



annual **report**

2020/21

Responsible Bodies Declaration

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



Ian Marshman AM
Board Chair
Yea & District Memorial Hospital
30 August 2021

Manner in Which the Health Service was Established

In 1928 the Fernley Private Hospital opened in Mary Street, Yea. In 1939 the name of the Hospital was changed to the Yea Bush Nursing Hospital. The Hospital and Charities Commission assumed responsibility for the hospital in 1948 and took the current name of Yea & District Memorial Hospital.

Responsible Ministers

Jenny Mikakos MP	
Minister for Health	
Minister for Ambulance Services	01/07/2020 – 26/09/2020
The Hon Martin Foley MP	
Minister for Mental Health	
Minister for Health	26/09/2020 – 30/06/2021
Minister for Ambulance Services	
Minister for Equality	
The Hon James Merlino MP	
Minister for Mental Health	29/09/2020 – 30/06/2021

Objectives, Functions, Powers and Duties

The objects of the Health Service are:

- To provide to persons, entitled under the Act, medical care, nursing assistance, and / or other support.
- To aid persons affected by disease or injured as a result of accident.
- To provide facilities for the treatment of both public and private patients as required. To provide specific services that meet the needs of the frail, aged and disabled persons in our community.

Vision and Mission

Our Vision

An exceptional rural health service serving and engaging our local community.

Our Mission

To provide coordinated services that enhance the health and wellbeing of the community.

Nature and Range of Services

Yea & District Memorial Hospital is a multidisciplinary healthcare provider that offers care directly to the community while also facilitating access to a range of services offered by third party providers.

We offer:

- A four bay Urgent Care Centre, operating under a nurse-led model of care.
- A 10-bed acute care ward.
- An adjoining residential aged care facility, Rosebank Nursing Home with 10 high care beds and Rosebank Hostel 15 low care beds (with ageing in place).
- Yea Community Health operates from the hospital owned and managed The Grace Bennetts Centre and provides diabetes education, dietetics and psychology services and paediatric speech pathology (off-site at Kinglake and Yea).
- Yea District Nursing Services provides in home nursing care to the western region of the Murrindindi Shire.
- The Grace Bennetts Centre also provides for a private medical clinic, staffed by General Practitioners (who are accredited to provide services in the acute ward, residential aged care and urgent care centre) allied health services such as podiatry and physiotherapy and pathology collection services.

Yea & District Memorial Hospital works in partnership with other agencies to provide services to the people of Yea and surrounding areas in the western part of Murrindindi Shire which has a combined catchment of some 7,000 people.

The hospital is a major employer in the local area and works in partnership with the local community whose past generosity and continuing support contributes to the long-term viability of the Hospital and the services it provides.

The Year in Review

This has been another extraordinary year for Yea & District Memorial Hospital (YDMH). Once again it was framed by the COVID-19 global pandemic. Our focus has been overwhelmingly on continuing to provide high quality care and work with our community, in an environment of constant change and uncertainty.

The Yea community is fortunate to have had the quality of leadership and the commitment of staff to be able to steer our health service through these most challenging of times.

With general oversight by the Board, almost all available hospital management time has been consumed with the continuing application of guidance provided by State and Commonwealth agencies aimed at pandemic risk reduction plans in both the acute ward and residential aged care settings. This has required constant vigilance and increased external accountability on the part of management, substantial training of all staff on infection control and use of Personal Protective Equipment (PPE), an increased focus on the well-being of all YDMH staff and an even greater need for communication and concern for hospital patients, residents and their carers.

The various COVID-19-driven lockdowns the State and metropolitan Melbourne have experienced in 2020-21 have created even greater leadership and operational challenges for our staff. There has been a cumulative impact of these lockdowns, effectively making more recent episodes harder to manage. The Board is grateful to the whole Hospital community for the manner in which they have responded.

Commencing in the latter part of 2020, the Hospital began operating as a COVID-19 testing site. This activity was undertaken in partnership with the Yea Medical Centre, whose collaboration on all aspects of pandemic management has been greatly appreciated.

In 2021 the Hospital commenced planning for its participation in the Victorian Government's rollout of its COVID-19 vaccination program. Aged care residents received their first vaccinations in April and May. A pop-up vaccination centre, arranged through Goulburn Valley Health, occurred in May 2021, increasing opportunities for our local community to receive their initial vaccination. Since then Hospital staff have been collaborating with other health agencies in our region to increase access to vaccinations for our local community. By June 2021 the focus was accelerating access to vaccinations for all Hospital staff, a task of some complexity given limited local access at this time to Pfizer vaccines.

Although face-to-face meetings were infrequent events during the year due to COVID-19 restrictions, the Board was delighted to be able to host an awards night for Hospital staff in December 2020. In doing so we were able to recognise many of our staff who have provided outstanding service to the Hospital and our community over many years - in some cases for over four decades.

In May 2021 the YDMH community formally farewelled Ms Lorina Gray who served as Director of Nursing / Manager for thirty years. Lorina has provided superb leadership to the Hospital and its staff over this period. Her extraordinary judgement and expertise have been so important to the Hospital, especially during times of community crisis such as during the Black Saturday fires in 2009 and more recently during the critical early stages of the pandemic. The Board and staff of YDMH thank Lorina for all she has contributed and wish her well for a healthy and satisfying retirement.

The Hospital was fortunate to have been able to appoint Ms Louise Sharkey as Acting Director of Nursing / Manager. Louise provided great leadership during the ongoing stages of the pandemic.

It is a tribute to the quality of YDMH leadership and the commitment of staff that, apart from government-mandated exceptions, close family members have been able to continue visiting patients and residents, albeit with significant restrictions. This has been important in maintaining the mental health and well-being of the people the hospital is caring for.

Throughout the pandemic, YDMH has sought to work closely with the Yea Medical Centre and other health care providers to ensure COVID-19 testing has been available to our residents, to make adequate provision of PPE and to maintain continuity of health care for our community. Yea is fortunate to have local access to such a range of health services and well-qualified health professionals.

Notwithstanding the impact the global pandemic has had on costs associated with additional workloads and protection controls, Yea & District Memorial Hospital has enjoyed another successful year financially which resulted in a modest surplus above budget. This is a tribute to the quality of management oversight of the health service's revenue and expenditure streams.

Our Chief Executive Officer position continued to be provided under contract from Mansfield District Hospital (MDH). The Board is particularly grateful to the MDH Board for its willingness to continue to entertain such an arrangement and for the collegiality that has made it so effective. As Chief Executive Officer of both MDH and YDMH, Cameron Butler provided superb leadership for our Hospital and brought to the Board a wealth of health sector experience and expertise during the year.

The Board is also grateful to Goulburn Valley Health (GVH) for its willingness to continue the longstanding administrative support arrangements, enabling YDMH to have access to a range of corporate and business services in a cost-effective manner. In particular we appreciate the time and interest that Peter Hutchinson as GVH Chief Finance Officer has been able to offer to guide YDMH's finances.

In spite of the pandemic, many community members continue to support the Hospital either as volunteers or members of the Yea Hospital & Rosebank Auxiliary. Their selfless commitment is so valuable and greatly appreciated.

Finally, I thank each of my fellow directors for the collegial manner in which they have contributed to the governance of our health service. The constant reliance on virtual meetings has inhibited the opportunity for informal interaction with the Board and between the Board and Hospital management. New directors have had very limited opportunity to meet colleagues in person. Nevertheless, everyone has worked to ensure this does not impact on the quality of our interactions.

In July 2020 the Board welcomed two new Directors – Ms Jo-Anne Cavill and Ms Teresa Smith. At the end of the year we farewelled Dr Sarah Anderson who has made an important contribution to our planning and leadership of our Clinical Governance Committee. YDMH is fortunate to have the expertise, experience and commitment that its Directors contribute.

With sound governance, excellent leadership and a committed workforce, YDMH is well-placed to deal with the public health challenges that inevitably lie ahead.



Ian Marshman AM
Board Chair

Administrative Structure

Board of Directors

Directors:

Dr Sarah Anderson Ph. D.
Ms Jo-Anne Cavill
Ms. Kirstie-Bree Fotheringham
Mr Dylan Hesselberg
Dr Jennifer Keast
Mr Ian Marshman AM
Mr Gary Pollard
Ms Teresa Smith
Ms Kerry Stubbings

Finance, Audit & Risk Committee:

Ms. Kirstie-Bree Fotheringham
Mr Dylan Hesselberg
Mr Ian Marshman AM
Mr Gary Pollard
Ms Kerry Stubbings

Chair, Board of Directors:

Mr Ian Marshman AM

Chair, Finance, Audit & Risk:

Ms Kirstie-Bree Fotheringham

Chair, Clinical Governance:

Dr Sarah Anderson Ph. D.

Executive

Chief Executive Officer:

Mr Cameron Butler, RN B. Bus

Director of Nursing / Manager:

Ms Lorina Gray, RN, BHA, GDCH, AFCHSE, CHE

Acting Director of Nursing / Manger:

Ms Louise Sharkey, BSc, RGN, RMN, DN(Cert), Dip Business, Dip Human Resources, AFCHSM (CHM)

Director of Medical Services:

Dr Richard Lowen, MBBS, Dip ObsRCOG, FRACGP, AFCHSE

Chief Financial Officer:

Mr Peter Hutchinson B Commerce, MIPA, AFA.

Leadership Team

CHIEF EXECUTIVE OFFICER

Mr Cameron Butler

RN, B Bus

Mr Butler is currently Chief Executive Officer of Mansfield District Hospital, a role he has held since July 2016. In September 2018, the Board of Yea & District Memorial Hospital contracted CEO services from Mansfield and he has been Chief Executive Officer at Yea since this time.

Mr Butler is committed to rural health care and is passionate about the vital role that local health services play in their communities in terms of health care, employment and economic contribution. He has more than fifteen years experience as a Chief Executive Officer in Victorian Small Rural Health Services.

CHIEF FINANCE OFFICER

Mr Peter Hutchinson, Goulburn Valley Health

B Commerce, MIPA, AFA

As Chief Finance Officer Peter Hutchinson is responsible for the overall financial management of the Health Service. Mr Hutchinson oversees finance, payroll, health information services, information and communication technology portfolios as part of the directorate. The role also contributes to the Finance, Audit and Risk Management Committee of the YDMH Board.

Mr Hutchinson commenced with Goulburn Valley Health in February 2019. He held a similar role at Eastern Health in Melbourne for the previous 18 years, being responsible for Eastern Health's financial services, management accountant services, procurement and supply, facilities and infrastructure, security, property and retail and information communication technology. Currently he is also Chair of the Product Planning Group Financial Management Information System and the Industry Finance Committee Benchmarking Group.

He holds a Bachelor of Commerce from the University of Melbourne and is a fellow of the Australian Health Services Financial Management Association and also a Member of the Institute Public Accountants.

DIRECTOR OF NURSING / MANAGER

Ms Lorina Gray

RN, BHA, GDCH, AFCHSE, CHE

The Director of Nursing/Manager is responsible for the management of all clinical and non-clinical services within the organisation. This includes Nursing, Residential Aged Care, Community Health, Hotel Services, Clerical Services, Maintenance, Allied Health Services, Student Placements and Volunteers. Ms Gray also oversees the operational management of Quality Improvement, Risk Management, Occupational Health and Safety, Infection Control, Complaints Management and Freedom of Information requests.

DIRECTOR OF MEDICAL SERVICES

Dr Richard (Rick) Lowen

MBBS, DipObsRCOG, FRACGP, AFCHSE

The Director of Medical Services provides clinical advice to the organisation, contributes to Clinical Governance Committee meetings and supports Yea's Visiting Medical Officers. Dr Lowen attends the Yea & District Memorial Hospital monthly, during which time he attends Medical Staff Group meetings, reviews clinical policies of the Hospital, provides advice and support to the Director of Nursing/Manager and staff and responds to day to day operational issues of medical importance.

VISITING MEDICAL OFFICERS

Dr T C Chuah MBBS

Dr M Lowe MBBS

Workforce Data

YDMH adheres to the public sector employment principles. Together with our organisational values they define the working environment we offer to our employees. We strive for a workplace culture underpinned by strong and collegial relationships, where employees feel supported to safely raise their concerns and are provided with opportunities to develop both personally and professionally.

YDMH Values:

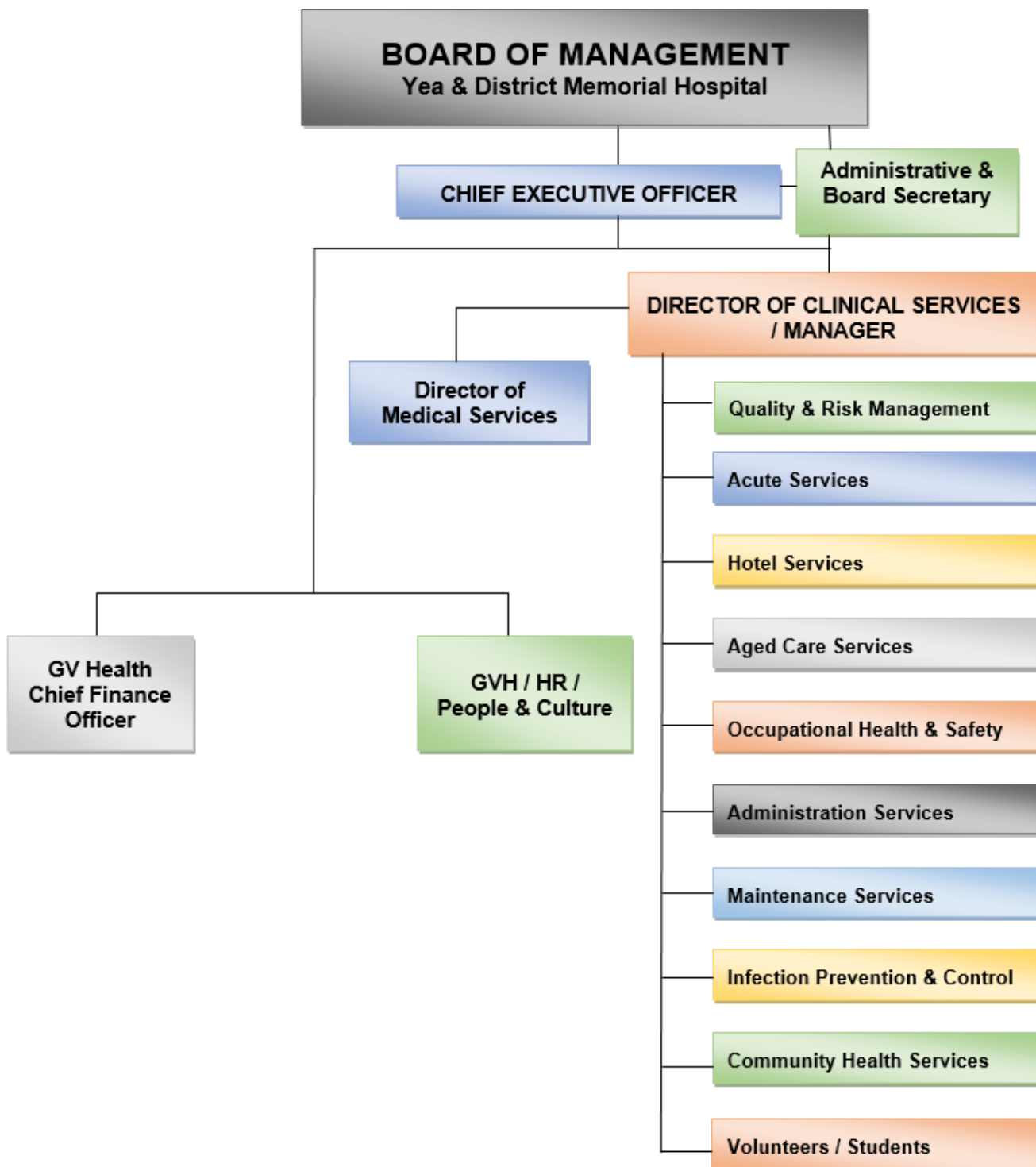
- **INTEGRITY** – We are honest and fair in our dealings with our clients, our staff and our community. We are truthful in our communications and do so in a way that is clear and easy to understand. We strive to ensure that we all act in accordance with our beliefs.
- **RESPECT** - We respect the rights, dignity and independence of our clients. We demonstrate empathy, kindness and understanding. We are mindful that we are caring for people who may be vulnerable and fearful and we work closely with them and their families to build trust.
- **ACCOUNTABILITY** - We recognise that we are accountable to our community and operate within the framework specified by the Victorian government. We hold ourselves responsible for our actions and never lose sight of the responsibility that we hold in our role as a provider of health care to our community. We value feedback and use this to learn and improve.
- **RESPONSIVENESS** - We are flexible and responsive to the needs of individuals. We know and understand our community as a whole and the individuals within it. We use this knowledge to tailor our care to meet their needs in a timely way. We collaborate in a way that allows us to work together to meet the health needs of the community.
- **IMPARTIALITY** – We provide evidence-based health services designed to best meet the needs of clients in all circumstances. We are an inclusive organisation that values uniqueness of an individual. We welcome and value diversity as a means to help us develop and broaden our understanding.

All employees have been correctly classified in workforce data collections.

Labour Category	June monthly FTE*		Average monthly FTE*	
	2020	2021	2020	2021
Nursing	24.30	27.65	24.49	25.70
Administration and Clerical	3.06	2.99	2.89	2.91
Hotel & Allied Services	8.89	12.14	11.61	11.35
Sessional Clinicians	0.01	0.16	0.07	0.12
Ancillary Staff (Allied Health)	4.32	2.23	2.18	2.10
Total	40.58	45.17	41.24	42.18

The FTE figures required in the table above are those excluding overtime. These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The above data should be consistent with the information provided in the Minimum Employee Data Set.

Organisational Structure



Statutory Requirements

Occupational Health and Safety

YDMH is committed to providing a safe environment for employees, consumers and members of the public. The Health Service complies with the requirements of the Occupational Health and Safety Act (Vic) 2004 and the Victorian Occupational Health and Safety Regulations 2017.

There is strong and proactive engagement with Health and Safety Representatives to find ways to eliminate or mitigate the risk of injury within the workplace. Where injury has occurred, the organisation seeks to achieve the safe, appropriate, supportive and timely return to work of its employees.

Reported Incidents

Occupational Health and Safety Statistics	2020-21	2019-20	2018-19
The number of reported hazards / incidents for the year per 100 FTE	62	51	50
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	2.21	0	0
The average cost per WorkCover claim for the year	\$17,500	\$0	\$0

There remains a strong emphasis on reducing workplace injuries. The Occupational Health and Safety Committee deals with matters of workplace safety through the early identification of workplace risks and timely and effective risk mitigation. All employees are encouraged and supported to report hazards and incidents. Training has been provided for representatives of the committee.

Occupational Violence

Occupational Violence statistics	2020-21
WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	8
Number of occupational violence incidents reported per 100 FTE	18.97
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	25%

Definitions

For the purposes of the OH&S statistics the following definitions apply:

- **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 ratings are included. Code Grey reporting is not included, however, if an incident occurred during the course of a planned or unplanned Code Grey it is included.
- **Accepted WorkCover claims** - accepted WorkCover claims that were lodged in 2020-21
- **Lost time** - 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.

Consultancies

Details of consultancies (under \$10,000)

In 2020-21, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-21 in relation to these consultancies is \$5,295 (excluding GST).

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

In 2020-21, there were no consultancies where the total fees payable to the consultants were \$10,000 or greater.

Information and Communication Technology (ICT) Expenditure

The total ICT expenditure incurred during 2020-21 is \$193,482 (excluding GST) 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)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
\$188,576.56	\$ 4,905.88	\$ 0	\$ 4,905.88

Disclosures Required Under Legislation

Freedom of Information Act 1982

The organisation is subject to the provisions of the *Freedom of Information Act 1982*.

In 2020-21 there were 0 applications made to the organisation under these provisions.

Freedom of Information applications are made to the Freedom of Information Officer and are dealt with in accordance with the Act. Any charges applied are in accordance with the Act and Regulations.

Information on making a Freedom of Information request can be found at <https://yeahospital.org.au/foi-request/>. Applications may be submitted by post or in person.

Building Act 1993

Yea & District Memorial Hospital has met the requirements of the *Building Act 1993* in accordance with DHS Capital Development Guidelines (Minister for Finance Guideline Building Act 1993/Standards for Publicly Owned Buildings 1994/Building (Interim) Regulations 2005 and Building Code of Australia 2004).

Public Interest Disclosure Act 2012

Complaints about certain serious misconduct or corruption involving public health services in Victoria can be made by individuals directly to the Independent Broad-based Anti-corruption Commission (IBAC). Individuals who have concerns about corrupt or improper conduct are encouraged to raise the matter directly with IBAC.

Yea & District Memorial Hospital is committed to extending the protections under the *Public Interest Disclosure Act 2012* (Vic) to individuals who make protected disclosures under that Act, or who cooperate with investigations into protected disclosures. Websites of interest for complaint procedures regarding this Act are: <http://www.ombudsman.vic.gov.au> and <http://www.health.vic.gov.au/hsc>

No disclosures were made in 2020-21

National Competition Policy

Yea & District Memorial Hospital complies with the National Competition Policy and with the requirements of the *Competitive Neutrality Policy Victoria*.

Carers Recognition Act 2012

The organisation recognises and supports its responsibilities and obligations under the Act for people in care relationships and the role of carers in our community. Yea & District Memorial Hospital has strategies and actively works with carers to find ways for people in care relationships to have a say in care planning and service delivery complying with all requirements of the Act. Yea & District Memorial Hospital has complied with its obligations under Section 11 of the Act for the reporting period 1st July 2020 to 30th June 2021.

Environmental Performance

Reducing the impact of our health services on the environment is a priority area for Yea & District Memorial Hospital.

Greenhouse Gas Emissions

Total greenhouse gas emissions (tonnes CO ₂ e)	2020/2021	2019/2020	2018/2019
Total	431	466	479

Stationary Energy

Total stationary energy purchased by energy type (GJ)	2020/2021	2019/2020	2018/2019
Electricity	1,136	1,155	1,249
Liquefied Petroleum Gas	2,005	2,291	1,778
Total	3,027	3,434	3,027

Water

Total water consumption by type (kL)	2020/2021	2019/2020	2018/2019
Potable Water	7,137	5,436	4,755
Total	7,137	5,436	4,755

Waste and Recycling

Waste (kg)	2020/2021	2019/2020	2018/2019
Total waste generated by organisation	17,966	17,120	20,205
Waste directed to landfill	8,399	7,840	11,581
Recycling rate %	58.04	57.76	45.39
Total waste generated	17,966	17,120	20,205

YDMH recognises the importance of using resources more efficiently and reducing everyday environmental impacts. The health service acknowledges its environmental and community obligations and adopts a minimisation and management approach to levels of waste produced and energy consumed by the organisation.

In the 2020-21 year the hospital has managed to keep to a similar waste production level as in previous years, despite increases in the protective waste produced as a result of the COVID-19 pandemic. Encouragingly, levels of recycling have also continued to increase incrementally despite the total increase in the amount of waste produced by the organisation.

Water consumption has increased significantly on the previous year, however this can in part be attributed to a leak from an aging hydronic heating pipe which has now been rectified. The organisation anticipates returning to a lower consumption rate in the 2021-22 year, while also reflecting an incremental increase due to improving patient and resident occupancy and consistent private tenancy in the Allied Health wing of The Grace Bennetts Centre.

Local Jobs First Act 2003

There were no contracts undertaken requiring reporting in this category in 2020-21.

Gender Equality Act 2020

The Gender Equality Act commenced on 31 March 2021 with defined entities (which includes YDMH) being required to meet their obligations under the Gender Equality Act 2020. YDMH are currently analysing workforce and employee experience data that will assist to meet the workplace gender audit obligations by 1 December 2021. Then using these results, we will translate them and other organisational gender equality assessments (including policy and service reviews) into the development of an organisational Gender Equality Action Plan (GEAP) by 31 March 2022 which will highlight our commitment work to improve gender equality within the organisation.

Safe Patient Care Act 2015

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

Asset Management Accountability Framework (AMAF) Maturity Assessment

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

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

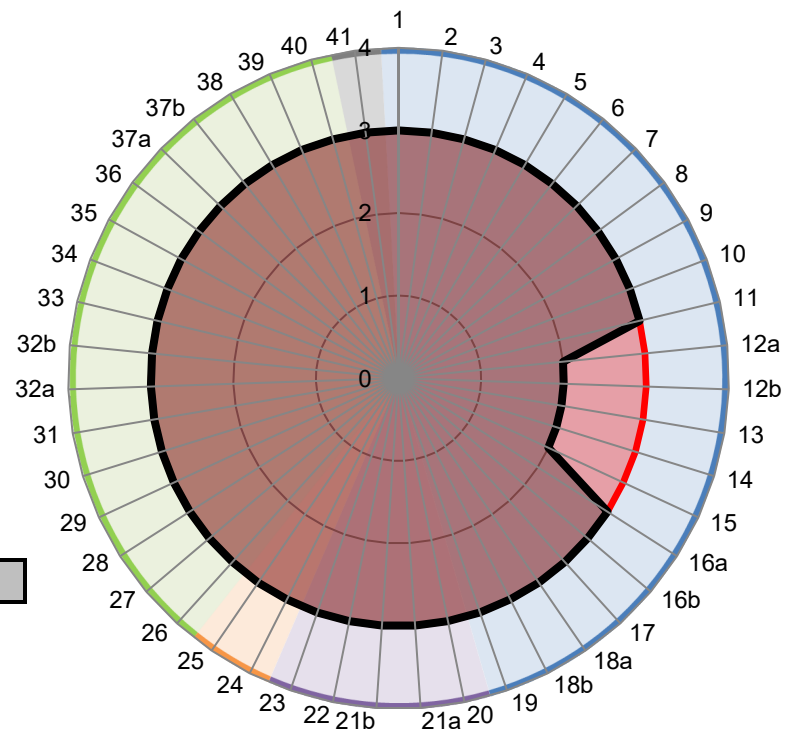
2020-21 AMAF Audit Results:

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

Target



Overall



Leadership and Accountability (requirements 1-19)

YDMH has met its target maturity level for most requirements within this category.

YDMH did not fully comply in the areas of asset monitoring systems and performance reporting and analysis. However, there are no material non-compliance reported in this category.

Improvements in YDMH's maturity rating in these areas should occur as a result of a planned transition from manual data collection and analysis to a complete electronic maintenance management system.

Planning (requirements 20-23)

YDMH has met its target maturity level in this category.

Acquisition (requirements 24 and 25)

YDMH has met its target maturity level in this category.

Operation (requirements 26-40)

YDMH has met its target maturity level in this category.

Disposal (requirement 41)

YDMH has met its target maturity level in this category.

Additional information available upon request

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

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

Strategic Priorities

Strategic Priorities	Outcomes
<p>Maintain robust COVID-19 readiness and response, working with the Department to ensure a rapid response to outbreaks, if and when, they occur, which includes providing testing for community and staff, where necessary, and if required. This includes preparing to participate in, and assist with, the implementation of COVID-19 vaccine immunisation program rollout, ensuring our local community's confidence in the program</p>	<ul style="list-style-type: none"> ▪ YDMH provided COVID-19 testing access for the community from mid-2020 on a daily or as requested basis. The service was promoted via the organisation's website, social media accounts and in the local newspaper. Statistics were reported daily to government as requested. ▪ COVID-19 testing for staff is ongoing and reported weekly via VICNISS. ▪ Weekly COVID-19 inpatient activity was reported via VICNISS. ▪ Information was submitted to the Department of Health Daily Capacity and Occupancy Register to assist the Department of Health monitor the availability of bed stock across the Victorian health system in the event of unprecedented demand due to COVID-19. ▪ The COVID Safe and Pandemic Plans were updated as required. ▪ QR scan attestation stations were set up for all entry points along with the Services Victoria QR registration. ▪ Infection Prevention and Control (IPC) lead – two staff completed training. ▪ YDMH supported the Local Public Health Unit (PHU) vaccination program onsite for Residential Aged Care residents and one community clinic. ▪ The organisation partnered with Mansfield District Hospital to deliver onsite vaccination clinics – six YDMH staff were supported to complete vaccination training. ▪ YDMH continued to provide regular communication to the local community via newspapers, the YDMH website / social media and community flyers on the vaccination programs
<p>Engage with our community to address the needs of patients, especially our most vulnerable whose care has been delayed due to the pandemic and provide necessary catch-up care to support and get them back on track</p>	<ul style="list-style-type: none"> ▪ There was no impact on service access or delivery in the Acute or Residential Aged Care areas during the year. ▪ Yea Community Health clinicians adapted to provide telehealth appointments for clients when face-to-face delivery was not possible.
<p>As a provider of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health System and the Royal Commission into Aged Care Quality and Safety.</p>	<ul style="list-style-type: none"> ▪ YDMH was involved in localised mental health networks during the year and assisted in the promotion of local mental health resources and services. ▪ The Serious Incident Response Scheme (SIRS) was implemented to support the continuous improvement of YDMH's management and prevention of incidents in residential aged care. Staff received training and a systems review occurred. ▪ A food and nutritional improvement review was undertaken.

Develop and foster local health partner partnerships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.	<ul style="list-style-type: none"> ▪ YDMH had representation at the Hume Health Service Partnerships meetings to assist in preparing for and responding to the COVID-19 pandemic. ▪ Clinical and operational staff contributed to HealthShare Victoria planning and coordination related to PPE equipment ordering / use and food security. ▪ The organisation partnered with Mansfield District Hospital and Goulburn Valley Health to offer COVID-19 vaccination clinics to the local community. ▪ The organisation maintained key aspects of service delivery through virtual support and care via telehealth.
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High Quality and Safe Care

Key Performance Measure	Target	Outcome
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	88%
Percentage of healthcare workers immunised for influenza	90%	100%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No surveys conducted in 2020-2021
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No surveys conducted in 2020-2021

Effective Financial Management

Key performance indicator	Target	2020-21 result
Operating result (\$m)	0.02	0.063m
Average number of days to paying trade creditors	60 days	35 days
Average number of days to receiving patient fee debtors	60 days	50 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target.	1.67
Actual number of days Yea & District Memorial Hospital can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	305 days
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variations < \$250,000	\$180,000

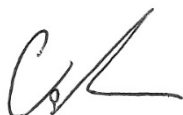
Activity and Funding

Funding Type	2020-21 Activity Achievement	Units
Acute		
- Small Rural Acute	12	WIES Equivalents
Small Rural Primary Health & HACC		
- Nursing (Diabetes Education)	274	Service Hours
- Counselling/Casework	928	Service Hours
- Dietetics	479	Service Hours
- Speech Therapy	372	Service Hours
- Small Rural HACC	119	Service Hours
Small Rural Residential Care		
- Rosebank Hostel	5335	Bed Days
- Rosebank Nursing Home	3542	Bed Days

Declarations

Data Integrity

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



Cameron Butler
Accountable Officer
Yea & District Memorial Hospital
30 August 2021

Conflict of Interest

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



Cameron Butler
Accountable Officer
Yea & District Memorial Hospital
30 August 2021

Integrity, Fraud and Corruption

I, Cameron Butler, certify that Yea & District Memorial Hospital has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Yea & District Memorial Hospital during the year.



Cameron Butler
Accountable Officer
Yea & District Memorial Hospital
30 August 2021

Financial Management Compliance Attestation

I, Ian Marshman AM, on behalf of the Responsible Body, certify that Yea & District Memorial Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Ian Marshman AM
Responsible Officer
Yea & District Memorial Hospital
30 August 2021

FINANCIAL INFORMATION

Summary of Financial Results for Last Five Years

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Operating Result	63	293	333	181	2
Total revenue*	6,920	6,549	6,152	5,797	5,611
Total expenses*	(7,412)	(6,825)	(6,434)	(6,232)	(6,074)
Net result from transactions	(492)	(276)	(282)	(435)	(463)
Total other economic flows	50	(12)	(41)	(5)	29
Net result	(442)	(288)	(323)	(440)	(434)
Total assets	21,329	19,021	19,094	18,064	18,803
Total liabilities	(8,304)	(5,553)	(5,337)	(4,928)	(6,177)
Net assets /Total equity	13,025	13,468	13,757	13,136	12,626

*The Operating result is the result for which Yea & District Memorial Hospital is monitored in the Statement of Priorities.

Reconciliation of Net Result from Transactions and Operating Result

	2021 \$'000
Net operating result*	63
Capital purpose income	196
Specific income	N/A
COVID-19 State Supply Arrangements	60
State supply items consumed up to 30 June 2021	(60)
Assets provide free of charge	N/A
Assets received free of charge	N/A
Expenditure for capital purpose	(11)
Specific expenses	N/A
Depreciation and amortisation	(728)
Impairment of non-financial assets	N/A
Finance costs (other)	(12)
Net results from transactions	(492)

Summary of significant changes in financial position

Total cash increased by \$2.925m due to additional Accommodation Bonds received throughout the year and COVID-19 funding received from the Department of Health. Payables and Contract Liabilities increased by \$0.825m as a result of the timing of the final creditors payment run, deferral of capital grant revenue until 2021-2022 and the raising of a COVID-19 creditor to Department of Health in relation to overpaid 2020-2021 COVID-19 funding.

Summary of operational and budgetary objectives and factors affecting performance

As a public health service YDMH is required to negotiate a Statement of Priorities (SoP) with the Department of Health (DH) each year.

The SoP is a key accountability agreement between YDMH and the Minister for Health. It recognises that resources are limited and that the allocation of these scarce resources needs to be prioritised. The SoP incorporates both system-wide priorities set by the Victorian Government and agency specific priorities. A \$21,882 operating surplus (excluding capital, depreciation and specific items) was agreed in the 2020/2021 SoP for YDMH.

The final result for the year was an operating surplus of \$63,215. The major factors contributing to the surplus for the year were additional Department of Health grant revenue and additional patient and resident fees and Transition Care Program (TCP) patient revenue achieved.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of YDMH, the results of its operations or its state of affairs in future years.

Disclosure Index

The annual report of the Yea & District Memorial Hospital is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	2
FRD 22I	Purpose, functions, powers and duties	2
FRD 22I	Nature and range of services provided	3
FRD 22I	Activities, programs and achievements for the reporting period	4
FRD 22I	Significant changes in key initiatives and expectations for the future	4
Management and structure		
FRD 22I	Organisational structure	10
FRD 22I	Workforce data/employment and conduct principles	9
FRD 22I	Occupational Health and Safety	11
Financial information		
FRD 22I	Summary of the financial results for the year	23
FRD 22I	Significant changes in the financial position during the year	23
FRD 22I	Operational and budgetary objectives and performance against objectives	24
FRD 22I	Subsequent events	24
FRD 22I	Details of consultancies under \$10,000	12
FRD 22I	Details of consultancies over \$10,000	12
FRD 22I	Disclosure of ICT expenditure	12

Legislation	Requirement	Page Reference
Legislation		
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	13
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	13
FRD 22I	Application and operation of <i>Public Interest Disclosure Act 2012</i>	13
FRD 22I	Statement on National Competition Policy	13
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	13
FRD 22I	Summary of the entity's environmental performance	14
FRD 22I	Additional information available on request	17
Other relevant reporting directives		
FRD 25D	<i>Local Jobs First Act 2003</i> disclosures	15
SD 5.1.4	Financial Management Compliance attestation	22
SD 5.2.3	Declaration in report of operations	2
Attestations		
	Attestation on Data Integrity	21
	Attestation on managing Conflicts of Interest	21
	Attestation on Integrity, Fraud and Corruption	22
Other reporting requirements		
	▪ Reporting of outcomes from Statement of Priorities 2020-21	18
	▪ Occupational Violence reporting	11
	▪ Gender Equality Act	15
	▪ Asset Management Accountability Framework (AMAF)	15
	▪ Reporting obligations under the <i>Safe Patient Care Act 2015</i>	15



FINANCIAL REPORT

2020-21

24 August 2021

Yea & District Memorial Hospital

Financial Report

How this report is structured

Yea & District Memorial Hospital presents its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about Yea & District Memorial Hospital's stewardship of the resources entrusted to it.

	Page
Board member's, accountable officer's and chief finance & accounting officer's declaration	3
Auditor-General's Report	4
Comprehensive Operating Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10
Note 1: Basis of preparation	10
Note 1.1: Basis of preparation of the financial statements	10
Note 1.2: Impact of COVID-19 pandemic	10
Note 1.3: Abbreviations and terminology used in the financial statements	11
Note 1.4: Joint arrangements	11
Note 1.5: Key accounting estimates and judgements	12
Note 1.6: Accounting standards issued but not yet effective	12
Note 1.7: Goods and Services Tax (GST)	12
Note 1.8: Reporting entity	12
Note 2: Funding delivery of our services	13
Note 2.1: Revenue and income from transactions	13
Note 2.2: Fair value of assets and services received free of charge or for nominal consideration	15
Note 2.3: Other income	16
Note 3: The cost of delivering our services	17
Note 3.1: Expenses from transactions	18
Note 3.2: Employee benefits in the Balance Sheet	19
Note 3.3: Superannuation	20
Note 3.4: Other economic flows	20
Note 4: Key assets to support service delivery	21
Note 4.1: Property, plant and equipment	23
Note 4.2: Intangible assets	31
Note 4.3: Depreciation and amortisation	32
Note 5: Other assets and liabilities	33
Note 5.1: Receivables and contract assets	33
Note 5.2: Payables and contract liabilities	35
Note 5.3: Other liabilities	36
Note 6: How we finance our operations	37
Note 6.1: Borrowings	38
Note 6.2: Cash and cash equivalents	40
Note 7: Risks, contingencies and valuation uncertainties	41
Note 7.1: Financial instruments	41
Note 7.2: Financial risk management objectives and policies	43
Note 8: Other disclosures	46
Note 8.1: Reconciliation of net result for the year to net cash inflow / (outflow) from operating activities	47
Note 8.2: Responsible persons disclosures	47
Note 8.3: Remuneration of executives	48
Note 8.4: Related parties	48
Note 8.5: Remuneration of auditors	49
Note 8.6: Ex-gratia expenses	49
Note 8.7: Events occurring after the Balance Sheet date	50
Note 8.8: Joint arrangements	50
Note 8.9: Equity	51
Note 8.10: Economic dependency	50

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

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

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

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

We authorise the attached financial statements for issue on the 30 August 2021.



Ian Marshman AM
Board Chair

Yea
30 August 2021



Cameron Butler
Chief Executive Officer

Yea
30 August 2021



Peter Hutchinson
Chief Finance Officer

Yea
30 August 2021

Independent Auditor's Report

To the Board of Yea & District Memorial Hospital

Opinion	<p>I have audited the financial report of Yea & District Memorial Hospital (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <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	<p>As required by the <i>Audit Act 1994</i>, 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.</p>

Auditor's responsibilities for the audit of the financial report (continued)	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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MELBOURNE
20 September 2021



Dominika Ryan
as delegate for the Auditor-General of Victoria

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

	Note	Total 2021 \$	Total 2020 \$
Revenue and income from transactions			
Operating activities	2.1	6,806,132	6,341,916
Non-operating activities	2.1	113,437	206,789
Total revenue and income from transactions		6,919,569	6,548,705
Expenses from transactions			
Employee expenses	3.1	(4,830,673)	(4,456,673)
Supplies and consumables	3.1	(535,214)	(464,404)
Finance costs	3.1	(12,822)	(7,458)
Other administrative expenses	3.1	(819,486)	(754,234)
Other operating expenses	3.1	(486,033)	(433,002)
Depreciation and amortisation	3.1	(728,039)	(709,687)
Total expenses from transactions		(7,412,267)	(6,825,458)
Net result from transactions - net operating balance		(492,698)	(276,753)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	3.4	(4,845)	-
Net gain/(loss) on financial instruments	3.4	(1,740)	-
Other gain/(loss) from other economic flows	3.4	56,446	(11,746)
Total other economic flows included in net result		49,861	(11,746)
Net result for the year		(442,837)	(288,499)
Comprehensive result for the year		(442,837)	(288,499)

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

Yea & District Memorial Hospital

Balance Sheet as at 30 June 2021

	Note	Total 2021 \$	Total 2020 \$
Current assets			
Cash and cash equivalents	6.2	12,103,694	9,177,909
Receivables and contract assets	5.1	161,898	271,643
Prepaid expenses		67,243	54,252
Total current assets		12,332,835	9,503,804
Non-current assets			
Receivables and contract assets	5.1	400,256	330,637
Property, plant and equipment	4.1(a)	8,593,341	9,174,122
Intangible assets	4.2	2,689	11,981
Total non-current assets		8,996,286	9,516,740
Total assets		21,329,121	19,020,544
Current liabilities			
Payables and contract liabilities	5.2	1,162,004	336,482
Borrowings	6.1	13,895	16,178
Employee benefits	3.2	1,207,904	1,106,288
Other liabilities	5.3	5,733,890	3,854,168
Total current liabilities		8,117,693	5,313,116
Non-current liabilities			
Borrowings	6.1	55,678	56,683
Employee benefits	3.2	130,355	182,513
Total non-current liabilities		186,033	239,196
Total liabilities		8,303,726	5,552,312
Net assets		13,025,395	13,468,232
Equity			
Property, plant and equipment revaluation surplus	4.1(f)	8,841,434	8,841,434
Restricted specific purpose reserve	SCE	45,478	45,478
Contributed capital	SCE	2,447,448	2,447,448
Accumulated deficit	SCE	1,691,035	2,133,872
Total equity		13,025,395	13,468,232

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

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

	Property, plant & equipment revaluation surplus \$	Restricted specific purpose surplus \$	Contributed capital \$	Accumulated deficits \$	Total \$
Balance at 1 July 2019	8,841,434	45,478	2,447,448	2,422,371	13,756,731
Net result for the year	-	-	-	(288,499)	(288,499)
Balance at 30 June 2020	8,841,434	45,478	2,447,448	2,133,872	13,468,232
Transfers	-	-	-	-	-
Net result for the year	-	-	-	(442,837)	(442,837)
Balance at 30 June 2021	8,841,434	45,478	2,447,448	1,691,035	13,025,395

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

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

	Total 2021 \$	Total 2020 \$
Cash flows from operating activities		
Operating grants from government	6,129,549	5,104,622
Capital grants from government - Commonwealth	14,032	13,825
Patient and resident fees received	905,817	643,439
Donations and bequests received	4,257	-
GST received from ATO	156,832	162,409
Interest income received	113,226	198,214
Other receipts	356,189	317,974
Total receipts	7,679,902	6,440,484
Employee expenses paid	(4,501,962)	(4,430,876)
Non salary labour costs	(182,653)	(174,400)
Payments for supplies and consumables	(1,580,767)	(1,566,919)
Payments for medical indemnity insurance	(25,000)	(24,339)
Payments for repairs and maintenance	(149,064)	(136,099)
Finance costs	(163)	(235)
GST paid to ATO	(11,057)	(9,145)
Cash outflow for leases	(13,659)	(5,207)
Payment for share of Hume Rural Health Alliance	(83,721)	(69,920)
Total payments	(6,548,046)	(6,417,140)
Net cash flows from/(used in) operating activities	8.1 1,131,856	23,344
Cash flows from investing activities		
Purchase of property, plant and equipment	(82,504)	(146,798)
Capital donations and bequests received	-	49,732
Purchase of intangible assets	-	(5,972)
Net cash flows from/(used in) investing activities	(82,504)	(103,038)
Cash flows from financing activities		
Proceeds from borrowings	397	65,427
Receipt of accommodation deposits	2,850,000	1,370,000
Repayment of accommodation deposits	(970,279)	(989,807)
Repayment of finance leases	(3,685)	(5,027)
Net cash flows from/(used in) financing activities	1,876,433	440,593
Net increase in cash and cash equivalents held	2,925,785	360,899
Cash and cash equivalents at beginning of year	9,177,909	8,817,010
Cash and cash equivalents at end of year	6.2 12,103,694	9,177,909

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

Note 1: Basis of preparation

Structure

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

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

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

Note 1.1: Basis of preparation of the financial statements

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

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

Yea & District Memorial Hospital is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" hospital under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

Yea & District Memorial Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

The financial statements are prepared on a going concern basis (refer to Note 8.10: Economic dependency).

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Yea & District Memorial Hospital on 30 August 2021.

Note 1.2: Impact of COVID-19 pandemic

In March 2020, a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Yea & District Memorial Hospital was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Yea & District Memorial Hospital operates.

Note 1.2: Impact of COVID-19 pandemic (continued)

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

- introducing restrictions on non-essential visitors including volunteer services
- greater utilisation of telehealth services
- implementing reduced visitor hours
- performing COVID-19 testing
- implementing facility entry requirements for all staff and visitors including temperature checks, QR scanning and entry attestations
- single workplace requirement for healthcare workers
- implementing work from home arrangements where appropriate.
- increased reporting on bed utilisation, COVID-19 staff impact and testing numbers

In line with the current State Government guidelines and restrictions, the above measures are still in effect at Yea & District Memorial Hospital.

The financial impacts of the pandemic are disclosed at:

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

Note 1.3: Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include interpretations
CEO	Chief Executive Officer
CFO	Chief Finance Officer
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	<i>Financial Management Act 1994</i>
FRD	Financial Reporting Direction
HRHA	Hume Rural Health Alliance
SD	Standing Direction
VAGO	Victorian Auditor General's Office
VMIA	Victorian Managed Insurance Authority

Note 1.4: Joint arrangements

Interests in joint arrangements are accounted for by recognising Yea & District Memorial Hospital's share of assets and liabilities and any revenue and expenses of such joint arrangements within the financial statements.

Yea & District Memorial Hospital has the following joint arrangement:

- Hume Rural Health Alliance (HRHA) - Joint venture agreement for ICT services

Under the *Health Services Act 1988*, all public hospitals and public health services must enter into an Alliance within the region where they are geographically located and operate in accordance with the terms of the joint venture agreement (JVA). These requirements form part of the funding conditions for Yea & District Memorial Hospital under the health service agreements entered by the department, or under the relevant statement of priorities.

Yea & District Memorial Hospital as a mandatory Alliance member is jointly responsible for the operation of HRHA.

Details of the joint arrangements are further set out in Note 8.8.

Note 1.5: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.6: Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Yea & District Memorial Hospital and their potential impact when adopted in future periods is outlined below:

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

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

Note 1.7: Goods and Services Tax (GST)

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

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

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

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

Note 1.8: Reporting entity

The financial statements include all the controlled activities of Yea & District Memorial Hospital.

The principal address is:

45 Station Street
Yea, Victoria 3717

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

Note 2: Funding delivery of our services

Yea & District Memorial Hospital's overall objective is to provide quality health services that promote healthy communities and improve the quality of life of Victorians. Yea & District Memorial Hospital is predominantly funded through block funding for the provision of outputs. Yea & District Memorial Hospital also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

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

2.3 Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 pandemic because the health service's response was limited to implementing COVID safe practices.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Yea & District Memorial Hospital applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Yea & District Memorial Hospital to recognise revenue as or when the hospital transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Yea & District Memorial Hospital applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Yea & District Memorial Hospital applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the hospital's progress as this is deemed to be the most accurate reflection of the stage of completion.

Note 2.1: Revenue and income from transactions

	Total 2021 \$	Total 2020 \$
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	67,282	147,724
Government grants (Commonwealth) - Operating	1,312,788	1,201,129
Patient and resident fees	860,763	695,786
Patient fees - Transition care	106,939	44,421
Commercial activities ⁱ	94,093	82,707
Total revenue from contracts with customers	2,441,865	2,171,767
Other sources of income		
Government grants (State) - Operating	4,081,993	3,845,203
Government grants (State) - Capital	14,032	13,825
Government grants (Commonwealth) - Capital	52,415	73,516
Assets received free of charge or for nominal consideration	60,308	56,530
Other revenue from operating activities (including non-capital donations)	155,519	181,075
Total other sources of income	4,364,267	4,170,149
Total revenue and income from operating activities	6,806,132	6,341,916

Note 2.1: Revenue and income from transactions (continued)

	Total 2021 \$	Total 2020 \$
Non-operating activities		
Income from other sources		
Capital interest	11,759	48,003
Other interest	101,678	158,786
Total income other sources of income	113,437	206,789
Total income from non-operating activities	113,437	206,789
Total revenue and income from transactions	6,919,569	6,548,705

Commercial activities represent business activities which Yea & District Memorial Hospital enters into to support operations.

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, Yea & District Memorial Hospital:

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

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

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix for TAC & DVA patients.	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>

Capital grants

Where Yea & District Memorial Hospital receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Yea & District Memorial Hospital's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Note 2.1: Revenue and income from transactions (continued)

Patient and resident fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Private practice fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial activities

Revenue from commercial activities includes items such as catering and medical clinic fees. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

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

	Total 2021 \$	Total 2020 \$
Cash donations and gifts	-	49,732
Personal protective equipment	60,308	6,798
Total fair value of assets and services received free of charge or for nominal consideration	60,308	56,530

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

Donations and bequests are generally recognised as income upon receipt (which is when Yea & District Memorial Hospital usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment was centralised.

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

Voluntary Services

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

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Yea & District Memorial Hospital as follows:

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

Note 2.3: Other income

	Total 2021 \$	Total 2020 \$
Capital interest	11,759	48,003
Other interest	101,678	158,786
Total other income	113,437	206,789

How we recognise other income

Interest income

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

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by Yea & District Memorial Hospital in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision services are recorded.

Structure

- 3.1 Expenses from transactions
- 3.2 Employee benefits in the Balance Sheet
- 3.3 Superannuation
- 3.4 Other economic flows

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 pandemic because its response was limited to implementing COVID safe practices.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 3.1: Expenses from transactions

	Note	Total 2021 \$	Total 2020 \$
Salaries and wages		3,688,240	3,452,492
On-costs		939,759	795,054
Fee for service medical officer expenses		166,048	158,545
Workcover premium		36,626	50,582
Total employee expenses		4,830,673	4,456,673
Drug supplies		31,718	42,087
Medical and surgical supplies (including Prostheses)		108,659	48,742
Diagnostic and radiology supplies		10,396	9,426
Other supplies and consumables		384,441	364,149
Total supplies and consumables		535,214	464,404
Finance costs		12,822	7,458
Total finance costs		12,822	7,458
Other administrative expenses		819,486	754,234
Total other administrative expenses		819,486	754,234
Fuel, light, power and water		130,302	139,085
Repairs and maintenance		135,513	123,726
Maintenance contracts		109,282	103,374
Medical indemnity insurance		23,379	24,339
Expenses related to leases of low value assets		12,417	4,734
Expenditure for capital purposes		75,140	37,744
Total other operating expenses		486,033	433,002
Total operating expense		6,684,228	6,115,771
Depreciation and amortisation	4.3	728,039	709,687
Total depreciation and amortisation		728,039	709,687
Total non-operating expense		728,039	709,687
Total expenses from transactions		7,412,267	6,825,458

How we recognise expenses from transactions

Expense recognition

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

Employee Expenses

Employee expenses include:

- salaries and wages (including fringe benefits tax, termination payments)
- on-cost (leave entitlements, superannuation)
- fee for service medical officer expenses
- work cover premiums

Supplies and consumables

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

Finance costs

Finance costs include:

- interest on short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred)
- interest on Refundable Accommodation Deposits (RAD's)
- finance charges in respect of finance leases recognised in accordance with AASB 16 Leases.

Note 3.1: Expenses from transactions (continued)

Other operating expenses

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

- fuel, light and power
- repairs and maintenance
- other administrative expenses
- expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

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

Non-operating expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Employee benefits in the Balance Sheet

Current provisions

Accrued days off

Unconditional and expected to be settled wholly within 12 months ⁱ

Annual leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

Long service leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

Provisions related to employee benefit on-costs

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

Total current employee benefits

Non-current provisions

Conditional long service leave

Provisions related to employee benefit on-costs

Total non-current employee benefits

Total employee benefits

	Total 2021 \$	Total 2020 \$
	7,328	1,600
	7,328	1,600
	293,768	385,850
	131,284	35,311
	425,052	421,161
	109,841	84,880
	544,948	491,547
	654,789	576,427
	45,771	49,946
	74,964	57,154
	120,735	107,100
	1,207,904	1,106,288
	117,326	164,614
	13,029	17,899
	130,355	182,513
	1,338,259	1,288,801

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

How we recognise employee benefits

Employee benefit recognition

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

Provisions

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

Note 3.2: Employee benefits in the Balance Sheet (continued)

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 Yea & District Memorial Hospital does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if Yea & District Memorial Hospital expects to wholly settle within 12 months or
- Present value – if Yea & District Memorial Hospital does not expect to wholly settle within 12 months.

Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Yea & District Memorial Hospital does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Yea & District Memorial Hospital expects to wholly settle within 12 months or
- Present value – if Yea & District Memorial Hospital does not expect to wholly settle within 12 months.

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

Termination benefits

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

On-costs related to employee benefits

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

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

	Total 2021 \$	Total 2020 \$
Unconditional accrued days off	8,573	1,803
Unconditional annual leave entitlements	471,827	465,382
Unconditional long service leave entitlements	727,504	639,103
Total current employee benefits and related on-costs	1,207,904	1,106,288
Conditional long service leave entitlements	130,355	182,513
Total non-current employee benefits and related on-costs	130,355	182,513
Total employee benefits and related on-costs	1,338,259	1,288,801
Carrying amount at start of year	1,288,801	1,323,993
Additional provisions recognised	482,820	448,109
Amounts incurred during the year	(433,362)	(483,301)
Carrying amount at end of year	1,338,259	1,288,801

Note 3.3: Superannuation

	Paid contribution for the year	
	Total 2021 \$	Total 2020 \$
Defined benefit plansⁱ		
Aware	2,504	12,189
Total defined benefit plansⁱ	2,504	12,189
Defined contribution plans		
Aware	243,967	249,083
Hesta	124,861	108,139
Other	25,446	618
Total defined contribution plans	394,274	357,840
Total superannuation	396,778	370,029

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

There were no outstanding superannuation contributions due at the 30th June 2021.

How we recognise superannuation

Employees of Yea & District Memorial Hospital are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans

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

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

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

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

Defined contribution superannuation plans

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

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

Note 3.4: Other economic flows

	Total 2021 \$	Total 2020 \$
Net gain/(loss) on disposal of property plant and equipment (including intangible assets)	(4,845)	-
Total net gain/(loss) on non-financial assets	(4,845)	-
Allowance for impairment losses of contractual receivables	(1,740)	-
Total net gain/(loss) on financial instruments	(1,740)	-
Net gain/(loss) arising from revaluation of long service liability	56,446	(11,746)
Total other gains/(losses) from other economic flows	56,446	(11,746)
Total gains/(losses) from other economic flows	49,861	(11,746)

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gain or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Net gain/ (loss) on non-financial assets

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

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.1 Property, plant and equipment and Note 4.2 Intangible assets)
- 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.

Impairment of non-financial assets

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

Note 4: Key assets to support service delivery

Yea & District Memorial Hospital controls infrastructure and other investments that are utilised fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Yea & District Memorial Hospital to be utilised for delivery of those outputs.

Structure

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment	Yea & District Memorial Hospital obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, Yea & District Memorial Hospital estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.

Note 4: Key assets to support service delivery (continued)

Key judgements and estimates	Description
	Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	<p>Yea & District Memorial Hospital assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>Yea & District Memorial Hospital reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where Yea & District Memorial Hospital is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Yea & District Memorial Hospital applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Estimating the useful life of intangible assets	Yea & District Memorial Hospital assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Yea & District Memorial Hospital assesses impairment by evaluating the conditions and events specific to Yea & District Memorial Hospital that may be indicative of impairment triggers. Where an indication exists, Yea & District Memorial Hospital tests the asset for impairment.</p> <p>Yea & District Memorial Hospital considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> • if an asset's value has declined more than expected based on normal use • if a significant change in technological, market, economic or legal environment which adversely impacts the way the hospital uses an asset • if an asset is obsolete or damaged • if the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • if the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the hospital applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1: Property, plant and equipment

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

	Total 2021 \$	Total 2020 \$
Land at fair value - Freehold	731,000	731,000
Total land at fair value	731,000	731,000
Buildings at fair value	8,788,794	8,783,290
Less accumulated depreciation	(1,243,947)	(621,508)
Total buildings at fair value	7,544,847	8,161,782
Works in progress at fair value	11,724	9,024
Total land and buildings	8,287,571	8,901,806
Plant and equipment at fair value	381,185	317,768
Less accumulated depreciation	(272,856)	(245,863)
Total plant and equipment at fair value	108,329	71,905
Medical equipment at fair value	221,114	162,718
Less accumulated depreciation	(149,747)	(132,268)
Total medical equipment at fair value	71,367	30,450
Computer equipment at fair value	292,847	303,930
Less accumulated depreciation	(216,139)	(198,924)
Total computer equipment at fair value	76,708	105,006
Furniture and fittings at fair value	117,176	113,876
Less accumulated depreciation	(74,670)	(59,983)
Total furniture and fittings at fair value	42,506	53,893
Total plant, equipment, vehicles, furniture and fittings at fair value	298,910	261,254
HRHA Property, plant and equipment		
Property, plant and equipment at fair value	15,430	11,310
Less accumulated depreciation	(12,201)	(7,594)
Total property, plant and equipment at fair value	3,229	3,716
Right of use property, plant and equipment at fair value	5,089	9,770
Less accumulated depreciation	(1,458)	(2,424)
Total right of use property, plant and equipment at fair value	3,631	7,346
Total HRHA property, plant and equipment	6,860	11,062
Total property, plant and equipment	8,593,341	9,174,122

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

		Land	Buildings	Work in progress	Plant & equipment	Medical equipment	Computer equipment	Furniture & fittings	HRHA	Total
	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019		731,000	8,775,000	-	61,096	29,314	79,077	32,529	18,363	9,726,379
Additions		-	8,290	9,024	33,063	15,511	54,572	32,239	2,482	155,181
Disposals		-	-	-	-	-	-	-	(1,585)	(1,585)
Depreciation	4.3	-	(621,508)	-	(22,254)	(14,375)	(28,643)	(10,875)	(8,198)	(705,853)
Balance at 30 June 2020	4.1(a)	731,000	8,161,782	9,024	71,905	30,450	105,006	53,893	11,062	9,174,122
Additions		-	5,504	2,700	63,417	58,396	4,907	3,300	4,588	142,812
Depreciation	4.3	-	(622,439)	-	(26,993)	(17,479)	(33,205)	(14,687)	(8,790)	(723,593)
Balance at 30 June 2021	4.1(a)	731,000	7,544,847	11,724	108,329	71,367	76,708	42,506	6,860	8,593,341

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Yea & District Memorial Hospital in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

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

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

An independent valuation of Yea & District Memorial Hospital's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

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

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

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

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

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

Impairment

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

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

How we recognise right-of-use assets

Where Yea & District Memorial Hospital enters a contract, which provides the hospital with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

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

As a member of HRHA, Yea & District Memorial Hospital holds a percentage share of right of use assets entered into by HRHA on behalf of the agencies under the joint arrangement.

Right-of-use assets entered into as a HRHA member and their respective lease terms include:

Class of right-of-use asset	Lease term
Buildings	
Leased premises - 71 Williams Road, Shepparton	7 years
Plant and equipment	
Non-medical equipment	3 to 5 years
Computer equipment	3 to 5 years
ICT network infrastructure (WAN & LAN)	3 to 5 years

Presentation of right-of-use assets

Yea & District Memorial Hospital presents right-of-use assets as 'property plant equipment'.

Initial recognition

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

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

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

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

Subsequent measurement

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

Impairment

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

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

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

	Note	Carrying amount 30 June 2021 \$	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$	Level 2 ⁱ \$	Level 3 ⁱ \$
Non-specialised land		96,000		96,000	
Specialised land - Station Street, Yea		635,000			635,000
Total land at fair value	4.1(a)	731,000	-	96,000	635,000
Non-specialised buildings		312,200	-	312,200	-
Specialised buildings		7,232,647	-	-	7,232,647
Total buildings at fair value	4.1(a)	7,544,847	-	312,200	7,232,647
Plant and equipment at fair value	4.1(a)	108,329	-	-	108,329
Medical equipment at fair value	4.1(a)	71,367	-	-	71,367
Computer equipment at fair value	4.1(a)	76,708	-	-	76,708
Furniture and fittings at fair value	4.1(a)	42,506	-	-	42,506
Total plant, equipment, vehicles, furniture and fittings fair value		298,910	-	-	298,910
HRHA property, plant and equipment	4.1(a)	3,229	-	-	3,229
Total HRHA property, plant and equipment		3,229	-	-	3,229
Total property, plant and equipment at fair value		8,577,986	-	408,200	8,169,786

	Note	Carrying amount 30 June 2020 \$	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$	Level 2 ⁱ \$	Level 3 ⁱ \$
Non-specialised land		96,000	-	96,000	-
Specialised land - Station Street, Yea		635,000	-	-	635,000
Total land at fair value	4.1(a)	731,000	-	96,000	635,000
Non-specialised buildings		338,100	-	338,100	-
Specialised buildings		7,823,682	-	-	7,823,682
Total buildings at fair value	4.1(a)	8,161,782	-	338,100	7,823,682
Plant and equipment at fair value	4.1(a)	71,905	-	-	71,905
Medical equipment at fair value	4.1(a)	30,450	-	-	30,450
Computer equipment at fair value	4.1(a)	105,006	-	-	105,006
Furniture and fittings at fair value	4.1(a)	53,893	-	-	53,893
Total plant, equipment, vehicles, furniture and fittings fair value		261,254	-	-	261,254
HRHA property, plant and equipment	4.1(a)	3,716	-	-	3,716
Total HRHA property, plant and equipment		3,716	-	-	3,716
Total property, plant and equipment at fair value		9,157,752	-	434,100	8,723,652

ⁱ Classified in accordance with the fair value hierarchy.

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

	Note	Land \$	Buildings \$	Plant & equipment \$	Medical equipment \$	Computer equipment \$	Furniture & fittings \$	HRHA \$
Balance at 1 July 2019	4.1(b)	635,000	8,411,000	61,096	29,314	79,077	32,529	18,363
Additions/(Disposals)	4.1(b)	-	8,290	33,063	15,511	54,572	32,239	897
Gains/(losses) recognised in net result								
- Depreciation and amortisation	4.3	-	(595,608)	(22,254)	(14,375)	(28,643)	(10,875)	(8,198)
Balance at 30 June 2020	4.1(c)	635,000	7,823,682	71,905	30,450	105,006	53,893	11,062
Additions/(Disposals)	4.1(b)	-	-	63,417	58,396	4,907	3,300	704
Gains/(losses) recognised in net result								
- Depreciation and amortisation	4.3	-	(591,035)	(26,993)	(17,479)	(33,205)	(14,687)	-
Balance at 30 June 2021	4.1(c)	635,000	7,232,647	108,329	71,367	76,708	42,506	11,766

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

Note 4.1(e): Fair value determination

Asset class	Likely valuation approach	Significant inputs (Level 3)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community service obligations (CSO) adjustments ⁽ⁱ⁾
Non-specialised buildings	Market approach	N/A
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

How we measure fair value

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

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

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

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is Yea & District Memorial Hospital's independent valuation agency.

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Note 4.1(e): Fair value determination (continued)

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, Yea & District Memorial Hospital has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-specialised land and non-specialised buildings

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

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

Specialised land and specialised buildings

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

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

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

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

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

Note 4.1(e): Fair value determination (continued)

Vehicles

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

Furniture, fittings, plant and equipment

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

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

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

	Note	Total 2021 \$	Total 2020 \$
Balance at the beginning of the reporting period		8,841,434	8,841,434
Balance at the end of the reporting period		8,841,434	8,841,434
Represented by:			
- Land		349,090	349,090
- Buildings		8,491,202	8,491,202
- Plant and equipment		1,142	1,142
Total		8,841,434	8,841,434

Note 4.2: Intangible assets

Note 4.2(a): Intangible assets – Gross carrying amount and accumulated amortisation

	Total 2021 \$	Total 2020 \$
Intangible produced assets - software	26,423	26,423
Less accumulated amortisation	(24,409)	(22,713)
Total intangible produced assets - software	2,014	3,710
HRHA intangible produced assets - software	7,923	16,424
Less accumulated amortisation	(7,248)	(8,153)
Total HRHA intangible produced assets - software	675	8,271
Total intangible assets	2,689	11,981

Note 4.2(b): Intangible assets - Reconciliation of the carrying amount by class of asset

	Note	Software \$	HRHA Software \$	Total \$
Balance at 1 July 2019		-	9,842	9,842
Additions		5,088	886	5,974
Amortisation	4.3	(1,378)	(2,457)	(3,835)
Balance at 30 June 2020	4.2(a)	3,710	8,271	11,981
Disposals / write off		-	(4,845)	(4,845)
Amortisation	4.3	(1,696)	(2,751)	(4,447)
Balance at 30 June 2021	4.2(a)	2,014	675	2,689

How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Initial recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Impairment

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

Note 4.3: Depreciation and amortisation

Depreciation

Buildings
Plant and equipment
Vehicles
Medical equipment
Computer equipment
Furniture and fittings
HRHA - depreciation

Total depreciation

Amortisation

Software
HRHA - amortisation

Total amortisation

Total depreciation and amortisation

	Total 2021 \$	Total 2020 \$
	622,439	621,508
	23,679	18,940
	3,314	3,314
	17,479	14,375
	33,205	28,643
	14,687	10,875
	8,790	8,198
	723,593	705,853
	1,696	1,378
	2,751	2,457
	4,447	3,835
	728,040	709,688

How we recognise depreciation

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

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

How we recognise amortisation

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

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

	2021	2020
Buildings	10 to 35 years	10 to 35 years
Plant and equipment	5 to 10 years	5 to 10 years
Vehicles	7 years	7 years
Medical equipment	5 to 15 years	5 to 15 years
Computer equipment	3 to 10 years	3 to 10 years
Furniture and fittings	5 to 10 years	5 to 10 years
Intangible assets	1 to 3 years	1 to 3 years

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

Note 5: Other assets and liabilities

This section sets out the assets and liabilities that arose from Yea & District Memorial Hospital's operations.

Structure

- 5.1 Receivables and contract assets
- 5.2 Payables and contract liabilities
- 5.3 Other liabilities

Telling the COVID-19 story

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

Note 5: Other assets and liabilities (continued)

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Yea & District Memorial Hospital uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Yea & District Memorial Hospital has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Yea & District Memorial Hospital applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	Yea & District Memorial Hospital applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the hospital assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables and contract assets

	Note	Total 2021 \$	Total 2020 \$
Current receivables and contract assets			
Contractual			
Trade debtors		31,523	22,860
Patient fees		92,094	145,165
Provision for impairment		(1,740)	-
Accrued revenue - Department of Health		-	63,669
Accrued revenue		-	11,891
HRHA - receivables		13,616	14,974
Total contractual receivables		135,493	258,559
Statutory			
GST receivable		26,405	13,084
Total statutory receivables		26,405	13,084
Total current receivables and contract assets		161,898	271,643
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		400,256	330,637
Total contractual receivables		400,256	330,637
Total non-current receivables and contract assets		400,256	330,637
Total receivables and contract assets		562,154	602,280
(i) Financial assets classified as receivables and contract assets in Note 7.1(a)			
Total receivables and contract assets		562,154	602,280
Provision for impairment		1,740	-
GST receivable		(26,405)	(13,084)
Total financial assets	7.1(a)	537,489	589,196

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

	Total 2021 \$	Total 2020 \$
Balance at the beginning of the year	-	25,491
Increase in allowance	(1,740)	-
Amounts written off during the year	-	(7,912)
Reversal of unused allowance recognised in the net result	-	(17,579)
Balance at the end of the year	(1,740)	-

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The hospital holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Yea & District Memorial Hospital applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Yea & District Memorial Hospital is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.1(a) for Yea & District Memorial Hospital's contractual impairment losses.

Note 5.2: Payables and contract liabilities

	Note	Total 2021 \$	Total 2020 \$
Current payables and contract liabilities			
Contractual			
Trade creditors		224,783	108,315
Accrued salaries and wages		59,800	19,754
Accrued expenses		128,264	124,722
Deferred grant income	5.2(a)	490,000	-
Contract liabilities		127,786	6,272
HRHA - payables		131,371	77,419
Total contractual payables		1,162,004	336,482
Total current payables and contract liabilities		1,162,004	336,482
(i) Financial liabilities classified as payables and contract liabilities in Note 7.1(a)			
Total current payables and contract liabilities		1,162,004	336,482
Deferred grant income		(490,000)	-
Contract liabilities		(127,786)	(6,272)
Total financial liabilities	7.1(a)	544,218	330,210

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Yea & District Memorial Hospital prior to the end of the financial year that are unpaid.
- **Statutory payables**, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2(a): Deferred capital grant revenue

	Total 2021 \$	Total 2020 \$
Opening balance of deferred grant income	-	-
Grant consideration for capital works received during the year	490,000	-
Closing balance of deferred grant income	490,000	-

Note 5.2: Payables and contract liabilities (continued)

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health to support the construction of shared staff amenities which supports physical distancing in light of the COVID-19 pandemic. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Yea & District Memorial Hospital satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Yea & District Memorial Hospital has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Yea & District Memorial Hospital expects to recognise all of the remaining deferred capital grant revenue for capital works by the end of next year.

Maturity analysis of payables

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

Note 5.3: Other liabilities

	Note	Total 2021 \$	Total 2020 \$
Current monies held in trust			
Refundable accommodation deposits		5,733,890	3,854,168
Total current monies held in trust		5,733,890	3,854,168
Total other liabilities		5,733,890	3,854,168
Represented by:			
- Cash assets	6.2	5,733,890	3,854,168
		5,733,890	3,854,168

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/accommodation bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Yea & District Memorial Hospital upon admission to Rosebank hostel or nursing home. These deposits are liabilities which fall due and payable when the resident leaves the facility. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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

Note 6: How we finance our operations

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

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 because the Yea & District Memorial Hospital's response was funded by Government.

Note 6: How we finance our operations (continued)

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	Yea & District Memorial Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the hospital: <ul style="list-style-type: none"> • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Yea & District Memorial Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The hospital estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the hospital applies the low-value lease exemption. The hospital also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the hospital applies the short-term lease exemption.
Discount rate applied to future lease payments	Yea & District Memorial Hospital discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the hospital's lease arrangements, Yea & District Memorial Hospital uses its incremental borrowing rate, which is the amount the hospital would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Yea & District Memorial Hospital is reasonably certain to exercise such options. Yea & District Memorial Hospital determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), the hospital is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the hospital is typically reasonably certain to extend (or not terminate) the lease. • The hospital considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Note	Total 2021 \$	Total 2020 \$
Current borrowings			
Lease liability - HRHA ⁱ	6.1(a)	650	2,933
Advances from government ⁱⁱ		13,245	13,245
Total current borrowings		13,895	16,178
Non-current borrowings			
Lease liability - HRHA ⁱ	6.1(a)	3,099	4,501
Advances from government ⁱⁱ		52,579	52,182
Total non-current borrowings		55,678	56,683
Total borrowings		69,573	72,861

ⁱ Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

ⁱⁱ These are secured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Yea & District Memorial Hospital has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

Defaults and breaches

During the current and prior year, there were no defaults and breaches of the DH loan.

Note 6.1(a): Lease liabilities

As a member of HRHA, Yea & District Memorial Hospital's holds a percentage share of the lease liabilities relating to leases entered into by HRHA on behalf of the agencies under the joint arrangement.

Yea & District Memorial Hospital's share of the lease liabilities are summarised below:

	Total 2021 \$	Total 2020 \$
Total undiscounted lease liabilities	4,033	8,862
Less unexpired finance expenses	(284)	(396)
Net lease liabilities	3,749	8,466

Note 6.1: Borrowings (continued)

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

	Total 2021 \$	Total 2020 \$
Not longer than one year	1,125	3,616
Longer than one year but not longer than five years	2,908	5,246
Minimum future lease liability	4,033	8,862
Less unexpired finance expenses	(284)	(396)
Present value of lease liability	3,749	8,466
Represented by:		
- Current lease liabilities	650	3,472
- Non-current lease liabilities	3,099	4,995
	3,749	8,466

How we recognise lease liabilities

As a member of HRHA, Yea & District Memorial Hospital holds a percentage share of right of use assets entered into by HRHA on behalf of the agencies under the joint arrangement.

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

To apply this definition, Yea & District Memorial Hospital ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Yea & District Memorial Hospital and for which the supplier does not have substantive substitution rights
- Yea & District Memorial Hospital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Yea & District Memorial Hospital has the right to direct the use of the identified asset throughout the period of use and
- Yea & District Memorial Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Leases entered into by HRHA on behalf of the agencies under the joint arrangement consist of the following:

Type of asset leased	Lease term
Buildings	7 years
Leased premises - 71 Williams Road, Shepparton	
Plant and equipment	
Non-medical equipment	3 to 5 years
Computer equipment	3 to 5 years
ICT network infrastructure (WAN & LAN)	3 to 5 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. As a member of HRHA, Yea & District Memorial Hospital holds a percentage share of the low value leases entered into by HRHA on behalf of the member agencies under the joint

The following low value lease payments are recognised in profit or loss:

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	Computer equipment

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Note 6.1: Borrowings (continued)

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.

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

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

The following HRHA lease arrangements, contain extension options:

- Leased premises - 71 Williams Road, Shepparton

The extension option held are exercisable only by the Alliance members and not by the respective lessor.

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

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Note 6.2: Cash and cash equivalents

	Total 2021 \$	Total 2020 \$
Note		
Cash on hand (excluding monies held in trust)	400	400
Cash at bank (excluding monies held in trust)	506,512	69,437
Cash at bank - CBS (excluding monies held in trust)	5,648,551	5,090,825
HRHA - cash and cash equivalents	214,341	161,584
Total cash held for operations	6,369,804	5,322,246
Cash at bank - CBS (monies held in trust)	5,733,890	3,855,663
Total cash held as monies in trust	5,733,890	3,855,663
Total cash and cash equivalents	12,103,694	9,177,909

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

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 Yea & District Memorial Hospital's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1(a): Categorisation of financial instruments

	Note	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
30 June 2021				
Contractual financial assets				
Cash and cash equivalents	6.2	12,103,694	-	12,103,694
Receivables and contract assets				
- Trade debtors and patient fees	5.1	123,617	-	123,617
- Other receivables and contract assets	5.1	413,872	-	413,872
Total financial assetsⁱ		12,641,183	-	12,641,183
Financial liabilities				
Payables	5.2	-	544,218	544,218
Borrowings				
- DH loan	6.1	-	3,749	3,749
- Finance leases	6.1	-	65,824	65,824
Other Financial Liabilities				
- Refundable accommodation bonds	5.3	-	5,733,890	5,733,890
Total financial liabilitiesⁱ		-	6,347,681	6,347,681
30 June 2020				
Contractual financial assets				
Cash and cash equivalents	8.7	9,177,909	-	9,177,909
Receivables and contract assets				
- Trade debtors and patient fees	5.1	168,025	-	168,025
- Other receivables and contract assets	5.1	421,171	-	421,171
Total financial assetsⁱ		9,767,105	-	9,767,105

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

		Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
	Note			
Financial liabilities				
Payables	5.2	-	330,210	330,210
Borrowings				
- DH loan	6.1	-	7,434	7,434
- Finance leases	6.1	-	65,427	65,427
Other Financial Liabilities				
- Refundable accommodation bonds	5.3	-	3,854,168	3,854,168
Total financial liabilitiesⁱ		-	4,257,239	4,257,239

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

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

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

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

Yea & District Memorial Hospital recognises the following assets in this category:

- cash and cash equivalents
- receivables (excluding statutory receivables)

Categories of financial liabilities

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

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

Financial liabilities at amortised cost

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

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

Yea & District Memorial Hospital recognises the following liabilities in this category:

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired or
- Yea & District Memorial Hospital retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement or
- Yea & District Memorial Hospital has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Yea & District Memorial Hospital has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Yea & District Memorial Hospital's continuing involvement in the asset.

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Yea & District Memorial Hospital's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

As a whole, Yea & District Memorial Hospital's seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

Yea & District Memorial Hospital's main financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk. Yea & District Memorial Hospital manages these financial risks in accordance with its financial risk management policy.

Yea & District Memorial Hospital uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2(a): Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Yea & District Memorial Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Yea & District Memorial Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

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

In addition, Yea & District Memorial Hospital does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Yea & District Memorial Hospital's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Yea & District Memorial Hospital will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Yea & District Memorial Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Yea & District Memorial Hospital's credit risk profile in 2020-21.

Impairment of financial assets under AASB 9

Yea & District Memorial Hospital records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the hospital's contractual receivables.

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

Contractual receivables at amortised cost

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

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

		Current	1 - 3 months	3 months - 1 Year	1 - 5 years	Total
	Note	\$	\$	\$	\$	\$
30 June 2021						
Expected loss rate		0.00%	0.00%	0.00%	0.00%	
Gross carrying amount of contractual receivables	5.1	99,631	22,115	1,870	-	123,616
Loss allowance		-	-	-	-	-
		Current	1 - 3 months	3 months - 1 Year	1 - 5 years	Total
	Note	\$	\$	\$	\$	\$
30 June 2020						
Expected loss rate		0.00%	0.00%	0.00%	0.00%	
Gross carrying amount of contractual receivables	5.1	164,465	25,339	9,244	4,773	203,821
Loss allowance		-	-	-	-	-

Note 7.2(a): Credit risk (continued)

Statutory receivables at amortised cost

Yea & District Memorial Hospital's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

Note 7.2(b): Liquidity risk

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

Yea & District Memorial Hospital is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. The hospital manages its liquidity risk by:

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

Yea & District Memorial Hospital's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

		Maturity Dates					
		Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 months - 1 Year	1 - 5 years
	Note	\$	\$	\$	\$	\$	\$
30 June 2021							
Payables	5.2	1,162,004	1,162,004	1,162,004	-	-	-
Borrowings	6.1						
- Finance leases		3,749	3,749	54	108	488	3,099
- DH loan		65,824	65,824	1,104	2,208	9,934	52,579
Other financial liabilities ⁽ⁱ⁾							
- Refundable Accommodation Deposits	5.3	5,733,890	5,733,890	5,733,890	-	-	-
Total financial liabilities		6,965,467	6,965,467	6,897,052	2,316	10,422	55,678
		Maturity Dates					
		Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 months - 1 Year	1 - 5 years
	Note	\$	\$	\$	\$	\$	\$
30 June 2020							
Payables	5.2	336,482	336,482	336,482	-	-	-
Borrowings	6.1						
- Finance leases		7,434	7,434	244	489	2,200	4,501
- DH loan		65,427	65,427	1,104	2,207	9,934	52,182
Other financial liabilities ⁽ⁱ⁾							
- Refundable Accommodation Deposits	5.3	3,854,168	3,854,168	3,854,168	-	-	-
Total financial liabilities		4,263,511	4,263,511	4,191,998	2,696	12,134	56,683

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

Note 7.2(c): Market risk

Yea & District Memorial Hospital's exposures to market risk are primarily through interest rate risk and foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

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

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Yea & District Memorial Hospital does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Yea & District Memorial Hospital has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Yea & District Memorial Hospital has minimal exposure to foreign currency risk.

Note 8: Other disclosures

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

Structure

- 8.1 Reconciliation of net result for the year to net cash inflow / (outflow) from operating activities
- 8.2 Responsible persons disclosures
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Ex-gratia expenses
- 8.7 Events occurring after the Balance Sheet date
- 8.8 Joint arrangements
- 8.9 Equity
- 8.10 Economic dependency

Telling the COVID-19 story

Other disclosures during the financial year were not materially impacted by the COVID-19 pandemic.

Note 8.2: Responsible persons disclosures (continued)

Remuneration of Responsible Persons

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

Income band	2021 No.	2020 No.
\$ 0 - \$9,999	9	8
Total number	9	8
	Total 2021	Total 2020
Total remuneration received or due and receivable by Responsible Persons from Yea & District Memorial Hospital amounted to:	33,103	24,056

Amounts relating to the Governing Board Members are disclosed in Yea & District Memorial Hospital's financial statements. Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

The Accountable Officer is employed by Mansfield District Hospital. Information regarding the remuneration of the Accountable Officer is disclosed within the respective statements of Mansfield District Hospital.

During the year, Yea & District Memorial Hospital paid \$56,914 (2020: \$47,636 to Mansfield District Hospital in relation to services provide by the Accountable Officer.

Note 8.3: Remuneration of executives

The Chief Finance Officer (CFO) is employed by GV Health. Information regarding the remuneration the CFO is disclosed within the respective financial statements of GV Health.

During the year Yea & District Memorial Hospital paid \$193,975 (2020: \$207,556) to GV Health in relation to services provided by the CFO and administrative staff.

Note 8.4: Related parties

Yea & District Memorial Hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled arrangements - a member of the Hume Rural Health Alliance and
- all public hospitals, public health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Yea & District Memorial Hospital directly or indirectly.

Key management personnel

The Board of Directors, CEO and CFO of Yea & District Memorial Hospital are deemed to be KMPs. This includes the following:

Entity	KMPs	Position title
Yea & District Memorial Hospital	Ian Marshman AM	Chair of the Board
Yea & District Memorial Hospital	Dr. Sarah Anderson	Board member
Yea & District Memorial Hospital	Jo-Anne Cavill	Board member
Yea & District Memorial Hospital	Kirstie Fotheringham	Board member
Yea & District Memorial Hospital	Dylan Hesselberg	Board member
Yea & District Memorial Hospital	Dr. Jennifer Keast	Board member
Yea & District Memorial Hospital	Gary Pollard	Board member
Yea & District Memorial Hospital	Teresa Smith	Board member
Yea & District Memorial Hospital	Kerry Stubbings	Board member
Yea & District Memorial Hospital	Cameron Butler	Chief Executive Officer
Yea & District Memorial Hospital	Peter Hutchinson	Chief Finance Officer

Note 8.4: Related parties (continued)

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

	Total 2021	Total 2020
Compensation - KMPs		
Short-term employee benefits	88,908	76,456
Post-employment benefits	1,109	-
Totalⁱ	90,017	76,456

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

Significant transactions with government related entities

Yea & District Memorial Hospital received funding from the Department of Health of \$4,737,324 (2020 \$3,921,246) and indirect contributions of \$16,606 (2020 \$5,601). Balances outstanding as at 30 June 2021 are \$65,824 (2020 \$65,427) in relation to loans issued by DH.

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

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

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

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with Yea & District Memorial Hospital, 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 2021 (2020: none).

There were no related party transactions required to be disclosed for Yea & District Memorial Hospital Board of Directors, CEO and CFO in 2021 (2020: none).

Note 8.5: Remuneration of auditors

	Total 2021	Total 2020
Victorian Auditor-General's Office		
Audit of the financial statements	16,900	28,055
Total remuneration of auditors	16,900	28,055

Note 8.6: Ex-gratia expenses

In accordance with FRD 11A *Disclosure of ex-gratia expenses*, there were no ex-gratia expenses required to be disclosed for Yea & District Memorial Hospital in 2021 (2020: none).

Note 8.7: Events occurring after the Balance Sheet date

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of Yea & District Memorial Hospital, the results of its operations or its state of affairs in future years.

Note 8.8: Joint arrangements

Name of arrangement	Principle activity	Ownership interest	
		2021 %	2020 %
Hume Rural Health Alliance (HRHA)	HRHA primary purpose is to provide members with a wide range of core ICT products and services in order to meet the Hume region's priorities and needs. The Alliance members have committed to ICT investment facilitation, project delivery, workplace services, business application services, collaboration services and vendor management.	2.04	1.85

Yea & District Memorial Hospital's interest in assets and liabilities of the above joint arrangement is detailed below. The amounts are included within the financial statements under their respective categories:

	Total 2021 \$*	Total 2020 \$*
Current assets		
Cash and cash equivalents	214,341	161,584
Receivables	13,616	14,974
Prepaid expenses	4,968	2,037
Total current assets	232,925	178,595
Non-current assets		
Property, plant and equipment	6,860	11,062
Intangible assets	675	8,271
Total non-current assets	7,535	19,333
Total assets	240,460	197,928
Current liabilities		
Payables	131,371	77,419
Borrowings	650	2,933
Total current liabilities	132,021	80,352
Non-current liabilities		
Borrowings	3,099	4,501
Total non-current liabilities	3,099	4,501
Total liabilities	135,120	84,853
Net assets	105,340	113,075

Note 8.8: Joint arrangements (continued)

Yea & District Memorial Hospital's interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included within the financial statements under their respective categories:

	Total 2021 \$	Total 2020 \$*
Revenue		
Grants	59,629	60,877
Other income	72,468	92,043
Interest income	277	881
Total revenue	132,374	153,801
Expenses		
Management fees	41,888	36,018
Other expense from continuing operations	81,672	92,766
Finance costs	163	235
Depreciation and amortisation	16,386	10,655
Total expenses	140,109	139,674
Net result	(7,735)	14,127

*Figures obtained from the audited Hume Rural Health Alliance annual report.

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by Hume Rural Health Alliance at balance date.

Note 8.9: Equity

Contributed capital

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

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

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

Specific restricted purpose reserves

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

Note 8.10: Economic dependency

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

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