



*Empowering
People for
Health*



ANNUAL REPORT 2020 - 2021

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DISCLOSURE INDEX

The Annual Report of the Tallangatta Health Service 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.

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Charter and purpose		
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Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for the Tallangatta Health Service for the year ending 30 June 2021.



Ann Eagle
Board Chair
Tallangatta Health Service
27/08/2021

The Annual Report of 2020 – 2021 also meets Standing Directions of the Assistant Treasurer and the Financial Reporting Directions.

Auditor 2020-21

Auditor General, Victoria

Johnsons MME (Agents)

ATTESTATIONS

Conflict of Interest

I, Denise Parry, certify that Tallangatta Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolios 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 Tallangatta Health Service and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Denise Parry
Accountable Officer
Tallangatta Health Service
27/08/2021

Data Integrity

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



Denise Parry
Accountable Officer
Tallangatta Health Service
27/08/2021

Financial Management Compliance

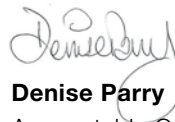
I, Ann Eagle, on behalf of the Responsible Body, certify that the Tallangatta Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Ann Eagle
Responsible Officer
Tallangatta Health Service
27/08/2021

Integrity, Fraud, and Corruption

I, Denise Parry, certify that Tallangatta Health Service has put in place appropriate internal controls and processes to ensure that Integrity, Fraud and Corruption risks have been reviewed and addressed at Tallangatta Health Service during the year.



Denise Parry
Accountable Officer
Tallangatta Health Service
27/08/2021

KEY PERSONNEL - As at 30 June 2021

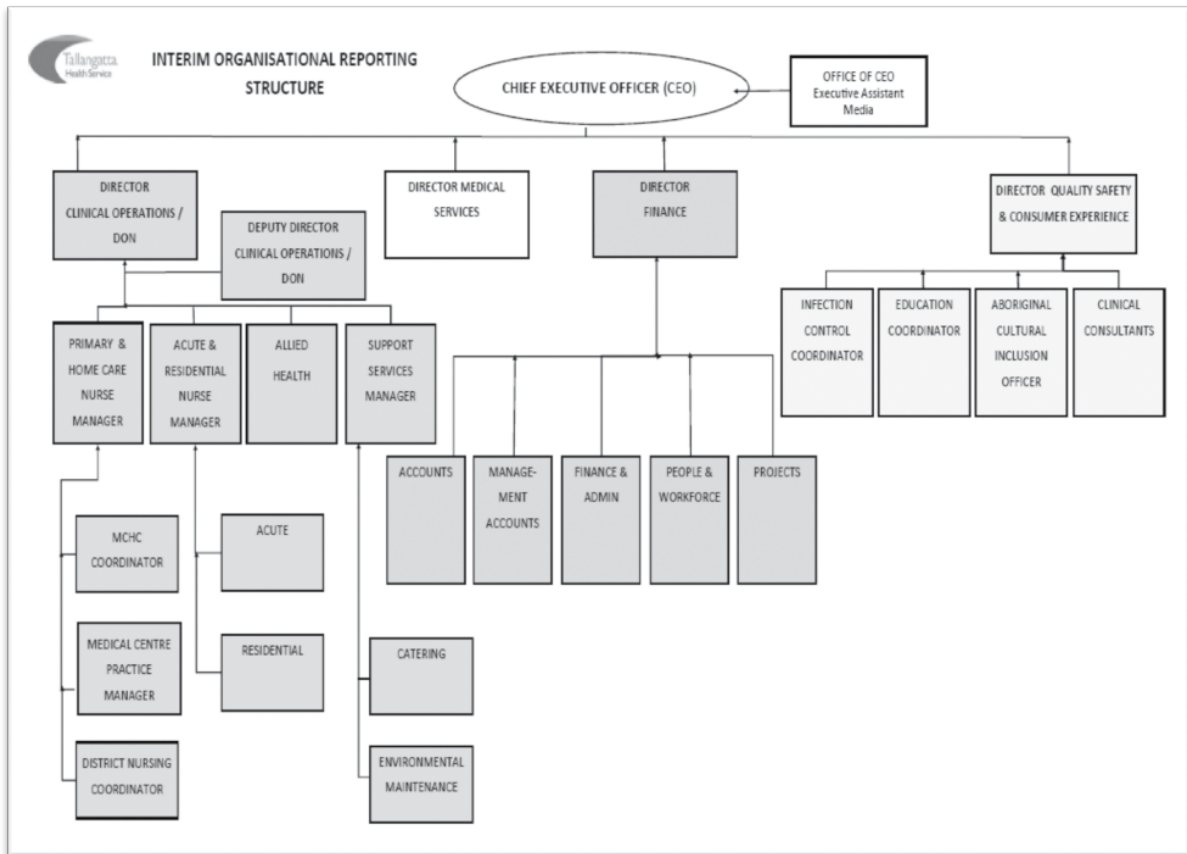
Executive Staff

Chief Executive Officer:	Denise Parry – M(HSM), BECS, RN, RM, GAICD, CHIA
Director of Clinical Operations & Nursing	Lynette Lang – RN, BHlthSc(Nursing), BEd, MEd, Cert IV TAA, GradCert (CompManuf)
Interim Director of Finance:	Farhad Ramjaun – CPA
Director Quality Safety & Consumer Experience:	Adrian Walker – BAppSc(MedRad), MAppSc(MedRad)

Medical Officers

Director of Medical Services:	Dr Patrick Giddings – OAM, FRACGP, FACMA, FAICD
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TALLANGATTA HEALTH SERVICE ORGANISATIONAL CHART



BOARD CHAIR REPORT

It is with great pleasure that I present the Annual Report for the Tallangatta Health Service for the 2020-2021 year.

On behalf of the Board I would like to thank all those who have contributed to our success in what has been another demanding but ultimately rewarding year for the health service.

The ongoing COVID-19 pandemic has tested our resilience, but the flexibility and adaptability of our staff has meant that we have been able to meet the challenges head on and succeed.

There have been a number of projects undertaken this year that reinforce our commitment to our community. We successfully undertook our NDIS Certification Audit which has enabled us to assist a new group of consumers in our community.

Automatic doors have been installed in Bolga Court for our residents, and the refurbishment of Lakeview is well underway. Members of our leadership team are enjoying weekly meals with the residents which provide the opportunity for discussion in a relaxed environment.

Due to COVID-19 restrictions the Board has not been able to meet with the residents as we have done in the past, but we did manage one informal session which provided great insight and valuable feedback. We hope to be able to sit down with them again soon for a meal.

As part of our commitment to the overall sustainability of the health service solar panels have been installed on the main building. Opportunities for further such investments in the future are being actively pursued.

The Board would like to thank all those who have taken the time during the year to respond to the People Matter Survey and more recently the Gender Equality Survey. The information gathered helps to inform our decision making and enables us to better understand the culture of the organisation.

On a personal note I would like to thank Julie Polmear for her years of commitment to Tallangatta Health Service. Julie came to the health service in 2013. As Director of Corporate Services, she provided the sound financial leadership that has been greatly appreciated by the Board. May she enjoy her retirement.

As I write this report we are going through the process of recruiting a new Chief Executive Officer. I would like to thank Denise Parry for her contribution to Tallangatta Health Service over the past 5 years. Denise has been a strong and versatile leader who has overseen many innovations that will stand the health service in good stead. We also wish her the best for her retirement.



Thank you to all the volunteers who have continued to support our staff and residents. Their valued contributions bring a level richness to our programs and enhance the lives of our residents. These connections with the community are essential for the ongoing success of Tallangatta Health Service.

A handwritten signature in black ink, appearing to read 'Ann Eagle'.

Ann Eagle
Board Chair

CHIEF EXECUTIVE OFFICER REPORT

It is with pride that on behalf of the Leadership Team and staff of Tallangatta Health Service I present our Annual Report. When I reflect on the year, it has again been one which has been influenced by COVID-19 in our work, home, and community life. As a rural health service, we cross all these boundaries in our daily work. Our vision of 'Empowering People for Health' has led our service responsiveness in ensuring that the individual is at the centre of what we do.

We cannot achieve our sense of purpose without a team where each individual is committed to their role, their team and the broader organisation. Our success has been achieved with their dedication and my heartfelt thanks goes to them. When I reflect on our achievements and how well each individual has empowered themselves through what has been a challenging year both during and outside work life, the word 'amazing' stands out. Every individual has been adaptable and demonstrates 'together we care.'

Our Strategic Direction 2018-27 Strategic Priorities are always in the forefront of our daily operations with the Leadership Team leading our key objectives. Our highlights for the year are shining examples of our achievements during the last year and the difference we make in our communities' health. Our response to COVID-19 has been adaptable and remained strong with improvements in the system as we adapt. Our project with Ambulance Victoria, advancing the role of the paramedic, has just been implemented and links with two of our strategic priorities. Infrastructure highlights include our installation of 99kwh renewable energy to the main buildings and our residential aged care refurbishments in Bolga Court. The installation of solar panels also links with our Global Green Healthy Hospital membership goals of Leadership and Energy. Our Community Garden and Living Well@Home projects have consumers connecting well. We were very excited to be chosen for the Future Earth Australia community science project, one of two in Australia. This links agricultural science with our Community Garden and is building sustainability into our garden design. Living our values of Integrity, Caring, Adaptable, Respect and Excellence each day has underpinned our success. Our shining star awards, where a staff member nominates a fellow colleague for living our values, has seen many nominations each month.

As part of our continuous quality improvement we have a feedback system to ensure that we hear how our consumers experience our services. This identifies what we do well and provides opportunities to do better. Over the year we had 88 items of feedback with 44 compliments, 29 complaints and 15 of general feedback. Thank you to all the consumers who took the time to share their experience of our service, it is much appreciated and contributed to quality improvements.

Whilst our volunteers have not been able to participate on site during the year due to COVID-19, we thank those who have continued their support for Tallangatta Health Service in other ways.

Tallangatta Health Service has strong beneficial partnerships with health services in our region which enhances our operations. The continuing response to COVID-19 highlights how well these partnerships work. Tallangatta Health Service is proud of our achievements together.

Our financial result this year was \$23,000 and represents all of our team working together to continue financial sustainability in challenging times. The State Government support in COVID-19 response funding has been welcomed.

As the Chief Executive Officer, I have been well supported by my Executive and Leadership Team. I am very privileged to have capable, competent and dedicated team members who continue to step up to leading our organisation and achieving our success. Lyn Lang was appointed into the newly named role of Director of Clinical Operations and Director of Nursing following the resignation of Linda Hudec as Director of Clinical Services. Thanks to Linda for her contribution, we wish her well. Adrian Walker was appointed to the role of Director of Quality, Safety and Consumer Experience. Julie Polmear, Director of Corporate Services decided to retire in April after seven years with Tallangatta Health Service. Julie has been a very capable leader with strong operational governance. We will miss Julie and thank her for her service. I especially thank her for her contribution as an executive member with expertise in her field, and her friendship to us all.

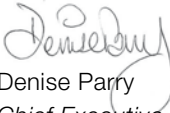
As an organisation we rely on strong governance at a strategic and operational level. The Board of Tallangatta Health Service governs our strategic direction and supports our operational team in achieving our vision. The operational team thank them for their leadership during the year and for supporting good governance.

Each time I have written this report over the last five years, the words to say thank you never seem enough to express appreciation to our team, when I reflect on all that is given every day by our staff who are the backbone of our organisation. Our staff health and wellbeing initiatives have been targeted at supporting staff in their work life and ensure they feel valued.

Our team can stand proud to their contribution to empowering people for health.

As I end this report I also end my tenure as Chief Executive Officer. Time has come for retirement from fulltime work. This decision is filled with sadness as well as joy, as I think of the time I will now have for family. I feel very privileged to have been the leader of this organisation for over five years and am proud of our achievements. This has been with the support of a team who cares about ensuring their contribution delivers the best experience possible for consumers. I offer my sincere gratitude and thanks for being part of my team and always giving of yourselves for the benefit of others. I will miss you all and wish Tallangatta Health Service all the best for the future, as it will have a place in my heart always.

As we welcome the incoming Chief Executive Officer Vicki Pitcher, I'm sure she will bring her expertise that will lead Tallangatta Health Service through their next journey in empowering people for health.


Denise Parry
Chief Executive Officer



MINISTERS

Jenny Mikakos MP - Minister for Health, Minister for Ambulance Services

(From 1 July 2020 to 26 September 2020)

**The Honourable Martin Foley MP – Minister for Health, Minister for Ambulance Services,
Minister for Equality**

(From 26 September 2020 to 30 June 2021)

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

(From 1 July 2020 to 30 June 2021)

TALLANGATTA HEALTH SERVICE BOARD, OFFICE BEARERS, AND BOARD COMMITTEES as at 30 June 2021

Board Directors 2020-21

Ms Ann Eagle (Chair)

Ms Kelly Lees

Mr Robert Currie

Ms Amanda Solly

Mr Stephen Hogg

Mr Leonard Peady

Ms Amanda Tonks

Ms Michelle McDade

Mr Anthony Dunn

Finance & Audit Committee

Mr Stephen Hogg (Chair)

Ms Kelly Lees

Ms Amanda Tonks

Mr Anthony Dunn

Clinical Governance Committee

Ms Michelle McDade (Chair)

Mr Leonard Peady

Ms Amanda Solly

Ms Amanda Tonks

Dr Pat Giddings

Ms Karen Fletcher (external independent)

Mr Robert Lees (external independent)

Dr Nicholas Sharrock (external independent)

Consumer Engagement Advisory Group

Mr Robert Currie

Ms Kelly Lees

Ms Amanda Solly

Ms Maria Berry (external independent)

Ms Karen Fletcher (external independent)

BOARD & BOARD COMMITTEE MEETING ATTENDANCE

Board

Consists of 9 elected Board Directors and Executive representation

Board Meeting												Total Meetings Attended
Meeting Attendance	2020					2021						
	Jul	Aug	Sep	Oct	Nov	Jan	Feb	Mar	Apr	May	Jun	
CURRIE, Robert	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
DUNN, Anthony	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
EAGLE, Ann	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
HOGG, Stephen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
LEES, Kelly	✓	✓	✓	✓	✓	✓	x	✓	✓	x	✓	9/11
PEADY, Leonard	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	10/11
McDADE, Michelle	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
SOLLY, Amanda	✓	✓	✓	x	✓	✓	✓	x	✓	✓	x	8/11
TONKS, Amanda	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	10/11

Note: No meeting held December 2020.

Finance & Audit Committee

Consists of 4 elected Board Directors and Executive representation.

Directors (as at 30 June 2021)	Number of meetings held	Total attendances for year
4	4	14

Clinical Governance Committee

Consists of 4 elected Board Directors, 3 nominated community members, and Executive representation.

Directors (as at 30 June 2021)	Number of meetings held	Total attendances for year
4	4	12

Community Engagement Advisory Group

Consists of 3 elected Board Directors, 2 nominated community members, and Executive representation

Directors (as at 30 June 2021)	Number of meetings held	Total attendances for year
3	3	6

OUR STORY

Tallangatta Health Service functions under the Health Services Act 1988 (Victoria) and is delegated its functions by the Minister of Health. Tallangatta Health Service is a small rural health service funded by the Department of Health to provide public health services; and aged care with funding from the Department of Health (Commonwealth).

Our service operates within a Strategic Direction 2018-27 with a vision of *'Empowering people for health'*.

Our strategic priorities are:

Our care is relevant, safe, high quality and responsive;

Our infrastructure is planned for future needs;

Our partnering with communities cultivates connection;

Our workforce is adaptive, skilled and compassionate

Reports of strategic priority progress is provided regularly to the Board outlining our achievements towards our vision and each strategic priority.

WHO WE SERVE

Tallangatta Health Service has been providing local health services to the community of western Towong Shire and surrounding communities for over 100 years. We have an ageing population with emerging growth in the younger age groups. The health service is located next to the picturesque Lake Hume foreshore in Tallangatta.

Tallangatta Health Service works in partnership in the delivery of safe, person centred quality care. Key partners include, but are not limited to:

- Health providers in the Hume area
- Towong Alliance - Towong Shire, Corryong Health, Walwa Bush Nursing Centre
- Upper Hume Primary Care Partnership
- Murray Primary Health Network
- Consumers and community

HOW WE SERVE

An important part of our culture of care are our values which guide expected behaviours toward all our interactions with people we serve and with whom we work. Our values are:

- **Integrity**
- **Caring**
- **Adaptable**
- **Respect**
- **Excellence**

Our services are also provided in a best practice framework and are currently accredited under the National Safety and Quality Health Service Standards for acute care, Aged Care Quality Principles for residential aged care and community care, and General Practice Standards for the Medical Centre. NDIS certification audit was completed in April.

SERVICES WE PROVIDE

Our services are located onsite and within the community, consisting onsite of an acute hospital, residential aged care, medical centre and allied health. Our primary care services and community services are delivered in people's homes or within a community setting.

Acute Care

Consists of 15 beds providing:

- General/Sub Acute Care
- Post-Surgical/Medical Care
- Palliative Care
- Rehabilitation Care

Urgent Care

Our urgent care room is available for emergency care 24 hours a day, seven days a week. It generally cares for people after hours providing medical treatment that a General Practitioner would normally provide. Telehealth between Tallangatta Health Service and My Emergency Doctor enable a consultation with a medical officer. Any person presenting with higher care needs is transferred to Albury Wodonga Health.

Transition Care Program

Transition Care provides short term care that aims to optimise the functioning and independence of older people after an acute hospital episode. This program operates from our acute ward.

Residential Aged Care

Bolga Court is a fully accredited 36 bed aged care facility providing permanent residential, ageing in place care, and respite aged care.

Lakeview Nursing Home is a fully accredited 15 bed facility providing high level permanent residential and respite aged care.

Medical Centre

The Medical Centre provides general practitioner and other health professional services to the community, residential aged care, acute hospital and clients of funded services.

Primary Care

A variety of services are provided in primary care. These include Diabetes Education, Women's Health, Men's Health, Podiatry, Physiotherapy, Dietetics, and Mental Health services.

Home and Community Care

Home and Community Care services delivered include home maintenance, personal care, home care, domestic care, meals on wheels, allied health, nursing and planned activity groups. These services are provided to eligible clients, as assessed against My Aged Care criteria, or to fee paying clients. The Commonwealth Home Support Program (CHSP), National Disability Insurance Scheme (NDIS), Home and Community Care (HACC), and Veterans Home Care (VHC) are specific programs within this service.

SERVICE SUPPORTS

Workforce - our people

We employ approximately 170 staff across all our services in a culture of 'Together We Care'.

Our health professional workforce is multi-disciplinary with a dedicated nursing and allied health team and General Practitioner medical support. Our nursing division is led by our Director of Clinical Operations and Nursing and comprises of Nurse Practitioners, Credentialed Diabetes Educator, Registered Nurses, Infection Prevention Control Coordinator, Educators, Enrolled Nurses, Health Care Workers, and Lifestyle and Leisure Team. Our medical division is led by our Director of Medical Services who provides clinical leadership to our General Practitioner workforce who support both our Medical Centre and other clinical services. Our allied health team offers a range of professions such as Physiotherapy, Social Work, Occupational Therapy, Dietetics and Allied Health Assistants.

Our Corporate Services is responsible for financial governance and reporting, fire safety, environmental management, human resources, contract management and procurement oversight. Our Corporate Services team work collaboratively with our clinical workplace in supporting safe quality care. This workforce provides a range of services underpinning our operations including Administration, People, Workforce and Culture, Environmental Services, Information Technology, Finance, Maintenance / Grounds and Food Services.

All of our services are delivered within a risk and quality management system supported by our Director Quality Safety and Consumer Experience.

Volunteer Program – our community supports

Tallangatta Health Service has a dedicated, passionate group of volunteers who support residents and community clients to be as independent as possible and to live well. Support to our services this year has been disrupted by the pandemic response.

DISCLOSURES and STATEMENTS of COMPLIANCE

BUILDING ACT 1993

Tallangatta Health Service works within the building and maintenance provisions of the Building Act 1993. Tallangatta Health Service has completed and submitted all relevant information in regards to Annual Essential Safety Measures Report and Fire Safety Certificates for 2020/2021. Tallangatta Health Service has participated in VHBA Asset Condition Assessment Phase 4 and received a report in regards to building condition, electrical and HVAC systems.

CARER'S RECOGNITION 2012

The Carers Recognition Act 2012 formally acknowledges the important contribution that people in a care relationship make to our community and the unique knowledge that carers hold of the person in their care. The relevant policies and procedures of Tallangatta Health Service reflect the valuable role of the carer and the importance of their recognition.

ENVIRONMENTAL PERFORMANCE

Tallangatta Health Service reports on environmental performance on a regular basis to the Department of Health. The table below provides information on Tallangatta Health Service performance for the 2020-21 financial year.

	2021	2020
EXPENDITURE	(\$ Thousand)	(\$ Thousand)
Electricity (\$)	155	156
Liquefied gas (\$)	24	14
Diesel oil (\$)	0	1
Potable water (\$)	18	18
Waste collection & disposal cost (\$)	16	19
ENVIRONMENT IMPACTS	2021	2020
Clinical waste generation (kg)	161	181
General waste generation (kg)	44,329	38,987
Carbon emissions (tonnes CO2)	58	47
FACTORS INFLUENCING ENVIRONMENTAL IMPACTS	2021	2020
Floor area (m2)	5,282	5,282
Separations	61	38
Aged Care Bed Days	16,489	17,300

EX-GRATIA PAYMENTS

There has been one ex-gratia payment made during the reporting period.

FREEDOM OF INFORMATION ACT 1982

The Freedom of Information Act 1982 provides the public with the means to obtain health record information held by the Health Service. Tallangatta Health Service had one request from the general public during the 2020-21 period, which did not proceed as the information requested was not held.

Further information about Freedom of Information may be found on the Office of the Victorian Information Commissioner website at: <https://ovic.vic.gov.au/> or by accessing the Freedom of Information Act 1982 at: <https://www.legislation.gov.au/Details/C2018C00263>

Freedom of Information (FOI) requests can be made through Tallangatta Health Service by way of an FOI application form. This can be requested by phoning Tallangatta Health Service on 02 6071 5200 or emailing THS@ths.org.au

Fees and charges are set in accordance to the Freedom of Information (Access Charges) Regulations 2014. As at 1 July 2020 the application fee was \$29.60. Photocopy, postage, and supervision charges may also apply for release of information.

GENDER EQUALITY ACT 2020

Tallangatta Health Service has started its journey on completing their Gender Equality Action Plan. We have formed a working party and in May completed our employee experience survey.

LOCAL JOBS FIRST POLICY

Tallangatta Health Service abides by the Local Jobs First Policy. There was one new contract that commenced during the reporting period to which this policy applied.

NATIONAL COMPETITION POLICY

Tallangatta Health Service ensures that in accordance with government policy, competitive neutrality requirements were met as per the Competitive Neutrality Policy Victoria and subsequent reforms.

OCCUPATIONAL HEALTH AND SAFETY ACT 2004

Health and wellbeing is paramount and Tallangatta Health Service has a preventative approach to occupational health and safety and complies with the Occupational Health and Safety Act 2004. The organisation monitors its compliance through an Occupational Health and Safety Committee who meets regularly to work together to ensure that we provide and maintain a safe and healthy workplace. The committee includes both trained health and safety representatives and management representatives. All staff injuries and hazards in the workplace are reported and followed up via the Victorian Health Incident Management System (VHIMS). We support our staff both in the provision of training to reduce risk of injury and, if an injury does occur, a comprehensive return to work program. Each building on our grounds undergoes a hazard and risk inspection as per an annual calendar, with action plans put against any risks identified.

Tallangatta Health Service's approach to managing workers compensation and injury management is early intervention, collaboration and consultation between stakeholders, a positive reporting culture, and an effective Occupational Health Safety and Environment Committee. In addition, key trend analysis on occupational health and safety events and resolution is done each month in the VHIMS reports which promotes diligent and timely coordination of any hazard or event. Improving reporting, particularly near misses, has been a focus this year.

OCCUPATIONAL HEALTH AND SAFETY DATA

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2020 – 21	2019 – 20	2018 – 19
The number of reported hazards/incidents for the year per 100 FTE	87.4	59.3	34.6
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	2	5	1
The average cost per WorkCover claim for the year	\$6,656	\$14,080	\$38,000

PUBLIC INTEREST DISCLOSURE ACT 2012

The Public Interest Disclosure Act 2012 (Vic) aims to ensure openness and accountability by encouraging people to make disclosures about improper conduct within the public sector without fear of reprisal, offering them protection when they do so. There have been no public interest disclosures made in relation to Tallangatta Health Service during the reporting period.

SAFE PATIENT CARE ACT 2015

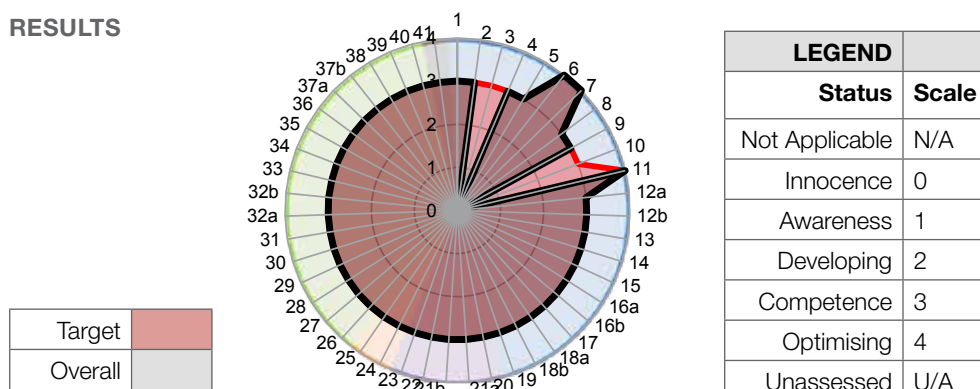
Tallangatta Health Service has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK (AMAF) MATURITY ASSESSMENT

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

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

RESULTS



LEADERSHIP AND ACCOUNTABILITY (REQUIREMENTS 1-19)

Tallangatta Health Service has met or exceeded its target maturity level under most requirements within this category.

Two requirements are not applicable to Tallangatta Health Service given that the asset management function is not outsourced.

PLANNING (REQUIREMENTS 20-23)

Tallangatta Health Service has met or exceeded its target maturity level in this category.

ACQUISITION (REQUIREMENTS 24 AND 25)

Tallangatta Health Service has met or exceeded its target maturity level in this category.

OPERATION (REQUIREMENTS 26-40)

Tallangatta Health Service has met or exceeded its target maturity level under all requirements within this category.

DISPOSAL (REQUIREMENT 41)

Tallangatta Health Service has met its target maturity level in this category.

DETAILS OF CONSULTANCIES (UNDER \$10,000)

In 2020-21, there were two consultancies where the total fees payable were less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies is \$8,885 (excl. GST).

Consultant	Purpose Of Consultancy	Start Date	End Date	Total Approved Project Fees (Excl GST)	Expenditure 2020-21 (Excl GST)	Future Expenditure (Excl GST)
JWP Architects	Design – Bolga Court Walkways	January 2021	January 2021	\$3,760	\$3,760	N/A
Medical Business Services	Review MBS billing system	March 2021	June 2021	\$5,125	\$5,125	N/A

DETAILS OF CONSULTANCIES (VALUED AT \$10,000 OR GREATER)

In 2020-21 there were three consultancies where the total fees payable to the consultant was \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$31,572 (excl. GST). Details of individual consultancies can be viewed in the Annual Report located at: www.tallangattahealthservice.com.au

Consultant	Purpose Of Consultancy	Start Date	End Date	Total Approved Project Fees (Excl GST)	Expenditure 2020-21 (Excl GST)	Future Expenditure (Excl GST)
JWP Architects	Lakeview Refurbishment	August 2019		\$44,740	\$3,675	\$11,393
JWP Architects	Strategic Plan/ Detailed Site Plan	August 2019	September 2020	\$47,100	\$14,300	N/A
Pride Living Pty Ltd	Aged Care	December 2020	January 2021	\$13,597	\$13,597	N/A

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2020-21 is \$659,104 (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) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$659,104	\$22,978	\$1,458	\$21,520

OCCUPATIONAL VIOLENCE

Occupational violence statistics	2020 - 2021
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported	23
4. Number of occupational violence incidents reported per 100 FTE	22.35
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

FOR THE PURPOSES OF THE OCCUPATIONAL VIOLENCE 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 rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted Workcover claims – accepted Workcover claims that were lodged in 2020-21.

Lost time – is defined as greater than one day.

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

ADDITIONAL INFORMATION AVAILABLE ON 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 the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;

- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, including any Aboriginal advisory or governance committees, 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.

STATEMENT OF PRIORITIES 2020-2021

The Statement of Priorities is the key document of accountability between the Department of Health and the Tallangatta Health Service.

The Purpose of the Statement of Priorities identifies the Victorian Government's priorities and policy directions in the Victorian Health Priorities Framework 2012-22. Tallangatta Health Service's Statement of Priorities contributes to the achievement of the Government's key priorities in 2020-21 through the articulation of the following specific Actions and Deliverables.

STRATEGIC PRIORITIES FOR 2020-2021

DH Strategic Priority	Outcomes
Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.	<p>A response to COVID-19 system is in place with a COVID-19 Safe Plan, policy, procedure and staff education and training as key components.</p> <p>Worked in partnership with Hume health services in system response and development of key policy.</p> <p>Vaccination rollout to our community with Primary Health Network (PHN) participation and communication, and staff and residents with support of the Albury Wodonga Public Health Unit.</p>
Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.	Our services have remained responsive to our community needs and we have outreached to all of our community, including the vulnerable, through our medical centre, PHN outreach program and My Community Home Care programs. This has included telehealth programs.
As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental health System and the Royal Commission into Aged Care Quality and Safety.	Recommendations from both Royal Commissions have been taken on notice and we will work in partnership with the Department of Health and our local regional hospital and other local health services to respond.
Develop and foster your local health partner relationships, 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.	Tallangatta Health Service is in our local area Upper Hume Health Partnership and the broader Ovens Murray Health Partnership. A range of activities have been undertaken and are in progress that support our service delivery and particularly COVID-19 response. There are robust relationships in place that benefit all health services in the partnerships. E.g. COVID-19 response plans, COVID-19 patient pathways.

PERFORMANCE PRIORITIES

HIGH QUALITY AND SAFE CARE		
Key performance indicator	Target	2020 - 2021 Result
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	83%	97.1%
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 2020-21
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No Surveys conducted in 2020-21

EFFECTIVE FINANCIAL MANAGEMENT		
Key performance indicator	Target	2020 - 2021 Result
Finance		
Operating result (\$m) Check	0.000	0.02
Average number of days to paying trade creditors	60 days	58
Average number of days to receiving patient fee debtors	60 days	16
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.07
Number of days with available cash	14 days	77.5 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	\$85,910

Information from Victorian Health Service Performance Monitor – Quarter 4

ACTIVITY AND FUNDING

FUNDING TYPE	2020 - 2021 ACTIVITY ACHIEVEMENT	UNITS
SMALL RURAL		
Small Rural Acute	7	DVA, WIES Equivalent
Small Rural Primary Health & HACC		Service Hours
- Initial Needs identification	97	
- Nursing	11	
- Care Coordination	24	
- Counselling/Casework	44	
- Dietetics	49	
- Occupational Therapy	73	
- Physiotherapy	208	
Health Workforce	1.5	FTE
Small Rural HACC	1,220	Service Hours
Small Rural Residential Care	16,489	Bed Days

FINANCIAL INFORMATION					
	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
OPERATING RESULT*	23,873	4,772	354,939	85,675	59,376
Total Revenue	13,162,035	11,991,891	11,717,621	10,781,182	10,143,205
Total Expenses	(14,365,755)	(13,229,886)	(12,213,618)	(11,798,218)	(10,826,248)
Net Result from Transactions	(1,203,720)	(1,237,995)	(495,997)	(1,017,036)	(683,043)
Total Other economic flows	(40,507)	(18,199)	(51,585)	19,950	7,391
Net Result for the Year	(1,244,227)	(1,256,194)	(547,582)	(997,086)	(675,652)
Total Assets	16,514,450	17,670,336	17,338,092	15,591,755	15,057,615
Total Liabilities	8,249,899	8,297,882	6,709,444	6,150,451	5,278,316
Net Assets/ Total Equity	8,264,551	9,372,454	10,628,648	9,441,304	9,779,299
* The Operating result is the result for which the health service is monitored in its Statement of Priorities.					

RECONCILIATION OF NET RESULT FROM TRANSACTIONS AND OPERATING RESULT	
	2020-21 \$
NET OPERATING RESULT *	23,873
Capital purpose income	122,298
Specific income	
COVID 19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	52,505
State supply items consumed up to 30 June 2021	(52,505)
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(20,331)
Depreciation and amortisation	(1,305,710)
Impairment of non-financial assets	0
Finance costs (other)	(23,850)
Net result from transactions	(1,203,720)

BANKERS 2021-21
ANZ Banking Group
Westpac Banking Corporation

STAFF ANALYSIS

Hospitals labour category	JUNE current month FTE		Average Monthly FTE	
	2020	2021	2020	2021
Nursing	48.37	45.77	45.61	46.90
Administration and Clerical	16.86	18.42	13.84	15.82
Medical Support	4.16	4.46	4.10	4.62
Hotel and Allied Services	27.89	26.68	29.03	29.35
Medical Officers	1.80	1.90	1.20	1.78
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	4.61	4.90	4.05	4.45
TOTAL	103.69	102.13	97.83	102.92

APPLICATION OF EMPLOYMENT AND CONDUCT PRINCIPLES

Tallangatta Health Service is committed to the application of the employment and conduct principles and all employees have been correctly classified in workforce data collections.

Highlights During The Year

Strategic Priority One

Commencement of Advancing Paramedic Roles Implementation Program

Registered Nurse Refresher Programs

PHN site for COVID-19 Vaccinations at Medical Centre

NDIS Certification

Review of the Emergency Management Plan

Single Point of Entry Introduced with COVID-19 Screening

COVID-19 Pandemic Response

Strategic Priority Two

Bolga Court Modules - Automatic Doors Installed

Successful with Funding for Staff Amenities Block – Scoping and Planning

VHBA Asset Condition Assessment Undertaken

Solar Panels Installed – Main Hospital Building

Stage 1 Lakeview Refurbishment Completed

Strategic Priority Three

Community Garden Project Consumer Membership

Living Well @ Home Project - Consumer Consultation

Resident Reference Group Implemented

Weekly Lunch Dining by Staff with Residents in Bolga Court and Lakeview

Staff Health and Wellbeing Vouchers – Community Business Vouchers

Strategic Priority Four

Weekly Staff Newsletter Implemented - Weekly Reader Lucky Fruit Box Winner

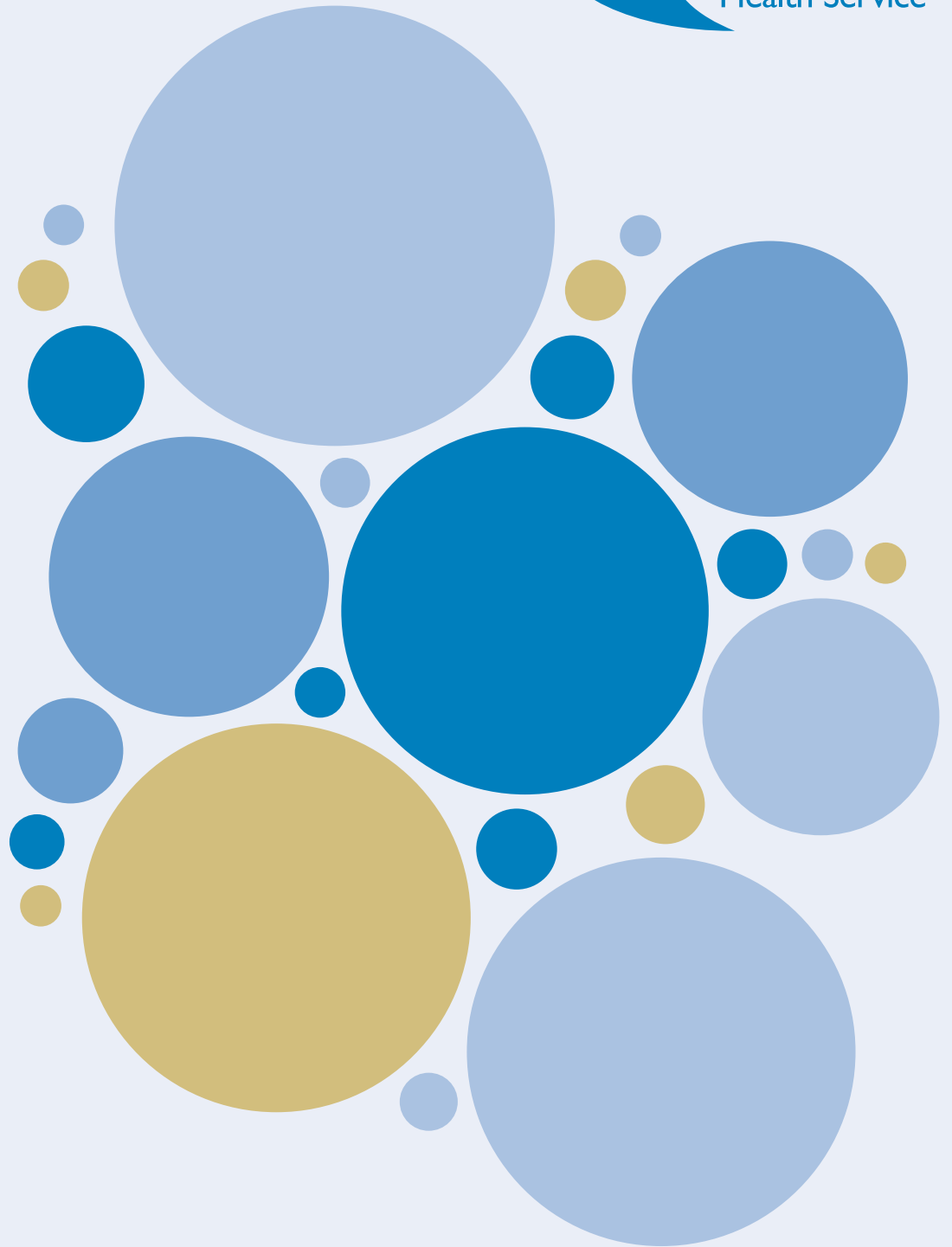
Leadership Series Commenced

Thought of the Day Emailed to Staff for Resilience / Motivation During COVID-19 Restrictions

Monthly Asymptomatic COVID-19 Testing for Staff

Active Staff and Wellbeing Initiatives – Coffee Vans / Fun Competitions / BBQ / Breakfast

Our culture of “Together We Care” has been strong with our team working together, with dedication and commitment, to enable our services and our quality care to continue throughout the COVID-19 pandemic.



FINANCIAL REPORT 2020 - 2021

Independent Auditor's Report

To the Board of Tallangatta Health Service

Opinion I have audited the financial report of Tallangatta Health Service (the health service) which comprises the:

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

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

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

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
14 September 2021

TALLANGATTA HEALTH SERVICE

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

The attached financial statements for Tallangatta Health Service have been prepared in accordance with Standing 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 Tallangatta Health Service at 30 June 2021.

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

We authorise the attached financial statements for issue on the 27 August 2021.



A. Eagle

Board Member

Tallangatta
27 August 2021



D. Parry

Accountable Officer

Tallangatta
27 August 2021



F. Ramjaun

Chief Finance & Accounting
Officer

Tallangatta
27 August 2021

TALLANGATTA HEALTH SERVICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue and Income from Transactions			
Operating Activities	2.1	13,135,690	11,923,881
Non-Operating Activities	2.1	26,345	68,010
Total Revenue and Income from Transactions		13,162,035	11,991,891
Expenses from Transactions			
Employee Expenses	3.1	(10,965,866)	(10,172,201)
Supplies and Consumables	3.1	(547,747)	(460,161)
Finance Costs	3.1	(11,943)	(17,737)
Depreciation and Amortisation	4.3	(1,305,710)	(1,300,786)
Other Administrative Expenses	3.1	(1,083,641)	(867,066)
Other Operating Expenses	3.1	(426,976)	(411,935)
Other Non-Operating Expenses	3.1	(23,872)	-
Total Expenses from Transactions		(14,365,755)	(13,229,886)
Net Result from Transactions - Net Operating Balance		(1,203,720)	(1,237,995)
Other economic flows included in net result			
Other Gain/(Loss) from Other Economic Flows	3.4	(40,507)	(18,199)
Total other economic flows included in net result		(40,507)	(18,199)
Net Result for the year		(1,244,227)	(1,256,194)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(b)	136,324	-
Total other comprehensive income		136,324	-
Comprehensive result for the year		(1,107,903)	(1,256,194)

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

TALLANGATTA HEALTH SERVICE

BALANCE SHEET AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and Cash Equivalents	6.2	6,943,621	7,516,393
Receivables and Contract Assets	5.1	270,295	255,454
Prepaid Expenses		136,306	127,192
Total Current Assets		7,350,222	7,899,039
Non-Current Assets			
Receivables and Contract Assets	5.1	324,269	239,387
Property, Plant and Equipment	4.1	8,837,895	9,516,226
Intangible Assets	4.2	2,064	15,684
Total Non-Current Assets		9,164,228	9,771,297
TOTAL ASSETS		16,514,450	17,670,336
Current Liabilities			
Payables and Contract Liabilities	5.2	1,708,047	1,128,735
Borrowings	6.1	50,577	12,504
Employee Benefits	3.2	1,883,049	1,886,231
Other Liabilities	5.3	4,173,273	4,908,983
Total Current Liabilities		7,814,946	7,936,453
Non-Current Liabilities			
Borrowings	6.1	113,756	133,652
Employee Benefits	3.2	321,197	227,777
Total Non-Current Liabilities		434,953	361,429
TOTAL LIABILITIES		8,249,899	8,297,882
NET ASSETS		8,264,551	9,372,454
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.1(f)	12,141,115	12,004,791
Restricted Specific Purpose Reserve	SCE	412,599	622,475
Contributed Capital	SCE	7,420,722	7,420,722
Accumulated Deficit	SCE	(11,709,885)	(10,675,534)
TOTAL EQUITY		8,264,551	9,372,454

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

TALLANGATTA HEALTH SERVICE

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Property, Plant and Equipment Revaluation Surplus \$	Restricted Specific Purpose Reserve \$	Contributed Capital \$	Accumulated Deficit \$	Total \$
Balance at 30 June 2019		12,004,791	245,773	7,420,722	(9,042,638)	10,628,648
Net Result for the year		-	-	-	(1,256,194)	(1,256,194)
Other Comprehensive Income for the year		-	-	-	-	-
Transfer from/(to) Accumulated Deficit		-	376,702	-	(376,702)	-
Balance at 30 June 2020		12,004,791	622,475	7,420,722	(10,675,534)	9,372,454
Net Result for the year		-	-	-	(1,244,227)	(1,244,227)
Other Comprehensive Income for the year		136,324	-	-	-	136,324
Transfer from/(to) Accumulated Deficit		-	(209,876)	-	209,876	-
Balance at 30 June 2021		12,141,115	412,599	7,420,722	(11,709,885)	8,264,551

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

TALLANGATTA HEALTH SERVICE
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Cash Flows from Operating Activities			
Operating Grants from Government		10,215,747	9,387,554
Capital Grants from Government - State		29,685	29,246
Patient and Resident Fees Received		1,610,182	1,660,038
Interest Received		26,345	83,190
Donations and Bequests Received		9,318	1,827
Other Receipts		1,360,164	1,116,783
GST Received from ATO		68,068	133,130
Total Receipts		13,319,509	12,411,768
Employee Expenses Paid		(10,871,957)	(9,874,718)
Payments for Supplies and Consumables		(495,243)	(460,161)
Finance Costs		(11,943)	(17,737)
Cash outflow for leases		-	(2,034)
Other Payments		(1,379,101)	(1,210,333)
Total Payments		(12,758,244)	(11,564,983)
Net Cash Flows from/(used in) Operating Activities	8.1	561,265	846,785
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment		(429,260)	(308,262)
Proceeds from Disposal of Investments		-	1,450,670
Net Cash Flows from/(used in) Investing Activities		(429,260)	1,142,408
Cash Flows from Financing Activities			
Proceeds from Accommodation Deposits		1,734,010	2,997,907
Repayment of Accommodation Deposits		(2,456,964)	(2,271,820)
Proceeds from Borrowings		31,400	133,665
Repayment of Borrowings		(13,223)	(9,862)
Net Cash Flows from /(used in) Financing Activities		(704,777)	849,890
Net Increase/(Decrease) in Cash and Cash Equivalents Held		(572,772)	2,839,083
Cash and Cash Equivalents at Beginning of Financial Year		7,516,393	4,677,310
Cash and Cash Equivalents at End of Year	6.2	6,943,621	7,516,393

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

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 1: Basis of Presentation

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 annual financial statements represent the audited general purpose financial statements for Tallangatta Health Service for the year ending 30 June 2021. The purpose of the report is to provide users with information about the Health Services' stewardship of 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 a general purpose financial report which have been prepared in accordance with the Financial Management Act 1994 and applicable AASBs which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

Tallangatta Health Service is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" entities under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these 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 have been prepared on a going concern basis (refer to note 8.9 Economic Dependency).

The financial statements are in Australian dollars and the amounts presented in the financial statements have been rounded to the nearest dollar.

The annual financial statements were authorised for issue by the Board of Tallangatta Health Service on 27 August 2021.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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, Tallangatta Health Service was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Tallangatta Health Service operates.

Tallangatta Health Service introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- performing COVID-19 testing
- implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Tallangatta Health Service has been able to revise some measures where appropriate.

Further information on the impacts of the pandemic are disclosed at:

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

Note 1.3: Abbreviations and terminology used in the financial statements

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

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

Note 1.4: Joint arrangements

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

Tallangatta Health Service is a Member of the Hume Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations).

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.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 1.6: Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Tallangatta Health Service and their potential impact when adopted in future periods is outlined below:

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

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

Note 1.7: Goods and Services Tax (GST)

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

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

Cash flows are presented 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 Tallangatta Health Service. Its principal address is:
Barree Street
Tallangatta, Victoria, 3700

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

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 2: Funding Delivery of Our Services

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

Structure

2.1 Revenue and Income from Transactions

2.2 Fair value of assets 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 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Tallangatta Health Service applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Tallangatta Health Service to recognise revenue as or when the health service 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	Tallangatta Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Tallangatta Health Service applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.

Note 2.1: Revenue and Income from Transactions

	Total 2021 \$	Total 2020 \$
Operating		
Revenue from Contracts with Customers		
Government Grants (Commonwealth) - Operating	3,652,430	3,514,369
Patient and Resident Fees	1,657,169	1,670,702
Total Revenue from Contracts with Customers	5,309,599	5,185,071
Other Sources of Income		
Government Grants (State) - Operating	6,398,038	5,589,952
Government Grants (State) - Capital	29,685	29,246
Capital Donations	9,318	1,827
Medical Centre Income	801,060	668,812
Assets Received Free of Charge or for Nominal Consideration (refer note 2.2)	100,679	-
Other Revenue from Operating Activities (including non-capital donations)	487,311	448,973
Total Other Sources of Income	7,826,091	6,738,810
Total Revenue and Income from Operating Activities	13,135,690	11,923,881
Non-Operating Activities		
Other Interest	26,345	68,010
Total Income from Non-Operating Activities	26,345	68,010
Total Revenue and Income from Transactions	13,162,035	11,991,891

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 2.1: Revenue and Income from Transactions (Cont.)

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, the health service:

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

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

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

Government Grant	Performance Obligation
Small Rural Health and Nursing Home State Support	The performance obligation for this grant is the provision of acute and residential aged care services. Revenue is recognised proportionately over the period of the funding which is usually for a financial year.
Commonwealth Funding for Residential Aged Care	The performance obligation for this grant is the provision of residential aged care services. Revenue is recognised on a daily basis as the delivery of services to residents is incurred.
Commonwealth CHSP	The Commonwealth Home Support Program provides entry level support for older people who need help to stay at home. Tallangatta Health Service is required to perform a set number of unit deliveries. Revenue is recognised on as the delivery of services under the funding arrangement is incurred

Capital grants

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

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

Patient and resident fees

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

Medical Centre Income

The performance obligations related to medical centre income are the provision of health services when an appointment is made to utilise the services of the medical centre. Revenue is recognised as these performance obligations are met, and is usually invoiced at the completion of the appointment.

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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

	Total 2021 \$	Total 2020 \$
Plant and Equipment	48,175	-
Personal Protective Equipment	52,504	-
Total fair value of assets and services received free of charge or for nominal consideration	100,679	-

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

Donations and bequests

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

Personal protective equipment

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

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Tallangatta Health Service as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Contributions

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

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

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

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

Voluntary Services

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

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Tallangatta Health Service as follows:

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

Note 2.3: Other Income

	Total 2021 \$	Total 2020 \$
Interest	26,345	68,010

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.

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 3: The Cost of Delivering Our Services

This section provides an account of the expenses incurred by Tallangatta Health Service in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

Structure

- 3.1 Expenses from Transactions
- 3.2 Employee benefits in the Balance Sheet
- 3.3 Superannuation
- 3.4 Other Economic Flows

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

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

Note 3.1: Expenses from Transactions

	Total 2021 \$	Total 2020 \$
Salaries and Wages	8,848,032	7,818,748
On-costs	1,795,088	1,646,809
Agency Expenses	228,065	360,719
Fee for Service Medical Officer Expenses	-	203,265
Workcover Premium	94,681	142,660
Total Employee Expenses	10,965,866	10,172,201
Drug Supplies	11,975	10,101
Medical and Surgical Supplies (including Prostheses)	144,076	96,643
Other Supplies and Consumables	391,696	353,417
Total Supplies and Consumables	547,747	460,161
Finance Costs	11,943	17,737
Total Finance Costs	11,943	17,737
Other Administrative Expenses	1,083,641	867,066
Total Other Administrative Expenses	1,083,641	867,066
Fuel, Light, Power and Water	197,493	199,416
Repairs and Maintenance	149,503	138,274
Maintenance Contracts	50,061	34,140
Medical Indemnity Insurance	9,900	9,541
Expenditure for Capital Purposes	20,019	30,564
Total Other Operating Expenses	426,976	411,935
Total Operating Expense	13,036,173	11,929,100
Depreciation and Amortisation (refer Note 4.4)	1,305,710	1,300,786
Bad and Doubtful Debt Expense	23,872	-
Total Other Non-Operating Expenses	23,872	-
Total Non-Operating Expenses	1,329,582	1,300,786
Total Expenses from Transactions	14,365,755	13,229,886

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 3.1: Expenses from Transactions (Cont.)

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:

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

Supplies and consumables

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

Finance costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- finance charges in respect of finance leases which are recognised in accordance with AASB 16 *Leases*.

Other operating expenses

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

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

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

Non-operating expenses

Other non-operating expenses generally represent expenditure 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

	2021 \$	2020 \$
Current Provisions		
Accrued Days Off		
-Unconditional and expected to be settled wholly within 12 months ⁱ	20,466	19,349
Annual Leave		
-Unconditional and expected to be settled wholly within 12 months ⁱ	698,284	661,213
-Unconditional and expected to be settled wholly after 12 months ⁱⁱ	123,933	113,050
Long Service Leave		
-Unconditional and expected to be settled wholly within 12 months ⁱ	131,844	146,653
-Unconditional and expected to be settled wholly after 12 months ⁱⁱ	735,406	769,074
	<u>1,709,933</u>	<u>1,709,339</u>
Provisions Related to Employee Benefit On-Costs		
-Unconditional and expected to be settled wholly within 12 months ⁱ	87,678	85,526
-Unconditional and expected to be settled wholly after 12 months ⁱⁱ	85,438	91,366
	<u>173,116</u>	<u>176,892</u>
Total Current Employee Benefits	<u>1,883,049</u>	<u>1,886,231</u>
Non-Current Provisions		
Conditional Long Service Leave	292,951	206,881
Provisions related to Employee Benefit On-Costs	28,246	20,896
Total Non-Current Employee Benefits	<u>321,197</u>	<u>227,777</u>
Total Employee Benefits	<u>2,204,246</u>	<u>2,114,008</u>

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 3.2: Employee Benefits in the Balance Sheet (Cont.)

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 Tallangatta Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

Annual leave and accrued days off

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

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

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

Long service leave

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

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

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed 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 payroll tax, workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.2 (a): Employee Benefits and Related On-Costs

	2021	2020
	\$	\$
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	950,745	1,008,224
Unconditional Annual Leave Entitlements	911,838	858,658
Unconditional Accrued Days Off	20,466	19,349
Total Current Employee Benefits and Related On-Costs	1,883,049	1,886,231
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	321,197	227,777
Total Non-Current Employee Benefits and Related On-Costs	321,197	227,777
Total Employee Benefits and Related On-Costs	2,204,246	2,114,008
Carrying amount at start of year	2,114,008	1,881,882
Additional provisions recognised	959,043	894,548
Amounts incurred during the year	(868,805)	(662,422)
Carrying amount at end of year	2,204,246	2,114,008

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 3.3: Superannuation

	Paid Contribution for the		Outstanding Contribution at Year	
	year		End	
	2021	2020	2021	2020
	\$	\$	\$	\$
Defined Contribution Plans				
First State Super	505,758	488,828	-	-
Hesta	224,392	214,343	-	-
Other	146,248	58,100	-	-
Total	876,398	761,271	-	-

How we recognise superannuation

Employees of Tallangatta Health Service are entitled to receive superannuation benefits and it contributes to defined contribution plans.

Defined contribution superannuation plans

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

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

Note 3.4: Other Economic Flows

	2021	2020
	\$	\$
Net gain/(loss) arising from revaluation of long service liability	(40,507)	(18,199)
Total other gains/(losses) from other economic flows	(40,507)	(18,199)
Total gains/(losses) from other economic flows	(40,507)	(18,199)

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 4: Key Assets to Support Service Delivery

The health service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Tallangatta Health Service 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 was not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment and investment properties	Tallangatta Health Service obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices. Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	Tallangatta Health Service assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. The Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires Tallangatta Health Service to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	The Health Service assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, Tallangatta Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 4.1: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation	2021	2020
Land	\$	\$
Land at Fair Value	517,440	448,000
Land Improvements at Fair Value	342,377	275,457
Less Accumulated Depreciation	(508)	(13,228)
Total Land at Fair Value	859,309	710,229
Buildings		
Buildings at Fair Value	9,478,089	9,246,273
Less Accumulated Depreciation	(2,203,752)	(1,100,776)
	7,274,337	8,145,497
Buildings Work in Progress at Fair Value	86,231	90,233
Total Buildings at Fair Value	7,360,568	8,235,730
Plant and Equipment		
Plant and Equipment at Fair Value	2,285,032	2,106,762
Less Accumulated Depreciation	(1,864,002)	(1,751,409)
Total Plant and Equipment at Fair Value	421,030	355,353
Motor Vehicles		
Motor Vehicles at Fair Value	567,275	567,275
Less Accumulated Depreciation	(495,249)	(467,647)
Total Motor Vehicles at Fair Value	72,026	99,628
Medical Equipment		
Medical Equipment at Fair Value	537,641	524,526
Less Accumulated Depreciation	(473,933)	(453,009)
Total Medical Equipment at Fair Value	63,708	71,517
Right of Use - Plant, Equipment, and vehicles		
Plant, Equipment, and vehicles	73,007	50,002
Less Accumulated Depreciation	(11,753)	(6,233)
Total Right of Use - Plant, Equipment, and vehicles at Fair Value	61,254	43,769
TOTAL PROPERTY, PLANT AND EQUIPMENT	8,837,895	9,516,226

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Medical Equipment	Right of Use PE and V	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	712,000	9,175,911	382,458	129,259	82,436	23,775	10,505,839
Additions	11,457	160,595	95,264	-	10,447	28,863	306,626
Disposals	-	-	-	-	-	-	-
Revaluation Increment	-	-	-	-	-	-	-
Depreciation and Amortisation (Note 4.3)	(13,228)	(1,100,776)	(122,369)	(29,631)	(21,366)	(8,869)	(1,296,239)
Balance at 1 July 2020	710,229	8,235,730	355,353	99,628	71,517	43,769	9,516,226
Additions	26,000	227,815	178,804	-	13,114	31,702	477,435
Disposals	-	-	-	-	-	-	-
Revaluation Increment	136,324	-	-	-	-	-	136,324
Depreciation and Amortisation (Note 4.3)	(13,244)	(1,102,977)	(113,127)	(27,602)	(20,923)	(14,217)	(1,292,090)
Balance at 30 June 2021	859,309	7,360,568	421,030	72,026	63,708	61,254	8,837,895

Land and buildings carried at valuation

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

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 4.1: Property, Plant and Equipment (Cont.)

How we recognise Property, Plant and Equipment

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

Initial Recognition

Items of property, plant and equipment (excluding right-of-use assets) are measured initially at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

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

Subsequent measurement

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

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

A full revaluation of Tallangatta Health Service's land and buildings was performed by the Valuer-General of Victoria (VGV) in May 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall increase in the fair value of land of 16% (\$136,324)

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

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

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

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased equipment and vehicles	3 to 5 years

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 4.1: Property, Plant and Equipment (Cont.)

Presentation of right-of-use assets

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

Initial recognition

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

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

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

Tallangatta Health Service's motor vehicle lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Subsequent measurement

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

Impairment

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

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

(c) Fair value measurement hierarchy for assets

	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Balance at 30 June 2021				
Land at fair value				
Non-specialised land	96,000	-	96,000	-
Specialised land	763,309	-	-	763,309
Total of land at fair value	859,309	-	96,000	763,309
Buildings at fair value				
Non-specialised buildings	144,000	-	144,000	-
Specialised buildings	7,216,568	-	-	7,216,568
Total of buildings at fair value	7,360,568	-	144,000	7,216,568
Plant and equipment at fair value	421,030	-	-	421,030
Motor Vehicles at Fair Value	72,026	-	-	72,026
Medical equipment at fair value	63,708	-	-	63,708
	8,776,641	-	240,000	8,536,641
Balance at 30 June 2020				
Land at fair value				
Non-specialised land	96,000	-	96,000	-
Specialised land	614,229	-	-	614,229
Total of land at fair value	710,229	-	96,000	614,229
Buildings at fair value				
Non-specialised buildings	144,000	-	144,000	-
Specialised buildings	8,091,730	-	-	8,091,730
Total of buildings at fair value	8,235,730	-	144,000	8,091,730
Plant and equipment at fair value	355,353	-	-	355,353
Motor Vehicles at Fair Value	99,628	-	-	99,628
Medical equipment at fair value	71,517	-	-	71,517
	9,472,457	-	240,000	9,232,457

Note

⁽ⁱ⁾ Classified in accordance with the fair value hierarchy

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 4.1: Property, Plant and Equipment (Cont.)

(d) Reconciliation of Level 3 fair value measurement

	Note	Land	Buildings	Plant and Equipment	Motor Vehicles	Medical Equipment
2021						
Balance at 1 July 2020	4.1 (b)	614,229	8,091,730	355,353	99,628	71,517
Additions/Disposals	4.1 (b)	26,000	227,815	178,804	-	13,114
Gains or losses recognised in net result						
- Depreciation	4.3	(13,244)	(1,102,977)	(113,127)	(27,602)	(20,923)
Items recognised in other comprehensive income						
- Revaluation		136,324	-	-	-	-
Balance at 30 June 2021	4.1 (c)	763,309	7,216,568	421,030	72,026	63,708
2020						
Balance at 1 July 2019	4.1 (b)	616,000	9,031,911	382,458	129,259	82,436
Additions/Disposals	4.1 (b)	11,457	160,595	95,264	-	10,447
Gains or losses recognised in net result						
- Depreciation	4.3	(13,228)	(1,100,776)	(122,369)	(29,631)	(21,366)
Balance at 30 June 2020	4.1 (c)	614,229	8,091,730	355,353	99,628	71,517

(e) Fair Value determination

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non specialised land	Market approach	n.a.
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments ^(a)
Non specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per square metre
		- Useful life

^a A community Service Obligation (CSO) of 20% was applied to the health services specialised land.

How we measure fair value

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

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

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

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is Tallangatta Health Service'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: Property, Plant and Equipment (Cont.)

Unobservable inputs shall be 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, Tallangatta Health Service has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-Specialised Land and Non-Specialised Buildings

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

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

Specialised Land and Specialised Buildings

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

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

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

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

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

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

Vehicles

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

Plant and Equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) 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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
(f) Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the Reporting Period	12,004,791	12,004,791
Revaluation Increment/(Decrement)		
Land	136,324	-
Buildings	-	-
Balance at the end of the Reporting Period	<u>12,141,115</u>	<u>12,004,791</u>
Represented by:		
Land	824,477	688,153
Buildings	11,316,638	11,316,638
	<u>12,141,115</u>	<u>12,004,791</u>

Note 4.2: Intangible Assets

(a) Gross carrying amount and accumulated amortisation

	2021	2020
	\$	\$
Intangible assets - Hume Alliance joint operation	15,727	30,971
Less Accumulated Amortisation	13,663	15,287
	<u>2,064</u>	<u>15,684</u>

(b) Reconciliation of the carrying amounts of intangible assets

Balance at beginning of year	15,684	18,595
Additions	-	1,636
Disposals	-	-
Amortisation	(13,620)	(4,547)
Balance at end of year	<u>2,064</u>	<u>15,684</u>

Initial recognition □

Purchased intangible assets are initially recognised at cost.

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.

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 4.3: Depreciation and Amortisation

	2021 \$	2020 \$
Depreciation		
Buildings	1,102,977	1,100,776
Plant and Equipment	113,127	122,369
Motor Vehicles	27,602	29,631
Medical Equipment	20,923	21,366
Land Improvements	13,244	13,228
Leased Assets	-	-
Right of use plant, equipment and vehicles	14,217	8,869
Total Depreciation	1,292,090	1,296,239
Amortisation		
Software	13,620	4,547
Total Amortisation	13,620	4,547
Total Depreciation and Amortisation	1,305,710	1,300,786

How we recognise depreciation

Depreciation

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

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

How we recognise amortisation

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

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

	2021	2020
Buildings		
Structure shell and building fabric	25 to 50 years	25 to 50 years
Site engineering services and central plant	20 to 30 years	20 to 30 years
Central Plant		
Fit out	20 to 30 years	20 to 30 years
Trunk reticulated building system	30 to 40 years	30 to 40 years
Plant & Equipment		
Medical Equipment	5 to 20 years	5 to 20 years
Medical Equipment	5 to 10 years	5 to 10 years
Computers & Communications	3 to 7 years	3 to 7 years
Furniture & Fittings	10 to 20 years	10 to 20 years
Motor Vehicles	7 years	7 years
Leasehold Improvements	20 years	20 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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 5: Other Assets and Liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 5.1: Receivables and Contract Assets

	2021	2020
	\$	\$
Current		
Contractual		
Inter Hospital Debtors	8,049	83,485
Trade Debtors	103,323	99,680
Patient Fees	47,117	29,499
Accrued Revenue	23,998	18,501
Accrued Revenue - Department of Health	50,930	-
Total contractual receivables	233,417	231,165
Statutory		
GST Receivable	36,878	24,289
Total statutory receivables	36,878	24,289
Total current receivables and contract assets	270,295	255,454
Non-Current		
Long Service Leave - Department of Health	324,269	239,387
Total non-current receivables and contract assets	324,269	239,387
Total receivables and contract assets	594,564	494,841
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	594,564	494,841
GST receivable	(36,878)	(24,289)
Total financial assets	557,686	470,552
(a) Movement in the Allowance for impairment losses of contractual receivables		
Balance at beginning of year	-	29,969
Increase/(decrease) in Allowance recognised in net result	-	(29,969)
Balance at end of year	-	-

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 5.1: Receivables and Contract Assets (Cont.)

How we recognise receivables

Receivables consist of:

Contractual receivables, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2 (a) for Tallangatta Health Service's contractual impairment losses.

Note 5.2: Payables and Contract Liabilities

	Note	2021 \$	2020 \$
Current			
Contractual			
Trade Creditors		657,875	393,636
Accrued Salaries and Wages		297,901	253,723
Accrued Expenses		37,106	67,302
Department of Health and Human Services		451,109	137,262
Amounts payable to governments and agencies		264,056	276,812
TOTAL PAYABLES		1,708,047	1,128,735

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

Total payables and contract liabilities		1,708,047	1,128,735
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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 Tallangatta Health Service prior to the end of the financial year that are unpaid.
- statutory payables, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Nett 30 days.

Maturity analysis of payables

Please refer to Note 7.2(b) for the ageing analysis of payables.

Note 5.3: Other Liabilities

	2021 \$	2020 \$
Current monies held in trust		
Refundable Accommodation Deposits	4,173,273	4,908,983
Total current monies held in trust	4,173,273	4,908,983
Monies Held in Trust is represented by the following assets:		
Cash Assets	4,173,273	4,908,983
Total	4,173,273	4,908,983

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

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

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

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 6: How We Finance Our Operations

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

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

Structure

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

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	The Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service: <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	The Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	The Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Tallangatta Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if the Health Service is reasonably certain to exercise such options. The Health Service 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 health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	2021 \$	2020 \$
Current		
Lease Liability ⁽ⁱ⁾	29,883	12,504
Advances from Government ⁽ⁱⁱ⁾	20,694	-
Total Current	50,577	12,504
Non-current		
Lease Liability ⁽ⁱ⁾	31,609	31,431
Advances from Government ⁽ⁱⁱ⁾	82,147	102,221
Total Non-Current	113,756	133,652
TOTAL BORROWINGS	164,333	146,156

⁽ⁱ⁾ Secured by the assets leased.

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

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 6.1: Borrowings (Cont.)

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, 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 the Tallangatta Health Service has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

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

Maturity analysis of borrowings

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

Defaults and breaches

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

(a) Lease Liabilities

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

	2021 \$	2020 \$
Not later than one year	29,883	13,000
Later than 1 year and not later than 5 years	32,709	31,536
Minimum lease payments	62,592	44,536
Less future finance charges	1,100	601
TOTAL	61,492	43,935
Included in the financial statements as:		
Current borrowings - lease liability	29,883	12,504
Non-current borrowings - lease liability	31,609	31,431
TOTAL	61,492	43,935

How we recognise lease liabilities

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

To apply this definition, Tallangatta Health Service ensures the contract meets the following criteria:

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

Tallangatta Health Service's lease arrangements consist of leased equipment and vehicles with a lease term of 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. There are no low value, short term and variable lease payments recognised in profit or loss.

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Tallangatta Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between 1.5% to 3.0%.

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.

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.

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 6.2: Cash and Cash Equivalents

	Note	2021 \$	2020 \$
Cash on Hand		1,050	1,050
Cash at Bank		792,419	707,495
Cash at Bank - CBS (excluding monies held in trust)		1,976,879	1,898,865
Total cash held for operations		2,770,348	2,607,410
Cash at Bank - CBS (monies held in trust)		4,173,273	4,908,983
Total cash held as monies in trust		4,173,273	4,908,983
Total Cash and Cash Equivalents	7.1 (a)	6,943,621	7,516,393

How we recognise cash and cash equivalents

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

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

Note 6.3: Commitments for Expenditure

	2021 \$	2020 \$
Capital Expenditure Commitments	232,219	-
Non-cancellable Short Term and Low Value Lease Commitments		
Operating leases relate to computers with lease terms of three to five years and photocopiers with lease terms of 5 years:		
Not longer than one year	-	1,589
Longer than one year but not longer than five years	-	-
Total Non-cancellable Operating Lease Commitments	-	1,589
Total Commitments for Expenditure	-	1,589

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

How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Short term and low value leases

Tallangatta Health Service discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Note 6.4: Non-Cash Financing and Investing Activities

	2021 \$	2020 \$
Acquisition of plant and equipment by means of Leases	31,400	30,195

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 7: Risks, Contingencies & Valuation Uncertainties

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

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

7.3 Contingent assets and contingent liabilities

Note 7.1: Financial Instruments

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

(a) Categorisation of Financial Instruments

	Note	Financial Assets at Amortised Cost		Financial Liabilities at Amortised Cost		Carrying Amount	
		2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$
Contractual Financial Assets							
Cash and Cash Equivalents	6.2	6,943,621	7,516,393	-	-	6,943,621	7,516,393
Receivables and contract assets	5.1	557,686	470,552	-	-	557,686	470,552
Total Financial Assets		7,501,307	7,986,945	-	-	7,501,307	7,986,945
Financial Liabilities							
Payables	5.2	-	-	1,708,047	1,128,735	1,708,047	1,128,735
Borrowings	6.1	-	-	164,333	146,156	164,333	146,156
Other Liabilities	5.3	-	-	4,173,273	4,908,983	4,173,273	4,908,983
Total Financial Liabilities		-	-	6,045,653	6,183,874	6,045,653	6,183,874

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

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

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

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

Financial assets at amortised cost

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

- the assets are held by Tallangatta Health Service 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 subsequently measured at amortised cost using the effective interest method less any impairment.

Tallangatta Health Service recognises the following assets in this category:

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

Categories of financial liabilities

Financial liabilities are recognised when Tallangatta Health Service becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs.

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.

Tallangatta Health Service recognises the following liabilities in this category:

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

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 7.1: Financial Instruments (Cont.)

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

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

Derecognition of financial liabilities:

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

As a whole, Tallangatta Health Service's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

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

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

Tallangatta Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

(a) Credit risk

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

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

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

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

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

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

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

Impairment of financial assets under AASB 9

Tallangatta Health Service records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes Tallangatta Health Service'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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 7.2: Financial risk management objectives and policies

Contractual receivables at amortised cost

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

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

	Current	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Total
2020						
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	189,071	3,455	17,260	21,379	-	231,165
Loss allowance	-	-	-	-	-	-
2021						
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	479,279	36,689	38,684	3,034	-	557,686
Loss allowance	-	-	-	-	-	-

Statutory receivables and debt investments at amortised cost

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

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.

(b) Liquidity risk

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

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

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

Tallangatta Health Service's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

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

	Carrying Amount \$	Nominal Amount \$	Less than 1 Month \$	1-3 Months \$	Maturity Dates 3 Months - 1 Year \$	1-5 Years \$	Over 5 Years \$
2021							
<i>At amortised cost</i>							
Payables	1,708,047	1,708,047	1,611,984	96,063	-	-	-
Borrowings	164,333	164,333	1,106	2,212	26,565	113,756	-
Other Financial Liabilities							
- Accommodation Bonds	4,173,273	4,173,273	-	4,173,273	-	-	-
Total Financial Liabilities	6,045,653	6,045,653	1,613,090	4,271,548	26,565	113,756	-
2020							
<i>At amortised cost</i>							
Payables	1,128,735	1,128,735	1,060,502	985	67,248	-	-
Borrowings	146,156	146,156	1,126	2,252	9,126	133,652	-
Other Financial Liabilities							
- Accommodation Bonds	4,908,983	4,908,983	-	4,908,983	-	-	-
Total Financial Liabilities	6,183,874	6,183,874	1,061,628	4,912,220	76,374	133,652	-

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

(c) Market risk

Tallangatta Health Service's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 1% up or down and
- a change in the top ASX 200 index of 15% 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. Tallangatta Health Service 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. Tallangatta Health Service has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 7.3: Contingent Assets and Contingent Liabilities

At balance date, the Board are not aware of any contingent assets or liabilities

How we measure and disclose contingent assets and contingent liabilities

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 8: Other Disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash inflow / (outflow) from operating activities

8.2 Responsible persons disclosure

8.3 Remuneration of executive officers

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after the balance sheet date

8.7 Jointly controlled operations

8.8 Equity

8.9 Economic dependency

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow / (Outflow) from Operating Activities

	2021	2020
	\$	\$
Net Result for the Year	(1,244,227)	(1,256,194)
Non-Cash Movements		
Depreciation and Amortisation	1,305,710	1,300,786
Impairment of Financial Assets	-	(29,969)
Assets received free of charge	(48,175)	-
Loss on Revaluation of Long Service Leave Liability	40,507	18,199
Discount (interest) / expense on loan	-	(1,249)
Movements in Assets and Liabilities:		
(Increase)/Decrease in Prepayments	(9,114)	2,216
(Increase)/Decrease in Receivables and Contract Assets	(99,723)	91,398
Increase/(Decrease) in Payables and Contract Liabilities	579,312	364,151
Increase/(Decrease) in Employee Benefits	49,731	213,927
Increase/(Decrease) in Other Liabilities	(12,756)	143,520
NET CASH INFLOW FROM OPERATING ACTIVITIES	561,265	846,785

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 8.2: Responsible Persons Disclosures

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

	Period
Responsible Minister	
The Honourable Martin Foley, Minister for Mental Health Minister for Health Minister for Ambulance Services Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 29 Sep 2020 26 Sep 2020 - 30 Jun 2021 26 Sep 2020 - 30 Jun 2021 26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos: Minister for Health Minister for Ambulance Services Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020 1 Jul 2020 - 26 Sep 2020 1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan: Minister for Child Protection Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021 1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino: Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
Governing Boards	
A. Eagle	1 Jul 2020 - 30 Jun 2021
R. Currie	1 Jul 2020 - 30 Jun 2021
K. Lees	1 Jul 2020 - 30 Jun 2021
S. Hogg	1 Jul 2020 - 30 Jun 2021
L. Peady	1 Jul 2020 - 30 Jun 2021
A. Solly	1 Jul 2020 - 30 Jun 2021
A. Dunn	1 Jul 2020 - 30 Jun 2021
M. McDade	1 Jul 2020 - 30 Jun 2021
A. Tonks	1 Jul 2020 - 30 Jun 2021
Accountable Officer	
D. Parry (Chief Executive Officer)	1 Jul 2020 - 30 Jun 2021

Remuneration of Responsible Persons

The number of Responsible persons are shown in their relevant income bands;

	2021 No.	2020 No.
\$0 - \$9,999	9	7
\$200,000 - \$209,999	1	1
Total numbers	10	8
Total Remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$ 270,687	\$ 233,441

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

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 8.3: Remuneration of Executive Officers

Remuneration of Executives

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

Remuneration of Executive Officers (including Key Management Personnel disclosed in Note 8.4)	Total Remuneration 2021 \$	Total Remuneration 2020 \$
Short-term benefits	446,440	322,832
Post-employment benefits	32,201	25,677
Other long-term benefits	7,318	7,371
Total Remuneration (i)	485,959	355,880
Total number of Executives	6	3
Total Annualised Employee Equivalent (ii)	2.70	2.10

Notes

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

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

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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

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

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

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Note 8.4: Related Parties

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

- all key management personnel KMP and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation – A member of the Hume Rural Health Alliance; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

The Board of Directors and the Chief Executive Officer of Tallangatta Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Tallangatta Health Service	A. Eagle	Chair of the Board
Tallangatta Health Service	R. Currie	Board Member
Tallangatta Health Service	K. Lees	Board Member
Tallangatta Health Service	S. Hogg	Board Member
Tallangatta Health Service	L. Peady	Board Member
Tallangatta Health Service	A. Solly	Board Member
Tallangatta Health Service	A. Dunn	Board Member
Tallangatta Health Service	M. McDade	Chair of Clinical Governance meeting
Tallangatta Health Service	A. Tonks	Board Member
Tallangatta Health Service	D. Parry	Chief Executive Officer
Tallangatta Health Service	J Polmear	Director of Corporate Services
Tallangatta Health Service	D. Cullen	Director of Clinical and Aged Services
Tallangatta Health Service	L. Hudec	Director of Clinical and Aged Services
Tallangatta Health Service	L. Lang	Director of Clinical Operations and Nursing
Tallangatta Health Service	F. Ramjaun	Interim Director of Finance
Tallangatta Health Service	A. Walker	Director of Quality, Safety and Consumer Experience

**TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 8.4: Related Parties (Cont.)

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.

	2021	2020
	\$	\$
Compensation		
Short term employee benefits	692,050	533,897
Post-employment benefits	53,028	43,767
Other long-term benefits	11,568	11,657
Total (i)	756,646	589,321

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

Significant Transactions with Government-Related Entities

Tallangatta Health Service received funding from the Department of Health of \$6.575 million (2020: \$5.852 million) and indirect contributions of \$30,506 (2020: \$10,125). Balances outstanding relating to Long Service Leave funded by DHHS \$324,629, (2020: \$239,387).

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

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

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

Outside of normal citizen type transactions with Tallangatta Health Service, 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).

Note 8.5: Remuneration of Auditors

	2021	2020
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	17,900	18,800

Note 8.6: Events Occurring after the Balance Sheet Date

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

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 8.7: Jointly Controlled Operations

Interest in Jointly Controlled Operations	Principal Activity	Ownership Interest	
		2021	2020
Hume Rural Health Alliance (HRHA)	Information Technology	%	%
		3.66%	3.43%

The Health Service interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2021	2020
	\$	\$
Current Assets		
Cash and Cash Equivalents	397,941	303,355
Receivables	26,774	29,208
Prepayments	9,172	3,920
Total Current Assets	433,887	336,483
Non-Current Assets		
Property, Plant and Equipment	13,762	21,299
Intangible Assets	2,064	15,684
Total Non-Current Assets	15,826	36,983
Total Assets	449,713	373,466
Current Liabilities		
Payables	242,806	146,079
Borrowings	1,619	5,715
Total Current Liabilities	244,425	151,794
Non-Current Liabilities		
Borrowings	6,073	8,585
Total Non-Current Liabilities	6,073	8,585
Total Liabilities	250,498	160,379
Net Assets	199,215	213,087
Equity		
Accumulated Surpluses/(Deficits)	199,215	213,087
Total Equity	199,215	213,087

The Health Service interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

Revenues		
Grants	118,556	170,535
Other Income	-	-
Interest Income	499	1,629
Total Revenue	119,055	172,164
Expenses		
Employee Benefits	75,093	66,632
Other Administration Expenses	126,404	141,041
Expenditure using Capital Funds	20,019	30,564
Depreciation and Amortisation	29,377	19,711
Finance Charges	292	431
Total Expenses	251,185	258,379
Net Result	(132,130)	(86,215)

Contingent Liabilities and Capital Commitments

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

Note 8.8: Equity

Contributed capital

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

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

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

Specific restricted purpose reserves

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

Note 8.9: Economic Dependency

Tallangatta Health Service is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department of Health and Human Services will not continue to support Tallangatta Health Service.

