

Y D H S



YARRAM + DISTRICT
HEALTH SERVICE

Annual Report



2021 / 2022

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The Annual Report of the *Yarram and District Health Service* is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the YDHS' compliance with statutory disclosure requirements.

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Traditional Owners

Yarram and District Health Service acknowledge the Gunai Kurnai community, the traditional custodians of the land on which we stand.



Board Chair and Chief Executive Officer

The Year in Review:

Message from the Board Chair – Shaun Braybrook

I would like to start by acknowledging the traditional owners of the land, the Gunai Kurnai people, and pay respects to their elders past, present and emerging and for the continuation of cultural practises across this land.

After 11 years on the Board of Yarram and District Health Service, and the last two as Chair, I am departing, leaving the health service and the Board in good health.

These last two years have seen significant challenges for the health service and also the wider community, including a pandemic. It would be an understatement to say how proud we are of YDHS management and staff for ensuring the safe operation of YDHS through these difficult times and for keeping our patients and community safe. The future for YDHS looks bright with the appointment of Paul Head as Chief Executive Officer. Paul's experience across the aged care sector has already proven to be of great benefit to YDHS.

This year also sees a further two fellow board members leave. Mr Peter O'Reilly who has been with us for 5 years and Chair of our Finance Committee and Dr Jenny Davis for 3 years and Chair of our Quality Committee. Thank you both for your outstanding leadership and commitment to YDHS and our community.

The Integrated Healthcare Centre continues to grow. This growth has allowed us to continue to attract doctors and build on partnerships with other health services to effectively serve the needs of our community. These partnerships are the future for small rural health services.

Telehealth is also important for the future of our health service. The growth in this area has enabled YDHS to provide access to healthcare specialists and an after-hours doctor service.

I am extremely proud of how YDHS management and staff have embraced the traditional owners of this land, the Gunai Kurnai people. At both entrances to YDHS we have acknowledgement plaques and the amazing Gunai Kurnai shields which acknowledge the five Aboriginal clan groups across Gippsland. Thank you to management and staff for embracing Aboriginal culture.

I am very appreciative for the support and friendship shown to me by the Board, management, volunteers and members of the community during my 11 year board tenure.

CEO REPORT

Looking back, the volume of change that has been achieved over the last year has been amazing, this is testament to the dedicated staff we are so lucky to have throughout the Health Service.

The last year has compounded on the two years before with the impact of the pandemic felt by everyone across the country and in fact the world. At times YDHS has struggled to maintain our capability to full strength due to transmission of COVID through the community, which in turn impacted our staff.

Our staff have endured working in full protective equipment over long periods of time in addition to volunteering for additional shifts in time of high sick leave. The YDHS team ramped up services when staffing was tight to provide the community immunisation and testing facilities locally. The staff kept coming back to work day after day under extreme pressure, the dedication has been nothing short of amazing.

COVID aside, YDHS has progressed to a transitional stage with the move to regionalisation of health care capability on a state-wide level. Fortunately, we have a very strong relationship with Latrobe Regional Health who supports YDHS with higher level specialist capability via numerous forms including telehealth.

The Yarram Medical Centre workforce has stabilised over the year in a market where doctors are hard to secure. We are so fortunate to have had between three and five doctors in our clinic most of the year.

The COVID era has established a new norm for services being delivered via telehealth pathways, YDHS is investing in this development for our local community. Our urgent care setting has the latest technology to enable a Specialist Emergency Physician to examine patients via Telehealth. This is the primary medium that can go some way to equalise the health outcomes for those in rural Victoria.

Acceptance of telehealth will be a big hurdle for our community, however YDHS will support the local population as we navigate the transition of rural health care delivery together.

YDHS is also on a mission to develop higher levels of capability within all clinical and non-clinical staff to ensure we maintain focus of our aspirational goal of being a centre of excellence for rural health.

Consistent with our ongoing organisational change we also welcome four new Board members to the organisation. I look forward to continuing the strong working relationship the executive have with the board as we push forward to realise how we can continue to work with our partner health services to provide a sustainable YDHS well in to the future.

On a personal note, I would like to thank everyone for the warm welcome to the Chief Executive role at YDHS. As discussed through this report we have a lot of work to do however I firmly believe the YDHS team has the dedication to deliver on our Strategic goals, I would encourage the local community to get behind this team and support them to continue delivering health care to the community.

Finally, I would like to sincerely thank Mr Shaun Braybrook for his support in my time here over what have been a tumultuous period for many reasons, I would also like to congratulate Shaun on his long tenure with the health service. Shaun has brought a bright light to our cultural development and I am very proud of the work we accomplished in this space.

Conversely, I would like to welcome Dr Amanda Ormerod as the new Board Chair, Amanda has a wealth of knowledge and experience in the health sector, I know YDHS will continue to flourish under her leadership.

A handwritten signature in black ink, appearing to read 'Shaun Braybrook'.

Shaun Braybrook
Board Chair (Outgoing)
Yarram, 15 August 2022

A handwritten signature in black ink, appearing to read 'Paul Head'.

Paul Head
Chief Executive Officer
Yarram, 15 August 2022

Yarram and District Health Service – Report of Operations

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Yarram and District Health Service for the year ending 30 June 2022.

A handwritten signature in black ink, appearing to read 'Amanda Ormerod'.

Amanda Ormerod
Board Chair
Yarram, 15 August 2022



About Us

The Yarram and District Health Service (YDHS) is located 220 kilometres south east of Melbourne on the South Gippsland Highway in rural Victoria. In relation to regional centres it is 73 kilometres south west of Sale and 62 kilometres south east of Traralgon. The township of Yarram, which is the principal service centre of the area, is located in the Shire of Wellington and services an area of approximately 1,840 square kilometres and a catchment population of 5,580.

The Health Service originally commenced operation as the Yarram and District Hospital. It was inaugurated on 1st January 1912 and admitted its first patient in January 1917. In 1993, the hospital name was changed to the Yarram and District Health Service to reflect its evolution into an integrated health service, more appropriately positioned to meet the needs of the wider community.

YDHS offers acute care services including a 24-hour urgent care facility. General medical and post-surgical care, rehabilitation, respite, dialysis and palliative care are all available at YDHS. St Elmo's Nursing Home is located on the grounds of the main campus and provides recreational activities, outings, volunteer companionship and a wide range of other services to its residents. Crossley House is located adjacent to the Health Service and is a 30 bed residential aged care facility. Crossley House was formally amalgamated with YDHS in November 2009.

The construction of the new Integrated HealthCare Centre (IHCC), located on the former site of the Community Service/Yarram Medical Centre building was fully operational in September 2020. This new complex houses the Yarram Medical Centre and Allied Health services.

The Health Service operates under the Department of Health and Human Services Small Rural Health Service program and provides a comprehensive range of services. In addition to this operational agreement, our service delivery is further enhanced through partnership arrangements with the Commonwealth Government Department of Health, Department of Social Service and Local Government. YDHS is well supported by its teams of volunteers and fundraising Auxiliary.

Purpose, functions, powers and duties

Our Vision: YDHS to be a respected and caring partner in a strong community

Our Mission: Work with our community and our partners to improve health and wellbeing

Our Values: Integrity, Collaboration, Acceptance, Respect, Enthusiasm –

The Board of the Yarram and District Health Service is appointed by the Governor in Council on the recommendation of the Minister for Health in accordance with the Health Services Act 1988. The functions of the Board are to:

- Monitor the performance of Yarram and District Health Service.
- Appoint and determine the employment terms (including remuneration) of a Chief Executive Officer.
- Oversee the management of Yarram and District Health Service and monitor the performance of the Chief Executive Officer.
- Develop statements of priorities and strategic plans for the operation of Yarram and District Health Service and monitor their compliance.
- Develop financial and business plans, strategies and budgets to ensure accountable and efficient provision of health services by Yarram and District Health Service and its long-term financial viability, as well as to ensure they are adhered to.
- Establish and maintain effective systems to ensure that the Health Service meets the needs of the community served by Yarram and District Health Service and that the views of users and providers of health services are taken into account.
- Ensure that Yarram and District Health Service operates within its budget and that its systems accurately reflect its financial position and viability.

Nature and range of services provided

Services

YDHS provides and supports the provision of a range of services that are designed to meet the needs of individuals and groups within its catchment population of approximately 5,580 people.

Acute Services

- 20 bed facility
- Medical, Post-Surgical
- Urgent Care Services
- Respite Care
- Maintenance Dialysis
- Transitional Care Program

Allied Health Services

- Physiotherapy
- Occupational Therapy
- Dietetics
- Podiatry
- Social Work
- Speech Therapy

Ancillary Services

- Pathology
- Visiting Radiology
- Pharmacy

Community Mental Health Services

- Gippsland Psychiatric Services (this is a LRH co-located service)

Community Participation

- Women's Health Event
- Yarram Agricultural Show

Community Services

- Community Nursing
- Regional Assessment Service
- Maternal and Child Health
- Diabetes education
- Foot Care Clinic
- Health Promotion
- Palliative Care
- Counselling
- Home Support Services
- In Home Respite
- Delivered Meals
- Domestic Assistance
- Transport
- Personal Care Assistance
- Home Maintenance and Minor Modifications
- Allied Health Services
- Housing and Homelessness Support
- Integrated Family Services
- Commonwealth Emergency Relief Vouchers
- Engage! Youth Projects
- Stepped Care Mental Health Program
- Social Support Group
- Volunteer Coordination

Residential Services

- St Elmo's Nursing Home - 30 beds (now Ageing in Place)
- Crossley House – residential aged care, 30 beds
- Respite accommodation

Yarram Medical Centre

- General Practitioners
- Practice Nurse
- Women's Health Nurse

Visiting Services

- Optometrist
- Cardiac Diagnostics
- Continence Nurse
- Podiatry (Gippsland Foot Clinic)
- Audiology Service
- Psychologist and Counselling Service
- Women's Health GP – Royal Flying Doctor Service
- Anglicare Financial Counselling
- Royal Flying Doctors Service Counselling
- SPOT Rural Speech Pathology

Responsible Ministers

Yarram and District Health Service is established under the Health Services Act 1988 (Vic). The responsible Ministers during the reporting period were:

From 1 July 2021 to 27 June 2022

The Hon Martin Foley MP,
Minister for Health
Minister for Ambulance Services
Minister for Equality

The Hon James Merlino
Minister for Mental Health

From 27 June 2022 to 30 June 2022

The Hon Mary-Anne Thomas MP,
Minister for Health
Minister for Ambulance Services

The Hon Gabrielle Williams MP
Minister for Mental Health
Minister for Treaty and First Persons

Board Committee Representation

Board Membership:

Mr Shaun Braybrook, Chair: commenced 2011
Mr Trevor Yong, Deputy Chair: commenced 2014
Ms Lauren Daly, Board Director: commenced 2020 and resigned 22 February 2022
Dr Jenny Davis, Board Director: commenced 2019
Mr Ian Jaggard-Hawkins, Board Director: commenced 2020
Ms Clara Mandaletti, Board Director: commenced 2020
Mr Peter O'Reilly, Board Director: commenced 2018
Dr Amanda Ormerod, Board Director: commenced 2018

Board Sub-Committee Membership:

Audit & Risk Committee:

Mr Ian Jaggard-Hawkins (Chair) and Ms Clara Mandaletti. Community representatives: Ms Robyn McLachlan and Ms Zita Youens

Quality Improvement Committee

Dr Jenny Davis (Chair) and Dr Amanda Ormerod

Community Advisory Committee

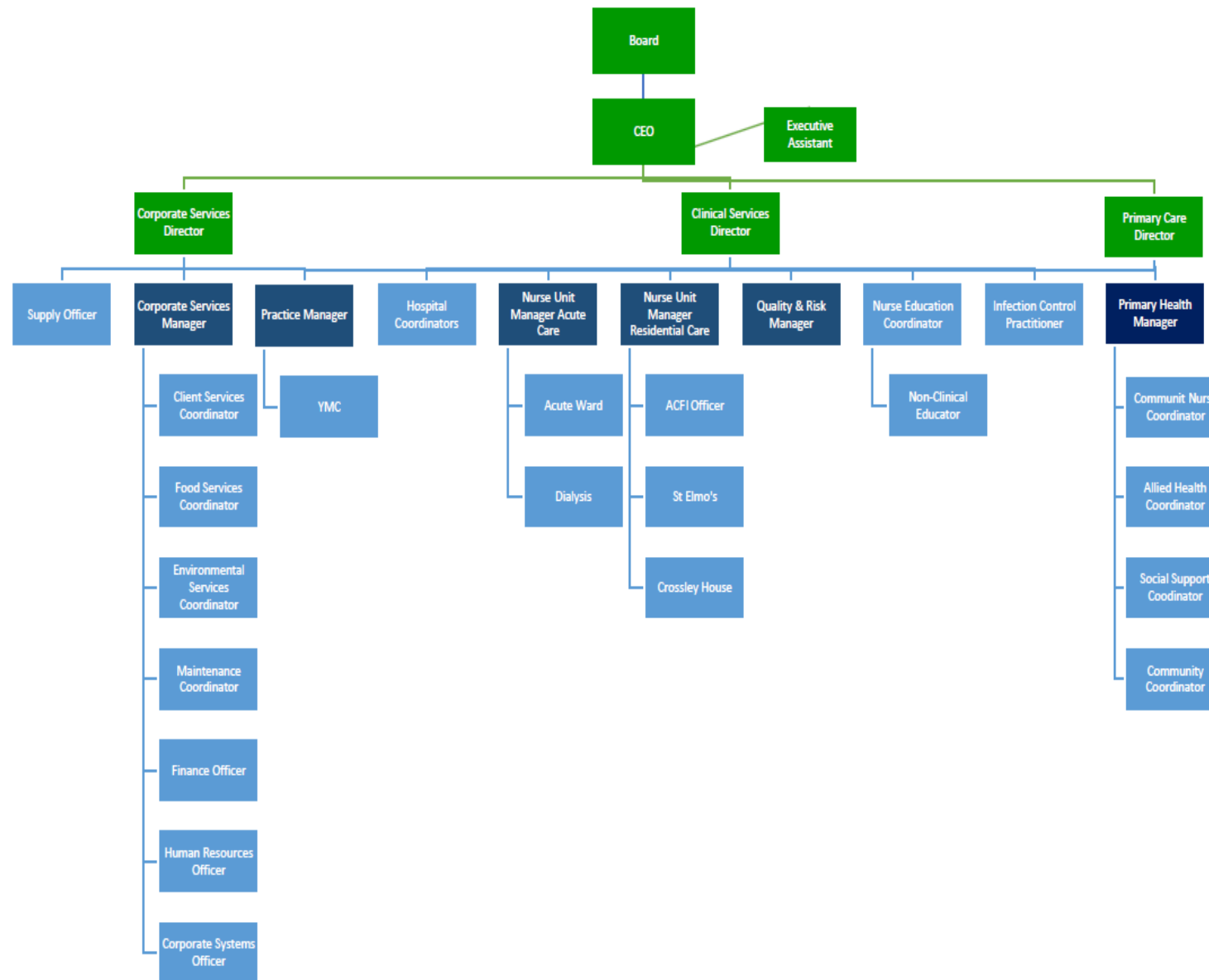
Ms Clara Mandaletti (Chair) and Mr Matthew Langdon. Community representatives: Mr Larry Davies, Ms Cathy Clarke, Ms Sue Reakes and Mr Berwyn Lampitt

Finance Committee: disbanded 27 October 2021

Senior Officer's

Interim Chief Executive Officer: Mr Paul Head
Director Corporate Services: Ms Jane Millard
Director Primary Care: Ms Suzanne Miller (resigned May 2022)
Director Clinical Services: Ms Sally Weatherley
Director Medical Services: Dr Craig Winter (resigned June 2022)

Organisational Structure



Workforce Data

Workforce				
Labour Category	JUNE Current Month FTE		Average Monthly FTE	
	2021	2022	2021	2022
Nursing	29.46	36.24	33.18	36.59
Administration and Clerical	24.15	24.12	24.75	24.08
Medical Support	0.00	0.00	0.00	0.00
Hotel & Allied Services	49.91	52.46	51.27	51.3
Medical Officers	0.00	0.13	0.00	0.06
Hospital Medical Officers	0.00	0.00	0.00	0.00
Sessional Clinicians	0.00	0.00	0.00	0.00
Ancillary Staff (Allied Health)	14.08	17.6	14.63	17.83
Total:	117.60	130.55	123.83	129.86

FTE stands for full-time equivalent positions. Employees have been correctly classified in workforce data collections.

Employment and Conduct Principles:

Merit and equity principles are encompassed in employment and are reinforced by our Code of Conduct.

Occupational Health and Safety

Yarram and District Health Service maintains a standing Occupational Health and Safety Committee which normally meets monthly to assist in review, consultation and discussion, policy, procedure, planning and action around Occupational Health and Safety matters.

Occupational Health and Safety	2021-2022	2020-2021	2019-2020
Number of reported hazards/incidents per 100 full-time equivalent staff members	25.40	27	30
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	4	3.8	5
The average cost per WorkCover claim for the year ('000)	\$17,685	\$16,521	\$19,305

Occupational Violence

Occupational Violence Statistics	2021-2022
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	2
Number of occupational violence incidents reported per 100 FTE	1.54
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Finance Summary

Summary of the financial results for the year

Financial Reporting

	2022	2021	2020	2019	2018
	\$000	\$000	\$000	\$000	\$000
*OPERATING RESULT	0	28	-8		
Total Revenue	18,065	16,789	14,796	16,372	15,029
Total Expenses	18,216	16,088	15,323	15,803	14,255
Net Result from Transactions	-151	701	-527	569	774
Total other economic flows	-38	38	-91	-47	252
Net Result	-189	739	-618	522	1,026
Total assets	34,489	33,494	31,864	33,793	26,288
Total liabilities	7,339	7,487	6,879	8,190	8,065
Net Assets/Total Equity	27,149	26,007	24,985	25,603	18,223

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

Net Result from Transactions and Operating Result

	2021-2022 \$000
Operating result	0
Capital purpose income	-963
Specific income	
COVID 19 State Supply Arrangements	-317
- Assets received free of charge or for nil consideration under the State Supply	
State supply items consumed up to 30 June 2022	317
Assets provided free of charge	
Assets received free of charge	
Expenditure for capital purpose	118
Depreciation and amortisation	694
Impairment of non-financial assets	
Finance costs (other)	
Net result from transactions	-151

There were no significant changes in the financial position for the year.

Performance against operational and budgetary objectives:

Yarram and District Health Service have recorded a net operating surplus of \$0 before capital and specific items in 2021/2022. The Statement of Priorities operating target was a net operating deficit of \$0 therefore the budgetary objectives for 2021/2022 were achieved.

Significant event occurring after balance date:

There were no events subsequent to the balance sheet date that may have a significant effect on the operational objectives of the organisation in subsequent years.

Consultancies

Consultancies Under \$10,000:

In 2021/2022, there were six consultancies where the total fees payable to the consultant were less than \$10,000. The total expenditure incurred during 2021/2022 in relation to consultants was \$22,244 (excl GST).

Consultancies Over \$10,000

In 2021 2022, there was four consultancies where the total fees payable to the consultant was \$10,000 or greater. The total expenditure incurred during 2021 2022 in relation to this consultancy is \$186,344.66 (excl GST). Details of this consultancy is as follows:

Consultant	Purpose of Consultancy	Start Date	End Date	Total approved project fee (excl GST)	Expenditure 2021 2022 (excl GST)	Future expenditure (excl GST)
Latrobe Regional Health	Payroll services	01.07.2021	30.06.2022		\$26,507.60	
Hero Round Table Pty Ltd	Engage program	01.07.2021	30.06.2022		\$30,098.21	
Accounting & Audit Solutions Bendigo	Annual accounting fees	01.07.2021	30.06.2022		\$40,198.85	
Blight, Blight and Blight	Strategic Functional Briefing document, Masterplan and Feasibility Development	01.07.2021	30.06.2023	\$200,000	\$89,540	\$110,460
Sub Totals				\$200,000	\$186,344.66	\$110,460

Information and Communication Technology (ICT) Expenditure

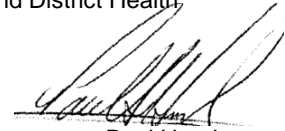
The total ICT expenditure incurred during 2021 2022 is \$737,539 (excluding GST) with the details as below:

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$718,649	\$18,890	\$8,890	\$10,000

Attestations and Declarations

Data Integrity

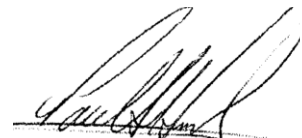
I, Paul Head certify that the Yarram and District Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Yarram and District Health Service has critically reviewed these controls and processes during the year.

A handwritten signature in black ink, appearing to read 'Paul Head', is written over a horizontal line.

Paul Head
Chief Executive Officer
Yarram, 15 August 2022

Conflict of Interest

I, Paul Head, certify that Yarram and District Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Yarram and District Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

A handwritten signature in black ink, appearing to read 'Paul Head', is written over a horizontal line.

Paul Head
Chief Executive Officer
Yarram, 15 August 2022

Financial Management Compliance

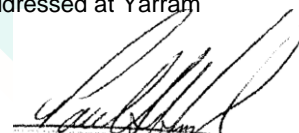
I, Amanda Ormerod, on behalf of the Responsible Body, certify that Yarram and District Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

A handwritten signature in black ink, appearing to read 'Amanda Ormerod', is written over a horizontal line.

Amanda Ormerod
Board Chair
Yarram, 15 August 2022

Integrity, Fraud and Corruption

I, Paul Head certify that Yarram and District Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Yarram and District Health Service during the year.

A handwritten signature in black ink, appearing to read 'Paul Head', is written over a horizontal line.

Paul Head
Chief Executive Officer
Yarram, 15 August 2022

Disclosures

Additional Information FRD 22I:

Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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



Environmental Performance:

YDHS continues to work towards improving performance by minimising consumption of water and energy, encouraging the procurement of sustainable products and services and where possible diverting equipment and furnishing from landfill.

Assisting us in reducing the consumption of electricity is the installation of a 150.22kW solar system and an LED lighting upgrade throughout the Health Service.

Environmental Impacts and Energy Usage:

	2019-20	2020-21	2021-22
Energy use:			
Electricity (MWh)	NA	NA	580177.7
Liquefied Petroleum Gas (kL)	NA	NA	172071.20
Carbon emissions (thousand tonnes of CO₂e):			
Electricity	NA	NA	628.93
Liquefied Petroleum Gas	NA	NA	N/A
Total emissions	NA	NA	628.93
Water use (millions litres):			
Potable Water	NA	NA	4374



Disclosures

Safe Patient Care Act 2015

Yarram and District Health Service have no matters to report in relation to its obligations under the Safe Patient Care Act 2015.

Carers Recognition Act 2012:

As a care support organisation, Yarram and District Health Service:

- Takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles.
- Takes all reasonable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from Yarram and District Health Service have an awareness and understanding of the care relationship principles.
- Takes all practicable measures to ensure that Yarram and District Health Service and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

National Competition Policy

It is Government policy that the costing policies of publicly funded organisations should reflect any competitive advantage not available to the private sector. The Yarram and District Health Service supports this policy and meets its requirements.

Yarram and District Health Service continues to comply with the Victorian Government's Competitive Neutrality Policy.

Building Act 1993:

All buildings of the Health Service comply with the Building Act, 1993. The Health Service has a policy of consulting architects and engaging registered builders when renovating existing buildings or constructing new facilities. Plans are submitted to local government for approval and building permits issued prior to commencement.

All sites are subject to a Fire Safety Audit and Risk Assessment according to revised standards as directed by the Department of Health.

Freedom of Information Act 1982:

The nominated Freedom of Information Officer is the Director Corporate Services who has the responsibility for Health Information Management at the Yarram and District Health Service. For information on how to make a FOI request and for associated costs visit www.ydhs.com.au or phone 5182 0222.

During the 2021/2022 financial year 5 requests for information were received under the Freedom of Information Act 1982, 5 requests were granted in full.

In addition to requests under the Freedom of Information Act 1982, the Health Service recognises requests for "release of information" where information is sent directly to a designated Medical Practitioner for ongoing care. There were 97 requests for release of information this year.

Public Interest Disclosures Act 2012

Yarram and District Health Service has developed a procedure for the protection of individuals from detrimental action. Guidance is available on the Yarram and District Health Services website and is contained in the organisation's policy and procedure manual. No protected disclosures have been received this year.

Gender Equality Act 2020:

The Gender Equality Act 2020 (the "Act") commenced in March 2021. The objectives of the Act are to:

- promote, encourage and facilitate the achievement of gender equality and improvement in the status of women

- support the identification and elimination of systemic causes of gender inequality in policy, programs and delivery of services in workplaces and communities
- recognise that gender inequality may be compounded by other forms of disadvantage or discrimination that a person may experience on the basis of Aboriginality, age, disability, ethnicity, gender identity, race, religion, sexual orientation and other attributes
- redress disadvantage, address stigma, stereotyping, prejudice and violence, and accommodate persons of different genders by way of structural change
- enhance economic and social participation by persons of different genders
- further promote the right to equality set out in the Charter of Human Rights and Responsibilities and the Convention on the Elimination of All Forms of Discrimination against Women

YDHS has developed a Gender Equality Action Plan (GEAP) for 2021-2025 that has been approved by the Gender Equality Commission of Victoria. The plan takes a holistic interpretation of our goals and applies these strategies across Staff, Patients Visitors and Volunteers to understand the composition of our stakeholder groups. This epitomises a journey of discovery for YDHS as we unite as an organisation to navigate the complexity of perpetuating inequality

Local Jobs First Act 2003

In 2021 2022 there were no contracts to which the Local Jobs First Policy applied.



Statement of Priorities (SoP) Report

Part A: Strategic Priorities

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

Achieved: YDHS has employed our COVID management plans on five occasions to mitigate risks associated with minor Aged Care outbreaks. Due to live testing and refinement of our practises, YDHS is confident in our COVID readiness and response.

2. Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines*.

Achieved: YDHS is an active participant in the Health Service partnership in addition to leveraging advantage from our regional hospital to provide higher level capability and telehealth support. YDHS has a number of Back of House services provided by LRH including DMS services, payroll and some finance.

3. Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with your Health Service Partnership to implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.

Achieved: YDHS is a rapid mover in the virtual space with considerable capability to provide a high level of telehealth in to a variety of client settings.

4. Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of- system approach as an active participate in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards.

Achieved: YDHS, as part of the Partnership is fully supportive of the mental strategies set out in the reform in addition to providing early intervention where clinically appropriate to do so. Mental Health clinicians are in short supply in rural communities however YDHS uses every resource to contribute to the wider mental health response.

5. Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.

Achieved: YDHS has set the standard with regard to cultural diversity and safety. YDHS has numerous projects implemented such as the 5 five life size Gunaikurnai shields at the entrance to the hospital in addition to Wathaurong Glass plaques at the entrance to our buildings.

Additionally, YDHS has a strong relationship with Wulgunggo Ngalu Learning Place, An Indigenous group which have performed live cultural ceremonies for the local community. We are very proud of our cultural programme and relationships we have in our community.

Part B: Performance Priorities

High quality and safe care

Key performance measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	91
Percentage of healthcare workers immunised for influenza	92%	88%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No surveys conducted in 2021/22

Strong governance, leadership and culture

Key performance measure	Target	Result
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety culture survey questions	62%	63%

Effective financial management

Key performance measure	Target	Result
Operating result (\$m)	\$0.00	\$0.00
Average number of days to pay trade creditors	60 days	25 days
Average number of days to receive patient fee debtors	60 days	49 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.2
Actual number of days available cash, measured on the last day of each month.	14 days	67 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Not Achieved

Part C: State Funding

YDHS' Activity Summary for 2021-2022

Funding type	Activity
Small Rural	
Small Rural Acute	571
Small Rural Primary Health & HACC	5,187
Small Rural Residential Care	21,696



Glossary of Terms

YDHS – Yarram & District Health Service

CEO – Chief Executive Officer

IHCC – Integrated HealthCare Centre

LRH – Latrobe Regional Hospital

GP – General Practitioner

LCHS – Latrobe Community Health Service

WPCP – Wellington Primary Care Partnership

PCP – Primary Care Partnership

DHHS – Department Health and Human Services

COPD – Chronic Obstructive Pulmonary Disease

EMR – Electronic Medical Record

OVA – Occupational Violence and Aggression

MARAM – Multiagency Risk Assessment and Risk Management Framework

FVISS – Family Violence Information Sharing Scheme

CISS – Child Information Sharing Scheme

CGHS – Central Gippsland Health Service

SoP – Statement of Priorities

FOI – Freedom of Information



Yarram & District Health Service

ABN 23682798533

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

A decorative graphic consisting of a light green wavy line that curves across the page, and two light purple rectangular bars, one above and one below the wavy line, both slanted to the right.

Annual Report
2021/2022

Independent Auditor's Report

To the Board of Yarram and District Health Service

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
23 November 2022

Financial Statements

Financial Year ended 30 June 2022

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 2022 and the financial position of Yarram & District Health Service at 30 June 2022.

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

We authorise the attached financial statements for issue on 26th October, 2022.

Board Member



Amanda Ormerod

Chair

Yarram

26-Oct-22

Accountable Officer



Paul Head

Chief Executive Officer

Yarram

26-Oct-22

Chief Finance & Accounting Officer



Andrew Arundell

Chief Finance & Accounting Officer (Contract)

Yarram

26-Oct-22

Yarram & District Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022

		Total 2022	Total 2021
	Note	\$	\$
Revenue and income from transactions			
Operating activities	2.1	18,044,636	16,759,790
Non-operating activities	2.1	20,611	29,420
Total revenue and income from transactions		18,065,247	16,789,210
Expenses from transactions			
Employee expenses	3.1	(13,927,694)	(11,905,705)
Supplies and consumables	3.1	(1,305,435)	(1,000,992)
Depreciation	3.1	(694,288)	(703,372)
Other administrative expenses	3.1	(1,514,541)	(1,521,711)
Other operating expenses	3.1	(774,623)	(863,945)
Other non-operating expenses	3.1	-	(92,307)
Total Expenses from transactions		(18,216,581)	(16,088,032)
Net result from transactions - net operating balance		(151,334)	701,178
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	6,864	61,244
Net gain/(loss) on financial instruments at fair value	3.2	-	(1,138)
Share of other economic flows from joint arrangements	3.2	(99,432)	(29,191)
Other gain/(loss) from other economic flows	3.2	53,935	7,101
Total other economic flows included in net result		(38,633)	38,016
Net result for the year		(189,967)	739,194
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	1,332,145	282,855
Comprehensive result for the year		1,142,178	1,022,049

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

Yarram & District Health Service
Balance Sheet
As at 30 June 2022

		Total 2022	Total 2021
	Note	\$	\$
Current assets			
Cash and cash equivalents	6.2	6,312,840	7,684,127
Receivables and contract assets	5.1	826,676	413,934
Inventories	4.5	61,449	57,235
Prepaid expenses		235,558	249,051
Total current assets		7,436,523	8,404,347
Non-current assets			
Receivables and contract assets	5.1	997,615	713,619
Property, plant and equipment	4.1 (a)	25,896,411	24,114,541
Right of use assets	4.2 (a)	158,615	261,946
Total non-current assets		27,052,641	25,090,106
Total assets		34,489,164	33,494,453
Current liabilities			
Payables and contract liabilities	5.2	959,614	1,096,574
Borrowings	6.1	116,852	252,682
Employee benefits	3.3	2,727,864	2,560,280
Other liabilities	5.3	3,150,805	3,043,519
Total current liabilities		6,955,135	6,953,055
Non-current liabilities			
Borrowings	6.1	93,162	195,066
Employee benefits	3.3	291,132	338,775
Total non-current liabilities		384,294	533,841
Total liabilities		7,339,429	7,486,896
Net assets		27,149,735	26,007,557
Equity			
Property, plant and equipment revaluation surplus	4.3	20,723,081	19,390,936
Restricted specific purpose surplus	SCE	94,500	94,500
Contributed capital	SCE	6,121,891	6,121,891
Accumulated surplus/(deficit)	SCE	210,263	400,230
Total equity		27,149,735	26,007,557

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 2022**

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surplus/(Deficits)	Total	
Total	Note	\$	\$	\$	\$	
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		282,855	-	-	-	282,855
Balance at 30 June 2021		19,390,936	94,500	6,121,891	400,230	26,007,557
Net result for the year		-	-	-	(189,967)	(189,967)
Other comprehensive income for the year	4.1(b)	1,332,145	-	-	-	1,332,145
Balance at 30 June 2022		20,723,081	94,500	6,121,891	210,263	27,149,735

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 2022

	Total 2022 \$	Total 2021 \$
Cash Flows from operating activities		
Operating grants from government	14,417,413	12,367,090
Capital grants from government - State	447,320	1,561,551
Patient fees received	1,338,514	1,319,923
Donations and bequests received	671	4,724
GST received from ATO	66,863	88,597
Interest and investment income received	20,611	29,420
Commercial Income Received	11,126	37,732
Other receipts	780,057	1,223,535
Total receipts	17,082,575	16,632,572
Employee expenses paid	(13,863,130)	(11,858,478)
Payments for supplies and consumables	(946,029)	(868,151)
Payments for medical indemnity insurance	(43,543)	(58,916)
Payments for repairs and maintenance	(430,339)	(440,683)
GST paid to ATO	(77,393)	(22,683)
Cash outflow for leases	(43,549)	(48,869)
Payment for share of rural health alliance	(99,432)	(29,191)
Other payments	(1,762,454)	(1,868,660)
Total payments	(17,265,869)	(15,195,631)
Net cash flows from/(used in) operating activities	(183,294)	1,436,941
	8.1	
Cash Flows from investing activities		
Purchase of property, plant and equipment	(1,040,680)	(2,569,795)
Proceeds from disposal of property, plant and equipment	6,864	658,124
Net cash flows from/(used in) investing activities	(1,033,816)	(1,911,671)
Cash flows from financing activities		
Repayment of borrowings	(237,736)	(297,462)
Receipt of accommodation deposits	579,695	1,541,759
Repayment of accommodation deposits	(496,136)	(496,136)
Net cash flows from /(used in) financing activities	(154,177)	748,161
Net increase/(decrease) in cash and cash equivalents held	(1,371,287)	273,431
Cash and cash equivalents at beginning of year	7,684,127	7,410,696
Cash and cash equivalents at end of year	6,312,840	7,684,127
	6.2	

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 2022

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 2022

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 2022. 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.

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

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

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest 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 26th October, 2022.

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.2 Impact of COVID-19 pandemic

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

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

In response to the ongoing COVID-19 pandemic, Yarram & District Health Service has:

- introduced restrictions on non-essential visitors
- utilised telehealth services
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to Yarram & District Health Service, they are disclosed in the explanatory notes. For Yarram & District Health Service, this includes:

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

Note 1.3 Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

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.

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: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

Yarram & District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.6 Accounting standards issued but not yet effective (continued)

Standard	Adoption Date	Impact
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

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

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 2022 \$	Total 2021 \$
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	590,134	424,040
Government grants (Commonwealth) - Operating	3,664,764	3,626,293
Patient and resident fees	1,443,828	1,323,574
Commercial activities ¹	11,126	37,732
Total revenue from contracts with customers	5,709,852	5,411,639
Other sources of income		
Government grants (State) - Operating	10,602,944	8,494,184
Government grants (State) - Capital	447,320	1,561,551
Assets received free of charge or for nominal consideration	317,666	88,947
Other revenue from operating activities (including non-capital donations)	966,854	1,203,469
Total other sources of income	12,334,784	11,348,151
Total revenue and income from operating activities	18,044,636	16,759,790
Non-operating activities		
Income from other sources		
Capital interest	20,611	29,420
Total other sources of income	20,611	29,420
Total income from non-operating activities	20,611	29,420
Total revenue and income from transactions	18,065,247	16,789,210

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)

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

Yarram & District Health Service disaggregates revenue by the timing of revenue recognition.

Goods and services transferred to customers:

At a point in time

Over time

Total revenue from contracts with customers

Total	Total
2022	2021
\$'000	\$'000
5,698,726	5,373,907
11,126	37,732
5,709,852	5,411,639

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Yarram & District Health Service assesses each grant to determine 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 in accordance with AASB 1058.

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 for acute and sub-acute patients.	<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.</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 (DRG).</p> <p>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training. Services not transitioning at this time include mental health and small rural services.</p>
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.

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

	Total 2022 \$	Total 2021 \$
Cash donations and gifts	671	4,724
Personal protective equipment	316,995	84,223
Total fair value of assets and services received free of charge or for nominal consideration	317,666	88,947

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.

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 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 Other economic flows

3.3 Employee benefits in the balance sheet

3.4 Superannuation

Telling the COVID-19 story

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

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

Note 3.1 Expenses from transactions

Note	Total 2022 \$	Total 2021 \$
Salaries and wages	11,378,191	9,884,571
On-costs	1,048,021	852,227
Agency expenses	102,980	305,699
Fee for service medical officer expenses	1,136,456	673,733
Workcover premium	262,046	189,475
Total employee expenses	13,927,694	11,905,705
Drug supplies	43,230	49,597
Medical and surgical supplies	724,560	547,393
Diagnostic and radiology supplies	27,512	18,998
Other supplies and consumables	510,133	385,004
Total supplies and consumables	1,305,435	1,000,992
Gippsland Health Alliance Member Contributions	644,666	548,892
Other administrative expenses	869,875	972,819
Total other administrative expenses	1,514,541	1,521,711
Fuel, light, power and water	257,192	303,498
Repairs and maintenance	428,878	440,551
Maintenance contracts	1,461	132
Medical indemnity insurance	43,543	58,916
Expenses related to leases of low value assets	43,549	48,869
Expenditure for capital purposes	-	11,979
Total other operating expenses	774,623	863,945
Total operating expense	17,522,293	15,292,353
Depreciation	4.4 694,288	703,372
Total depreciation and amortisation	694,288	703,372
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	694,288	795,679
Total expenses from transactions	18,216,581	16,088,032

Note 3.1 Expenses from transactions (continued)

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 Other economic flows included in net result

	Total 2022 \$	Total 2021 \$
Net gain/(loss) on disposal of property plant and equipment	6,864	61,244
Total net gain/(loss) on non financial assets	6,864	61,244
Other gains/(losses) from other economic flows	-	(1,138)
Total net gain/(loss) on financial instruments	-	(1,138)
Share of net profits/(losses) of joint entities, excluding dividends	(99,432)	(29,191)
Total share of other economic flows from joint arrangements	(99,432)	(29,191)
Net gain/(loss) arising from revaluation of long service liability	53,935	7,101
Total other gains/(losses) from other economic flows	53,935	7,101
Total gains/(losses) from other economic flows	(38,633)	38,016

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 3.3 Employee benefits in the balance sheet

	Total 2022 \$	Total 2021 \$
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	17,758	22,601
	17,758	22,601
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	962,517	906,029
	962,517	906,029
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	269,384	416,404
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	1,148,423	936,432
	1,417,807	1,352,836
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	169,222	126,844
Unconditional and expected to be settled after 12 months ⁱⁱ	160,560	151,970
	329,782	278,814
Total current employee benefits and related on-costs	2,727,864	2,560,280
Non-current provisions and related on-costs		
Conditional long service leave ⁱ	255,006	306,305
Provisions related to employee benefit on-costs ⁱⁱ	36,126	32,470
Total non-current employee benefits and related on-costs	291,132	338,775
Total employee benefits and related on-costs	3,018,996	2,899,055

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Note 3.3 Employee benefits in the balance sheet (continued)

How we recognise employee benefits

Employee benefit recognition

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

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

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 3.3 (a) Employee benefits and related on-costs

	Total 2022 \$	Total 2021 \$
Unconditional accrued days off	17,758	22,601
Unconditional annual leave entitlements	1,097,266	1,032,873
Unconditional long service leave entitlements	1,612,840	1,504,806
Total current employee benefits and related on-costs	2,727,864	2,560,280
Conditional long service leave entitlements	291,132	338,775
Total non-current employee benefits and related on-costs	291,132	338,775
Total employee benefits and related on-costs	3,018,996	2,899,055
On-costs carrying amount at start of year	311,284	296,662
Additional provisions recognised	260,881	132,660
Amounts incurred during the year	(206,257)	(118,038)
Carrying amount at end of year	365,908	311,284

Note 3.4 Superannuation

Paid contribution for the year	
Total 2022 \$	Total 2021 \$
551,102	528,696
279,039	251,072
196,645	72,456
1,026,786	852,224

Defined contribution plans:

Aware Super

Hesta

Other

Total

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 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 Right-of-use assets

4.3 Revaluation surplus

4.4 Depreciation

4.5 Inventories

4.6 Impairment of assets

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
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: Property, plant and equipment

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2022 \$	Total 2021 \$
Land at fair value - Freehold	3,250,000	1,917,855
Total land at fair value	3,250,000	1,917,855
Buildings at fair value	19,956,438	19,926,377
Less accumulated depreciation	(1,198,999)	(790,331)
Total buildings at fair value	18,757,439	19,136,046
Works in progress at cost	2,072,290	2,327,714
Total land and buildings	24,079,729	23,381,615
Plant and equipment at fair value	2,194,073	1,235,520
Less accumulated depreciation	(845,884)	(712,588)
Total plant and equipment at fair value	1,348,189	522,932
Motor vehicles at fair value	279,081	138,563
Less accumulated depreciation	(98,881)	(89,976)
Total motor vehicles at fair value	180,200	48,587
Medical equipment at fair value	648,374	480,683
Less accumulated depreciation	(360,081)	(319,276)
Total medical equipment at fair value	288,293	161,407
Total plant, equipment, furniture, fittings and vehicles at fair value	1,816,682	732,926
Total property, plant and equipment	25,896,411	24,114,541

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

	Land	Buildings	Motor Vehicles	Plant & equipment	Medical Equipment	Total
Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	1,830,000	19,923,458	55,062	547,949	110,817	22,467,286
Additions	-	2,372,919	-	109,074	87,302	2,569,295
Disposals	(195,000)	(401,380)	-	-	-	(596,380)
Revaluation increments/(decrements)	282,855	-	-	-	-	282,855
Depreciation	-	(431,237)	(6,475)	(134,091)	(36,712)	(608,515)
Balance at 30 June 2021	1,917,855	21,463,760	48,587	522,932	161,407	24,114,541
Additions	-	409,047	140,518	328,233	167,691	1,045,489
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	1,332,145	-	-	-	-	1,332,145
Net Transfers between classes	-	(634,410)	-	630,320	-	(4,090)
Depreciation	-	(408,668)	(8,905)	(133,296)	(40,805)	(591,674)
Balance at 30 June 2022	3,250,000	20,829,729	180,200	1,348,189	288,293	25,896,411

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Yarram & District Health Services 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 land valuation was 30 June 2022. The effective date of the buildings valuation was 30 June 2019.

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

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 are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

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

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.

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

Revaluation (continued)

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 2022 indicated an overall:

- increase in fair value of land of 46.63% (\$762,319)
- decrease in fair value of buildings of 9.07% (\$1.72M).

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

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

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

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

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

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	Total 2022 \$'000	Total 2021 \$'000
Right of use vehicles at fair value	213,800	402,738
Less accumulated depreciation	(55,185)	(140,792)
Total right of use vehicles at fair value	158,615	261,946
Total right of use vehicles at fair value	158,615	261,946

Note 4.2(b) Reconciliations of the carrying amounts of each class of asset

	Note	Right-of-use - Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2020		356,803	356,803
Additions		-	-
Disposals		-	-
Revaluation increments/(decrements)		-	-
Net transfers between classes		-	-
Depreciation	4.4	(94,857)	(94,857)
Balance at 30 June 2021	4.2 (a)	261,946	261,946
Additions		213,800	213,800
Disposals		(191,209)	(191,209)
Revaluation increments/(decrements)		-	-
Net Transfers between classes		(23,308)	(23,308)
Depreciation	4.4	(102,614)	(102,614)
Balance at 30 June 2022	4.2 (a)	158,615	158,615

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 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
Leased vehicles	3 years

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.

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

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

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

Note 4.3 Revaluation Surplus

Note	Total 2022 \$	Total 2021 \$
Balance at the beginning of the reporting period	19,390,936	19,108,081
Revaluation increment		
- Land	4.1 (b) 1,332,145	282,855
- Buildings	4.1 (b) -	-
Balance at the end of the Reporting Period*	20,723,081	19,390,936
* Represented by:		
- Land	2,847,253	1,515,108
- Buildings	17,875,828	17,875,828
	20,723,081	19,390,936

Note 4.4 Depreciation

	Total 2022	Total 2021
	\$	\$
Depreciation		
Buildings	408,668	431,237
Plant and equipment	133,296	134,091
Motor vehicles	8,905	6,475
Medical equipment	40,805	36,712
Total depreciation - property, plant and equipment	591,674	608,515
Right-of-use assets		
Right of use - motor vehicles	102,614	94,857
Total depreciation - right-of-use assets	102,614	94,857
Total depreciation	694,288	703,372

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.

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

	2022	2021
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 4.5 Inventories

General stores at cost

Total inventories

Total 2022 \$	Total 2021 \$
61,449	57,235
61,449	57,235

How we recognise inventories

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

Note 4.6: Impairment of assets

How we recognise impairment

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

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

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

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

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

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

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

Yarram & District Health Service did not record any impairment losses for the year ended 30 June 2022.

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 2022 \$	Total 2021 \$
Current receivables and contract assets		
Contractual		
Inter hospital debtors	52,672	-
Trade receivables	101,047	41,081
Patient fees	244,187	138,873
Allowance for impairment losses - Patient Fees	(2,000)	(2,000)
Accrued revenue	261,625	1,436
Amounts receivable from governments and agencies	961	76,890
Total contractual receivables and contract assets	658,492	256,280
Statutory		
GST receivable	168,184	157,654
Total statutory receivables	168,184	157,654
Total current receivables and contract assets	826,676	413,934
Non-current receivables and contract assets		
Contractual		
Long service leave - Department of Health	997,615	713,619
Total contractual receivables and contract assets	997,615	713,619
Total non-current receivables and contract assets	997,615	713,619
Total receivables and contract assets	1,824,291	1,127,553
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	1,824,291	1,127,553
Provision for impairment	2,000	2,000
GST receivable	(168,184)	(157,654)
Total financial assets	7.1(a) 1,658,107	971,899

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

	Total 2022 \$	Total 2021 \$
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 2022 \$	Total 2021 \$
Current payables and contract liabilities		
Contractual		
Trade creditors	407,518	125,976
Accrued salaries and wages	296,411	405,723
Accrued expenses	230,685	334,203
Contract liabilities	25,000	95,059
Amounts payable to governments and agencies	-	135,613
Total contractual payables	959,614	1,096,574
Total current payables and contract liabilities	959,614	1,096,574
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	959,614	1,096,574
Contract liabilities	(25,000)	(95,059)
Total financial liabilities	934,614	1,001,515

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** comprises 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

Opening balance of contract liabilities

Grant consideration for sufficiently specific performance obligations received during the year

Revenue recognised for the completion of a performance obligation

Total contract liabilities

Total 2022 \$	Total 2021 \$
95,059	417,922
(95,059)	-
25,000	(322,863)
25,000	95,059
25,000	95,059
25,000	95,059

*** Represented by:**

- Current contract liabilities

How we recognise contract liabilities

Grant consideration is received from the Department of Health for the provision of specified services across a range of health initiatives. Specific funding for the 'Engage' program has been received for mental health services. Grant income is recognised as service obligations are met. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

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 2022	Total 2021
Notes	\$	\$
Current monies held in trust		
Patient monies	30,944	7,217
Refundable accommodation deposits	3,119,861	3,036,302
Total current monies held in trust	3,150,805	3,043,519
Total other liabilities	3,150,805	3,043,519
* Represented by:		
- Cash assets	6.2 3,150,805	3,043,519
	3,150,805	3,043,519

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 2022 \$	Total 2021 \$
Current borrowings		
Lease liability ⁽ⁱ⁾	68,108	93,820
Advances from government (ii)	48,744	158,862
Total current borrowings	116,852	252,682
Non-current borrowings		
Lease liability ⁽ⁱ⁾	93,162	146,307
Advances from government (ii)	-	48,759
Total non-current borrowings	93,162	195,066
Total borrowings	210,014	447,748

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 2022 \$	Total 2021 \$
Total undiscounted lease liabilities	171,454	248,187
Less unexpired finance expenses	(10,184)	(8,060)
Net lease liabilities	161,270	240,127

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

	Total 2022 \$	Total 2021 \$
Not longer than one year	74,625	94,837
Longer than one year but not longer than five years	96,829	153,350
Minimum future lease liability	171,454	248,187
Less unexpired finance expenses	(10,184)	(8,060)
Present value of lease liability	161,270	240,127
* Represented by:		
- Current liabilities	68,108	93,820
- Non-current liabilities	93,162	146,307
	161,270	240,127

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	3 years

Note 6.1 (a) Lease liabilities (continued)

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

	Total 2022	Total 2021
Note	\$	\$
Cash on hand (excluding monies held in trust)	585	585
Cash at bank (excluding monies held in trust)	690,862	124,888
Cash at bank - CBS (excluding monies held in trust)	2,318,986	4,263,579
Cash at bank - GHA	151,602	251,556
Total cash held for operations	3,162,035	4,640,608
Cash at bank - CBS (monies held in trust)	3,150,805	3,043,519
Total cash held as monies in trust	3,150,805	3,043,519
Total cash and cash equivalents	6,312,840	7,684,127

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 2022 \$	Total 2021 \$
Capital expenditure commitments		
Less than one year	38,224	183,629
Total capital expenditure commitments	38,224	183,629
Total commitments for expenditure (exclusive of GST)	38,224	183,629
Less GST recoverable from Australian Tax Office	(3,475)	(16,694)
Total commitments for expenditure (exclusive of GST)	34,749	166,935

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

7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Yarram & District Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Yarram & District Health Service uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Yarram & District Health Service's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Yarram & District Health Service's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach. ▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Yarram & District Health Service does not use this approach to measure fair value. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Yarram & District Health Service does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Yarram & District Health Service categorises non-specialised land and right-of-use concessionary land in this level. <p>Level 3, where inputs are unobservable. Yarram & District Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.</p>

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 2022	Note	Amortised Cost	at Amortised Cost	Total
		\$	\$	\$
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	6,312,840	-	6,312,840
Receivables and contract assets	5.1	1,658,107	-	1,658,107
Total Financial Assetsⁱ		7,970,947	-	7,970,947
Financial Liabilities				
Payables	5.2	-	934,614	934,614
Borrowings	6.1	-	210,014	210,014
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	3,119,861	3,119,861
Other Financial Liabilities - Other monies held in trust	5.3	-	30,944	30,944
Total Financial Liabilitiesⁱ		-	4,295,433	4,295,433

Note 7.1 (a) Categorisation of financial instruments (continued)

Total		Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
30 June 2021	Note	\$	\$	\$
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

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.

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)

Note 7.1 (a) Categorisation of financial instruments (continued)

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.

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.

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 2021-22.

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

		Current	Less than 1 month	1-3 months	3 months-1 year	1-5 years	Total
30 June 2022							
Expected loss rate		0.0%	0.0%	0.0%	16.1%	0.0%	
Gross carrying amount of contractual receivables	5.1	279,406	93,725	12,366	12,409	-	397,906
Loss allowance		-	-	-	(2,000)	-	(2,000)
30 June 2021							
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	-	179,952
Loss allowance		-	-	-	(2,000)	-	(2,000)

Note 7.2 (a) Credit Risk (continued)

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 (continued)

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.

	Note	Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
Total								
30 June 2022								
Financial Liabilities at amortised cost								
Payables	5.2	934,614	934,614	934,614	-	-	-	-
Borrowings	6.1	210,014	210,014	-	-	116,852	93,162	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	3,119,861	3,119,861	-	-	3,119,861	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	30,944	30,944	30,944	-	-	-	-
Total Financial Liabilities		4,295,433	4,295,433	965,558	-	3,236,713	93,162	-

	Note	Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
Total								
30 June 2021								
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	-

ⁱ Ageing 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 7.4: Fair Value Determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

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

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

Valuation hierarchy

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

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

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

	Note	Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2022	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		\$	\$	\$	\$
Specialised land		3,250,000	-	-	3,250,000
Total land at fair value	4.1 (a)	3,250,000	-	-	3,250,000
Specialised buildings		20,829,729	-	-	20,829,729
Total buildings at fair value	4.1 (a)	20,829,729	-	-	20,829,729
Plant and equipment at fair value	4.1 (a)	1,348,189	-	-	1,348,189
Motor vehicles at fair value	4.1 (a)	180,200	-	-	180,200
Medical equipment at Fair Value	4.1 (a)	288,293	-	-	288,293
Total plant, equipment, furniture, fittings and vehicles at fair value		1,816,682	-	-	1,816,682
Right of use Motor vehicles	4.2 (a)	158,615	-	-	158,615
Total right-of-use assets at fair value		158,615	-	-	158,615
Total non-financial physical assets at fair value		26,055,026	-	-	26,055,026

	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, 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
Total plant, equipment, furniture, fittings and vehicles at fair value		732,926	-	-	732,926
Right of use Motor vehicles	4.2 (a)	261,946	-	-	261,946
Total right-of-use assets at fair value		261,946	-	-	261,946
Total non-financial physical assets at fair value		24,376,487	-	-	24,376,487

ⁱ Classified in accordance with the fair value hierarchy.

7.4 (b): 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 2020		1,830,000	19,923,460	547,949	55,062	110,817	356,803
Additions/(Disposals)		(195,000)	1,971,537	109,074	-	87,302	-
- Depreciation		-	(431,237)	(134,091)	(6,475)	(36,712)	(94,857)
- Revaluation		282,855	-	-	-	-	-
Balance at 30 June 2021	7.4 (a)	1,917,855	21,463,760	522,932	48,587	161,407	261,946
Additions/(Disposals)		-	409,047	328,233	140,518	167,691	22,591
Net Transfers between classes		-	(634,410)	630,320	-	-	(23,308)
- Depreciation		-	(408,668)	(133,296)	(8,905)	(40,805)	(102,614)
- Revaluation		1,332,145	-	-	-	-	-
Balance at 30 June 2022	7.4 (a)	3,250,000	20,829,729	1,348,189	180,200	288,293	158,615

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

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.

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 2022	Total 2021
Note	\$	\$
Net result for the year	(189,967)	739,194
Non-cash movements:		
(Gain)/Loss on sale or disposal of non-financial assets	3.2 (6,864)	(61,244)
Depreciation and amortisation of non-current assets	4.4 694,288	703,372
Discount interest on Loan Net Present Value	-	1,138
Indirect contributions by DH	(283,996)	107,217
Movements in Assets and Liabilities:		
(Increase)/Decrease in receivables and contract assets	(412,742)	119,258
(Increase)/Decrease in inventories	(4,214)	5,797
(Increase)/Decrease in prepaid expenses	13,493	(36,398)
Increase/(Decrease) in payables and contract liabilities	(161,960)	(44,775)
Increase/(Decrease) in employee benefits	119,941	(97,908)
Increase/(Decrease) in other liabilities	48,727	1,290
Net cash inflow from operating activities	(183,294)	1,436,941

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 2021 - 29 Sep 2021
Minister for Health	26 Sep 2021 - 30 Jun 2022
Minister for Ambulance Services	26 Sep 2021 - 30 Jun 2022
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2021 - 9 Nov 2021
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2021 - 26 Sep 2021
Minister for Ambulance Services	1 Jul 2021 - 26 Sep 2021
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2021 - 26 Sep 2021
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2021 - 30 Jun 2022
Minister for Disability, Ageing and Carers	1 Jul 2021 - 30 Jun 2022
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2021 - 30 Jun 2022
Governing Boards	
Mr Shaun Braybrook	1 Jul 2021 - 30 Jun 2022
Mr Trevor Yong	1 Jul 2021 - 30 Jun 2022
Dr Jenny Davis	1 Jul 2021 - 30 Jun 2022
Mr Ian Jaggard-Hawkins	1 Jul 2021 - 30 Jun 2022
Ms Clara Mandaletti	1 Jul 2021 - 30 Jun 2022
Mr Peter O'Reilly	1 Jul 2021 - 30 Jun 2022
Dr Amanda Ormerod	1 Jul 2021 - 30 Jun 2022
Ms Lauren Daly	1 Jul 2021 - 22 February 2022
Accountable Officers	
Paul Head (Chief Executive Officer)	1 Jul 2021 - 30 Jun 2022

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 2022	Total 2021
	No	No
\$0 - \$9,999	8	11
\$200,000 - \$209,999	1	1
Total Numbers	9	12

	Total 2022	Total 2021
	\$	\$
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$222,063	\$234,939

Amounts relating to Responsible Ministers are reported within the State's Annual 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	
	2022	2021
	\$	\$
Short-term benefits	445,997	241,405
Post-employment benefits	38,575	20,154
Other long-term benefits	17,159	107,314
Total remunerationⁱ	501,731	368,873
Total number of executives	4	4
Total annualised employee equivalent ⁱⁱ	4.0	4.0

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.

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	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 Lauren Daly	Board Member
Yarram & District Health Service	Paul Head	Chief Executive Officer
Yarram & District Health Service	Jane Millard	Director Corporate Services
Yarram & District Health Service	Suzanne Miller	Director Primary Care
Yarram & District Health Service	Caroline Lubach	Acting Director Primary Care
Yarram & District Health Service	Sally Weatherley	Director Clinical 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 State's Annual Financial Report.

	Total 2022 \$	Total 2021 \$
Compensation - KMPs		
Short-term Employee Benefits ⁱ	643,434	455,225
Post-employment Benefits	56,076	36,471
Other Long-term Benefits	24,284	112,116
Totalⁱⁱ	723,794	603,812

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 \$11,356,401 (2021: \$8,199,251) and indirect contributions of \$283,996 (2021: \$107,217)

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 2022 (2021: 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 2022 (2021: none).

Note 8.5: Remuneration of Auditors

	Total 2022 \$	Total 2021 \$
Victorian Auditor-General's Office		
Audit of the financial statements	18,150	18,150
Total remuneration of auditors	18,150	18,150

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	
		2022	2021
		%	%
Gippsland Health Alliance	Provision of Information Technology Services	4.82	5.01

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:

	2022	2021
	\$	\$
Current assets		
Cash and cash equivalents	151,602	251,531
Receivables	118,872	41,081
Prepaid expenses	129,719	217,853
Total current assets	400,193	510,465
Non-current assets		
Property, plant and equipment	52,378	63,424
Total non-current assets	52,378	63,424
Total assets	452,571	573,889
Current liabilities		
Other Current Liabilities	85,835	107,721
Total current liabilities	85,835	107,721
Total liabilities	85,835	107,721
Net assets	366,736	466,168
Equity		
Accumulated surplus	366,736	466,168
Total equity	366,736	466,168

Note 8.7 Joint arrangements (continued)

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

	2022	2021
	\$	\$
Revenue		
Grants	902,807	902,807
Total revenue	902,807	902,807
Expenses		
Other Expenses from Continuing Operations	914,832	914,832
Depreciation	17,166	17,166
Total expenses	931,998	931,998
Net result	(29,191)	(29,191)

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.



Yarram & District Health Service would like to recognise the collaboration between the traditional owners of the land, the Gunai Kunai and acknowledge their elders past, present and emerging. We look forward to a continual strengthening of this relationship.