



Northeast Health Wangaratta

# ANNUAL REPORT

2019-2020

**Front cover image**

Emily Hourigan, Allied Health Assistant assisting with COVID-19 Screening at NHW

**Back cover image**

Nicole Dowling and Dr Ian Wilson assisting at the Wangaratta Bushfire Medical Clinic

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# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER



Jonathan Green  
Board Chair



Margaret Bennett  
former Chief Executive Officer  
(to 29/02/2020)



Tim Griffiths  
Interim Chief Executive Officer (to 30/08/2020)  
Chief Executive Officer (from 31/08/2020)

In accordance with the *Financial Management Act 1994*, we are pleased to present the Northeast Health Wangaratta (NHW) Annual Report for the year ended 30 June 2020.

This year was defined by external events that challenged our resilience, our resolve, but also brought out the very best in all of us, with displays of kindness and care at every turn, as we worked through the devastating bushfires, then to be confronted by the unthinkable Coronavirus (COVID-19) pandemic.

The 2019-2020 year was also a very challenging one for our communities, where the COVID-19 pandemic dominated the year and influenced how we provided services to our communities. This unprecedented event has affected every aspect of the health service and some of these impacts will be long lasting.

NHW responded quickly to the COVID-19 pandemic, establishing systems and structures for the prevention, detection, and control of the virus. This included, the establishment of an off-site dedicated screening clinic, and the establishment of testing capability within both the main Green Street Campus and at our residential aged care Illoura Campus. A COVID-19 Ward was quickly established, where admitted patients exhibiting COVID-19 symptoms could be cared for and treated. COVID-19 has fundamentally altered how NHW has had to care for the communities it serves and this is likely to be our new normal for the foreseeable future.

All health services in our local Hume region came together under a Hume Region Cluster Group to plan and respond to COVID-19. This resulted in a coordinated Cluster response and the establishment of region wide capability to respond to the demands of the pandemic.

Some of our face-to-face service provision was reduced due to the impact of COVID-19. To mitigate this impact, we introduced a wide range of Telehealth (virtual care) services, to ensure patients were still receiving much needed care and advice.

Despite the significant impact of the events of 2020, NHW has gone forward positively and had a productive year, delivering an extensive range of service improvements focused on safe, reliable and responsive care.

## **A snapshot of our activity during the 2019-2020 year:**

In the context of the challenging COVID-19 pandemic environment, we continued to provide a comprehensive range of services in our role as a specialist referral centre for North East Victoria, where ageing and chronic illness are significant drivers of service demand within the 90,000 population NHW is privileged to serve. This year's activity has been impacted by the COVID-19 pandemic, where new models of care, including increased telehealth were implemented in response to the changed environment.

# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

Key activity during the year included:

- We treated 29,028 patients through our Emergency Department, an increase of 9.1% on the previous year, which included the COVID-19 screening clinic testing activity.
- We admitted 19,388 patients, a decrease of 6.3% on the previous year, a reduction driven by the COVID-19 pandemic.
- We undertook 6,138 surgical cases, an 8.4% decrease on the previous year, a reduction driven by Statewide measures implemented to stop the spread of COVID-19.
- Our Day Stay Unit was open for 1,144 additional shifts to manage inpatient bed demand, an increase of 0.9% on the previous year.
- Outpatient service provision increased to over 28,084 consultations, an increase of 1,936 on the previous year.
- We conducted 66,139 occasions of service through our Medical Imaging Department, 217 less than the previous year, a decrease of 0.3% across all services. This reflected an increasing focus on ensuring only essential imaging services are undertaken.
- We welcomed 698 babies during the year, which was 28 more than the previous year.
- Illoura Residential Aged Care Facility continued to experience high demand and had an average occupancy of 98.01% during the year.
- Community Nursing Services, encompassing a 7 day a week Hospital in the Home (HITH) service, routinely care for newborns through to elderly patients.
- The Palliative Care team have consistently cared for over 80 patients in their homes.
- Despite the dental service being closed for several months due to Covid-19 we managed to see 6,413 individuals with over 12,838 appointments performed. 47.8% of these patients represented priority patients.

## Financial Results

Reflecting on the impact of activity demand and the complexity of care and the effects of the 2020 Bushfires and the COVID-19 Pandemic, NHW achieved an Operating Surplus of \$0.873 million against the Statement of Priorities target Deficit of \$2.60 million.

This operating result, adjusted for capital and specific items, provided a \$1.223 million deficit net result from transactions shown in the

Comprehensive Operating Statement.

The Board and Executive continue to work closely with the Department of Health and Human Services (DHHS) to ensure NHW's budget is sufficient to meet patient demand, particularly given the expansion that will occur over the forthcoming years.

## Patient Safety, Quality and Experience

NHW is committed to providing a safe environment and excellent health outcomes to those who access our services. Patient safety and clinical outcome data is reviewed monthly via internal governance meetings and at the Board level. In the 2019-2020 year, it was pleasing to see a decrease of 20.7% in patient falls with harm and an 11% decrease in medication errors. Healthcare associated infections in ICU were zero and our achievement of 96% for staff vaccination against influenza exceeded last year's result of 95%.

Inpatient satisfaction at NHW is measured through our participation in the Victorian Health Experience Survey (VHES). In 2019-2020, results of this survey demonstrated 95.6% satisfaction with clinical care provided, exceeding the DHHS target of 95%. We continue to monitor these results and make improvements to our services where indicated to provide the very best experience for our consumers.

## Provision of Care and Partnering

Continually improving our services and meeting best practice is essential to safe and accessible healthcare. A range of improved patient care and service achievements during the year included:

- Response to deteriorating patients within the hospital project in collaboration with Safer Care Victoria, saw changes made to the existing Medical Emergency Team (MET) process to improve outcomes for our patients. This was achieved by having a documented plan for clinical staff and ensuring appropriate follow-up after an initial MET call was made. These changes saw a positive result, with a 12% decrease in patients requiring an additional MET call.
- The development of clinical pathways in particular for delirium, acute coronary syndrome and hip fracture management.
- An early rehabilitation model of care was developed and implemented across the acute wards.
- Working Together Project in collaboration with Western Health completed to improve

# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

staff engagement and nursing staff capacity to identify ways to improve patient outcomes and nursing processes.

- Regional Maternity Project completed with Yarrawonga Health to standardise care and information.
- Establishment of a Multi-disciplinary Paediatric Outpatient Clinic.
- Health Independence Programs provided 25,742 service events to people in the North East Community, assisting in patient flow and reduction in re-admission rates at NHW.
- Community Health Program provided 5,421 patient contacts in the 2019-2020 financial year.
- Complex Care Service commenced an acute in-reach model that resulted in service acceptance rates increasing by 18% once they are discharged from hospital.
- Community Programs have moved clinically appropriate services to Telehealth, providing 354 Telehealth sessions over 3 months at the end of the 2019-2020 financial year.
- Safer Care Victoria funded the Teleneuropsychology Stroke Rehabilitation 12 month project. The project saw 82% of all stroke patients receive input from a neuropsychologist, adding critical input into their clinical management. The project highlighted the ongoing value of neuropsychology services at NHW.
- Partnered with Victoria Police, Albury Wodonga Health, Gateway Health, Rural City of Wangaratta to establish the Grit and Resilience program to support suicide prevention and post-vention in the Rural City of Wangaratta.
- Collaborated with the Murray Primary Health Network, the University of Melbourne and Benalla Health, the Potentially Avoidable Hospitalisation at Benalla Health of Chronic Obstructive Pulmonary Disease (COPD), heart failure and diabetes.
- Partnered with VicHealth and Alfred Health to develop and trial a new health service approach to supporting patients and staff to become smokefree before potential statewide roll out.
- NHW made a commitment to work toward Rainbow Tick accreditation to become more inclusive and a safe place for all members of our community, signalled by the raising of the rainbow flag.
- Northeast Health Wangaratta developed

its first Reconciliation Action Plan (RAP) to support the Aboriginal community members as staff or while in hospital and drives the health service's cultural safety.

- NHW partnered with the Indigo Health Consortium and Albury Wodonga Health in the localisation of the Age Friendly Health Systems framework.
- NHW developed the first health service assessment of age friendliness in partnership with Age Friendly Northeast Victoria's Dr Kathleen Brasher to ensure that all older people are valued, respected and treated with dignity in their access and care.

## Technology & Innovation

We continue to use technology to provide options for the delivery of care in a COVID-19 safe environment including:

- Increased utilisation of Telehealth across the service to enable ongoing delivery of health service during the pandemic, particularly in the community health programs.
- Consolidating the Digital ECG service for patients at Alpine Health, Beechworth Health and Benalla Health.
- Working in partnership with the Central Hume Health Services, including Benalla Health, Alpine Health, Yarrawonga Health, Beechworth Health Service, Tallangatta Health Service and Alexandra District Health to further advance the implementation of a new Patient Administration System (PAS).
- We continued the Omnicell automated medication system with the installation of an Omnicell electronic Controlled Substances Manager System, allowing electronic closed loop management of S8 and S11 medicines in the Pharmacy Department.

## Our Redevelopment:

Throughout the year, the planning and detailed design for the redevelopment of the hospital has been completed in preparation for the appointment of a lead contractor later in the 2020 year. With the two-year building project expected to start in early 2021. The redevelopment will provide:

- A new 12 bed Intensive Care Unit
- Additional treatment spaces in the

# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

## Emergency Department

- A new eight bed Short Stay Observation Unit in the Emergency Department
- A Behavioural Assessment Room to support safe care of patients presenting to the Emergency Department with acute mental health or drug and alcohol issues
- The establishment of a new relocated Paediatric Unit
- Additional acute care medical beds.

The redevelopment project continues to move forward despite the external challenges of the COVID-19 pandemic.

## Education & Research

NHW places major focus on supporting and growing both our current and future workforce through the provision of a dynamic education and training program. Outcomes during the 2019-2020 year have included:

There were 315 education and training sessions facilitated onsite across wards and departments and shifts, in which 2,816 staff attend. Training covered a range of clinical and non-clinical topics including skills and knowledge necessary to respond to the care needs of COVID positive patients, infection control, care of patients who present following stroke or trauma, diabetes and delirium management as well as the activation of massive blood transfusion protocols.

NHW Education and Research unit coordinated 111 education workshops in which 2161 health professional staff attended from both NHW and regional health services. A range of topics included Advanced Life Support, Pain Management, Foetal Surveillance, Triage and Health Assessments of the older person. A Paediatric Advanced Life Support course commenced in early 2020 with the support of NHW Travel Scholarship.

NHW play a major role in the training and development of future health professionals, supported by 39 partnerships between NHW and Education providers. In the last financial year 569 students across medicine, nursing and allied health were supervised to complete a clinical placement as a component of their bachelors or masters course of study, many of whom will be our workforce of the future. NHW also supported nine school-based trainees and seven gap year employees.

NHW is committed to supporting workforce pathways for health professionals, in 2020 we supported 25 registered nursing graduates, four

enrolled nursing graduates, 10 allied health graduates/interns and 13 medical interns as they transition into the workforce. As part of the pathway workforce plan NHW is proudly growing the post graduate opportunities for staff in critical care, emergency nursing, acute nursing and midwifery practice.

We trained our Board of Directors, Executive and a number of frontline staff in LGBTI Awareness as part of our progress to become a Rainbow Tick accredited organisation.

In partnership with University of Melbourne, Rural Health Academic Network (RHAN) NHW has focused on building the capacity and capability of our staff to undertake and participate in research reflected in the newly endorsed NHW research strategic plan. NHW would like to recognise staff involved in 15 Research projects and 15 presentations to Regional and National conferences in the last financial year.

In 2019, NHW commenced the development of clinical trial research support service, resulting in 10 applications progressing to feasibility stage and 2 of those are now active. We supported 10 staff to complete the Good Clinical Practice (GCP) Training, a requirement for primary investigators involved in clinical trials and the development of process and systems to support implementation of clinical trials.

## Board of Directors

We thank the Board of Directors for their diligence, commitment, governance and support to NHW during this very challenging period of the COVID-19 pandemic.

## Our People

Our workforce have never faced as many challenges as it has this year. Firstly the bushfires and then COVID-19. Six months of this reporting year, our staff have worked responding to extreme disasters and continuous pressure.

We were very fortunate that our culture is strong and supportive; we have high levels of trust in the leadership team. This has enabled us to be agile and adaptive and staff have adjusted admirably to many changes in how we manage care of our patients and community. We connected on a new Facebook platform that allowed us to connect with our staff and get information to them in a timely way. This page has now strengthened over time and we regularly have fun and celebrate all that is NHW.

Our key focus this year has been on managing



# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

staff wellbeing and welfare. We were very pleased to rollout our new wellbeing program Benestar. This includes offering 24/7 counselling and emergency mental health support, a new portal with a range of health and wellbeing resources and an app that staff can access this information wherever they are. We also received many wonderful donations that have been shared across the campuses to ensure all staff feel valued, acknowledged and supported. These include L'Oréal gift bags and Community made scrubs.

The hospital continues to be so well supported by volunteers and sadly many had to cease working with us for a period. During the onset of COVID-19 we protected our volunteers by temporarily suspending this service, as part of this process individual care packs, made from local produce was hand delivered to each of our volunteers to thank them, reassure them and continue supporting those who support us greatly.

In February 2020 we farewelled our CEO - Margaret Bennett after ten years of outstanding service to NHW and the communities in North East Victoria. Over Margaret's ten years she transformed NHW from the base hospital it was, to an innovative and thriving Sub-Regional Health Service resulting in high staff engagement and high patient satisfaction and safety. Margaret leaves behind a legacy of improvement and innovation and a foundation for us to build upon. We wish Margaret great success in her new role as Chief Executive of Southern NSW Local Health District.

Tim Griffiths - NHW Deputy CEO, stepped into the Interim CEO position for the remainder of the financial year, providing steady and resilient leadership through the very difficult period of the COVID-19 pandemic.

We acknowledge and sincerely thank all who

have work at and supported NHW during the very challenging COVID-19 pandemic affected 2019-2020 year, including the Department of Health and Human Services, NHW Board of Directors, our partner agencies, our Visiting Medical Specialists and the Executive team, along with our wonderful team of 1,430 staff and over 350 volunteers.

Most of all, we would like to recognise our wonderful team of 1,430 staff and over 350 volunteers for their skill, caring, compassion, resilience and sacrifice made during a truly challenging year. Your dedication is truly inspiring to us and to the communities you care for and we owe you a debt of gratitude. Thank you.

We continue to be absolutely focused on NHW's Vision, Mission, Values and our Care and Kindness Charter as we face the challenges, opportunities and the new business as usual in the year ahead.

We commend our Annual Report to you and have pleasure in sharing the wonderful achievements of our team during the 2019-2020 year.



**Jonathan Green**  
Board Chair



**Tim Griffiths**  
Interim Chief Executive Officer



# OUR STRATEGIC PLAN 2015-2020

## OUR VISION:

To be recognised leaders in rural healthcare

## OUR MISSION:

To provide healthcare that enhances the quality of life of people in North East Victoria

## OUR VALUES:

Caring  
Respect  
Fairness

Excellence  
Integrity

## COMMITMENTS & STRATEGIES:

Clinical Services  
Organisational Management  
Facilities & Environment

Quality & Innovation  
People, Learning & Research  
Community & Partnerships

Our new Strategic Plan 2020 -2025 'Leading the Transformation', is well advanced and will be launched before the end of 2020, where:

**Our Vision** is – Thriving communities in North East Victoria, achieving the best quality of life for everyone.

**Our Purpose** is – To be leaders in health, who transform and deliver high quality, safe healthcare for all.

## Nature and Range of Services

Northeast Health Wangaratta is the specialist referral hospital for the Central Hume area of North East Victoria. Our organisation meets the healthcare needs of 28,000+ people in the Rural City of Wangaratta, our primary catchment, with an additional 62,000+ people in our secondary catchment – a total of approximately 90,000 people. Acute inpatient and community services are located in Green Street, Wangaratta, and our Residential Aged Care Facility, Illoura, is located off site in College Street, Wangaratta.

Clinical Services provided on the Green Street campus include Accident & Emergency, Critical & Intensive Care, General Surgery, Orthopaedics, Urology, Obstetrics, Gynaecology, Paediatrics, General Medicine, Oncology, Renal Dialysis, Rehabilitation, Dental, Medical Imaging, Community Nursing, Allied Health and Outpatient services. Our staff also provide a range of preventative health programs. The 72 bed facility in College Street provides 66 high care residential aged care and 6 transition care beds.

# DISCLOSURE INDEX

The Annual Report of Northeast Health Wangaratta is prepared in accordance with all relevant Victorian legislation. This Financial Reporting Directions (FRD) index has been prepared to facilitate identification of the Department of Health and Human Services' compliance with statutory disclosure requirements.

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# DISCLOSURE INDEX

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# RESPONSIBLE BODIES DECLARATION

## Responsible Bodies Declaration – SD 5.2.3 Declaration in Report of Operations

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Northeast Health Wangaratta for the year ending 30 June 2020.



**Jonathan Green**  
**Board Chair**  
**Northeast Health Wangaratta**

Wangaratta  
30 June 2020

## Financial Management Compliance Attestation – SD 5.1.4

I, Jonathan Green (Board Chair), on behalf of the Board, certify that Northeast Health Wangaratta has no Material Compliance Deficiency with respect to the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.



**Jonathan Green**  
**Board Chair**  
**Northeast Health Wangaratta**

Wangaratta  
30 June 2020

## Data Integrity Declaration

I, Tim Griffiths (CEO) certify that Northeast Health Wangaratta has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Northeast Health Wangaratta has critically reviewed these controls and processes during the year.



**Tim Griffiths**  
**Interim Chief Executive Officer**  
**Northeast Health Wangaratta**

Wangaratta  
30 June 2020

### **Conflict of Interest Declaration**

I, Tim Griffiths (CEO) certify that Northeast Health Wangaratta 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 Northeast Health Wangaratta 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.



**Tim Griffiths**  
**Interim Chief Executive Officer**  
**Northeast Health Wangaratta**

Wangaratta  
30 June 2020

### **Integrity, Fraud and Corruption Declaration**

I, Tim Griffiths (CEO) certify that Northeast Health Wangaratta has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Northeast Health Wangaratta during the year.



**Tim Griffiths**  
**Interim Chief Executive Officer**  
**Northeast Health Wangaratta**

Wangaratta  
30 June 2020

### **Audit Act 1994**

Northeast Health Wangaratta's Audit Committee consists of: Ms Alison Maclean (Chair), Mr Martin Hession, Mr Jonathan Green, Mr Matthew Joyce, Ms Ruth Kneebone, Mr John Duck (External), Mr Brian Hargreaves (External), Ms Margaret Bennett (CEO, to 28/02/20), Mr Timothy Griffiths (CEO, from 31/08/20), Mr Jason O'Keefe, Ms Rebecca Weir, Ms Michelle Butler, Mr Matthew Fagence, Ms Alison Lee (Crowe Horwath).

# STAFF

Labour Category	June Current Month FTE		Average Monthly FTE	
	2020	2019	2020	2019
Nursing	475.87	420.92	445.89	423.45
Admin/Clerical	138.00	134.26	137.72	134.16
Medical Support	78.17	74.02	76.67	74.33
Hotel/Allied	123.36	108.97	118.86	103.66
Medical	1.07	1.00	1.14	1.12
Hospital Medical Officers	60.42	54.48	55.76	53.53
Sessional Clinical	8.86	7.82	7.31	6.30
Allied Health	82.46	86.71	83.45	79.51
<b>Grand Total</b>	<b>968.21</b>	<b>888.18</b>	<b>926.80</b>	<b>876.06</b>

Northeast Health Wangaratta commits to the application of employment and conduct principles for all staff. All employees at Northeast Health Wangaratta have been correctly classified in workforce data collections.

## LIFE GOVERNORS

M Wilson	E G O'Keefe
P Fiddes	S Leidl
S J Oxley	E Dinning
C E Cunningham	L Fogarty

# ORGANISATIONAL STRUCTURE

Board of Directors

Chief Executive Officer

## Chief Operating Officer

Bio-Medical Engineer Liaison  
Business Intelligence  
Communication & Clerical  
Environmental Services  
Facilities & Maintenance  
Finance  
Food Services  
Health Information Services  
Hume Rural Health Alliance Liaison  
ICT Services  
Information Systems  
Legislative Compliance  
Medical Imaging  
Nuclear Medicine  
Policy & Guideline Administration  
Security  
Sub-regional Corporate Services  
Supply Department  
Telehealth

## Executive Director Medical Services

Freedom of Information  
Hospital Medical Officers  
Medical Administration  
Medical Heads of Department  
Medico-Legal  
Pathology  
Pharmacy  
Sub-regional Clinical Governance  
Visiting Medical Officers

## Executive Director People & Culture, Education & Research, Volunteer & Creative Services

Accommodation  
Clinical Consultancy Network  
Clinical Support Network  
Employee Relations & Culture  
Graduate Programs  
Injury Management  
Library Services  
Occupational Health & Safety (OH&S)  
Payroll  
Recruitment & Onboarding  
Research Governance  
Salary Packaging  
Staff Training Programs  
Staff Wellbeing  
Strategic Culture Initiatives  
Student & Traineeship Programs  
Tertiary Education Liaison  
Volunteer & Creative Services  
Workforce  
    Allied Health  
    Medical  
    Non Clinical  
    Nursing

## Executive Support Services

Auxiliaries  
Community Engagement  
Corporate Events  
Executive & Board Administration  
Fundraising  
Media



## Executive Director Clinical Services- Nursing, Midwifery & Allied Health

Acute Care Coordination	Hospital in the Home (HITH)
Admission & Day Stay Unit	Infection Prevention & Control/ Staff Health Clinic
Allied Health Services:	Illoura Residential Aged Care
Aboriginal Health	Maternity Services
Community Rehabilitation	Medical Ward
Complex Care	Nursing Administration
Diabetes Education	Oncology
Dietetics	Organ & Tissue Donation
Health Promotion	Outpatient Clinics
Occupational Therapy	Paediatrics
Physiotherapy	Palliative Care
Speech Pathology	Pastoral & Spiritual Care
Social Work	Perioperative Services
Stomal Therapy	Post Acute Care (PAC)
Breast Care	Regional Infection Control
Community Palliative Care	Residential In-Reach Service (RIR)
Community Service Intake	Surgical Ward
Critical Care	Thomas Hogan Rehabilitation Centre
Dental Services	Transition Care Program (TCP)
Dialysis	Wound Care
District Nursing Service (DNS)	
Emergency Department	
Home Care Packages	

## Director Performance Improvement

Accreditation Programs  
 Clinical Audit  
 Community Participation  
 Consumer Experience  
 Innovation & Improvement  
 Medico-Legal  
 Public Reporting  
 Risk Management:  
     Clinical  
     Organisational

## Director Partnerships & Well Ageing

Community Partnerships

# BOARD OF DIRECTORS



**Jonathan Green**  
**Board Chair**

B.A, LL.B, GAICD

Jonathan is an experienced commercial lawyer and director, with 10 years of legal practice experience, as well as extensive involvement in the property industry.

Jonathan is Chair of the Board, Remuneration Committee, the Medical Advisory Committee and the Medical Appointments Committee



**Alison Maclean**  
**Deputy Board Chair**

Currently a Director of 3whitehorses, Alison's career experience has been largely in the government and community sectors. Alison is a highly effective strategist and change agent. Alison brings to the Board skills in corporate governance, partnerships, risk and audit.

Alison is Deputy Chair of the Board and Chair of the Audit & Risk Committee.



**Martin Hession**  
**Board Director**

BSc, former Assoc Mbr of the Inst of Actuaries of London & the Inst of Actuaries of Aust.

Martin has held many senior management and committee portfolios in commercial and land development and real estate since 1977. He has worked with Governments, local authorities, business partners and investors.

Martin is Chair of the Finance Committee and the Redevelopment Project Control Group.



**Roger Barker**  
**Board Director**

M.B.B.S GradDip Anaesthetics  
FANZCA

Roger is a retired Specialist Anaesthetist with many years experience working across the public and private sectors in North East Victoria.

Roger is Chair of the Quality and Safety Committee and Chair of the Human Research Ethics Committee



**Cheryl Clutterbuck**  
**Board Director**

RN, RM, Dip Bus, Adv Dip Bus

Cheryl has held many nursing and nurse management roles extending over a 30 year career. She has been on several Boards and currently holds executive positions in Rotary and CFA. She is also a volunteer in Carevan Albury, Op Shop, Dederang Mount Beauty Football/Netball Club and Red Cross.

Cheryl is Deputy Chair of the Human Research Ethics Committee, the Quality and Safety Committee and the Community Advisory Committee



**Ann Wearne**  
**Board Director**

Adv Mgmt

Ann was the previous CEO of Ovens & King Community Health Service and previously held various Director roles in the Department of Health and Human Services. Ann's focus is on clinical, corporate and financial governance.

Ann is Chair of the Community Advisory Committee.

# BOARD OF DIRECTORS



**Matthew Joyce**  
**Board Director**

Master of Aviation Medicine, Master  
of Bus Admin

Matthew is the Managing Director of WCL Management Services, a transport and technology consultancy organisation focusing on major events and project management.

Matthew is Deputy Chair of the Redevelopment Project Control Group.



**Ruth Kneebone**  
**Board Director**

MBA, BCOM, former CA

Ruth is an accountant with many years' experience in Local Government, with responsibility for finance, governance and risk, people and culture, information services, customer services, media and communications. She is also currently the chair of the 'Into Our Hands Community Foundation' Board.

# EXECUTIVE



## **Interim Chief Executive Officer Mr Tim Griffiths**

B.Bus (Acct), GradCert (Export),  
GradCert (ComLaw), GradDip  
(MarLogistics), MBT, GAICD

The Chief Executive Officer (CEO) is responsible to the Board for the efficient and effective management of Northeast Health Wangaratta. Prime responsibilities include the development and implementation of operational and strategic planning, maximising service efficiency and quality improvement and minimising and managing risk.



## **Acting Chief Operating Officer Mr Jason O'Keeffe**

RN BN, Cert SIC, Grad Cert  
Commerce, Prof Cert HSM

The Chief Operating Officer has overall responsibility for the effective delivery of corporate and operational support services. The role is also responsible for financial management, governance and reporting requirements to the Board, Department of Health and Human Services and external auditing bodies. The role is also inclusive of the Chief Procurement Officer responsibilities.



## **Executive Director of Clinical Services - Nursing, Midwifery and Allied Health**

### **Ms Rebecca Weir**

MN, GradCert Crit Care, BScIN, RN

The Executive Director of Clinical Services – Nursing, Midwifery and Allied Health has professional responsibility for nursing, midwifery and allied health streams across the organisation. Other major areas of responsibility include Clinical Leadership and Standards of Practice, Nursing credentialling and resource management, service and strategic planning and clinical risk management and quality improvements.



## **Executive Director of Medical Services**

### **Dr Ross Duncan**

(Acting from 1/7/19 to 3/12/19)

### **Dr David Cooper** (pictured)

(from 4/12/19 to 30/6/20)

BMed, MMgt, MBA, AFRACMA,  
FACEM

The Executive Director of Medical Services has professional responsibility for the recruitment, credentialling and management of Visiting Medical Officers, Staff Specialists and Hospital Medical Officers across all clinical services. The role works with other members of the Executive to provide clinical governance, strategic planning and resource management for the health service.



## **Executive Director People & Culture, Education & Research, Creative Services & Volunteers**

### **Ms Fiona Shanks**

B.Bus(HRM), Dip.Bus Mgt, CAHRI,  
GAICD

The Executive Director People & Culture, Education & Research, Creative Services & Volunteers oversees the functions of Payroll, Human Resources, Occupational Health & Safety, Injury Management, Strategic Workforce programs, Education Partnerships, Research & Clinical Trials, and Creative Services & Volunteers. We focus on providing support, training and care to our entire Northeast Health Wangaratta team of almost 2,000.



## **Director Performance Improvement**

### **Ms Michelle Butler**

RN, DipApp Sci (Dental Therapy),  
Grad Dip Health Admin

The Director of Performance Improvement oversees patient safety and the monitoring and continuous improvement of performance across the organisation. Major areas of responsibility include the preparation and achievement of accreditation processes, clinical governance, innovation and improvement, clinical and strategic risk management, medico-legal, patient experience (including complaints management), consumer participation and public reporting.



# STATEMENTS OF COMPLIANCE

## Minister for Health in the State of Victoria

Northeast Health Wangaratta was established under the *Health Services Act 1988*. The responsible Ministers during the reporting period were:

Jenny Mikakos MP  
Minister for Health  
Minister for Ambulance Services

Martin Foley MP  
Minister for Mental Health

The Hon. Luke Donnellan MP  
Minister for Child Protection  
Minister for Disability, Ageing and Carers

## Freedom of Information Act 1982, Information Privacy Act 2000 & Health Records Act 2001

Northeast Health Wangaratta holds numerous types of documents in order to conduct its business. These documents include, but are not limited to, patient medical records, policies and guidelines, financial records, staff records, training videos, meeting minutes, contracts etc.

As an Agency under the *Freedom of Information (FOI) Act 1982*, requests to access information from Northeast Health Wangaratta may be made by contacting the Northeast Health Wangaratta Freedom of Information Administration Officer at [foi@nhw.org.au](mailto:foi@nhw.org.au) or on (03) 5722 5233. Further information on health information may be found in the Northeast Health Wangaratta brochure "What Happens to Information About Me?" found at <https://www.northeasthealth.org.au/patients-visitors/>

A written application or FOI Consent form may then be submitted for consideration by the FOI Administration Officer. If the request is a valid request and the document is not an exempt document under the Act, the request will be processed. An application fee and access charges will be applied (as determined by the FOI Act). The charges for the current year and are available from the Freedom of Information Administration Officer.

Exempt documents include, but are not limited to, documents containing personal information about other people, internal working papers and documents provided to Northeast Health Wangaratta in confidence.

Total Requests processed in 2019-2020: 184

Requests denied: 0

In accordance with the *Freedom of Information Act 1982*, Northeast Health Wangaratta reports on these requests to the Office of the Victorian Information Commissioner annually.

## Carers Recognition Act 2012

Northeast Health Wangaratta has appropriate procedures in place to comply with the *Carers Recognition Act 2012* through the provision of ensuring that all staff and volunteers respect and recognise carers, support them as individuals, recognise their commitment and dedication to the people in their care, respect their views and cultural identity and support their social wellbeing.

## Safe Patient Care Act 2015

Northeast Health Wangaratta has in place appropriate policies and procedures to enforce the *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015*. Amendments to the *Safe Patient Care Act 2015* were passed by the 59th Parliament and commenced on 1/3/19 and will be phased in over 5 stages. Northeast Health Wangaratta has no matters to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015* for the 2019-2020 year.

# STATEMENTS OF COMPLIANCE

## Public Interest Disclosure Act 2012

Northeast Health Wangaratta does not tolerate improper conduct, nor the taking of reprisals against those who come forward to disclose this conduct. We take any allegations of misconduct seriously and actively encourage staff to promptly raise complaints and concerns through the appropriate pathways.

Northeast Health Wangaratta has in place a Public Interest Disclosure policy which provides staff with the procedures for disclosure in accordance with the *Public Interest Disclosure Act 2012* by way of handling and notifying any disclosures.

During this reporting period there were no disclosures made to Northeast Health Wangaratta that were directed to the Independent Broad-based Anti- Corruption Commission (IBAC).

To make a disclosure direct to IBAC please visit their website at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

## National Competition Policy

Northeast Health Wangaratta applies competitive neutral costing and pricing arrangements to significant business units within its operations. These arrangements are in line with Government policy and the model principles applicable to the health sector.

## Local Jobs Act 2003

Northeast Health Wangaratta acknowledges it is required to abide by the principles of the *Victorian Industry Participation Policy Act 2003* (VIPPP). In 2019-2020 there were no projects commenced to which the VIPPP applies. The upcoming Capital Redevelopment Head Contractor tender is registered with ICN.

To ensure that all requirements are in place that assures compliance to the VIPPP policy requirements, Northeast Health Wangaratta has:

- Delegated the Northeast Health Wangaratta Procurement Team the responsibility for Registration of future projects requiring ICN registration.
- VIPPP requirements and statements are incorporated as part of our RFT documents.
- Northeast Health Wangaratta has a nominated VIPPP Authorised Administrator to ensure future Projects over \$1 million are appropriately captured and compliant with VIPPP guidelines and requirements.

## Building Act 1993

Northeast Health Wangaratta complies with the provisions of the *Building Act 1993* and the National Construction Code in accordance with the Department of Health and Human Services (DHHS) Capital Development Guidelines (*Assistant Treasurer Guideline Building Act 1993/ Standards for Publicly Owned Buildings 1994/ Building Regulations 2005 and Building Code of Australia 2004*).

Northeast Health Wangaratta complies with the DHHS Fire Risk Management Guidelines by having a five yearly fire audit conducted on all acute and sub-acute buildings including Illoura (off-site Aged Care Facility) by an independent Fire Safety Engineer. This report was last undertaken in 2016 with the recommendations now completed as illustrated in our Annual Fire Safety reports sent to DHHS in September each year for the Hospital and Illoura campus.

# STATEMENTS OF COMPLIANCE

## Statement of Additional Information on request (FRD 22 H)

In compliance with the requirements of FRD 22H (Section 5.19) *Standard Disclosures in the Report of Operations*, details in respect of the items listed below have been retained by Northeast Health Wangaratta and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

## Consultancies 2019-2020

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

In 2019-2020 Northeast Health Wangaratta engaged four consultancies where the total fee payable to the consultant was less than \$10,000, with a total expenditure of \$24,087 (excl. GST).

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

In 2019-2020, there were six consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-2020 in relation to these consultancies is \$212,084 (excl. GST). Details of individual consultancies are detailed in the table below.

Consultant	Purpose of consultancy	Total approved project fee (\$ excl. GST)	Expenditure 2019-2020 (\$ excl. GST)	Future Expenditure (\$ excl. GST)
Department of Environment Land Water and Planning	Property Valuation	\$23,000	\$23,000	\$Nil
Provider Assist	ACFI Angels Program	\$33,603	\$33,603	\$Nil
AABB Consulting	IM and ITC Review and Advisory	\$12,600	\$12,600	\$Nil
Finity Consulting	Financial Review	\$75,113	\$75,113	\$Nil
Governance Evaluator	Governance	\$24,680	\$24,680	\$Nil
Synchronicity Consulting	Strategic Planning	\$43,088	\$43,088	\$Nil
<b>TOTAL</b>		<b>\$212,084</b>	<b>\$212,084</b>	

# STATEMENTS OF COMPLIANCE

## Information and communication technology (ICT) expenditure

During 2019-2020, Northeast Health Wangaratta spent \$3.774m (excluding GST) on ICT Business As Usual (BAU) expenditure and \$0.224m (excluding GST) on Capital expenditure, with the details shown 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)
\$3.774 m	\$0.224 m	\$ Nil	\$0.224 m

## Expenditure on Government Advertising during 2019-2020

Northeast Health Wangaratta had nil expenditure on Government advertising during the 2019-2020 period.

## Statement on Environmental Performance

Northeast Health Wangaratta is committed to ongoing caring for the environment and to demonstrate this the following initiatives were implemented over the 2019-2020 period.

- Continued upgrade of lighting fittings to LEDs in Exit lighting over whole site (including Illoura) with additional installation of LED lighting in Kerferd unit /Pharmacy/Medical Records /Boiler House buildings.
- Installation of two new Geoclima Chillers completed. One chiller installed at Pathology / Out Patients Clinic and the other for Main Ward Block. New chillers consume significantly less power than previous ones.
- An additional energy efficient chiller tender process currently underway to be installed in 2020-2021 as part of redevelopment early works package.
- Installation of a new Condenser Heating Hot Water Boiler and 6 pumps with variable speed drives installed at main Boiler House.
- Run Site Generator on peak demand days and high grid demand days (5 days in total) as per energy payback agreement.
- Installation of 359 solar panels to supply 140 KW's of power to Main site, CCU and Illoura sites. Project to commence in October 2020.
- Closed switch transition project in design stage to increase sites electrical redundancy capability in event of supply distribution failure.

## Electricity Usage

Electricity consumption for Northeast Health (including Illoura) decreased by 120 Mwh's (2%) in 2019-2020 year compared to previous year.

Building	2019-2020 Actual (MWh)	2018-2019 Actual (MWh)
Wangaratta Base Hospital	3,971	4,067
Builds 15 & 16 - Lane Centre & MBEC	355	355
Build 17 - WJ Smith	55	46
Builds 13 & 14 - Rohan & Dicker Wings	550	566
Illoura Aged Care	355	372
<b>TOTAL</b>	<b>5,286</b>	<b>5,406</b>

# STATEMENTS OF COMPLIANCE

## Occupational Health & Safety Act 2004

Northeast Health Wangaratta complies with the *Occupation Health & Safety Act of 2004* and its associated regulations and code of practice to meet the Australian Council of Health Care Standards requirements. The organisation monitors its compliance through an Occupational Health & Safety Committee which reports to the Board of Directors and Quality & Safety Committee. All staff injuries and hazards in the workplace are reported and followed up via the 'Riskman' web-based incident management system available to all staff. We support our staff both in the provision of training to reduce risk of injury and, if an injury does occur, a comprehensive return to work program.

## Occupational Violence

The 2019-2020 Statement of Priorities requires all health services to monitor and publicly report incidents of occupational violence. Northeast Health Wangaratta has in place appropriate policies and procedures for the reporting, disclosure and handling incidents of occupational violence.

Occupational violence statistics	2019-2020
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.216
Number of accepted WorkCover claims with lost time injury with an occupational violence and aggression cause per 1,000,000 hours worked	1.05
Number of occupational violence incidents reported	176
Number of occupational violence incidents reported per 100 FTE	18.99
Percentage of occupational violence and aggression incidents resulting in a staff injury, illness or condition	19%

### Definitions of occupational violence

**Occupational violence** - any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

**Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

**Accepted Workcover claims** – Accepted Workcover claims that were lodged in 2019-20.

**Lost time** – is defined as greater than one day.

**Injury, illness or condition** – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.



# STATEMENTS OF COMPLIANCE

## Occupational Health and Safety Incidents per 100 FT equivalent

Year	Incidents	FTE	FTE/100	Incident Rate
2017-2018	263	859.87	8.59	30.61
2018-2019	270	875.33	8.75	30.85
2019-2020	176	926.80	9.27	18.99

## Number of lost time standard claims per 100 staff members

Year	Standard Claims	Per 100	Lost time
2017-2018	8	8.59	0.93
2018-2019	8	8.75	0.91
2019-2020	17	9.27	1.83

## Average cost per the claims for the year

(including payments to date and an estimate of outstanding claims costs as advised from Worksafe)

Year	Claim Costs \$	Number of Claims	Avg Cost per Claim \$
2017-2018	1,532,753	37	\$41 426
2018-2019	1 145 389	39	\$29 368
2019-2020	1,601,863	29	\$55,237

\*(Standard & Non- standard of total premium sensitive claims as advised)

**No of Workplace Deaths      0**

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2019-2020

Goals	Strategies	NHW Deliverables	Outcome
<b>Better Health</b> A system geared to prevention as much as treatment  Everyone understands their own health and risks  Illness is detected and managed early  Healthy neighbourhoods and communities encourage healthy lifestyles	<b>Better Health</b> Reduce State-wide Risk.  Build Healthy Neighbourhoods  Help people to stay healthy  Target health gaps	Implement 'Smiles for Miles' program to promote good oral health and healthy eating habits among children across early years centres within the Central Hume Region.	<b>Completed</b> Smiles for Miles implemented across 100% of pre-schools in the Central Hume Region
		Establish a joint health strategy with Gateway Health and Rural City of Wangaratta to support the health needs of older people. The strategy will be developed and published by the end of June 2020.	<b>In progress</b> Partnership between Gateway Health and Rural City of Wangaratta established. No plan was finalised due to COVID-19 and Bushfires but will continue in 2020-2021
		Partner with the Rural City of Wangaratta, Albury Wodonga Health and Gateway Health to implement a grit and resilience suicide prevention and post-intervention initiative.	<b>Completed</b> Grit and Resilience Initiative implemented in a Commonwealth funded partnership between the Rural City of Wangaratta, Albury Wodonga Health, Gateway Health, Victoria Police, Murray Primary Health Network and NHW
<b>Better Access</b> Care is always being there when people need it  Better access to care in the home and community  People are connected to the full range of care and support they need  Equal access to care	<b>Better Access</b> Plan and invest Unlock innovation Provide easier access Ensure fair access	Implementation of stage 2a and stage 3 of the Northeast Health Wangaratta Digital Electrocardiograph (DECG) project to expand the availability of a DECG service for patients presenting to remote and rural urgent care centres (UCC) with chest pain or suspected acute coronary syndrome. At least two additional UCC sites will participate in the initiative in 2019-2020.	<b>In progress</b> Successful DECG implementation with Beechworth Health Service and Benalla Health, and re-engagement of an additional 2 services from stage 2a  Stage 3 yet to be implemented
		Increase access to specialist outpatient appointments including the developmental paediatrics and diabetes care.	<b>Completed</b> Paediatric and diabetes management clinics established.  Project Officer appointed to optimise utilisation and performance of outpatients.
		Establish at least 1 day per fortnight for psychology support services for cancer patients receiving treatment.	<b>Completed</b> Ongoing 0.1 FTE position funded through Albury Wodonga Regional Cancer Centre Trust Fund.  Consultations occurring via Telehealth during COVID-19

Goals	Strategies	NHW Deliverables	Outcome
<b>Better Care</b> Targeting zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	<b>Better Care</b> Put quality First Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Implementation of the Specific Timely Appointments for Triage (STAT) Model across all Allied Health & Ambulatory Services Community Programs to reduce waiting times.	<b>Completed</b> STAT Model successfully introduced with demonstrated reduction in waiting times
		Improve by 2% (in comparison to 2018 data) the number of Aboriginal and Torres Strait Islanders identifying within our health service.	<b>Completed</b> Aboriginal and Torres Strait Islanders identifying within our health service has increased by 12.6% and will continue to be monitored
		Implementation of a Falls Reduction Strategy across Northeast Health Wangaratta inpatient areas and Residential Aged Care Facility – targeting a 5% reduction in falls over 2019-2020.	<b>In progress</b> Falls prevention strategy in place, with addition of post fall huddles and increased pharmacy involvement.  Total falls rate increased by 4%, falls with harm reduced by 21%
<b>Supporting the Mental Health System</b>	Improve service access to mental health treatment to address the physical and mental health needs of consumers	Improve timely service access for all local patients to acute mental health at Albury Wodonga Health by use of the early referral process and multi-agency response.	<b>In progress</b> Limitation in actioning this as Albury Wodonga undertaking service review. Will be progressed in 2020-2021
		Partner with Gateway Health to develop, implement and promote a joint model of care to expand Alcohol and Other Drug (AOD) resources.	<b>Completed</b> Joint agreement in place with Gateway Health and NHW with Alcohol and Other Drug services and support
<b>Addressing Occupational Violence</b>	Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.  Implement the department's security training principles to address identified security risks.	Completion of training in Code Black, Grey and de-escalation training to 160 frontline staff identified as having direct contact with patients, residents and visitors.	<b>In progress</b> 50% of target achieved for staff education, with on site training in 2020 deferred due to COVID-19
		Conduct an independent external risk assessment of high-risk areas, to ensure relevant risks are identified, controls established and actions implement to mitigate workplace harm to staff. The outcome being: <ul style="list-style-type: none"> <li>An action plan that controls identified security risks specific to both the work environment and security processes that supports improved prevention, reporting and security.</li> </ul>	<b>In progress</b> No independent risk assessment performed. This will occur when COVID-19 restrictions are eased

Goals	Strategies	NHW Deliverables	Outcome
<b>Addressing Bullying and Harassment</b>	Actively promote positive workplace behaviours, encourage reporting and action on all reports.	Complete the Independent Facilitator Project Trial, embedding key learnings along the journey.	<b>Completed</b> Participated in the Independent Facilitator Trial project. Changes to the project scope by Safer Care Victoria required no further action from NHW.
	Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying, harassment and discrimination training; guiding principles for Victorian health services.	Achieve full implementation of the department's 'Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination'.	<b>In progress</b> 80% of the 'Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination' implemented and will continue in 2020-2021
		Implement a wellbeing program of activities that will support the reduction of stress in our employees.	<b>Completed</b> Staff wellbeing program in place with range of resources available to reduce stress
<b>Supporting Vulnerable Patients</b>	Collaborate with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.	Pilot a community volunteer role to support clients of the Northeast Health Wangaratta Complex Care Service to successfully navigate the transition from hospital to home.	<b>Completed</b> Community Volunteer Support Project implemented
		Partner with QUIT and Alfred Health to implement an evidence-based strategy to identify and support people in the inpatient setting to be smoke-free.	<b>Completed</b> Partnership in place and strategy launched in October 2019.
		Achieve Rainbow Tick Accreditation that ensures inclusive care for the LGBTQI community.	<b>In progress</b> On track however all accreditation processes on hold due to COVID-19

Goals	Strategies	NHW Deliverables	Outcome
<b>Supporting Aboriginal Cultural Safety</b>	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.	Establish Northeast Health Wangaratta Reconciliation Action Plan.	<b>Completed</b> Reconciliation Action Plan developed and provided to Reconciliation Australia
		Implement the Northeast Health Wangaratta Aboriginal Health Strategy that supports Aboriginal communities with culturally appropriate care, supports Aboriginal staff and volunteers and develops Northeast Health Wangaratta's cultural safety.	<b>Completed</b> Aboriginal Health strategy 2019-2020 in place with outcomes documented
		Finalise and implement the Northeast Health Wangaratta community gathering place.	<b>In progress</b> Will continue process in 2020-2021 in liaison with the local Aboriginal Community when COVID-19 restrictions are eased
<b>Addressing Family Violence</b>	Strengthen responses to family violence in line with the <i>Multiagency Risk Assessment and Risk Management Framework (MARAM)</i> and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.	Achievement of the Strengthen Health Services Responses to Family Violence (SHRFV) initiative's year three key performance indicators across Central Hume.	<b>Completed</b> Year three health service performance indicators achieved
		Achievement of the Strengthen Health Services Responses to Family Violence (SHRFV) initiative's year three key performance indicators across Northeast Health Wangaratta	<b>Completed</b> Year three health service performance indicators achieved
<b>Implementing Disability Action Plans</b>	Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.	Achieve the implementation of the Disability Action Plan goals and actions for the year.	<b>In progress</b> Disability action plan in place with progress against actions continuing
		Develop and finalise a framework and project plan to implement a Disability Student Workplace Training program that focuses on growing pathways for students at secondary school with a disability.	<b>In progress</b> Framework and project plan being developed and will continue in 2020-2021

Goals	Strategies	NHW Deliverables	Outcome
<b>Supporting Environmental Sustainability</b>	Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.	Achievement of the key commitments of the Environmental Sustainability Plan 2019-2021 deliverables:	
		Management and Communications to all staff to increase stakeholder/consumer awareness	<b>Completed</b> Communication channels established to staff and community
		Reduction in Energy Consumption	<b>Completed</b> Electricity usage reduced by 2%
		Reduction in Water Consumption	<b>Completed</b> Same as last year
		Increase in Recycling	<b>Completed</b> Recycling increased by 10%
		Reduction in Landfill & Clinical Waste	<b>Not achieved</b> Clinical waste and landfill volumes have increased by up to 30% due to COVID-19 waste
		Report on the achievement of deliverables to the: <ul style="list-style-type: none"> <li>Environmental Sustainability Committee- monthly</li> <li>Board of Directors – Quarterly;</li> <li>NHW website – updated Annually</li> </ul>	<b>Completed</b> Environmental Sustainability Committee refreshed and meets bimonthly Reports biannually Annual update of website completed

**Note:**

In 2019-2020, Northeast Health Wangaratta was required to respond to the COVID-19 pandemic, and in doing so was unable to achieve 12 of 32 targets as per the statement of priorities.

In total, there were 32 Actions of which 63% (20) were completed, 34% (11) are in progress, 3% (1) were not achieved, in their implementation due to COVID-19.

Redevelopment work also was delayed during 2020 due to COVID-19.

Activity targets were also suspended due to a need to redirect priorities to preparedness for COVID-19.



# STATEMENT OF PRIORITIES

## Part B: Performance Priorities 2019-2020

### High Quality and Safe Care

Key performance indicator	Target	2019-2020 Result
<b>Accreditation</b>		
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full Compliance
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene <sup>1</sup> Australia program	83%	86.8%
Percentage of healthcare workers immunised for influenza	84%	96%
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – data submission	Full Compliance	Full Compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1	95%	92.6%
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 2	95%	95.3%
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 3	95%	96.6%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	77.1%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	84.2%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	82.3%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	81.4%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	87.1%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	82.7%
<b>Healthcare associated infections (HAI's)</b>		
Rate of patients with surgical site infection	No outliers	Met
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Nil

<sup>1</sup> Hand hygiene – Quarter 4 data is not available due to COVID-19. Result is based on available data

Key performance indicator	Target	2019-2020 Result
<b>Adverse events</b>		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	50%
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	3.1%
<b>Maternity and Newborn</b>		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.1%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	85%
<b>Continuing Care</b>		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.952

## Strong governance, leadership and culture

Key performance indicator	Target	2019-2020 Result
<b>Organisational culture</b>		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	94%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	98%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	96%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	96%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	93%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	96%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	89%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	90%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	97%

## Timely access to care

Key performance indicator	Target	2019-2020 Result
<b>Emergency care</b>		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	78%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	78%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	66%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	57
<b>Elective surgery</b>		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	93.9%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	7.1%
Number of patients on the elective surgery waiting list	595	848
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	9.1
Number of patients admitted from the elective surgery waiting list <sup>2</sup>	2,624	2,280
<b>Specialist Clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	92.1%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	100%

<sup>2</sup>the target shown is the number of patients on the elective surgery waiting list as at 30 June 2019

## Effective financial management

Key performance indicator	Target	2019-2020 Result
<b>Finance</b>		
Operating result (\$m)	-2.60	0.873
Average number of days to paying trade creditors	60 days	42
Average number of days to receiving patient fee debtors	60 days	29
Public and Private WIES activity performance to target	100%	96.53%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.88
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	11.9
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance +/-0.25	0.67

# STATEMENT OF PRIORITIES

## Part C: Activity and Funding 2019-2020

Funding type	2019-2020 Activity Achievement
<b>Acute Admitted</b>	
WIES Public	11,804
WIES Private	2,151
WIES DVA	207
WIES TAC	147
<b>Acute non-Admitted</b>	
Home Enteral Nutrition	65
Specialist Clinics	28,084
<b>Sub-Acute &amp; Non-Acute Admitted</b>	
Subacute WIES - Rehabilitation Public	150
Subacute WIES - Rehabilitation Private	39
Subacute WIES - GEM Public	195
Subacute WIES - GEM Private	58
Subacute WIES - Palliative Care Public	28
Subacute WIES - Palliative Care Private	3
Subacute WIES - DVA	15
<b>Sub-acute non admitted</b>	
Health Independence Program - Public	25,440
<b>Aged Care</b>	
Residential Aged Care	23,711
HACC	1,800
<b>Primary Health</b>	
Community Health / Primary Care Programs	5,786

WIES is a Weighted Inlier Equivalent Separation

## Operational Performance

	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000
<b>Operating Result*</b>	<b>873</b>	<b>(1,293)</b>	<b>(2,537)</b>	<b>(2,291)</b>	<b>39</b>
Total Revenue	169,822	154,946	141,858	128,199	120,198
Total Expenses	(171,045)	(155,755)	(144,236)	(132,205)	(124,070)
<b>Net Result from Transactions</b>	<b>(1,223)</b>	<b>(809)</b>	<b>(2,378)</b>	<b>(4,006)</b>	<b>(3,872)</b>
Total Other economic flows	(451)	(1,316)	14	874	(583)
<b>Net Result</b>	<b>(1,674)</b>	<b>(2,125)</b>	<b>(2,364)</b>	<b>(3,132)</b>	<b>(4,455)</b>
Total Assets	121,140	114,949	98,604	93,406	94,238
Total Liabilities	61,267	43,451	40,353	32,791	30,491
<b>Net Assets/Total equity</b>	<b>59,873</b>	<b>71,498</b>	<b>58,251</b>	<b>60,615</b>	<b>63,747</b>

\* The Operating Result is the result for which the health service is monitored in its Statement of Priorities, also referred to as the Net Result before capital and specific items.

## Reconciliation between the *Net result from transactions* reported in the model to the *Operating Result* as agreed in the Statement of Priorities.

	2020 \$000	2019 \$000
<b>Operating Result</b>	<b>873</b>	<b>(1,293)</b>
Capital purpose income	4,064	6,585
Specific income	0	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	245	0
State supply items consumed up to 30 June 2020	(245)	0
Assets provided free of charge	0	0
Assets received free of charge	0	0
Expenditure for capital purpose	(111)	(153)
Depreciation of amortisation	(6,049)	(5,948)
<b>Net result from transactions</b>	<b>(1,223)</b>	<b>(809)</b>

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

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# Northeast Health Wangaratta

## Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's declaration

The attached financial statements for Northeast Health Wangaratta 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 2020 and the financial position of Northeast Health Wangaratta at 30 June 2020.

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

We authorise the attached financial statements for issue on 28 October 2020.



**Jonathan Green**  
Board Chair

Wangaratta  
28 October 2020



**Tim Griffiths**  
Chief Executive Officer

Wangaratta  
28 October 2020



**Matthew Fagence**  
Chief Finance & Accounting Officer

Wangaratta  
28 October 2020

# Independent Auditor's Report

## To the Board of Northeast Health Wangaratta

<b>Opinion</b>	<p>I have audited the financial report of Northeast Health Wangaratta (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>balance sheet as at 30 June 2020</li> <li>comprehensive operating statement for the year then ended</li> <li>statement of changes in equity for the year then ended</li> <li>cash flow statement for the year then ended</li> <li>notes to the financial statements, including significant accounting policies</li> <li>board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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



MELBOURNE  
2 November 2020

Travis Derricott  
*as delegate for the Auditor-General of Victoria*

# COMPREHENSIVE OPERATING STATEMENT

## FOR THE FINANCIAL YEAR ENDED 30 June 2020

	Notes	Total 2020 \$000	Total 2019 \$000
<b>Income from Transactions</b>			
Operating Activities	2.1	169,575	154,591
Non-Operating Activities	2.1	247	355
<b>Total Income from Transactions</b>		<b>169,822</b>	<b>154,946</b>
<b>Expenses from Transactions</b>			
Employee Expenses	3.1	(122,337)	(108,781)
Supplies and Consumables	3.1	(26,927)	(26,012)
Finance Costs	3.1	(68)	(78)
Other Operating Expenses	3.1	(15,664)	(14,936)
Depreciation and Amortisation	4.3	(6,049)	(5,948)
<b>Total Expenses from Transactions</b>		<b>(171,045)</b>	<b>(155,755)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(1,223)</b>	<b>(809)</b>
<b>Other Economic Flows Included in Net Result</b>			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	25	92
Net Gain/(Loss) on Financial Instruments at fair value	3.2	(8)	(18)
Other Gain/(Loss) from Other Economic Flows	3.2	(468)	(1,390)
<b>Total Other Economic Flows included in Net Result</b>		<b>(451)</b>	<b>(1,316)</b>
<b>NET RESULT FOR THE YEAR</b>		<b>(1,674)</b>	<b>(2,125)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1 (b)	-	15,372
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>15,372</b>
<b>Comprehensive Result for the Year</b>		<b>(1,674)</b>	<b>13,247</b>

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

# BALANCE SHEET

as at 30 June 2020

	Notes	Total 2020 \$000	Total 2019 \$000
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	25,098	15,956
Receivables and Contract Assets	5.1	3,246	5,783
Inventories	4.4	1,488	1,362
Prepayments and Other Non-Financial Assets		492	258
		<b>30,324</b>	<b>23,359</b>
<b>Non-Current Assets</b>			
Receivables and Contract Assets	5.1	3,654	3,883
Property, Plant and Equipment	4.1 (a)	86,948	87,411
Intangible Assets	4.2	214	296
<b>Total Non-Current Assets</b>		<b>90,816</b>	<b>91,590</b>
<b>TOTAL ASSETS</b>		<b>121,140</b>	<b>114,949</b>
<b>Current Liabilities</b>			
Payables and Contracted Liabilities	5.2	20,867	11,823
Borrowings	6.1	4,181	238
Provisions	3.4	23,882	21,988
Other Liabilities	5.3	5,785	4,471
<b>Total Current Liabilities</b>		<b>54,715</b>	<b>38,520</b>
<b>Non-Current Liabilities</b>			
Payables and Contracted Liabilities	5.2	19	86
Borrowings	6.1	1,494	432
Provisions	3.4	5,039	4,413
<b>Total Non-Current Liabilities</b>		<b>6,552</b>	<b>4,931</b>
<b>TOTAL LIABILITIES</b>		<b>61,267</b>	<b>43,451</b>
<b>NET ASSETS</b>		<b>59,873</b>	<b>71,498</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	4.1 (f)	74,298	74,298
Contributed Capital		39,534	39,072
Accumulated Deficits		(53,959)	(41,872)
<b>TOTAL EQUITY</b>		<b>59,873</b>	<b>71,498</b>

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 June 2020

		Property, Plant and Equipment Revaluation Surplus \$000	Contributed Capital \$000	Accumulated Deficits \$000	Total \$000
	Note				
<b>Balance at 1 July 2018</b>		<b>58,926</b>	<b>39,072</b>	<b>(39,747)</b>	58,251
Net result for the year		-	-	(2,125)	(2,125)
Other comprehensive income for the year	4.1 (b)	15,372	-	-	15,372
<b>Balance at 30 June 2019</b>		<b>74,298</b>	<b>39,072</b>	<b>(41,872)</b>	<b>71,498</b>
<b>Effect of adoption of AASB 15, 16 and 1058</b>	8.9	-	-	(10,413)	(10,413)
<b>Restated Balance at 30 June 2019</b>		<b>74,298</b>	<b>39,072</b>	<b>(52,285)</b>	<b>61,085</b>
Net result for the year		-	462	(1,674)	(1,212)
Other comprehensive income for the year	4.1 (b)	-	-	-	-
<b>Balance at 30 June 2020</b>		<b>74,298</b>	<b>39,534</b>	<b>(53,959)</b>	<b>59,873</b>

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



# CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 June 2020

	Notes	Total 2020 \$000	Total 2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		145,139	125,422
Capital Grants from Government		5,767	6,396
Patient and Resident Fees Received		13,497	13,682
Donations and Bequests Received		431	159
GST Received from /(paid to) ATO		4,544	4,490
Interest Received		247	355
Other Receipts		5,300	3,235
<b>Total Receipts</b>		<b>174,925</b>	<b>153,739</b>
Employee Expenses Paid		(121,035)	(105,331)
Payments for Supplies and Consumables		(26,927)	(26,012)
Payments for Medical Indemnity Insurance		(2,251)	(2,116)
Payments for Repairs and Maintenance		(1,784)	(1,130)
Finance Costs		(78)	(78)
Cash Outflow for Leases		(112)	-
Other Payments		(15,145)	(10,720)
<b>Total Payments</b>		<b>(167,332)</b>	<b>(145,387)</b>
<b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>	8.1	<b>7,593</b>	<b>8,352</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Non-Financial Assets		(3,008)	(5,691)
Purchase of Intangible Assets		(12)	(80)
Proceeds from Disposal of Investments		-	12,121
Proceeds from Disposal of Non-Financial Assets		72	112
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(2,948)</b>	<b>6,462</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contributed Capital		462	-
Proceeds from Borrowings		3,730	-
Repayment of Borrowings		(1,011)	(330)
Receipt of Accommodation Deposits		1,922	1,602
Repayment of Accommodation Deposits		(606)	(2,501)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>4,497</b>	<b>(1,229)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>9,142</b>	<b>13,585</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>15,956</b>	<b>2,371</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	6.2	<b>25,098</b>	<b>15,956</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020. To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Northeast Health Wangaratta.

In response, Northeast Health Wangaratta placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.1 Property, plant and equipment.

Regional areas have generally been less impacted by the pandemic, however the changed conditions continue to provide uncertainty and a reluctance from the community to engage as regularly with the Health Sector. The State Government has recognised the importance of a strong public health system and are providing ongoing support to ensure we remain financially viable and we can continue to support our staff who are at the front line of defence should the pandemic impact our community even more directly going forward.

### Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Northeast Health Wangaratta for the year ended 30 June 2020. The report provides users with information about Northeast Health Wangaratta's stewardship of resources entrusted to it.

#### (a) Statement of Compliance

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

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Northeast Health Wangaratta is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

#### (b) Reporting Entity

The financial statements include all the controlled activities of Northeast Health Wangaratta

Its principal address is:

Green Street

Wangaratta VIC 3677

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

#### (c) Basis of Accounting Preparation and Measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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

These financial statements are presented in Australian dollars, the functional and presentation currency of Northeast Health Wangaratta.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

### Goods and Services Tax (GST)

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

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

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

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

### (d) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Northeast Health Wangaratta recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Northeast Health Wangaratta is a member of the Hume Regional Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

### **(e) Contributed Capital**

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Health Service.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 2: Funding Delivery of Our Services

The Health Services overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians. Northeast Health Wangaratta is predominantly funded by accrual based grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

#### Structure

##### 2.1 Income from Transactions

#### Note 2.1 (a) Income from Transactions

	Total 2020 \$000	Total 2019 \$000
Government Grants (State) - Operating *	134,560	118,734
Government Grants (Commonwealth) - Operating	9,639	8,689
Government Grants (State) - Capital	3,659	6,396
Other Capital purpose income	379	174
Patient and Resident Fees	13,225	13,606
Commercial Activities (Note 3.3)	1,198	1,317
Donations and Bequests (Non Capital)	413	144
Assets received free of charge or for nominal consideration	263	15
Other Revenue from Operating Activities	6,239	5,516
<b>Total Income from Operating Activities</b>	<b>169,575</b>	<b>154,591</b>
Other Interest	247	355
<b>Total Income from Non-Operating Activities</b>	<b>247</b>	<b>355</b>
<b>Total Income from Transactions</b>	<b>169,822</b>	<b>154,946</b>

Commercial Activities represent business activities which Northeast Health Wangaratta enter into to support their operations.

\* Government Grants (State) – Operating includes funding of \$4.18m which was spent due to the impacts of COVID-19.

#### Impact of COVID-19 on revenue and income

As indicated at Note 1, Northeast Health Wangaratta's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Northeast Health Wangaratta incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on Northeast Health Wangaratta. Northeast Health Wangaratta also received essential personal protective equipment free of charge under the state supply arrangement.

### Revenue Recognition

#### Government Grants

Income from grants to construct the Acute major redevelopment project and replace the Patient Administration System (PAS) are recognised when (or as) Northeast Health Wangaratta satisfies its obligations under the transfer. This aligns with Northeast Health Wangaratta's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 2.1 (a) Income from Transactions (continued)

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Health Service has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, the Health Service recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- a) contributions by owners, in accordance with AASB 1004;
- b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- c) a lease liability in accordance with AASB 16;
- d) a financial instrument, in accordance with AASB 9; or
- e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (Note 5.2).

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2018-2019, the total grant revenue would have been recognised in full.

#### Performance obligations

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

- Activity Based Funding (ABF) paid as WIES casemix
- Residential Aged Care (ACFI) funding
- Dental Health Services (DWAU) funding
- other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the DHHS.

Residential Aged Care funding is recognised on a monthly basis based on the assessed levels of care required by each resident.

Dental Health Services funding is recognised monthly based on the Dental Weighted Activity Units (DWAU) completed.

For other grants with performance obligations the Health Service exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

#### Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Health Service without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 2.1 (a) Income from Transactions (continued)

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). The Health Service recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, the Health Service recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

The following are transactions that Northeast Health Wangaratta has determined to be classified as revenue from contracts with customers in accordance with AASB 15. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

#### Patient and Resident Fees

The performance obligations related to patient fees are based on the delivery of service. These performance obligations have been selected as they align with the terms and conditions of these providing services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Northeast Health Wangaratta provides accommodation. This is calculated on a daily basis and invoiced monthly.

#### Private Practice Fees

The performance obligations related to private practice fees are based on the delivery of service. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

#### Commercial activities

Revenue from commercial activities includes items such as coffee shop and catering charges, property rental and fundraising activities.

Performance obligations related to commercial activities are based on the delivery of goods and services. These performance obligations have been selected as they align with the terms and conditions of providing these services.

### 2.1 (b) Assets Received Free of Charge or for nominal consideration

	Total 2020 \$000	Total 2019 \$000
Cash donations and gifts - Capital	18	15
Supplies received free of charge under State supply arrangements	245	-
<b>Total fair value of assets and services received free of charge for nominal consideration</b>	<b>263</b>	<b>15</b>

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery, and distributed the products to health services as resources provided free of charge.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 2.1 (b) Assets Received Free of Charge or for nominal consideration (continued)

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

**Voluntary Services:** Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. The Health Service does not depend on volunteers to deliver its services.

#### Non-cash Contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the relevant Department of Health and Human Services Hospital Circular.
- Fair value of resources received free of charge. Resources received free of charge are recognised at their fair value when the transferee obtains control over them.

#### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Health Service recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

### 2.1 (c) Other Income

	Total 2020 \$000	Total 2019 \$000
Other Interest	247	355
<b>Total Other Income</b>	<b>247</b>	<b>355</b>

#### Interest Income

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 3: The Cost of Delivering 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 Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

3.4 Employee Benefits in the Balance Sheet

3.5 Superannuation

#### Note 3.1: Expenses from Transactions

	Total 2020 \$000	Total 2019 \$000
Salaries and Wages	86,609	75,370
On-costs	20,718	20,524
Agency Expenses	859	403
Fee for Service Medical Officer Expenses	12,450	11,390
Workcover Premium	1,701	1,094
<b>Total Employee Expenses</b>	<b>122,337</b>	<b>108,781</b>
Drug Supplies	5,107	4,797
Medical and Surgical Supplies (including Prostheses)	7,876	8,147
Diagnostic and Radiology Supplies	5,445	5,233
Other Supplies and Consumables	8,499	7,835
<b>Total Supplies and Consumables</b>	<b>26,927</b>	<b>26,012</b>
Finance Costs	68	78
<b>Total Finance Costs</b>	<b>68</b>	<b>78</b>
Fuel, Light, Power and Water	1,475	1,559
Repairs and Maintenance	1,784	1,130
Maintenance Contracts	804	543
Medical Indemnity Insurance	2,251	2,116
Expenses related to short term leases	710	-
Expenses related to leases of low value assets	225	-
Software expenses	1,334	1,115
Other Administrative Expenses	6,970	8,320
Expenditure for Capital Purposes	111	153
<b>Total Other Operating Expenses</b>	<b>15,664</b>	<b>14,936</b>
Depreciation and Amortisation (refer Note 4.3)	6,049	5,948
<b>Total Other Non-Operating Expenses</b>	<b>6,049</b>	<b>5,948</b>
<b>Total Expenses from Transactions</b>	<b>171,045</b>	<b>155,755</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 3.1: Expenses from Transactions (continued)

#### Impact of COVID-19 on expenses

As indicated at Note 1, Northeast Health Wangaratta's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional labour, consumables and administrative costs to ensure the safety of patients, residents, clients, and staff during this period, both within our facilities and the broader community that we service.

#### Employee Expenses

Employee expenses include:

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

#### Supplies and Consumables

Supplies and consumables - Supplies and services costs which 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); and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

#### Other Operating Expenses

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

- Fuel, Light, Power and Water
- Repairs and Maintenance
- Maintenance Contracts
- Medical Indemnity Insurance
- Other administrative expenses
- Expenditure for Capital Purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold less than \$1,000).

The Department of Health and Human Services also makes certain payments on behalf of the 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 expenses.

#### 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.

#### Operating lease payments

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 3.2: Other Economic Flows

	Total 2020 \$000	Total 2019 \$000
<b>Net gain/(loss) on sale of non-financial assets</b>		
Net gain on disposal of property, plant and equipment	25	92
<b>Total net gain/(loss) on sale of non-financial assets</b>		
<b>Net gain/(loss) on financial instruments</b>		
Allowance for impairment losses of contractual receivables	(8)	(18)
<b>Total net gain/(loss) on financial instruments</b>		
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability	(468)	(1,390)
<b>Total other gains/(losses) from other economic flows</b>		
<b>Total other gains/(losses) from economic flows</b>	<b>(451)</b>	<b>(1,316)</b>

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:

- Revaluation Gains/ (Losses) of Non-Financial Physical Assets (Refer to Note 4.1 Property, Plant and Equipment).
- Net Gain/ (Loss) on Disposal of Non-Financial Assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

#### Net Gain/ (Loss) on Financial Instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (Note 7.1); and
- disposals of financial assets and derecognition of financial liabilities.

#### Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.2 Intangible Assets.

#### Other Gains/ (Losses) from Other Economic Flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

#### Commercial Activities

Private Practice and Other Patient Activities

Coffee Shop/Catering

Property

**TOTAL**

Expense		Revenue	
Total	Total	Total	Total
2020	2019	2020	2019
\$000	\$000	\$000	\$000
410	624	28	47
1,039	939	886	928
851	842	284	342
<b>2,300</b>	<b>2,405</b>	<b>1,198</b>	<b>1,317</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 3.4: Employee Benefits in the Balance Sheet

	Total 2020 \$000	Total 2019 \$000
<b>Current Provisions</b>		
Employee Benefits (i)		
<b>Annual Leave</b>		
- unconditional and expected to be settled wholly within 12 months (nominal value) (ii)	3,463	3,029
- unconditional and expected to be settled wholly after 12 months (present value) (iii)	4,991	4,272
<b>Long Service Leave</b>		
- unconditional and expected to be settled wholly within 12 months (nominal value) (ii)	1,492	1,465
- unconditional and expected to be settled wholly after 12 months (present value) (iii)	9,932	9,705
<b>Accrued Days Off</b>		
- unconditional and expected to be settled wholly within 12 months (nominal value) (ii)	291	198
<b>Provisions related to Employee Benefit On-Costs</b>		
- unconditional and expected to be settled wholly within 12 months (nominal value) (ii)	1,142	1,015
- unconditional and expected to be settled wholly after 12 months (present value) (iii)	2,571	2,304
<b>Total Current Provisions</b>	<b>23,882</b>	<b>21,988</b>
<b>Non-Current Provisions</b>		
Conditional Long Service Leave Entitlements	4,504	3,961
Provisions related to Employee Benefit On-Costs	535	452
<b>Total Non-Current Provisions</b>	<b>5,039</b>	<b>4,413</b>
<b>Total Provisions</b>	<b>28,921</b>	<b>26,401</b>

#### (a) Employee Benefits and Related On-Costs

	Total 2020 \$000	Total 2019 \$000
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional Long Service Leave entitlements	12,782	12,444
Annual Leave Entitlements	10,809	9,346
Accrued Days Off	291	198
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional Long Service Leave Entitlements	5,039	4,413
<b>Total Employee Benefits and Related On-Costs</b>	<b>28,921</b>	<b>26,401</b>

(i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts

(iii) The amounts disclosed are discounted to present values.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 3.4: Employee Benefits in the Balance Sheet

#### (b) Movements in On-Costs Provision

	Total 2020 \$000	Total 2019 \$000
<b>Balance at start of year</b>	<b>3,771</b>	<b>3,050</b>
Additional provisions recognised	520	728
Unwinding of discount and effect of changes in the discount rate	109	331
Reduction due to transfer out	(152)	(338)
<b>Balance at end of year</b>	<b>4,248</b>	<b>3,771</b>

#### Employee Benefit Recognition

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

#### Provisions

Provisions are recognised when the 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 the 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 salaries and wages, annual leave and accrued days off are measured at:

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

#### Long Service Leave (LSL)

Liability for 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 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 the Health Service expects to wholly settle within 12 months; or
- Present value – if the Health Service does not expect to wholly settle within 12 months.

Conditional LSL 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 Expense

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 3.5: Superannuation

	Paid contribution for the year		Contribution outstanding at year end	
	Total	Total	Total	Total
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
<b>Defined benefit plans: (i)</b>				
First State Super (Aware Super)	127	138	14	15
<b>Defined contribution plans:</b>				
First State Super (Aware Super)	4,792	4,566	446	438
Hesta Super	2,298	2,047	214	197
Hostplus Super	201	127	19	12
Australian Super	182	119	17	11
Rest Super	144	81	13	8
UniSuper	104	49	10	5
Other	567	333	52	32
<b>Total</b>	<b>8,415</b>	<b>7,460</b>	<b>785</b>	<b>718</b>

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

Employees of Northeast Health Wangaratta are entitled to receive superannuation benefits and Northeast Health Wangaratta contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

#### Defined Benefit Superannuation Plans

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

Northeast Health Wangaratta does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance disclosed the State's defined benefit liability in its disclosure for administered items.

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

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

#### Defined Contribution Superannuation Plans

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4: Key Assets to support service delivery

The 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 the Health Service to be utilised for delivery of those outputs.

#### Structure

- 4.1 Property, plant & equipment
- 4.2 Intangible assets
- 4.3 Depreciation and amortisation
- 4.4 Inventories

### Note 4.1: Property, Plant and Equipment

#### Initial Recognition

Items of Property, Plant, Equipment and Vehicles are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. When an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

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

Land and Buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

#### Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

The Health Service recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- 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:** Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard 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) and is summarised on the following page by asset category.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.1: Property, Plant and Equipment (continued)

#### Right-of-use asset – Subsequent measurement

Northeast Health Wangaratta depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I [pending] however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

#### Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H Non-financial Physical Assets. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation surplus, 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, 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 surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases 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 surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H Non-financial physical assets, the Health Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

#### Fair Value Measurement

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

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

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

The Valuer-General Victoria (VGV) is Northeast Health Wangaratta's independent valuation agency.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.1: Property, Plant and Equipment (continued)

#### Valuation hierarchy

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

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

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

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

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

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

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

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

#### Non-Specialised Land and Non-Specialised Buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer General Victoria, to determine the fair value using the market approach.

Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.1: Property, Plant and Equipment (continued)

#### Specialised Land and Specialised Buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

The market approach is also used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For Northeast Health Wangaratta, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

#### Vehicles

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

#### Plant and Equipment and Medical Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2020. For all assets measured at fair value, the current use is considered the highest and best use.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.1: Property, Plant and Equipment

#### (a) Gross Carrying Amount and Accumulated Depreciation

##### Land

Land at Fair Value

Crown Land

Freehold Land

**Total Land at Fair Value**

##### Buildings

Buildings at Fair Value

Less Accumulated Depreciation

**Total Buildings**

##### Plant and Equipment

Plant and Equipment at Fair Value

Less Accumulated Depreciation

**Total Plant & Equipment**

##### Medical Equipment

Medical Equipment at Fair Value

Less Accumulated Depreciation

**Sub-total Medical Equipment at Fair Value**

Medical Equipment - Right of Use

Less Accumulated Depreciation

**Sub-total Medical Equipment Right of Use**

**Total Medical Equipment**

##### Computers and Communications

Computers and Communication at Fair Value

Less Accumulated Depreciation

**Sub-total Computers and Communication at Fair Value**

Computers and Communication - Right of Use

Less Accumulated Depreciation

**Sub-total Computers and Communication - Right of Use**

**Total Computers and Communications**

##### Furniture and Fittings

Furniture and Fittings at Fair Value

Less Accumulated Depreciation

**Total Furniture and Fittings**

##### Motor Vehicles

Motor Vehicle at Fair Value

Less Accumulated Depreciation

**Sub-total Motor Vehicles at Fair Value**

Motor Vehicle - Right of Use

Less Accumulated Depreciation

**Sub-total Motor Vehicle - Right of Use**

**Total Motor Vehicles**

##### Share of HRHA Assets

Property, Plant and Equipment at Fair Value

Less Accumulated Depreciation

Leased Assets

Less Accumulated Depreciation

**Assets Under Construction at cost**

**Total**

	Total 2020 \$000	Total 2019 \$000
<b>Land</b>		
Land at Fair Value		
Crown Land	1,628	1,628
Freehold Land	2,648	2,648
<b>Total Land at Fair Value</b>	<b>4,276</b>	<b>4,276</b>
<b>Buildings</b>		
Buildings at Fair Value	71,438	70,949
Less Accumulated Depreciation	3,569	-
<b>Total Buildings</b>	<b>67,869</b>	<b>70,949</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	10,278	12,898
Less Accumulated Depreciation	4,757	6,860
<b>Total Plant &amp; Equipment</b>	<b>5,521</b>	<b>6,038</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	9,372	12,687
Less Accumulated Depreciation	6,917	10,368
<b>Sub-total Medical Equipment at Fair Value</b>	<b>2,455</b>	<b>2,319</b>
Medical Equipment - Right of Use	1,958	-
Less Accumulated Depreciation	742	-
<b>Sub-total Medical Equipment Right of Use</b>	<b>1,216</b>	<b>-</b>
<b>Total Medical Equipment</b>	<b>3,671</b>	<b>2,319</b>
<b>Computers and Communications</b>		
Computers and Communication at Fair Value	1,020	1,115
Less Accumulated Depreciation	615	678
<b>Sub-total Computers and Communication at Fair Value</b>	<b>405</b>	<b>437</b>
Computers and Communication - Right of Use	42	-
Less Accumulated Depreciation	12	-
<b>Sub-total Computers and Communication - Right of Use</b>	<b>30</b>	<b>-</b>
<b>Total Computers and Communications</b>	<b>435</b>	<b>437</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	884	1,008
Less Accumulated Depreciation	613	704
<b>Total Furniture and Fittings</b>	<b>271</b>	<b>304</b>
<b>Motor Vehicles</b>		
Motor Vehicle at Fair Value	1,294	1,502
Less Accumulated Depreciation	922	870
<b>Sub-total Motor Vehicles at Fair Value</b>	<b>372</b>	<b>632</b>
Motor Vehicle - Right of Use	286	-
Less Accumulated Depreciation	21	-
<b>Sub-total Motor Vehicle - Right of Use</b>	<b>265</b>	<b>-</b>
<b>Total Motor Vehicles</b>	<b>637</b>	<b>632</b>
<b>Share of HRHA Assets</b>		
Property, Plant and Equipment at Fair Value	79	82
Less Accumulated Depreciation	50	41
Leased Assets	95	304
Less Accumulated Depreciation	38	215
	<b>86</b>	<b>130</b>
<b>Assets Under Construction at cost</b>	<b>4,182</b>	<b>2,326</b>
<b>Total</b>	<b>86,948</b>	<b>87,411</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 4.1: Property, Plant and Equipment (continued)

### (b) Reconciliations of the Carrying Amounts of Each Class of Asset

	Land Buildings \$'000	Plant and Equipment \$'000	Medical Equipment \$'000	Right of use Medical Equipment \$'000	Computers and Comms \$'000	Furniture and Fittings \$'000	Motor Vehicles \$'000	Right of use Motor Vehicles \$'000	Assets Under Construct ion \$'000	Share of HRHA Assets \$'000	Total \$'000
<b>Balance at 1 July 2018</b>	<b>3,520</b>	<b>60,587</b>	<b>3,223</b>	<b>2,665</b>	-	<b>54</b>	<b>480</b>	-	<b>1,178</b>	<b>159</b>	<b>72,213</b>
Additions	-	62	2,503	273	-	423	421	-	1,944	50	<b>5,690</b>
Disposals	-	-	-	-	-	-	(20)	-	-	-	<b>(20)</b>
Net Transfers between Classes	-	9	777	10	-	-	-	-	(796)	-	-
Revaluation increments	756	14,616	-	-	-	-	-	-	-	-	<b>15,372</b>
Depreciation and Amortisation (Note 4.3)	-	(4,325)	(465)	(629)	-	(40)	(249)	-	-	(79)	<b>(5,844)</b>
<b>Balance at 30 June 2019</b>	<b>4,276</b>	<b>70,949</b>	<b>6,038</b>	<b>2,319</b>	-	<b>437</b>	<b>632</b>	-	<b>2,326</b>	<b>130</b>	<b>87,411</b>
Recognition of right-of-use assets on initial application of AASB 16	-	-	-	1,726	-	-	-	30	-	-	<b>1,798</b>
<b>Adjusted balance at 1 July 2019</b>	<b>4,276</b>	<b>70,949</b>	<b>6,038</b>	<b>1,726</b>	<b>42</b>	<b>437</b>	<b>632</b>	<b>30</b>	<b>2,326</b>	<b>130</b>	<b>89,209</b>
Additions	-	111	227	679	-	47	-	256	2,312	6	<b>3,895</b>
Disposals	-	-	(11)	-	-	-	(46)	-	(153)	-	<b>(200)</b>
Net Transfers between Classes	-	378	(75)	-	-	-	-	-	(303)	-	-
Depreciation and Amortisation (Note 4.3)	-	(3,569)	(668)	(543)	(79)	(214)	(214)	(21)	-	(50)	<b>(5,956)</b>
<b>Balance at 30 June 2020</b>	<b>4,276</b>	<b>67,869</b>	<b>5,521</b>	<b>2,455</b>	<b>30</b>	<b>405</b>	<b>372</b>	<b>265</b>	<b>4,182</b>	<b>86</b>	<b>86,948</b>

#### Land and buildings carried at valuation.

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

In compliance with FRD 103H, in the year ended 30 June 2020, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate an average increase of 4% across all land parcels and a 3% increase in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings no managerial revaluation was required.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land index of 14% and a decrease in the building index of 13% would be required.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.1: Property, Plant and Equipment (continued)

#### (c) Fair Value Measurement Hierarchy for Assets

	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
<b>Balance at 30 June 2020</b>				
<b>Land at fair value</b>				
Non-specialised land	1,867	-	1,867	-
Specialised land	2,409	-	-	2,409
<b>Total of Land at fair value</b>	<b>4,276</b>	<b>-</b>	<b>1,867</b>	<b>2,409</b>
<b>Buildings at fair value</b>				
Non-specialised buildings	1,040	-	1,040	-
Specialised buildings	66,829	-	-	66,829
<b>Total of Buildings at fair value</b>	<b>67,869</b>	<b>-</b>	<b>1,040</b>	<b>66,829</b>
<b>Plant and equipment at fair value</b>				
- Motor vehicles	372	-	-	372
- Plant and equipment	5,521	-	-	5,521
- Share of HRHA Assets	86	-	-	86
- Furniture and fittings	271	-	-	271
- Computers and communications	405	-	-	405
<b>Total of Plant, Equipment and Vehicles at fair value</b>	<b>6,655</b>	<b>-</b>	<b>-</b>	<b>6,655</b>
<b>Medical equipment at fair value</b>				
Medical equipment	2,455	-	-	2,455
<b>Total Medical Equipment at fair value</b>	<b>2,455</b>	<b>-</b>	<b>-</b>	<b>2,455</b>
	<b>81,255</b>	<b>-</b>	<b>2,907</b>	<b>78,348</b>

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

(ii) There has been no transfers between levels during the period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 4.1: Property, Plant and Equipment (continued)

Carrying amount	Fair value measurement at end of reporting period using:		
	Level 1 (i)	Level 2 (i)	Level 3 (i)
<b>Balance at 30 June 2019</b>			
<b>Land at fair value</b>			
Non-specialised land	1,867	-	1,867
Specialised land	2,409	-	2,409
Total of Land at fair value	4,276	-	2,409
<b>Buildings at fair value</b>			
Non-specialised buildings	1,095	-	1,095
Specialised buildings	69,854	-	69,854
Total of Building at fair value	70,949	-	69,854
<b>Plant and equipment at fair value</b>			
- Motor vehicles	632	-	632
- Plant and equipment	6,038	-	6,038
- Share of HRHA Assets	130	-	130
- Furniture and fittings	304	-	304
- Computers and communications	437	-	437
Total of Plant, Equipment and Vehicles at fair value	7,541	-	7,541
<b>Medical equipment at fair value</b>			
Medical equipment	2,319	-	2,319
Total medical equipment at fair value	2,319	-	2,319
	85,085	-	82,123

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

(ii) There has been movements between specialised and non-specialised land during the 2018-2019 period.

### (d) Reconciliation of Level 3 Fair Value

	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment
<b>Balance at 1 July 2019</b>	<b>2,409</b>	<b>69,854</b>	<b>7,541</b>	<b>2,319</b>
Additions/(Disposals)	-	489	183	679
Gains or Losses Recognised in Net Result				
- Depreciation	-	(3,514)	(1,069)	(543)
<b>Balance at 30 June 2020</b>	<b>2,409</b>	<b>66,829</b>	<b>6,655</b>	<b>2,455</b>

  

	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment
<b>Balance at 1 July 2018</b>	<b>1,487</b>	<b>59,881</b>	<b>4,263</b>	<b>2,665</b>
Additions/(Disposals)	-	71	4,168	283
Reclassified to level 3	581	-	-	-
Gains or Losses Recognised in Other Comprehensive Income				
- Depreciation	-	(4,239)	(890)	(629)
- Revaluation	341	14,140	-	-
<b>Balance at 30 June 2019</b>	<b>2,409</b>	<b>69,854</b>	<b>7,541</b>	<b>2,319</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.1: Property, Plant and Equipment (continued)

#### (e) Fair Value Determination

Asset Class	Valuation technique	Expected fair value level	Significant unobservable inputs
Non-specialised land	Market approach	Level 2	n.a.
Specialised land	Market approach	Level 3	Community Service Obligation (CSO) adjustment 20%
Non-specialised buildings	Market approach	Level 2	n.a.
Specialised buildings	Depreciated replacement cost	Level 3	Cost per square metre Useful life of PPE
Plant and equipment at fair value	Depreciated replacement cost	Level 3	Cost per unit Useful life of PPE
Vehicles	Depreciated replacement cost	Level 3	Cost per unit Useful life of PPE
Medical equipment at fair value	Depreciated replacement cost	Level 3	Cost per unit Useful life of PPE

#### (f) Property, Plant & Equipment Revaluation Surplus

	Total 2020 \$000	Total 2019 \$000
Balance at the beginning of the reporting period	74,298	58,926
Revaluation Increment		
- Land (refer Note 4.1 (b))	-	756
- Buildings (refer Note 4.1 (b))	-	14,616
<b>Balance at the end of the reporting period *</b>	<b>74,298</b>	<b>74,298</b>
* Represented by:		
- Land	1,760	1,760
- Buildings	72,538	72,538
	<b>74,298</b>	<b>74,298</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.2: Intangible Assets

	Total 2020 \$000	Total 2019 \$000
Software	1,169	1,277
Share of HRHA Software	112	105
Less Accumulated Amortisation	(1,067)	(1,086)
<b>Total Intangible Assets</b>	<b>214</b>	<b>296</b>

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year.

	Total \$000
<b>Balance at 1 July 2018</b>	<b>320</b>
Additions	80
Disposals	-
Amortisation (Note 4.3)	(104)
<b>Balance at 1 July 2019</b>	<b>296</b>
Additions	12
Disposals	-
Amortisation (Note 4.3)	(94)
<b>Balance at 30 June 2020</b>	<b>214</b>

#### Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs (where applicable).

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Health Service.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.3: Depreciation and Amortisation

	Total 2020 \$000	Total 2019 \$000
<b>Depreciation</b>		
Buildings	3,569	4,325
Plant and Equipment	718	544
Medical Equipment	543	629
Right of Use Medical Equipment	742	-
Computers and Communications	79	40
Right of Use Computers and Communications	12	-
Furniture and Equipment	58	57
Motor Vehicles	214	249
Right of Use Motor Vehicles	21	-
<b>Total Depreciation</b>	<b>5,956</b>	<b>5,844</b>
<b>Amortisation</b>		
Intangible Assets	93	104
<b>Total Amortisation</b>	<b>93</b>	<b>104</b>
<b>Total Depreciation and Amortisation</b>	<b>6,049</b>	<b>5,948</b>

#### Depreciation

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. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term. Where the Health Service obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

#### Amortisation

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

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

	2020	2019
Buildings		
- Structure Shell Building Fabric	10 to 20 years	7 to 38 years
- Site Engineering Services and Central Plant	10 to 20 years	7 to 38 years
Central Plant		
- Fit Out	10 to 20 years	7 to 15 years
- Trunk Reticulated Building Systems	10 to 20 years	7 to 15 years
Plant and Equipment	5 to 20 years	5 to 20 years
Medical Equipment	4 to 15 years	4 to 15 years
Computers and Communication	3 to 5 years	3 to 5 years
Furniture and Fitting	5 to 20 years	5 to 20 years
Motor Vehicles	4 years	4 years
Leased Assets	2 to 4 years	2 to 4 years
Intangible Assets	3 to 5 years	3 to 5 years

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 4.4: Inventories

	Total 2020 \$000	Total 2019 \$000
Medical and surgical consumables at cost	1,032	857
Pharmacy supplies at cost	331	375
Engineering Stores at cost	47	59
Housekeeping and Food & Catering Supplies at cost	54	57
Administration supplies at cost	24	14
<b>Total Inventories</b>	<b>1,488</b>	<b>1,362</b>

#### ***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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 5: Other Assets and Liabilities

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

### Structure

5.1 Receivables and Contract Assets

5.2 Payables and Contract Assets

5.3 Other Liabilities

### Note 5.1 : Receivables and Contract Assets

	Total 2020 \$000	Total 2019 \$000
<b>CURRENT</b>		
<b>Contractual</b>		
Inter Hospital Debtors	76	842
Trade Debtors	438	557
Patient Fees	879	1,151
Accrued Revenue - Other	-	1,773
Contract Assets	765	-
Less Allowance for expected credit losses		
Trade Debtors	(15)	(15)
Patient Fees	(52)	(52)
	2,091	4,256
<b>Statutory</b>		
GST Receivable	530	434
Accrued Revenue - Department of Health and Human Services	-	729
Accrued Revenue - Dental Health Services Victoria (DHSV)	-	232
Accrued Revenue - Commonwealth	-	132
Contract Assets - Department of Health and Human Services	310	-
Contract Assets - Dental Health Services Victoria (DHSV)	228	-
Contract Assets - Commonwealth	87	-
	1,155	1,527
<b>TOTAL CURRENT RECEIVABLES</b>	<b>3,246</b>	<b>5,783</b>
<b>NON-CURRENT</b>		
<b>Contractual</b>		
Debtors Other	37	36
	37	36
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	3,617	3,847
	3,617	3,847
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>3,654</b>	<b>3,883</b>
<b>TOTAL RECEIVABLES</b>	<b>6,900</b>	<b>9,666</b>

As at 30 June 2020, the Health Service has contract assets of \$1,390 as presented above. Contract assets are expected to be fully recoverable, accordingly no expected credit loss provision has been raised in respect to these balances.

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

	Total 2020 \$000	Total 2019 \$000
Balance at beginning of year	67	67
Amounts written off during the year	(8)	(18)
Increase/(decrease) in allowance recognised in net result	8	18
<b>Balance at end of year</b>	<b>67</b>	<b>67</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 5.1: Receivables and Contract Assets (continued)

#### Receivables consist of:

- Contractual 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. Northeast Health Wangaratta holds the contractual receivables with the objective to collect contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits 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. Northeast Health Wangaratta 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*.

Northeast Health Wangaratta is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

#### Note 5.1 (b): Contract Assets

	Total 2020 \$000
Opening balance brought forward from 30 June 2019 adjusted for AASB15	2,866
Less: Transfer to trade receivable or cash at bank	(1,476)
<b>Total Contract Assets</b>	<b>1,390</b>
<i>Represented by</i>	
<b>Current Contract Assets</b>	<b>1,390</b>

As AASB 15 was first applied from 1 July 2019, there is no comparative information to display.

Contract assets relate to the Health Service's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The balance of the contract assets at 30 June 2020 was impacted by timing of the works completed by contractors and is new compared to last year as it is not billable at this stage. The works are expected to be completed and recovered early next year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 5.2: Payables and Contract Liabilities

	Total 2020 \$000	Total 2019 \$000
<b>Current</b>		
Trade Creditors	916	4,505
Accrued Salaries and Wages	2,515	3,265
Accrued Expenses	2,609	2,217
Contract Liabilities - Income In Advance	50	63
Amounts Payable to Governments and Agencies	405	526
Share of HRHA Payables	534	432
	<b>7,029</b>	<b>11,008</b>
<b>Statutory</b>		
GST Payable	63	81
Funds held in Trust	345	123
Contract Liabilities - Department of Health and Human Services	800	611
Deferred Capital Revenue - Department of Health and Human Services	12,630	-
	<b>13,838</b>	<b>815</b>
<b>Total Current</b>	<b>20,867</b>	<b>11,823</b>
<b>Non-Current</b>		
<b>Contractual</b>		
Trade Creditors	19	86
<b>Total Non-Current</b>	<b>19</b>	<b>86</b>
<b>Total Payables</b>	<b>20,886</b>	<b>11,909</b>

#### Payables recognition

#### Payables consist of:

Contractual payables, 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 Health Service prior to the end of the financial year that are unpaid, and

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

#### Maturity analysis of payables

Please refer to Note 7.1 (b) for the ageing analysis of payables.

### Note 5.2 (a) Deferred capital grant revenue

	2020 \$000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	10,413
Grant consideration for capital works received during the year	3,126
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(909)
<b>Closing balance of deferred grant consideration received for capital works</b>	<b>12,630</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 5.2 (a) Deferred capital grant revenue (continued)

Grant consideration was received from the Department of Health and Human Services for the Building redevelopment, ITC software/equipment and Medical Equipment. Grant revenue is recognised progressively as the asset is constructed or purchased, since this is the time when the Health Service satisfies its obligations under the transfer by controlling the asset as and when it is constructed or purchased.

The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) As a result, the Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

### Note 5.2 (b) Contract Liabilities

	2020 \$000
Opening Balance brought forward from 30 June 2019 adjusted for AASB 15	674
Add: Payments received for performance obligations yet to be completed during the period	25
Add: Grant consideration for sufficiently specific performance obligations received during the year	800
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(38)
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(611)
	<b>850</b>
<i>Represented by</i>	
<b>Current Contract Liabilities</b>	<b>850</b>

Contract liabilities include consideration received in advance from customers in respect of services. Invoices are raised once the services are provided.

### Note 5.2 (c) Contract Liability

	2020 \$000
Transaction price allocated to the remaining performance obligations from contracts with customers to be recognised in:	
Not longer than one year	850
Total	<b>850</b>

In addition, grant consideration was also received from the State Government in support of services provided. Grant income is recognised as service obligations are met. Differences in the number of some services provided may be adjusted in the funding provided annually. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 5.3: Other Liabilities

	Total 2020 \$000	Total 2019 \$000
<b>Current</b>		
Monies Held in Trust *		
- Patient Monies Held in Trust	16	19
- Accommodation Deposits (Refundable entrance fees)	5,762	4,446
Other	7	6
<b>Total Other Liabilities</b>	<b>5,785</b>	<b>4,471</b>
 <b>* Total Monies Held in Trust</b>		
<b>Represented by the following assets:</b>		
Cash and Cash Equivalents (refer to Note 6.2)	5,778	4,465
<b>Total</b>	<b>5,778</b>	<b>4,465</b>

Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 6: How We Finance Our Operations

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

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

Structure

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for Expenditure

#### Note 6.1: Borrowings

	Total 2020 \$000	Total 2019 \$000
<b>CURRENT</b>		
Lease Liability (i)	569	48
Department of Health & Human Services - Loan (ii)	49	190
Department of Health & Human Services - Advance (iii)	3,563	-
<b>Total Current</b>	<b>4,181</b>	<b>238</b>
<b>NON-CURRENT</b>		
Lease Liability (i)	992	40
Department of Health & Human Services - Loan (ii)	502	392
<b>Total Non-Current</b>	<b>1,494</b>	<b>432</b>
<b>Total Borrowings</b>	<b>5,675</b>	<b>670</b>

(i) Secured by the assets leased. Leases are effectively secured as the rights to the leased asset revert to the lessor in the event of a default.

(ii) These are unsecured loans which bear no interest.

(iii) This is an advance which bears no interest.

#### (a) Maturity analysis of borrowings

Please refer to note 7.1(b) for the aging analysis of borrowings.

#### (b) Defaults and breaches

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

#### (c) Lease Liabilities

Repayments in relation to leases are payable as follows:

	Present value of Minimum future lease payments (i)			
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
<b>Lease Liabilities Payable</b>				
Not longer than one year	569	48	569	48
Longer than one year but not longer than five years	1,038	40	992	40
<b>Minimum Future Lease Payments</b>	<b>1,607</b>	<b>88</b>	<b>1,561</b>	<b>88</b>
Less future finance charges	(46)	-	-	-
<b>Total</b>	<b>1,561</b>	<b>88</b>	<b>1,561</b>	<b>88</b>
Included in the financial statements as:				
Current borrowings - lease liability	-	-	569	48
Non-Current borrowings - lease liability	-	-	992	40
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,561</b>	<b>88</b>

The weighted average interest rate implicit in the finance lease is 2.19% (2019 6.0%).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

### Northeast Health Wangaratta's leasing activities

Northeast Health Wangaratta has entered into leases related to medical equipment, ITC and motor Vehicles.

For any new contracts entered into on or after 1 July 2019, Northeast Health Wangaratta considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Northeast Health Wangaratta assesses whether the contract meets three key evaluations which are whether:

- 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 Northeast Health Wangaratta and for which the supplier does not have substantive substitution rights;
- Northeast Health Wangaratta 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 Northeast Health Wangaratta has the right to direct the use of the identified asset throughout the period of use; and
- Northeast Health Wangaratta has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

### Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

#### Lease Liability – 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 Northeast Health Wangaratta's incremental borrowing rate.

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.

#### Lease Liability - 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.

### Short-term leases and leases of low value assets

Northeast Health Wangaratta has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

### Below Market/Peppercorn lease

Northeast Health Wangaratta does not hold any below market or peppercorn leases.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 6.1: Borrowings (continued)

#### Presentation of right-of-use assets and lease liabilities

Northeast Health Wangaratta presents right-of-use assets as 'property plant equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

#### Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Northeast Health Wangaratta determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Northeast Health Wangaratta as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Assets held under other leases were classified as operating leases and were not recognised in Northeast Health Wangaratta's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

**Operating lease payments up until 30 June 2019** are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

#### Borrowings

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 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 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'.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 6.2: Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and cash at bank, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value.

	Total 2020 \$000	Total 2019 \$000
Cash on Hand (excluding Monies held in trust)	55	74
Cash at Bank (excluding Monies held in trust)	1,536	1,022
Cash at Bank (Monies held in trust)	16	19
Cash at Bank CBS (excluding Monies held in trust)	17,682	10,376
Cash at Bank CBS (Monies held in trust)	5,809	4,465
<b>Total Cash and Cash Equivalents</b>	<b>25,098</b>	<b>15,956</b>

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity 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 with an insignificant risk of changes in value.

The cash flow statement includes monies held in trust.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 6.3: Commitments for Expenditure

#### Capital Expenditure Commitments

Land and Buildings

Computers and Communication

**Total Capital Commitments**

Land and Buildings

Not later than one year

Computers and Communication

Not later than one year

Longer than one year but not longer than 5 years

**Total**

#### Operating Expenditure Commitments

Less than one year

Longer than one year but not longer than 5 years

5 years or more

**Total**

#### Non-cancellable Short Term and Low Value Lease Commitments (i)

Not later than one year

Longer than one year but not longer than 5 years

5 years or more

#### Total Commitments for expenditure (inclusive of GST)

Less GST recoverable from the Australian Tax Office

#### Total Commitments for expenditure (exclusive of GST)

Total 2020 \$000	Total 2019 \$000
-	207
2,164	-
<b>2,164</b>	<b>207</b>
-	207
1,300	-
864	-
<b>2,164</b>	<b>207</b>
495	-
858	-
529	-
<b>1,882</b>	<b>-</b>
559	1,070
542	1,455
394	29
<b>1,495</b>	<b>2,554</b>
5,541	2,761
(504)	(251)
<b>5,037</b>	<b>2,510</b>

(i) Prior year comparatives represent operating leases under AASB 117.

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

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 individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Northeast Health Wangaratta has entered into commercial leases on certain medical equipment and computer equipment where it is not in the interest of the Health Service to purchase these assets. These leases have an average life of between 1 and 6 years with renewal terms included in the contracts. Renewals are at the option of Northeast Health Wangaratta. There are no restrictions placed upon the lessee by entering into these leases.

### Note 6.4: Non-cash Financing and Investing activities

#### Assumption of Liabilities

Acquisition of plant and equipment by means of Leases

**Total Non-Cash Financing and Investing Activities**

Total 2020 \$000	Total 2019 \$000
488	50
<b>488</b>	<b>50</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 7: Risks, Contingencies and Valuation Uncertainties

The 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 risk) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

#### Note 7.1: Financial Instruments

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

#### Note 7.1 (a) Financial Instruments: categorisation

		Financial Assets at Amortised Cost \$000	Financial Liabilities at Amortised Cost \$000
	Notes		
<b>2020</b>			
<b>Contractual Financial Assets</b>			
Cash and Cash Equivalents	6.2	25,098	-
Receivables			
- Trade Debtors	5.1	536	-
- Other Receivables	5.1	1,192	-
<b>Total Financial Assets</b>		<b>26,826</b>	<b>-</b>
<b>Financial Liabilities</b>			
Payables	5.2	-	7,048
Borrowings	6.1	-	5,675
Refundable Accommodation Deposits	5.3	-	5,762
Other Liabilities	5.3	-	23
<b>Total Financial Liabilities (i)</b>		<b>-</b>	<b>18,508</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 7.1 (a) Financial Instruments: categorisation (continued)

		Financial Assets at Amortised Cost \$000	Financial Liabilities at Amortised Cost \$000
<b>2019</b>			
<b>Contractual Financial Assets</b>			
Cash and Cash Equivalents	6.2	15,956	-
Receivables			
- Trade Debtors	5.1	1,420	-
- Other Receivables	5.1	2,872	-
<b>Total Financial Assets</b>		<b>20,248</b>	<b>-</b>
<b>Financial Liabilities</b>			
Payables	5.2	-	11,094
Borrowings	6.1	-	670
Refundable Accommodation Deposits	5.3	-	4,446
Other Liabilities	5.3	-	25
<b>Total Financial Liabilities (i)</b>		<b>-</b>	<b>16,235</b>

(i) The carrying amount excludes statutory receivables (ie. GST receivable and DHHS receivable) and statutory payable (ie. Revenue in Advance and DHHS payable).

#### Categories of financial assets under AASB 9

##### Financial Assets at Amortised Cost

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

- the assets are held by Northeast Health Wangaratta to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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

Northeast Health Wangaratta recognises the following assets in this category:

- cash and deposits
- term deposits
- receivables (excluding statutory receivables)

##### Categories of financial liabilities

**Financial liabilities at amortised cost:** are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Northeast Health Wangaratta recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 7.1 (a) Financial Instruments: categorisation (continued)

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or

the 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

the 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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 7.1 (b): Maturity Analysis of Financial Liabilities as at 30 June

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

	Note	Carrying Amount	Contractual Cash Flows	Maturity Dates				
				Less than 1 month	1-3 Months	3 months - 1 Year	1 - 5 Years	Over 5 Years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2020</b>								
<b>Financial Liabilities</b>								
<i>At Amortised Cost</i>								
Payables	5.2	7,048	7,048	7,029	-	-	19	-
Borrowings	6.1	5,675	5,721	3,563	178	440	1,328	212
Refundable Accommodation Deposits	5.3	5,762	5,762	5,762	-	-	-	-
Other Financial Liabilities	5.3	23	23	23	-	-	-	-
<b>Total Financial Liabilities</b>		<b>18,508</b>	<b>18,554</b>	<b>16,377</b>	<b>178</b>	<b>440</b>	<b>1,347</b>	<b>212</b>
<b>2019</b>								
<b>Financial Liabilities</b>								
<i>At Amortised Cost</i>								
Payables	5.2	11,094	11,094	11,008	-	-	86	-
Borrowings	6.1	670	670	23	46	169	285	147
Refundable Accommodation Deposits	5.3	4,446	4,446	4,446	-	-	-	-
Other Financial Liabilities	5.3	25	25	25	-	-	-	-
<b>Total Financial Liabilities</b>		<b>16,235</b>	<b>16,235</b>	<b>15,502</b>	<b>46</b>	<b>169</b>	<b>371</b>	<b>147</b>

Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (ie. GST Payable).

### Note 7.1 (c): Contractual receivables at amortised cost

	Note	1-Jul-19	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>Expected loss rate</b>			0%	0%	0%	9.4%	0%	
Gross carrying amount of contractual receivables (\$000)	5.1		1,809	995	842	713	-	<b>4,358</b>
<b>Loss allowance</b>			-	-	-	<b>67</b>	-	<b>67</b>

	Note	30-Jun-20	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>Expected loss rate</b>			0%	0%	5%	38%	0%	
Gross carrying amount of contractual receivables (\$000)	5.1		1,749	205	75	166	-	<b>2,195</b>
<b>Loss allowance</b>			-	-	<b>4</b>	<b>63</b>	-	<b>67</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Impairment of financial assets under AASB 9 Financial Instruments

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

Equity instruments are not subject to impairment under AASB 9 Financial Instruments. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 Financial Instruments. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 Financial Instruments, any identified impairment loss would be immaterial

### Contractual receivables at amortised cost

The Health Service applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on the Health Service's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, Northeast Health Wangaratta determines the opening loss allowance on initial application of AASB 9 and the closing loss allowance at the end of the financial year as disclosed above.

### Reconciliation of the movement in the loss allowance for contractual receivables

	Note	2020	2019
Balance at beginning of the year		67	67
Increase in provision recognised in the net result		8	18
Reversal of provision of receivables written off during the year as uncollectible		(8)	(18)
Balance at end of the year	5.1	67	67

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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

### Statutory receivables and debt investments at amortised cost

Northeast Health Wangaratta's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

## Note 7.2: Contingent Assets and Contingent Liabilities

Northeast Health Wangaratta does not have any contingent assets or contingent liabilities as at 30 June 2020 (2019: \$ Nil).

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 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 disclosures
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet Date
- 8.7 Economic Dependency
- 8.8 Jointly Controlled Operations
- 8.9 Changes in Accounting Policy
- 8.10 AASBs issued that are not yet effective
- 8.11 Glossary of terms

### Note 8.1: Reconciliation of Net Result for the Year to Net Cash from Operating Activities

	Total 2020 \$000	Total 2019 \$000
<b>Net Result for the Year</b>	<b>(1,674)</b>	<b>(2,125)</b>
<b>Non-Cash Movements:</b>		
Depreciation and Amortisation	6,049	5,948
Resources Received Free of Charge	(245)	-
Adjustment prior year capital grants on recognition of AASB 1058	(10,413)	-
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss from Sale of Plant and Equipment	(25)	(92)
<b>Movements in Assets and Liabilities:</b>		
Change in Operating Assets and Liabilities		
Increase/(Decrease) in Payables	8,977	(396)
Increase/(Decrease ) in Employee Benefits	2,520	4,729
(Increase)/Decrease in Receivables	2,766	(105)
(Increase)/Decrease in Prepayments	(247)	215
(Increase)/Decrease in Other Assets	13	(11)
(Increase)/Decrease in Inventories	(126)	194
Increase/(Decrease) in Other Liabilities	(2)	(5)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>7,593</b>	<b>8,352</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.2: Responsible Persons Disclosures

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

#### Responsible Ministers:

The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services

Period	
1/07/2019 -	30/06/2020

The Honourable Martin Foley, Minister for Mental Health

1/07/2019 - 30/06/2020

The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

1/07/2019 - 30/06/2020

#### Board of Directors

Mr J Green (Chair of the Board)

Period	
1/07/2019 -	30/06/2020

Dr R Barker

1/07/2019 - 30/06/2020

Ms C Clutterbuck

1/07/2019 - 30/06/2020

Mr M Hession

1/07/2019 - 30/06/2020

Mr M Joyce

1/07/2019 - 30/06/2020

Ms A Maclean

1/07/2019 - 30/06/2020

Ms A Wearne

1/07/2019 - 30/06/2020

Ms R Kneebone

1/07/2019 - 30/06/2020

#### Accountable Officer

Ms M Bennett (Chief Executive Officer)

Period	
1/07/2019 -	28/02/2020

Mr T Griffiths (Interim Chief Executive Officer)

1/03/2020 - 30/06/2020

#### Remuneration of Responsible Persons

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

Income Band	2020	2019
	No.	No.
\$0 - \$9,999	-	2
\$10,000 - \$19,999	7	7
\$20,000 - \$29,999	1	-
\$120,000 - \$129,999	1	-
\$300,000 - \$309,999	1	-
\$360,000 - \$369,999	-	1
<b>Total Numbers</b>	<b>10</b>	<b>10</b>

**Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:**

\$000	\$000
<b>564</b>	<b>471</b>

Amounts relating to Governing Board Directors and Accountable Officer are disclosed in the Health Service's financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.3: Remuneration of Executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	2020 \$000	2019 \$000
Short-term employee benefits	1,123	821
Post-employment benefits	52	58
Other long-term benefits	15	8
<b>Total Remuneration (i)</b>	<b>1,190</b>	<b>887</b>
Total number of Executive Officers	6.0	4.0
Total annualised employee equivalent (AEE)* (ii)	4.0	3.1

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Health Service under AASB 124 *Related Party Disclosures* and are also reported with Note 8.4 Related parties.

(ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

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

#### Short-term Employee Benefits

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

#### Post-employment benefits

Superannuation entitlements.

#### Other long-term benefits

Long-service leave.

#### Other factors

Total remuneration payable to Executive officers during the year was impacted by the use of interim contract staff and a restructure of the Executive team which resulted in the inclusion of an upgraded position. This has had a significant impact on remuneration figures.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.4: Related Parties

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

- All Key Management Personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Hume Rural Health Alliance Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Northeast Health Wangaratta directly or indirectly. The Board of Directors and the Executive Directors of the Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Northeast Health Wangaratta	Mr J Green	Chair of the Board
Northeast Health Wangaratta	Dr R Barker	Board Director
Northeast Health Wangaratta	Ms C Clutterbuck	Board Director
Northeast Health Wangaratta	Mr M Hession	Board Director
Northeast Health Wangaratta	Mr M Joyce	Board Director
Northeast Health Wangaratta	Ms A Maclean	Board Director
Northeast Health Wangaratta	Ms A Wearne	Board Director
Northeast Health Wangaratta	Ms R Kneebone	Board Director
Northeast Health Wangaratta	Ms M Bennett	Chief Executive Officer (to 7/2/20)
Northeast Health Wangaratta	Mr T Griffiths	Interim Chief Executive Officer (from 8/2/20)
Northeast Health Wangaratta	Mr T Griffiths	Deputy CEO/Chief Operating Officer (to 8/2/20)
Northeast Health Wangaratta	Mr J O'Keeffe	Acting Chief Operating Officer (from 8/2/20)
Northeast Health Wangaratta	Dr D Cooper	Executive Director of Medical Services (from 6/12/19)
Northeast Health Wangaratta	Dr R Duncan	Interim Director of Medical Services (to 6/12/19)
Northeast Health Wangaratta	Ms R Weir	Executive Director of Clinical Services, Nursing, Midwifery & Allied Health
Northeast Health Wangaratta	Ms F Shanks	Executive Director People & Culture, Education & Research, Creative Services & Volunteers

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

	2020	2019
Compensation - KMPs	\$000	\$000
Short-term employee benefits (i)	1,635	1,256
Post-employment benefits	94	86
Other long-term benefits	25	16
<b>Total Remuneration (ii)</b>	<b>1,754</b>	<b>1,358</b>

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

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

#### Significant Transactions with Government Related Entities

Northeast Health Wangaratta received funding from the Department of Health and Human Services (DHHS) of \$139.6m (2019 \$122.39m).

Northeast Health Wangaratta received a loan from DHHS for the Solar Project of \$167,308 during the year, with a total loan balance of \$551,000 from DHHS as at 30 June 2020 (2019: \$582,000). DHHS also provided an advance of \$3.563m as at 30 June 2020, and contributed capital of \$462,182 for the year.

Northeast Health Wangaratta has a net amount receivable from the Department of Health and Human Services of \$148,000 as at 30 June 2020 (2019 \$322,000).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.4: Related Parties (continued)

Expenses incurred by the Health Service in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals 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 Northeast Health Wangaratta to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

#### Transactions with Key Management Personnel and Other Related Parties

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

Outside of normal citizen type transactions with Northeast Health Wangaratta, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

There were no related party transactions required to be disclosed for the Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2020.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.5: Remuneration of Auditors

	Total 2020 \$000	Total 2019 \$000
Victorian Auditor-General's Office		
Audit and review of Financial Statements	43	42

### Note 8.6: Events Occurring after the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Northeast Health Wangaratta at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Northeast Health Wangaratta, its operations, its future results and financial position. The state of emergency in Victoria was extended on 11 October 2020 until 8 November 2020 and the state of disaster is still in place because it's renewed monthly under the legislation.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Northeast Health Wangaratta, the results of the operations or the state of affairs of the Health service in the future financial years.

### Note 8.7: Economic Dependency

Northeast Health Wangaratta is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services.

The Department of Health and Human Services (DHHS) has provided confirmation that it will continue to provide Northeast Health Wangaratta adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to 30 September 2021. On that basis, the financial statements have been prepared on a going concern basis.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.8: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2020	2019
Hume Rural Health Alliance	Information Systems	11.25%	11.18%

Northeast Health Wangaratta's interest in the above jointly controlled operations are detailed below.

The amounts are included in the financial statements under their respective categories:

	Total 2020 \$000	Total 2019 \$000
<b>Current Assets</b>		
Cash and Cash Equivalents	1,072	788
Receivables	130	167
Other Assets	15	28
<b>Total Current Assets</b>	<b>1,217</b>	<b>983</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment and Intangibles	144	198
<b>Total Non Current Assets</b>	<b>144</b>	<b>198</b>
<b>Total Assets</b>	<b>1,361</b>	<b>1,181</b>
<b>Current Liabilities</b>		
Payables	534	432
Lease Liability	24	48
<b>Total Current Liabilities</b>	<b>558</b>	<b>480</b>
<b>Non-Current Liabilities</b>		
Lease Liability	33	40
<b>Total Non-Current Liabilities</b>	<b>33</b>	<b>40</b>
<b>Total Liabilities</b>	<b>591</b>	<b>520</b>

Northeast Health Wangaratta's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	Total 2020 \$000	Total 2019 \$000
<b>Revenue</b>		
Operating Activities	761	980
Non-Operating Activities	5	10
Capital Purpose Income	190	-
<b>Total Revenue</b>	<b>956</b>	<b>990</b>
<b>Expenses</b>		
Employee Benefits	219	195
Other Expenses from Continuing Operations	563	676
Depreciation and Amortisation	65	93
Finance Charges	1	4
<b>Total Expenses</b>	<b>848</b>	<b>968</b>
<b>NET RESULT</b>	<b>108</b>	<b>22</b>

Figures obtained from the unaudited Hume Rural Health Alliance annual report.

#### Contingent Liabilities and Capital Commitments

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.9: Changes in Accounting Policy

#### Changes in accounting policy

##### Leases

This note explains the impact of the adoption of AASB 16 *Leases* on the Health Service's financial statements.

The Health Service has applied AASB 16 with a date of initial application of 1 July 2019. The Health Service has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Health Service determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – *'Determining whether an arrangement contains a Lease'*. Under AASB 16, the Health Service assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, the Health Service has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

##### Leases classified as operating leases under AASB 117

As a lessee, the Health Service previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Health Service. Under AASB 16, the Health Service recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, the Health Service recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Health Service's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Health Service has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.9: Changes in Accounting Policy (continued)

#### Impacts on financial statements

On transition to AASB 16, the Health Service recognised \$1,797,823 of right-of-use assets and \$1,797,823 of lease liabilities.

When measuring lease liabilities, the Health Service discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.1733%.

	1-Jul-19
Total Operating lease commitments disclosed at 30 June 2019	2,554
Discounted using the incremental borrowing rate at 1 July 2019	(312)
Finance lease liabilities as at 30 June 2019	88
Recognition exemption for:	
Short-term leases	(395)
Leases of low-value assets	(137)
Lease liabilities recognised at 1 July 2019	1,798

#### Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Health Service has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Health Service applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. The Health Service has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

#### Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the Health Service has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Health Service applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

#### Transition impact on financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities; and
- AASB 16 Leases.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.9: Changes in Accounting Policy (continued)

Balance sheet	Notes	Before new accounting standards Opening 1 July 2019	Impact of new accounting standards - AASB 16, 15 & 1058	After new accounting standards Opening 1 July 2019
Property, Plant and Equipment	4.1	87,411	1,798	89,209
<b>Total non-financial assets</b>		<b>89,327</b>	<b>1,798</b>	<b>91,125</b>
<b>Total Assets</b>		<b>114,949</b>	<b>1,798</b>	<b>116,747</b>
Payables and Contract Liabilities	5.2	11,909	10,413	22,322
Borrowings	6.1	670	1,798	2,468
<b>Total Liabilities</b>		<b>43,451</b>	<b>12,211</b>	<b>55,662</b>
Accumulated surplus/(deficit)		(41,872)	(10,413)	(52,285)
<b>Total Equity</b>		<b>71,498</b>	<b>(10,413)</b>	<b>61,085</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.10: ASSBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Northeast Health Wangaratta has not and does not intend to adopt these standards early.

Standard/Interpretation Summary		Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-2020 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 8.11- Glossary of Terms

#### **Actuarial gains or losses on superannuation defined benefit plans**

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

#### **Amortisation**

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

#### **Comprehensive result**

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

#### **Commitments**

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

#### **Current grants**

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

#### **Depreciation**

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

#### **Effective interest method**

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

#### **Employee benefits expenses**

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

#### **Ex gratia expenses**

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

#### **Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

### Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### Financial statements

A complete set of financial statements comprises:

- (a) Balance sheet as at the end of the period;
- (b) Comprehensive operating statement for the period;
- (c) A statement of changes in equity for the period;
- (d) Cash flow statement for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

### Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

### General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### **Intangible produced assets**

Refer to produced assets in this glossary.

### **Intangible non-produced assets**

Refer to non-produced assets in this glossary.

### **Interest expense**

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

### **Interest income**

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

### **Joint Arrangements**

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- (a) The parties are bound by a contractual arrangement.
- (b) The contractual arrangement gives two or more of those parties joint control of the arrangement

A joint arrangement is either a joint operation or a joint venture.

### **Liabilities**

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

### **Net acquisition of non-financial assets (from transactions)**

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

### **Net result**

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

### **Net result from transactions or net operating balance**

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

### **Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

### **Non-produced assets**

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

### **Non-profit institution**

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### **Payables**

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

### **Receivables**

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

### **Sales of goods and services**

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

### **Supplies and services**

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Supplies and services 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 the inventories are distributed.

### **Transactions**

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.



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