Health Service has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

Note 2.3 Other income

	Total 2021 \$	Total 2020 \$
Interest	29,420	118,155
Total other income	29,420	118,155

How we recognise other income

Dividend Income

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from Yarram & District Health Service investments in financial assets.

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 health service 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

3.1 Expenses from transactions

3.2 Employee benefits in the balance sheet

3.3 Superannuation

3.4 Other economic flows

Telling the COVID-19 story

Where there is a material impact:

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- implement COVID safe practices throughout Yarram & District Health Service 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, additional equipment purchased.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 3.1 Expenses from transactions

Note	Total 2021 \$	Total 2020 \$
Salaries and wages	9,884,571	9,844,950
On-costs	852,227	901,840
Agency expenses	305,699	166,653
Fee for service medical officer expenses	673,733	960,177
Workcover premium	189,475	148,669
Total employee expenses	11,905,705	12,022,289
Drug supplies	49,597	52,190
Medical and surgical supplies	547,393	264,952
Diagnostic and radiology supplies	18,998	20,629
Other supplies and consumables	385,003	286,891
Total supplies and consumables	1,000,991	624,662
Finance costs	1	-
Total finance costs	1	-
Gippsland Health Alliance Member Contributions	548,892	505,465
Other administrative expenses	972,819	921,485
Total other administrative expenses	1,521,711	1,426,950
Fuel, light, power and water	303,498	266,450
Repairs and maintenance	440,551	361,471
Maintenance contracts	132	496
Medical indemnity insurance	58,916	46,026
Expenses related to short term leases	-	2,236
Expenses related to leases of low value assets	48,869	-
Expenditure for capital purposes	11,979	-
Total other operating expenses	863,945	676,679
Total operating expense	15,292,353	14,750,580
Depreciation	4.2 703,372	572,487
Total depreciation and amortisation	703,372	572,487
Assets and services provided free of charge or for nominal consideration	91,437	-
Bad and doubtful debt expense	870	-
Total other non-operating expenses	92,307	-
Total non-operating expense	795,679	572,487
Total expenses from transactions	16,088,032	15,323,067

Note 3.1 Expenses from transactions

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
- 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 \$1,000).

The Department of Health also makes certain payments on behalf of Yarram & District Health Service. 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 and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2 Employee benefits in the balance sheet

	Total 2021 \$	Total 2020 \$
Current provisions		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	22,601	15,563
	22,601	15,563
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	906,029	855,328
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	-	-
	906,029	855,328
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	416,404	223,909
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	936,432	1,229,014
	1,352,836	1,452,923
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	126,844	107,382
Unconditional and expected to be settled after 12 months ⁱⁱ	151,970	153,038
	278,814	260,420
Total current employee benefits	2,560,280	2,584,234
Non-current provisions		
Conditional long service leave ⁱ	306,305	376,487
Provisions related to employee benefit on-costs ⁱⁱ	32,470	36,242
Total non-current employee benefits	338,775	412,729
Total employee benefits	2,899,055	2,996,963

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Note 3.2 Employee benefits in the balance sheet

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 Yarram & District Health Service 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 Yarram & District Health Service 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 Yarram & District Health Service expects to wholly settle within 12 months or
- Present value – if Yarram & District Health Service 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 Yarram & District Health Service 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 Yarram & District Health Service expects to wholly settle within 12 months or
- Present value – if Yarram & District Health Service 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

	Total 2021 \$	Total 2020 \$
Unconditional accrued days off	22,601	15,563
Unconditional annual leave entitlements	1,032,873	952,380
Unconditional long service leave entitlements	1,504,806	1,616,291
Total current employee benefits and related on-costs	2,560,280	2,584,234
Conditional long service leave entitlements	338,775	412,729
Total non-current employee benefits and related on-costs	338,775	412,729
Total employee benefits and related on-costs	2,899,055	2,996,963
Carrying amount at start of year	2,996,963	3,300,933
Additional provisions recognised	208,840	222,090
Amounts incurred during the year	(306,748)	(526,060)
Carrying amount at end of year	2,899,055	2,996,963

Note 3.3 Superannuation

Defined contribution plans:

Aware Super

Hesta

Other

Total

Paid contribution for the year	
Total 2021 \$	Total 2020 \$
528,696	597,565
251,072	241,444
72,456	62,831
852,224	901,840

How we recognise superannuation

Employees of Yarram & District Health Service are entitled to receive superannuation benefits and it contributes to defined contribution plans. There are no contributions made to defined benefit plans.

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 Yarram & District Health Service are disclosed above.

Note 3.4 Other economic flows included in net result

	Total 2021 \$	Total 2020 \$
Net gain/(loss) on disposal of property plant and equipment	61,244	(92,957)
Total net gain/(loss) on non-financial assets	61,244	(92,957)
Other gains/(losses) from other economic flows	(1,138)	(8,976)
Total net gain/(loss) on financial instruments	(1,138)	(8,976)
Share of net profits/(losses) of joint entities, excluding dividends	(29,191)	18,111
Total share of other economic flows from joint arrangements	(29,191)	18,111
Net gain/(loss) arising from revaluation of long service liability	7,101	(7,550)
Total other gains/(losses) from other economic flows	7,101	(7,550)
Total gains/(losses) from other economic flows	38,016	(91,372)

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.

Net gain/(loss) on non-financial assets

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

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

Net gain/(loss) on financial instruments

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

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

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

Note 4: Key assets to support service delivery

Yarram & District Health Service 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 Yarram & District Health Service to be utilised for delivery of those outputs.

Structure

4.1 Property, plant & equipment

4.2 Depreciation

4.3 Inventories

Telling the COVID-19 story

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

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	<p>Yarram & District Health Service obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>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.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Yarram & District Health Service 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.</p> <p>The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Yarram & District Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Identifying indicators of impairment	<p>At the end of each year, Yarram & District Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2021 \$	Total 2020 \$
Land at fair value - Freehold	1,917,855	1,830,000
Total land at fair value	1,917,855	1,830,000
Buildings at fair value	19,926,377	14,253,000
Less accumulated depreciation	(790,331)	(372,714)
Total buildings at fair value	19,136,046	13,880,286
Works in progress at cost	2,327,714	6,043,172
Total land and buildings	23,381,615	21,753,458
Plant and equipment at fair value	1,235,520	1,126,447
Less accumulated depreciation	(712,588)	(578,498)
Total plant and equipment at fair value	522,932	547,949
Motor vehicles at fair value	138,563	138,563
Less accumulated depreciation	(89,976)	(83,501)
Total motor vehicles at fair value	48,587	55,062
Medical equipment at fair value	480,683	393,381
Less accumulated depreciation	(319,276)	(282,564)
Total medical equipment at fair value	161,407	110,817
Right of use vehicles at fair value	402,738	402,738
Less accumulated depreciation	(140,792)	(45,935)
Total right of use vehicles at fair value	261,946	356,803
Total plant, equipment, furniture, fittings and vehicles at fair value	994,872	1,070,631
Total property, plant and equipment	24,376,487	22,824,089

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

Note	Right of Use -					
	Land \$	Concessionary Land \$	Buildings \$	Motor Vehicles \$	Plant & equipment \$	Right of use - Vehicles \$
Balance at 1 July 2019	1,830,000	-	15,929,966	220,646	464,356	-
Additions	-	-	4,366,206	43,982	188,224	402,738
Disposals	-	-	-	(190,623)	-	-
Depreciation	-	-	(372,714)	(18,943)	(104,631)	(45,935)
Balance at 30 June 2020	1,830,000	-	19,923,458	55,062	547,949	356,803
Additions	-	-	2,372,919	-	109,074	-
Disposals	(195,000)	-	(401,380)	-	-	-
Revaluation increments/(decrements)	282,855	-	-	-	-	-
Depreciation	-	-	(431,237)	(6,475)	(134,091)	(94,857)
Balance at 30 June 2021	1,917,855	-	21,463,760	48,587	522,932	261,946

Note	Medical	
	Equipment \$	Total \$
Balance at 1 July 2019	92,586	18,537,554
Additions	48,495	5,049,645
Disposals	-	(190,623)
Depreciation	(30,264)	(572,487)
Balance at 30 June 2020	110,817	22,824,089
Additions	87,302	2,569,295
Disposals	-	(596,380)
Revaluation increments/(decrements)	-	282,855
Depreciation	(36,712)	(703,372)
Balance at 30 June 2021	161,407	24,376,487

Land and Buildings Carried at Valuation

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

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Yarram & District Health Service 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, Yarram & District Health Service 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%, Yarram & District Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

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

- increase in fair value of land of 17.3% (\$282,855)
- Buildings were deemed an immaterial movement by the Valuer General Victoria for health agencies in 2021.

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

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

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

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

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

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

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

Impairment

At the end of each financial year, Yarram & District Health Service 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, Yarram & District Health Service 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.

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

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1(a) for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Yarram & District Health Service presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

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

Class of right-of-use asset	Lease term
Motor Vehicles	3 years

Presentation of right-of-use assets

Yarram & District Health Service 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, Yarram & District Health Service 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(a).

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, Yarram & District Health Service 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, Yarram & District Health Service estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Yarram & District Health Service 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

	Note	Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2021	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		\$	\$	\$	\$
Specialised land		1,917,855	-	-	1,917,855
Total land at fair value	4.1 (a)	1,917,855	-	-	1,917,855
Specialised buildings		21,463,760	-	-	21,463,760
Total buildings at fair value	4.1 (a)	21,463,760	-	-	21,463,760
Plant and equipment at fair value	4.1 (a)	522,932	-	-	522,932
Motor vehicles at fair value	4.1 (a)	48,587	-	-	48,587
Medical equipment at Fair Value	4.1 (a)	161,407	-	-	161,407
Right of use Motor vehicles	4.1 (a)	261,946	-	-	261,946
Total plant, equipment, furniture, fittings and vehicles at fair value		994,872	-	-	994,872
Total property, plant and equipment at fair value		24,376,487	-	-	24,376,487
		Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2020	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		\$	\$	\$	\$
Specialised land		1,830,000	-	-	1,830,000
Total land at fair value	4.1 (a)	1,830,000	-	-	1,830,000
Specialised buildings		19,923,458	-	-	19,923,458
Total buildings at fair value	4.1 (a)	19,923,458	-	-	19,923,458
Plant, equipment at fair value	4.1 (a)	547,949	-	-	547,949
Motor vehicles at fair value	4.1 (a)	55,062	-	-	55,062
Medical equipment at Fair Value	4.1 (a)	110,817	-	-	110,817
Right of use Motor vehicles	4.1 (a)	356,803	-	-	356,803
Total plant, equipment, furniture, fittings and vehicles at fair value		1,070,631	-	-	1,070,631
Total Property, Plant and Equipment		22,824,089	-	-	22,824,089

ⁱ Classified in accordance with the fair value hierarchy.

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

Total	Note	Land \$	Buildings \$	Plant and equipment \$	Motor vehicles \$	Medical equipment \$	ROU motor vehicles \$
Balance at 1 July 2019	4.1 (b)	1,830,000	15,929,968	464,356	220,646	92,586	-
Additions/(Disposals)	4.1 (b)	-	4,366,206	188,224	(146,641)	48,495	402,738
Gains/(Losses) recognised in net result							
- Depreciation	4.2	-	(372,714)	(104,631)	(18,943)	(30,264)	(45,935)
Balance at 30 June 2020	4.1 (c)	1,830,000	19,923,460	547,949	55,062	110,817	356,803
Additions/(Disposals)	4.1 (b)	(195,000)	1,971,537	109,074	-	87,302	-
Gains/(Losses) recognised in net result							
- Depreciation	4.2	-	(431,237)	(134,091)	(6,475)	(36,712)	(94,857)
Items recognised in other comprehensive income							
- Revaluation		282,855	-	-	-	-	-
Balance at 30 June 2021	4.1 (c)	1,917,855	21,463,760	522,932	48,587	161,407	261,946

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

Note 4.1 (e) Property, plant and equipment (fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments ⁽ⁱ⁾
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

(i) A community service obligation (CSO) of 20% was applied to the Yarram & District Health Service's specialised land.

How we measure fair value

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

For the purpose of fair value disclosures, Yarram & District Health Service 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, Yarram & District Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Yarram & District Health Service's independent valuation agency.

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

Note 4.1 (e) Property, plant and equipment (fair value determination)

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, Yarram & District Health Service 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.

Note 4.1 (e) Property, plant and equipment (fair value determination)

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, Yarram & District Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is 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 Yarram & District Health Service, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Yarram & District Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Vehicles

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

Furniture, fittings, plant and equipment

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

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

Note 4.1 (f) Property, plant and equipment revaluation reserve

	Total 2021 \$	Total 2020 \$
Note		
Balance at the beginning of the reporting period	19,108,081	19,108,081
Revaluation increment		
- Land	4.1 (b) 282,855	-
- Buildings	4.1 (b) -	-
Balance at the end of the Reporting Period*	19,390,936	19,108,081
* Represented by:		
- Land	1,515,108	1,232,253
- Buildings	17,875,828	17,875,828
	19,390,936	19,108,081

Note 4.2 Depreciation

	Total 2021 \$	Total 2020 \$
Depreciation		
Buildings	431,237	372,714
Plant and equipment	134,091	104,631
Motor vehicles	6,475	18,943
Medical equipment	36,712	30,264
Right of use - motor vehicles	94,857	45,935
Total depreciation	703,372	572,487
Total depreciation and amortisation	703,372	572,487

How we recognise depreciation

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

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

How we recognise amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2021	2020
Buildings		
- Structure shell building fabric	13 to 50 years	13 to 50 years
- Site engineering services and central plant	35 to 45 years	35 to 45 years
Central Plant		
- Fit Out	20 to 30 years	20 to 30 years
- Trunk reticulated building system	25 to 35 years	25 to 35 years
Plant and equipment	3 to 7 years	3 to 7 years
Medical equipment	7 to 10 years	7 to 10 years
Motor Vehicles	10 years	10 years

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

Note 4.3 Inventories

	Total 2021 \$	Total 2020 \$
General stores at cost	57,235	63,032
Total inventories	57,235	63,032

How we recognise inventories

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

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Yarram & District Health Service's operations.

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

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	Yarram & District Health Service uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	<p>Where Yarram & District Health Service 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.</p> <p>Yarram & District Health Service 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.</p>
Measuring contract liabilities	<p>Yarram & District Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2.</p> <p>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.</p>

Note 5.1 Receivables and contract assets

Notes	Total 2021 \$	Total 2020 \$
Current receivables and contract assets		
Contractual		
Inter hospital debtors	-	30,000
Trade debtors	41,081	41,772
Patient fees	138,873	135,222
Provision for impairment - Patient Fees	(2,000)	(2,000)
Accrued revenue	1,436	-
Amounts receivable from governments and agencies	76,890	66,411
Total contractual receivables and contract assets	256,280	271,405
Statutory		
Accrued Revenue - Department of Health	-	38,219
GST receivable	157,654	223,568
Total statutory receivables	157,654	261,787
Total current receivables and contract assets	413,934	533,192
Non-current receivables and contract assets		
Contractual		
Long service leave - Department of Health	713,619	820,836
Total contractual receivables and contract assets	713,619	820,836
Total non-current receivables and contract assets	713,619	820,836
Total receivables and contract assets	1,127,553	1,354,028
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	1,127,553	1,354,028
Provision for impairment	2,000	2,000
GST receivable	(157,654)	(223,568)
Total financial assets	7.1(a) 971,899	1,132,460

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

	Total 2021 \$	Total 2020 \$
Balance at the beginning of the year	2,000	2,000
Balance at the end of the year	2,000	2,000

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as ‘financial assets at amortised costs’. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore 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 health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Yarram & District Health Service 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.

Impairment losses of contractual receivables

Refer to Note 7.1 (a) for Yarram & District Health Service’s contractual impairment losses.

Note 5.2 Payables and contract liabilities

Note	Total 2021 \$	Total 2020 \$
Current payables and contract liabilities		
Contractual		
Trade creditors	125,976	280,861
Accrued salaries and wages	405,723	258,103
Accrued expenses	334,203	165,555
Contract liabilities	95,059	417,922
Amounts payable to governments and agencies	135,613	9,322
Total contractual payables	1,096,574	1,131,763
Statutory		
Australian Taxation Office	-	9,586
Total statutory payables	-	9,586
Total current payables and contract liabilities	1,096,574	1,141,349
Total payables and contract liabilities	1,096,574	1,141,349
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	1,096,574	1,141,349
Contract liabilities	(95,059)	(417,922)
Department of Health	-	-
Australian Taxation Office	-	(9,586)
Total financial liabilities	1,001,515	713,841

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 Yarram & District Health Service 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) Contract liabilities

	Total 2021 \$	Total 2020 \$
Opening balance of contract liabilities	417,922	-
Payments received for performance obligations not yet fulfilled	-	1,352,596
Revenue recognised for the completion of a performance obligation	(322,863)	(934,674)
Total contract liabilities	95,059	417,922
* Represented by:		
- Current contract liabilities	95,059	417,922
	95,059	417,922

How we recognise contract liabilities

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

	Total 2021	Total 2020
Notes	\$	\$
Current monies held in trust		
Patient monies	7,217	5,927
Refundable accommodation deposits	3,036,302	1,990,679
Total current monies held in trust	3,043,519	1,996,606
Total other liabilities	3,043,519	1,996,606
* Represented by:		
- Cash assets	6.2 3,043,519	1,996,606
	3,043,519	1,996,606

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 Yarram & District Health Service 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 Yarram & District Health Service during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Yarram & District Health Service.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic 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	<p>Yarram & District Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> ▪ has the right-to-use an identified asset ▪ has the right to obtain substantially all economic benefits from the use of the leased asset and ▪ can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>Yarram & District Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Yarram & District Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Yarram & District Health Service 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.</p>
Assessing the lease term	<p>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 Yarram & District Health Service is reasonably certain to exercise such options.</p> <p>Yarram & District Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

Note	Total 2021 \$	Total 2020 \$
Current borrowings		
Lease liability ⁽ⁱ⁾	93,820	102,057
Advances from government (ii)	158,862	181,573
Total current borrowings	252,682	283,630
Non-current borrowings		
Lease liability ⁽ⁱ⁾	146,307	253,959
Advances from government (ii)	48,759	206,483
Total non-current borrowings	195,066	460,442
Total borrowings	447,748	744,072

ⁱ Secured by the assets leased.

ⁱⁱ These are secured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Yarram & District Health Service 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

Yarram & District Health Service's lease liabilities are summarised below:

	Total 2021 \$	Total 2020 \$
Total undiscounted lease liabilities	248,187	364,076
Less unexpired finance expenses	(8,060)	(8,060)
Net lease liabilities	240,127	356,016

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

	Total 2021 \$	Total 2020 \$
Not longer than one year	94,837	102,135
Longer than one year but not longer than five years	153,350	261,941
Minimum future lease liability	248,187	364,076
Less unexpired finance expenses	(8,060)	(8,060)
Present value of lease liability	240,127	356,016
* Represented by:		
- Current liabilities	93,820	102,057
- Non-current liabilities	146,307	253,959
	240,127	356,016

How we recognise lease liabilities

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

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

Yarram & District Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased motor vehicles	2 years

Note 6.1 (a) Lease liabilities

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 Yarram & District Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between [2%] to [5%].

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

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

The 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.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$Nil.

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

Note	Total 2021 \$	Total 2020 \$
Cash on hand (excluding monies held in trust)	585	585
Cash at bank (excluding monies held in trust)	124,888	76,028
Cash at bank - CBS (excluding monies held in trust)	4,263,579	5,033,519
Cash at bank - GHA	251,556	303,958
Total cash held for operations	4,640,608	5,414,090
Cash at bank - CBS (monies held in trust)	3,043,519	1,996,606
Total cash held as monies in trust	3,043,519	1,996,606
Total cash and cash equivalents	7,684,127	7,410,696

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

	Total 2021 \$	Total 2020 \$
Capital expenditure commitments		
Less than one year	183,629	643,190
Total capital expenditure commitments	183,629	643,190
Total commitments for expenditure (exclusive of GST)	183,629	643,190
Less GST recoverable from Australian Tax Office	(16,694)	(58,472)
Total commitments for expenditure (exclusive of GST)	166,935	584,718

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

Yarram & District Health Service 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.

Refer to Note 6.1 for further information.

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

7.3 Contingent assets and contingent liabilities

Note 7.1: Financial instruments

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

Total		Financial Assets at	Financial Liabilities	
30 June 2021	Note	Amortised Cost	at Amortised Cost	Total
		\$	\$	\$
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	7,684,127	-	7,684,127
Receivables and contract assets	5.1	971,899	-	971,899
Total Financial Assetsⁱ		8,656,026	-	8,656,026
Financial Liabilities				
Payables	5.2	-	1,001,515	1,001,515
Borrowings	6.1	-	447,748	447,748
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	3,036,302	3,036,302
Other Financial Liabilities - Other monies held in trust	5.3	-	7,217	7,217
Total Financial Liabilitiesⁱ		-	4,492,782	4,492,782

Note 7.1 (a) Categorisation of financial instruments

Total		Financial Assets at	Financial Liabilities	
30 June 2020	Note	Amortised Cost	at Amortised Cost	Total
		\$	\$	\$
Contractual Financial Assets				
Cash and cash equivalents	6.2	7,410,696	-	7,410,696
Receivables and contract assets	5.1	1,132,460	-	1,132,460
Total Financial Assetsⁱ		8,543,156	-	8,543,156
Financial Liabilities				
Payables	5.2	-	713,841	713,841
Borrowings	6.1	-	744,072	744,072
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,990,679	1,990,679
Other Financial Liabilities - Other monies held in trust	5.3	-	5,927	5,927
Total Financial Liabilitiesⁱ		-	3,454,519	3,454,519

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Note 7.1 (a) Categorisation of financial instruments

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 Yarram & District Health Service 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.

Yarram & District Health Service recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Categories of financial liabilities

Financial liabilities are recognised when Yarram & District Health Service 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.

Note 7.1 (a) Categorisation of financial instruments

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.

Yarram & District Health Service recognises the following liabilities in this category:

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

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Yarram & District Health Service has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Note 7.1 (a) Categorisation of financial instruments

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
- Yarram & District Health Service 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
- Yarram & District Health Service 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 Yarram & District Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Yarram & District Health Service's continuing involvement in the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Yarram & District Health Service'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, Yarram & District Health Service'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.

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

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

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

In addition, Yarram & District Health Service 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, Yarram & District Health Service'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 Yarram & District Health Service 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 Yarram & District Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Yarram & District Health Service's credit risk profile in 2020-21.

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9

Yarram & District Health Service 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

Yarram & District Health Service 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. Yarram & District Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Yarram & District Health Service's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Yarram & District Health Service determines the closing loss allowance at the end of the financial year as follows:

Note 7.2 (a) Credit Risk

30 June 2021		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%	19.2%	0.0%	
Gross carrying amount of contractual receivables	5.1	146,432	4,371	18,745	10,404	0	179,952
Loss allowance		-	-	-	(2,000)	-	(2,000)
30 June 2020		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%	11.5%	0.0%	
Gross carrying amount of contractual receivables	5.1	151,705	10,964	26,909	17,416	0	206,994
Loss allowance		-	-	-	(1,999)	-	(1,999)

Note 7.2 (a) Credit Risk

Statutory receivables and debt investments at amortised cost

Yarram & District Health Service'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.

Yarram & District Health Service also has investments in five-year government bonds and debentures.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As 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.

Yarram & District Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements.
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Yarram & District Health Service'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.

Note 7.2 (b) Liquidity Risk

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

		Maturity Dates						
		Carrying	Nominal	Less than 1	3 months - 1			
		Amount	Amount	Month	1-3 Months	Year	1-5 Years	Over 5 years
		\$	\$	\$	\$	\$	\$	\$
Total								
30 June 2021	Note							
Financial Liabilities at amortised cost								
Payables	5.2	1,001,515	1,001,515	1,001,515	-	-	-	-
Borrowings	6.1	447,748	447,748	-	-	252,682	195,066	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	3,036,302	3,036,302	-	-	3,036,302	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	7,217	7,217	7,217	-	-	-	-
Total Financial Liabilities		4,492,782	4,492,782	1,008,732	-	3,288,984	195,066	-
<hr/>								
		Maturity Dates						
		Carrying	Nominal	Less than 1	3 months - 1			
		Amount	Amount	Month	1-3 Months	Year	1-5 Years	Over 5 years
		\$	\$	\$	\$	\$	\$	\$
Total								
30 June 2020	Note							
Financial Liabilities at amortised cost								
Payables	5.2	713,841	713,841	713,841	-	-	-	-
Borrowings	6.1	744,072	744,072	-	-	283,630	460,442	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	1,990,679	1,990,679	-	-	1,990,679	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	5,927	5,927	5,927	-	-	-	-
Total Financial Liabilities		3,454,519	3,454,519	719,768	-	2,274,309	460,442	-

¹Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

Note 7.3: Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 8: Other disclosures

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

Structure

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

8.2 Responsible persons disclosure

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after the balance sheet date

8.7 Jointly controlled operations

8.8 Equity

8.9 Economic dependency

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 flows from operating activities

	Total 2021	Total 2020
Note	\$	\$
Net result for the year	739,194	(617,981)
Non-cash movements:		
(Gain)/Loss on sale or disposal of non-financial assets	3.4 (61,244)	92,957
Depreciation and amortisation of non-current assets	4.2 703,372	572,487
Discount interest on Loan Net Present Value	1,138	8,976
Indirect contributions by DH	107,217	(55,761)
Movements in Assets and Liabilities:		
(Increase)/Decrease in receivables and contract assets	119,258	83,883
(Increase)/Decrease in inventories	5,797	(644)
(Increase)/Decrease in prepaid expenses	(36,398)	54,582
Increase/(Decrease) in payables and contract liabilities	(44,775)	247,649
Increase/(Decrease) in employee benefits	(97,908)	(303,970)
Increase/(Decrease) in other liabilities	1,290	5,927
Net cash inflow from operating activities	1,436,941	88,105

Note 8.2 Responsible persons

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

	Period
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2020 - 30 Jun 2021
Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
Governing Boards	
Mr Shaun Braybrook	1 Jul 2020 - 30 Jun 2021
Mr Trevor Yong	1 Jul 2020 - 30 Jun 2021
Ms Lauren Daly	1 Jul 2020 - 30 Jun 2021
Dr Jenny Davis	1 Jul 2020 - 30 Jun 2021
Mr Ian Jaggard-Hawkins	1 Jul 2020 - 30 Jun 2021
Ms Clara Mandaletti	1 Jul 2020 - 30 Jun 2021
Mr Peter O'Reilly	1 Jul 2020 - 30 Jun 2021
Dr Amanda Ormerod	1 Jul 2020 - 30 Jun 2021
Ms Angela Jacob	1 Jul 2020 - 26 November 2020
Mr Stuart Jillings	1 Jul 2020 - 21 July 2020
Mr Len Neist	1 Jul 2020 - 30 September 2020
Accountable Officers	
Bernadette Wardle (Chief Executive Officer)	1 Jul 2020 - 29 March 2021
Paul Head (Acting Chief Executive Officer)	29 March 2021 - 30 Jun 2021

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band	Total 2021	Total 2020
	No	No
\$0 - \$9,999	11	10
\$200,000 - \$209,999	1	-
\$240,000 - \$249,999	-	1
Total Numbers	12	11

	Total 2021	Total 2020
	\$	\$
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$234,939	\$260,003

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)

	Total Remuneration	
	2021	2020
	\$	\$
Short-term benefits	241,405	236,531
Post-employment benefits	20,154	21,696
Other long-term benefits	107,314	6,968
Total remunerationⁱ	368,873	265,195

Total number of executives	4	2
Total annualised employee equivalent ⁱⁱ	4.0	2.0

ⁱ The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Yarram & District Health Services under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

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

Note 8.3 Remuneration of executives (continued)

Total remuneration payable to executives during the year included additional executive officers.

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

Short-term Employee Benefits

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

Post-employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Other factors

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

Note 8.4: Related Parties

The Yarram & District Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

- § all key management personnel (KMP) and their close family members and personal business interests
- § cabinet ministers (where applicable) and their close family members
- § jointly controlled operations – A member of the Gippsland Health Alliance 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 Yarram & District Health Service and its controlled entities, directly or indirectly.

Key management personnel

The Board of Directors and the Executive Directors of Yarram & District Health Service and its controlled entities are deemed to be KMPs. This includes the following:

Entity	KMPs	Position Title
Yarram & District Health Service	Mr Shaun Braybrook	Chair of the Board
Yarram & District Health Service	Mr Trevor Yong	Board Member
Yarram & District Health Service	Ms Lauren Daly	Board Member
Yarram & District Health Service	Dr Jenny Davis	Board Member
Yarram & District Health Service	Mr Ian Jaggard-Hawkins	Board Member
Yarram & District Health Service	Ms Clara Mandaletti	Board Member
Yarram & District Health Service	Mr Peter O'Reilly	Board Member
Yarram & District Health Service	Dr Amanda Ormerod	Board Member
Yarram & District Health Service	Ms Angela Jacob	Board Member
Yarram & District Health Service	Mr Stuart Jillings	Board Member
Yarram & District Health Service	Mr Len Neist	Board Member
Yarram & District Health Service	Bernadette Wardle	Chief Executive Officer
Yarram & District Health Service	Paul Head	Acting Chief Executive Officer
Yarram & District Health Service	Jane Millard	Director Corporate Services
Yarram & District Health Service	Bernadette Kennedy	Director Primary Care
Yarram & District Health Service	Joanne Oxbrow	Director Clinical and Community Services
Yarram & District Health Service	Julie McQueen	Director Clinical and Community Services

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.

	Total 2021 \$	Total 2020 \$
Compensation - KMPs		
Short-term Employee Benefits ⁱ	455,225	475,814
Post-employment Benefits	36,471	38,326
Other Long-term Benefits	112,116	11,058
Totalⁱⁱ	603,812	525,198

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

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

Note 8.4: Related Parties (continued)

Significant transactions with government related entities

Yarram & District Health Service received funding from the Department of Health of \$8,199,251 (2020: \$8,199,305) and indirect contributions of \$107,217 (2020: \$70,259)

Expenses incurred by Yarram & District Health Service 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 Yarram & District Health Service 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 Yarram & District Health Service, 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 Yarram & District Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: none).

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office
Audit of the financial statements
Total remuneration of auditors

Total 2021 \$	Total 2020 \$
18,150	18,000
18,150	18,000

Note 8.6: Events occurring after the balance sheet date

The COVID-19 pandemic continues to create unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Yarram & District Health Service at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the impact of the pandemic after the reporting date on Yarram & District Health Service, its operations, its future results and financial position.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may affect the operations of Yarram & District Health Service, the results of the operations or the state of affairs of Yarram & District Health Service in the future financial years.

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2021	2020
		%	%
Gippsland Health Alliance	Provision of Information Technology Services	5.01	4.96

Yarram & District Health Services interest in the above joint arrangement is detailed below. The amounts are included in the financial statements under their respective categories:

	2021	2020
	\$	\$
Current assets		
Cash and cash equivalents	251,531	303,958
Receivables	41,081	41,772
Prepaid expenses	217,853	169,190
Total current assets	510,465	514,920
Non-current assets		
Property, plant and equipment	63,424	41,420
Total non-current assets	63,424	41,420
Total assets	573,889	556,340
Current liabilities		
Other Current Liabilities	107,721	60,981
Total current liabilities	107,721	60,981
Total liabilities	107,721	60,981
Net assets	466,168	495,359
Equity		
Accumulated surplus	466,168	495,359
Total equity	466,168	495,359

Note 8.7 Joint arrangements

Yarram & District Health Services interest in revenues and expenses resulting from joint arrangements are detailed below:

	2021	2020
	\$	\$
Revenue		
Grants	902,807	861,825
Total revenue	902,807	861,825
Expenses		
Other Expenses from Continuing Operations	914,832	833,029
Depreciation	17,166	10,685
Total expenses	931,998	843,714
Net result	(29,191)	18,111

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the joint arrangements 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 Yarram & District Health Service.

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

Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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

Financial assets at fair value through comprehensive income revaluation reserve

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

Specific restricted purpose reserves

The specific restricted purpose reserve is established where Yarram & District Health Service 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

Yarram & District Health Service is dependent on the Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Yarram & District Health Service.