



ANNUAL REPORT 2021



Vision

A trusted leader in complete community care

Mission

We will promote the health and wellbeing of the community by providing accessible integrated high quality services

Values



Compassion

Colac Area Health is committed to keeping the patient at the centre of our care with understanding, empathy and personal kindness



Integrity

At Colac Area Health we honour our word and act with honesty, transparency and fairness



Respect

At Colac Area Health we treat all people with courtesy, kindness and professionalism



Collaboration

At Colac Area Health we will work together to achieve the best possible health outcomes for our community



Accountability

Be responsible for our decisions, actions and competence

About This Report

Colac Area Health is a public hospital established under the *Health Services Act 1988*. Colac Area Health provides a range of health, aged and community based services as authorised under the Act and operates aged residential care services under the *Aged Care Act 1997*.

The annual report is prepared in accordance with Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*. The following disclosures are made regarding responsible persons for the reporting period. The relevant Ministers for the reporting period were:

Jenny Mikakos MP

Minister for Health
Minister for Ambulance Services
(1 July 2020 to 26 September 2020)

Our Services

Colac Area Health provides a range of acute, aged care and community services including:

- Urgent Care centre
- Maternity services
- Elective and emergency surgery in a number of specialities
- Acute same-day services including infusions, haemodialysis, and elective surgery
- Residential aged care services
- Specialist medical clinics
- Community services, including dental and Community Health Programs
- Inpatient pharmacy
- Medical imaging services



Values Week, Service Awards, May 2021

The Honourable Martin Foley MP

Minister for Mental Health
(1 July 2020 to 29 September 2020)
Minister for Health
(26 September to 30 June 2021)
Minister for Equality
Minister for Ambulance Services
(26 September to 30 June 2021)

The Honourable James Merlino MP

Minister for Mental Health
(29 September 2020 to 30 June 2021)

The Hon Luke Donnellan MP

Minister for Child Protection
Minister for Disability, Ageing and Carers



Contents

Message from the Board Chair and Chief Executive.....	1
Responsible Bodies Declaration	2
Our Workforce	3
Corporate Governance	4
Executive Team Colac Area Health	4
Organisational Structure 2020/21 Directorate Responsibilities	5
Colac Area Health COVID-19	6
Our Services Year in Review	7
Report of Operations	15
Operating Performance	16
Disclosures Required Under Legislation	20
Attestations and Declarations	21
Asset Management Accountability Framework (AMAF) maturity assessment.....	22
Key Financial and Service Performance Reporting	23
Statement of Priorities Part A:	24
Statement of Priorities: Part B:	25
Statement of Priorities: Part C:	26
Disclosure Index	27



Message from the Board Chair and Chief Executive

The 2020/21 financial year highlighted the need for strong, collaborative and responsive partnerships between health services, Government and the community during the COVID-19 pandemic. Colac Area Health recognised and led this work during the height of the two outbreaks in 2020. We appreciate we are part of a broader health system. Colac Area Health has embraced partnerships to ensure we continue to serve the community; it enables efficiency, sharing of resources and skills, as well as strengthening our capacity to provide safe effective person-centred care. It also enables the health service to empower our community by keeping them well and at home.

COVID-19 presented many challenges to our community and the health service and continues to do so. However, we have had the support of other local health services during the cold days and long nights of last winter as our staff were testing the community, plus many of our vital industries' employees – keeping everyone functioning in a safe working environment. Colac could not have managed without these partnerships, relieving our staff who were exhausted and then going home to care for their own families.

The Federal Government also came to our aid with support from the Australian Defence Force during mass COVID-19 testing.

These partnerships enabled and supported Colac Area Health staff in the delivery of health services to the community of the Colac Otway Shire and surrounds.

The work continues with ongoing delivery of COVID-19 testing and vaccinations. It requires agility within our services to escalate as required to respond to an ever-changing environment and to continue providing care to the community.

The State Government and the Department of Health in particular have provided us with strong financial support so we could manage our recurrent expenditure. We have received approximately \$10 million in capital grants to enable Colac Area Health to replace old and failing infrastructure:

- Emergency power generators
- Computed Tomography (CT)
- Chillers
- Endoscopy equipment
- Beds
- Corangamarah refurbishment.

The support has also enabled the organisation to invest and update much-needed kitchen equipment.

Due to deteriorating financial performance over a number of years, and as reported last year, Colac Area Health developed a strong financial management improvement plan. This, with the Department's financial support, has seen a significant turnaround in our financial efficiency and performance.

All of these factors mean little if our primary function of safe, effective person-centred care is not realised. The only people who can measure this is the community we serve.

Our community through the Victorian Healthcare Experience Survey during the COVID-19 pandemic assessed patient care at 97 per cent, with the staff's emotional support at 75 per cent. The community also rated the staff's compassion at 93 per cent. All of these ratings were well above the State's averages.

The 2020/21 year has continued to be a year of transition, farewelling staff and long-standing Board members. We sincerely thank all of them for their contributions.

This year has seen the Board work through an extensive program in developing a new Strategic Direction for Colac Area Health. The Board is responsible for setting the course of the health service for the next three years and beyond. Naturally, this can only be done through extensive consultation with all stakeholders - staff, community and Government.

While the Board sets the direction, it is all staff, led by the Executive Team, that make vision a reality.

Our vision is **to be a trusted leader in integrated health care through operational excellence, innovation and compassion.**

To understand the underlying values that drive the culture within the organisation is paramount if the vision is to be realised. To that end, through a comprehensive consultation process, our staff has defined Colac Area Health's values as:

- **Compassion**
- **Integrity**
- **Respect**
- **Collaboration**
- **Accountability.**

This vision and values then transfer to four key themes that are integrated into everyone's work and performance measures:

- 1. Community Health Outcomes**
- 2. Innovation and partnerships**
- 3. Sustainability**
- 4. People and Culture.**

The extraordinary global events over the past three years, which are still swirling around the globe, are testing every ounce of human endeavour, ingenuity and resilience. We have to learn to adapt, live and thrive in this reality. Therefore, consolidating our learnings and integrating them into our operating rhythm will be critical to our success into the future.

In June, we bid Kate Anderson farewell from the Board of Directors, acknowledging her wonderful contribution to Colac Area Health over a period of three years.

Finally, our organisation is only as good as our people – our staff, our volunteers and our auxiliaries – whose commitment and dedication make it possible to provide safe, effective person-centred care. The Board and Chief Executive acknowledge the extraordinary work, commitment and resilience of our staff.

We are proud to provide this overview of the year in review at Colac Area Health.



Fiona Brew
Chief Executive



Timothy Greene
Board Chair

Responsible Bodies Declaration

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



Timothy Greene
Board Chair
Colac, Victoria
22 September 2021





Our Workforce

Hospital's Labour Category	JUNE Current Month FTE*		Average Monthly FTE*	
	2020	2021	2020	2021
Nursing	161	159	157	157
Administration and Clerical	47	48	46	49
Medical Support	29	24	29	26
Hotel and Allied Services	49	46	47	48
Medical Officers	2	1.5	2	1.5
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	40	44	42	40

*FTE figures in the table are those excluding overtime. These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose.

FULL TIME Staff
80
PART TIME Staff
362
CASUAL Staff
76
TOTAL STAFF
518

Occupational Health and Safety Statistics	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	52.3	49.8	36.5
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	3.73	2.167	0.943
The average cost per WorkCover claim for the year (^000)	\$81,797	\$23,272	\$122,086

Occupational Violence Statistics	2020-21
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.62
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	3.82
Number of occupational violence incidents reported	44
Number of occupational violence incidents reported per 100 FTE	13.7
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	1.2%

Corporate Governance

Board of Directors

Chair | Timothy Greene

- > Anne-Marie Leslie
- > Leanne Witcombe
- > Dr Amir Rahimi
- > Jeffrey Lomas
- > Brendan Morris
- > Joanne Carden
- > Sarah McKew
- > Kate Anderson
(resigned 03/03/2021)

Committees

Finance Risk and Audit Committee

Chair | Brendan Morris

Members

- > Ken King
(Independent member)
- > Timothy Greene
- > Joanne Carden
- > Jeffrey Lomas

Clinical Governance Committee

Chair | Joanne Carden

Members

- > Timothy Greene
- > Amir Rahimi

Aged Care Committee

Chair | Leanne Witcombe

Members

- > Tim Greene
- > Michelle Veal

Consumer Care and Engagement Committee

Chair | Anne-Marie Leslie

Members

- > Timothy Greene
- > Sarah McKew
- > Jamie Bell
(independent member)

Community Advisory Committee

Chair | Phillip Johnson

Members

- > Colleen Stephens
- > Megan Nelson
- > Shirley Carew
- > Lorraine Mahoney
- > Paul Durr
- > Allen Biggins
- > Caz Gatti
- > Simon Oldfield
- > Maggie Matthews

Board Representative

- > Anne-Marie Leslie

Ex Officio

- > Fiona Brew CE
- > Julie Halifax NH Coordinator
- > Catherine Riordan CECO

Executive Team | Colac Area Health

Chief Executive

Fiona Brew

RN, Perioperative Certificate, Grad Dip
Acute Care Nursing, MBA, GAICD, MACN

Executive Director Nursing

Jennifer Salkeld

RN, RM

Executive Director Community Care

Josephine Stevens

RN, BA Deakin, Grad Dip Health Science
Monash, B of Commerce Deakin, Honours
Nursing Deakin

Executive Director People and Place

Ken Tapfield

Grad Dip Mgmt (MGSM)

Acting Director, Finance and Business Services

Gaye McCulloch

CPA; M.Acct (RMIT) Grad Dip Mgmt
(RMIT); B.Ed (UTas)
(March 2020 – current)

Acting Director, Community Care

Lise Pittman

BA, BSW, Masters of Applied Science Org
Dynamics
(March – August 2020)

District Director Medical Administration

Dr Didir Imran

MBBS, MHS
(June 2020 – March 2021)

Acting Director, Human Resources

Leanne Klahsen

B Commerce (Deakin University) Human
Resource Management and Marketing
Major Studies
(October 2019 – December 2020)

Colac Area Health | COVID-19

Colac Area Health responded swiftly to the COVID-19 pandemic in January 2020. The pandemic plan was operationalised as our highest priority across all our services to ensure the safety of all our staff and consumers.

Colac Area Health played a leadership role within our community, working collaboratively with business and community leaders to provide a united and targeted response. This response placed the local government area in a very strong position to respond to the pandemic when the region received the first positive COVID-19 result on 17 July 2020.

Colac experienced two outbreaks, the first with 104 confirmed cases and 335 primary close contacts; the second with 39 confirmed cases and 576 primary close contacts.

The first cluster occurred in a high-risk setting with a culturally and linguistically diverse workforce. It was further complicated by shared accommodation. The outbreak impacted local schools, early learning centres, gyms, and many other services across the community. It included 23 cases of unlinked community transmission. The first cluster was controlled within four weeks, reducing the forecast estimation in cases by 80 per cent.

The second cluster affected five workplaces, early learning centres with complex households and social networks, this time with zero unlinked cases of community transmission and the outbreak was controlled within two weeks.

Colac Area Health responded immediately, moving testing clinics directly into affected industry in an effort to contain transmission. Staff were redeployed from across the organisation into multidisciplinary teams to manage testing and the enormous administrative requirements. Mass community testing moved to the Central Reserve sporting ground to provide ongoing drive-through testing to the community.

The COVID-19 response forecast impacts on all staff and resources across our services. Colac Area Health staff worked above and beyond to ensure challenges could be met head on, responded to, and managed with the safety of our staff, services and community at the forefront of our efforts.

The management of the outbreak relied on key strategies undertaken by Colac Area Health, community leaders, the State Emergency Management Response Team, Barwon Health Public Health Unit, Department of Health and Human Services (DHHS), Local Government, Department of Education and local partners. Internally, Colac Area Health's Incident Management Team was

responsible for key decision making and driving the comprehensive health service response.

Contact Tracing was led by the Barwon Health Public Health Unit in collaboration with Colac Area Health and DHHS. This included advice on isolation, quarantine and business closures, oversight of testing protocols and infection prevention and control in aged care facilities, hotels and businesses.

Colac Area Health supported the community through effective communication, results notifications and clinical escalation where required. Social support was provided through the Community Support line that recorded in excess of 4,500 calls for COVID-19 issues. Community support was inclusive of results notifications, food, accommodation, follow-up testing and compliance follow-up from the Australian Defence Force and DHHS.

On 14 November 2020, the Finkel Report was released, detailing 22 recommendations on 'gold standard' characteristics for testing and contact tracing. It was recognised during the Parliamentary Enquiry that the Colac response was 'gold standard'. Further to this, the COVID-19 Commander in Melbourne adopted the 'Colac Model' to manage further metropolitan and regional outbreaks.

There were many key learnings, which translated into our ongoing service delivery and partnerships within the community, and supporting agencies.

On 18 November 2020, Chief Executive Fiona Brew, together with Associate Professor Daniel O'Brien, Deputy Director, Department of Infectious Diseases, Barwon Health were required to present at the Inquiry into the Victorian Government's COVID-19 Contact Tracing System and Testing Regime to present on the work of Colac Area Health and partners in managing and containing two consecutive COVID-19 outbreaks.

Going forward, Colac Area Health has incorporated ongoing testing clinics and vaccination clinics into business as usual. The full impacts of the pandemic have yet to be measured; the learnings from 2020/21 will put our community in a very strong position to manage the pandemic into the year ahead.



Drive-through Testing Clinic Admin Staff



Our Services | Year in Review

Urgent Care

Colac Area Health Urgent Care is one of the busiest Urgent Care Centres in Victoria.

Urgent Care operates 24 hours, 7 days a week and is predominantly staffed by nursing staff and a Hospital Medical Officer (HMO).

The HMOs rotate to Colac Area Health every three months from University Hospital Geelong. An Emergency Registrar supports them two days a week, also on rotation from UHG, and Nurse Practitioners. Local General Practitioners also provide further clinical support.

In 2020/21, 9,080 patients attended Urgent Care and 655 patients (7 per cent of total patients attending) were transferred to larger hospitals from Urgent Care for higher acuity care.

Over 1,000 patients presented with COVID-19 symptoms putting increasing pressure on the capacity of our small department. COVID-19 forced many changes to processes, workflow and provision of care, in order to manage patient demand and ensure that staff and patients were protected from any potential infection.

In 2021, Colac Area Health joined with regional partners to commence the first Nurse Practitioner (Emergency) Regional development program to grow the Nurse Practitioner (Emergency) workforce to meet the needs of the Barwon region.

A recent initiative of the Urgent Care team was the Mental Health Liaison Committee, which includes local partners: Barwon mental health, Victoria Police, Ambulance Victoria and Colac Area Health Community Services. This new committee aims to better meet the needs of the community and is soon to commence a trial of after-hours Telehealth consultations between Urgent Care patients and Barwon mental health staff.

Acute Care

Acute Care has continued to deliver a holistic patient centred care within the scope of our values.

During patient's admission and discharge planning, risk screening processes and a multidisciplinary team approach aid in supporting a positive patient experience and ongoing support following discharge when required.

Colac Area Health recognises people are at their most vulnerable when in a hospital environment, so our aim is to continue strong engagement with

patients' families during their admission through to discharge to support better health outcomes.

Acute Care continues to show resilience through the challenges that arise each year, but especially during the ongoing COVID-19 pandemic. We are able to demonstrate continued versatility and adaptability within the ever-changing environment of health.

Haemodialysis

The Haemodialysis unit trained two additional specialist staff to accommodate increases in demand for patient treatment hours.

The unit responded to the challenges presented by COVID-19 by introducing strict screening processes and isolating patients during their treatment if exhibiting any symptoms, ensuring their treatment was uninterrupted.

Patients expressed gratitude for remaining in the local community and being treated by staff who were often known to them through their interactions in other parts of their day-to-day community life.

Residential Aged Care

Corangamarah residents are cared for by skilled and compassionate staff, which ensures a consistently high level of occupancy.

Corangamarah offers a range of activities and events for residents, tailored to meet individual preferences and needs. It is co-located within Colac Area Health thus providing residents with access to a wide range of hospital services.

COVID-19 provided many challenges for residential care. It was necessary to reduce visiting hours to safeguard our residents. Our lifestyle program was reviewed and broadened to meet the social needs of our residents. Residents were assisted through the use of iPads to connect with family and friends, and window visits were implemented.

Our Complex Pain Management programs have been very effective in reducing pain and improving physical function to assist in daily living.

Colac Area Health continues to offer Restorative Care, Respite Care, and Dementia specific accommodation.

In 2021/22 Residential Aged Care will undergo a major refurbishment that will further expand our facilities and improve our residents' daily living experiences. This refurbishment has unfortunately experienced delays due to the pandemic.



Community Public Dental Services

The Community Oral Health Service was challenged by COVID-19 interruptions to clinical services yet managed to improve Key Performance Indicators in 2020/21.

Patients failing to attend appointments decreased from 7.9 per cent in 2020 to 4.3 per cent in 2021 which compared favourably to the State rate.

Child recall response rate was 71.2 per cent and priority access patients made up 58.3 per cent of the total number of patients compared with State rates of 42.8 per cent and 44.4 per cent respectively.

Colac Area Health, in partnership with Barwon Health outreach services, continues to be a lead agency in the number of eligible individuals treated over a two-year period.

During the August/September restrictions, the Oral Health Therapists took the opportunity to contact the parents of 430 children who would usually have been seen in preschool and school settings to discuss any concerns relating to their child's oral health – a very successful and welcome Tele-dentistry initiative. Staff were also deployed to COVID-19 testing and administrative roles.

Cancer Treatment Centre

The Frank Minchinton Centre provides a vital service for the Colac community and surrounds, allowing the option to receive treatment close to home. This year we celebrated our fifth anniversary, saving our patients over 140,000kms of travel in that time and supporting almost 100 local families.

The highly skilled staff administer low risk chemotherapy treatments, supportive therapies such as blood product transfusions, iron infusions, radiotherapy skin checks, dressing changes and central line management. They also offer support, education and advice. A visiting radiotherapist consults once a fortnight, and a medical oncologist runs a monthly review clinic and weekly Telehealth clinic.

COVID-19 created a range of new challenges for our patients who were already facing a life-altering illness and were particularly vulnerable; our staff offered extra emotional support and guidance.

Perioperative Services

In early 2020 in response to the COVID-19 pandemic, Perioperative Services established a designated COVID-19 operating theatre.

The operating theatre was fully equipped for a patient requiring emergency surgery and/or ongoing mechanical ventilation as a result of a positive COVID-19 test. Thankfully, this was not required.

During the majority of 2020, elective surgery was restricted by the Department of Health to Category 1 and 2A patients only. Over this time, Perioperative Services staff were trained in COVID-19 testing clinics to assist with pandemic management.

In April, May and June of 2021, Colac Area Health teamed with Barwon Health to provide additional orthopaedic surgery sessions to help reduce their elective surgery waiting list for joint replacements. Perioperative Services facilitated an extra ten orthopaedic operating sessions, allowing for 28 patients from the Barwon Health elective surgery waiting list to be treated at Colac Area Health.

Maternity Services

Work continues with the review of the Maternity Services Model of Care to provide best practice care to birthing parents and babies in our community.

We recruited a new Lactation Consultant and successfully set up Telehealth to accommodate women's appointments during lockdowns, and increased collaboration with the local Maternal Child Health Nurses to develop a holistic care model for women requiring further lactation advice.

The development and use of QR codes has increased the amount of consumer feedback we received for maternity services. We will be implementing QR codes for consumer feedback for childbirth education and lactation services in the future.

Currently, 80 per cent of maternity clinicians participating in the multidisciplinary training and have adapted to online education for Fetal Surveillance Education Program and Neonatal resuscitation.

Colac Area Health recorded 136 births for the 2020-2021 financial year.



Advanced Care Planning

Advanced Care Planning (ACP) enables all Australians to consider and plan for future health and personal care in the event they lose their decision-making capacity; it captures an individual's values and wishes to influence their treatment decisions.

Colac Area Health complies with the National Framework introduced by the Department of Health to promote a consistent approach to the applications of ACP legislation, ACP documentation.

Main Reception

In July 2020, Main Reception was relocated in the Galvin McCarthy building to cater for the additional COVID-19 safe requirements.

Every person who enters Colac Area Health via Reception must complete the strict COVID-19 screening process, complete the Department of Health attestation, ensure good hand hygiene is completed and facemasks are worn correctly. Reception staff responded with agility to the constantly changing information and implemented practices to suit.

The increased use of Telehealth consultations has allowed patients and clients to remain in their homes whilst still receiving care from our Visiting Medical Specialists. We have also been fortunate to provide facilities for patients without technology at home to link in with their Specialists.

Our Visiting Medical Clinics continue to increase allowing our community to continue to receive care in Colac without the need to travel.

We are fortunate to have the following Visiting Medical Services consulting from our Outpatient Rooms:

- Geelong Cardiology (Echo and Pacemaker)
- Gynaecology
- Nephrology
- Neurology
- Ophthalmology
- Paediatrics
- Pre-Anaesthetic Clinic
- Skin Cancer Clinic
- Victorian Infant Hearing.

The Call Centre Team has responded effectively to manage community concern in a difficult environment incorporating care, compassion and innovative thinking into their practice to support the community throughout the pandemic.

Allied Health Services

The Allied Health Team offers a range of programs and services including:

- Physiotherapy
- Occupational Therapy
- Speech Pathology
- Podiatry
- Nutrition
- Social Work/Welfare
- Exercise Physiology
- Nicotine Addiction Management
- Health Coaching
- Community Rehabilitation Centre
- Social Support.

Our aim is to provide assessment, treatment and quality care to protect, restore and to assist achieving positive outcomes to those eligible to access public health care.

The Allied Health Team responded to the COVID-19 outbreak by training and redeploying staff to support testing administrative duties, swabbing, answering phone calls for assistance, while still providing face-to-face services to high priority clients and utilising Telehealth technology to deliver all other services. Telehealth raised particular challenges for home schooling/kinder parents however, this technology still allowed Colac Area Health to provide this critical developmental service.

We received additional funding for the next three years to support consumers with osteoarthritis-related pain, the aim being to prevent or delay osteoarthritis joint replacement surgery and demonstrate our compliance with the Australian Commission on Safety and Quality in Health Care/Osteoarthritis of the Knee Clinical Care Standard.

The team continues to provide a high level of care with the support of Barwon Health, utilising a multi-disciplinary team and some shared care with our Podiatry High Risk Foot Clinic.

Consumer feedback has indicated we have successfully completed our project to make the consumer journey seamless when accessing services. Working through our Intake and Reception teams, we have streamlined processes to allow clinicians to spend more time delivering services and responding to high priority clinical care within recommended wait times.

Our community and social support programs across Neighbourhood House, Miller House and the Birregurra Community Health Centre responded to the challenges of the COVID-19 pandemic by adapting their services to ensure participants



remained socially connected. Over 500 phone calls per month provided participants with opportunities to stay virtually connected through volunteer visiting.

The **Neighbourhood House** was used to its fullest potential; in March 2020, a community support free-call 1800 number was set up from it for people to access assistance for anything and everything. From July to September during the peak of the pandemic in Colac:

- **3,083** calls received relating to social and / or emotional COVID-19 related issues
- **1,518** calls made informing people of test results, welfare checks, liaising with DHHS, COVID-19 monitoring and tracing teams
- **75** food relief requests.
- **1,766** COVID-19 tests were conducted during lockdown in 2020, providing a safe place for community attendance and for the staff, a warm and comfortable space to work from until a more appropriate building was available.

In 2021, immunisations have also taken place at the House on three occasions with hundreds of people attending.

To celebrate the House reopening after lockdown, a market day was held, attended by over 100 people observing COVID-19 safety restrictions on site.

Thanks to the generosity of ACCIONA Wind Farms and Colac Otway Shire, we ran groups for Yoga from the Chair, quilt making for donation to vulnerable people, conversational English for our culturally and linguistically diverse community, Have a Hat, knitting and crochet group and an educational session called Understanding Islam.

The **Fill It Up Mate** program – non-perishable donations in shopping bags – has fed hundreds of people, as has the **Soup for the Soul** program, both with thanks to community generosity.

Many plans and activities are on hold due to restrictions but as soon as possible, we will be opening the doors and welcoming back our wonderful community.

In response to the pandemic, **Miller House** group activities adapted to a range of programs including twice weekly Chat Rooms, Gentle Exercises and Gardening Group conference calls. Online education, links and information continue to be distributed via the Miller House newsletter.

The **Birregurra Community Health Centre** collaborated with stakeholders including the Red

Cross and Deans Marsh Cottage to support vulnerable people. Food boxes collected from local suppliers and Colac Food Bank were delivered. At the end of 2020, we worked closely with the Birregurra General Store to provide weekly community lunch meals until volunteers could return.

Online educational programs were offered such as story time for children. School holiday programs moved online. Gym memberships are increasing rapidly – a great sign of community engagement and health.

Community Health

Colac Area Health supports a range of programs that focus on community health and wellbeing.

During the pandemic, our teams responded with the establishment of the COVID-19 Testing Clinic, operating three days a week with the capacity to escalate when required.

Our service delivery models evolved to ensure we continued to support the needs of all of our clients while keeping them and our staff safe in a COVID-19 environment. Some of the model innovations forced by COVID-19 will see greater choice and accessibility for our clients into the future as we embed our learnings into new models of care.

Our focus on evidence-based care and partnerships will continue to ensure we provide relevant services enhanced by collaboration with other service providers, our partners and our clients.

Services 2020/21	Clients	Contacts
Community Health	2,876	43,575
Dental	2,541	5,129
Family Services	211	11,167
Financial Counselling	269	1,768
Homelessness	305	6,939
Palliative Care	118	2,668
Total	6,320	71,246

Youth Health Hub

Overall, despite significant disruptions to the scheduled activities throughout the year, youth engagement increased for activities as well as on the Youth Hub Facebook page.

The Youth Health Hub has been working with the Colac Otway Shire to establish a youth voice group, which will soon be launched.



Early in the year, BMX training and competitions were successfully held at Birregurra, Forrest and Colac with funding from a FReeZA grant, along with art workshops and an Open Air Cinema co-hosted by the Forrest Neighbourhood House.

However, since lockdowns and increased restrictions were put back in place, face-to-face engagement with youth has dwindled.

Community Advisory Committee

The Community Advisory Committee was established to strengthen the partnership between the health service and consumers, and to assist in providing advice on issues from a consumer, carer and community perspective through lived experience in the health system.

Committee membership during the 2020/21 financial year consisted of nine community members and four ex officio members including the Chief Executive and a member of the Colac Area Health Board. The Community Advisory Committee is supported by a dedicated resource to assist with secretariat responsibilities.

In 2020/21, the Community Advisory Committee has adapted well to virtual meetings during lockdown and face-to-face meetings when possible. The committee continues to advocate for the consumer experience with a focus on linguistically and neurodiverse consumers across the services delivered by Colac Area Health.

Volunteers

Last financial year Colac Area Health volunteers contributed 1,644 hours to our organisation and the community despite the COVID-19 pandemic. Some volunteers were able to provide remote support via phones and iPads to continue supporting community members who were isolated during the pandemic.

The volunteers contributed to a group project **Making Hearts for Healthcare Workers** to say "thank you" for their selfless work during the height of the pandemic.

During the 2020/21 financial year, the structure for a new program called **Backyard Fix** was put in place and is ready to start to assist people who are ill and unable to get out to their gardens.

Our volunteers have shown great resilience and agility in responding to the changing Directions

coming in and out of lockdowns. Miller House and Palliative Care and Bereavement Support volunteers stayed connected via phone, video-conferencing platforms and hand written letters so people within the community were not further isolated.

We commend all Colac Area Health volunteers and celebrate these milestones of longevity:

10 Years

- > Joan Taylor (Do Care Visiting Volunteer)
- > Irene Lawrence (Birregurra Auxiliary and Advisory Committee)
- > Janice Richardson (Birregurra Auxiliary)
- > Lynette Bolton (Neighbourhood house)
- > Ellie Costigan (Birregurra Lunch Program and Birregurra Advisory Committee)
- > Leon Cox (transport driver)
- > Robyn Edwards (Do Care visiting volunteer)
- > Marg Halliday (Do Care visiting volunteer/driver/Miller House)
- > Audrey Roberts (Miller House visiting volunteer)
- > Janet Brien (Birregurra Advisory Committee)
- > Kathy Mahoney (Miller House volunteer and Do Care visiting volunteer)

15 years

- > Christine Nicolls (Birregurra Auxiliary)
- > Margaret Southern (CAH Auxiliary)

20 years

- > Les Rosevear (Palliative Care - retired 2020)
- > Noela Ackerley (CAH Auxiliary President)
- > Margaret Newton (CAH Auxiliary Secretary)
- > Maree Smith (CAH Auxiliary)

25 years

- > Leona Pekin (Palliative Care - retired 2020)
- > Vonnie Henderson (Birregurra Community Advisory Committee)

Research

The Colac Area Health Research Unit was formally established in early 2020 and has undergone rapid growth. The Research Unit comprises Dr Laura Alston (Director of Research), Dr Michael Field (Western Alliance Research Translation Coordinator, Colac-Geelong) and Alison Buccheri (Colac Area Health Speech Pathologist and Research assistant). Many staff from a variety of disciplines are undertaking research. Our Unit's research has been strongly supported by Deakin Rural Health and Deakin University's Institute for Health Transformation. In 2021, we have also launched our research unit website:

<https://cah.vic.gov.au/services/colac-area-health-research-unit/>



The collaborative research projects currently in progress will all contribute to high quality care of our patients and community into the future.

Since the beginning of 2020, the Research Unit has attracted an additional \$100,000 in funding to employ a Research Assistant and undertake projects, along with more than \$200,000 in-kind capacity from external partners. Research has led to improvements in policy and processes at Colac Area Health and has featured in media including the Herald Sun, Colac Herald, Geelong Advertiser, ABC and 3AW radio. We have published six peer review papers with many more in draft.

One of our clinician researchers, Megan Green, also won a Rural Workforce Agency of Victoria Allied Health award for her malnutrition research undertaken at Colac Area Health.

Our Research Unit is planning our first Research Symposium, which will be held in late 2021 or early 2022 (COVID permitting). We will be showcasing our CAH led research studies and inviting all staff, as well as community members.

Kinder Kapers

Kinder Kapers videos were developed as part of our COVID-19 response as kindergarten-aged children were unable to visit Colac Area Health as part of their early learning experience. The Kinder Kapers visits are an important aspect of our consumer engagement that introduces kinder-aged children to Urgent Care and the Dental Clinic. "Ted" acts as the tour guide orientating children to what they can expect if they require a visit to Urgent Care or the Dental Clinic.

People and Place

Over the past twelve months, we have experienced many service and operational challenges. The COVID-19 pandemic has impacted all of us and called for rapid and well-considered action, which impacted the services of Human Resources (HR).

The health and wellbeing of our employees remains our highest priority, with particular emphasis on their psychological wellbeing as the pandemic continues. At the same time, we have worked to integrate our COVID-19 response with our existing business continuity plans.

Throughout the reporting period, we have introduced many additional strategies at Colac Area Health involving Human Resource and Workplace Health and Safety to support staff welfare.

The physical and psychological demands upon staff included the requirement for PPE, requiring a robust Fit Testing program, and constantly changing processes and requirements. Constant communication was a key strategy, keeping staff informed and ensuring safe management of work environments.

Dedicated, healthy and successful employees are necessary if we are to retain and expand our leading position and thus shape a successful future for all of us.

The introduction of our redefined Values and Behaviours are guiding us in working toward creating a culture aligning our actions with expectations of all employees and our commitment to person centred care in the years to come.

Energy and Environment

Colac Area Health recognises and is committed to addressing its environmental obligations, both locally and globally and accepts responsibility for waste management, recycling and smarter energy use.

Data from Colac Area Health accounts is recorded in our Environmental Data Management System (EDMS), identifies, and measures our environmental impacts in relation to energy, water, waste, transport and paper.

In the EDMS 2020-21 Report for our water usage is down on the previous year. Contributing factors to the reduction were the impact on services service delivery due to COVID 19 and related lockdowns.

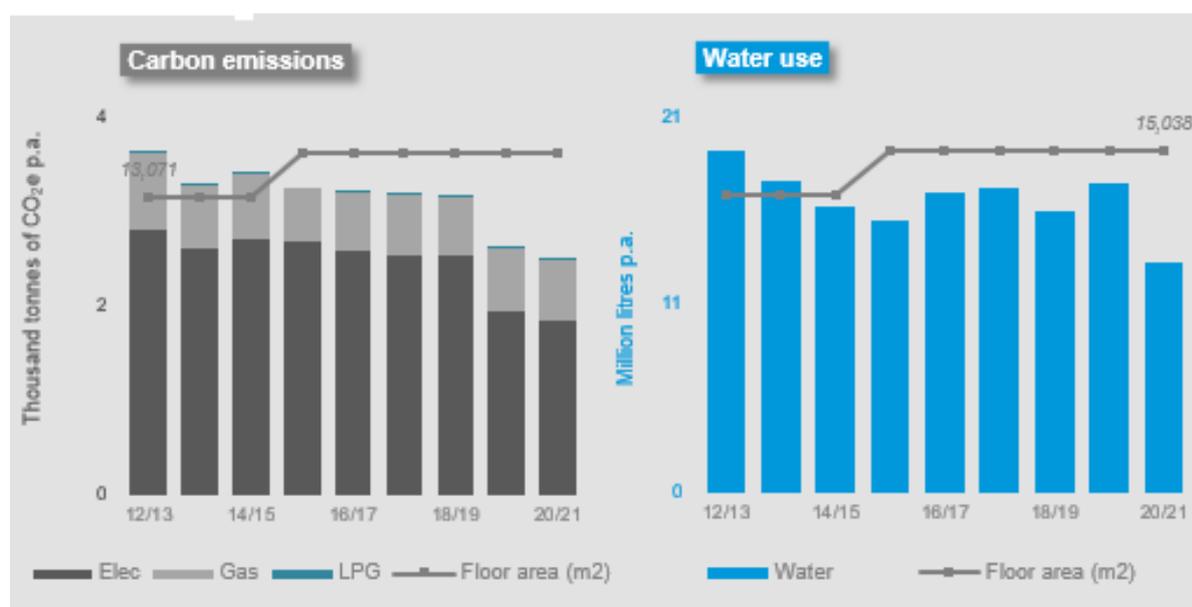
There was an increase in our clinical waste primarily due to the operation of our testing and vaccination clinic's which resulted in an increase in use of PPE particularly during the COVID peak times.

There was a slight decrease in our General waste and recycling.

As part of CAH's commitment to energy reduction a process to change lighting over to LEDs has been undertaken with 95% of lights converted during 2020 - 2021. Arising out of this upgrade CAH's annual lighting energy consumption has been reduced by 74%.

Future projects and actions in relation to managing and reducing our environmental impact are being developed and focus on engagement, education and empowerment all employees to establish actions to create an environmentally sustainable workplace.

The following overviews Colac Area Health's performance over the past two years



	2019-20 (\$ thousand)	2020-21 (\$ thousand)	Change from previous year
Electricity	\$370	\$351	-5.3%
Natural Gas	\$140	\$143	2.3%
Liquefied Petroleum Gas	\$3	\$1	-59.5%
Potable Water	\$69	\$57	-16.8%
TOTAL	\$582	\$553	-5.1%

Energy and Water Performance 22019-2020 & 2020			
	2019/20	2020/21	Change from previous year
Electricity Expenditure			
(\$ thousand)	\$333	\$321	-3.60%
Energy Electricity (MWh)	1661	1645	-16.00
Natural Gas Expenditure	\$137	\$139	1.5%
Energy Use -(gigajoules)	12,220	11,823	-397
Carbon Emissions (thousand tonnes of CO₂e)			
Electricity	1.7	1.61	-0.09
Natural Gas	.06	0.061	0.01
TOTAL EMISSIONS	2.3	2.22	-0.08
Waste Expenditure			
Clinical	\$46,225	\$52,596	13.80%
General	\$55,243	\$53,461	-3.20%
Recycling	\$8,623	\$7,553	-12.40%
TOTAL	\$110,091	\$113,611	3.20%
Water Expenditure (\$,000)	\$69	\$57	-16.8
Water Use(per million litres p.a)	17.39	12.93	-4.46

Environmental Services

Environmental Services are an integral part of Colac Area Health providing front line support with cleaning, patient transport, linen and laundry services, waste segregation and removal across the organisation.

Environmental Services undertake all laundry requirements for Residential Aged Care. Further infrastructure has been purchased to support efficiency.

A best practice approach has been implemented throughout Colac Area Health. An additional cleaning shift was implemented in February 2020 to meet the rigorous infection control standards to assist managing the pandemic. to assist in a high quality standard approach to maintain cleanliness of frequent Touch Points.

A dedicated cleaning shift was implemented in Urgent Care to assist with specialised Suspected COVID-19 cleans and maintain a high standard of cleanliness in the department.

Staff have adapted well to keep abreast of the constant changes to our processes throughout the Pandemic.

The Standard of cleaning at Colac Area Health is maintained at a very high standard, and is often well above the Acceptable Quality Level (AQL) required in the "Cleaning standards for Victorian Health Facilities 2011".

The required Acceptable Quality Level is:

- Very High Risk (VHR) 85%

- High Risk (HR) 85%
- Moderate Risk (MR) 85%
- Overall Hospital Score (OHS) 85%

Monthly internal cleaning audits are conducted by Environmental services and our monthly audit results are consistently above the required AQL.

There has been a recent upgrade to the software program Check-up online enabling feedback to staff via rectification lists, together with separate lists for maintenance items. The ability to produce data to ensure we are achieving the relevant AQL for all the risk categories is also available.

As per Department of Health requirements, an annual audit must be completed by an External Auditor. Mrs Carol Rosevear, from Victorian Infection Prevention Services (VICIPS), will conduct the audit on the 7th of July 2021.

The internal audit will be conducted utilising the Victorian cleaning standards for Victorian Health Facilities 2011. These cleaning standards are a performance requirement of the department and apply to all Victorian health facilities, regardless of whether their cleaning service is contracted or performed in house.

The results of the annual audit for 2021 are listed below with 2020 results for comparison. 85 rooms/areas were audited. The results are again, an excellent outcome for Colac Area Health and the community.

Area	2020	2021
	Score	Score
Very High Risk- AQL 90% Operating Suite and CSSD	99%	99%
High Risk - AQL 85% Sterile supply areas, Urgent Care, Pharmacy Wards Cancer Centre.	98%	98%
Moderate Risk- AQL 85% Laboratories, Mortuary, Medical Imaging, Waiting Rooms, Administration	95%	96%
Overall Facility Score-AQL 85%	97%	97%

*The results for all risk categories for the period 1 July 2020 to 30 June 2021



Onsite Pop-up COVID-19 Testing Clinic

Report of Operations

Operating Performance

COVID-19 Impact

While regional areas were generally less impacted by the pandemic, the Colac-Otway Shire experienced two significant regional COVID-19 outbreaks in July and August 2020. This required significant resource reorientation to allow Colac Area Health to immediately respond by establishing robust surveillance testing of the community and specific high risk industries, assisting with accommodation arrangements and importantly protecting aged care residents, health service patients and staff.

The State Government is committed to a strong public health system and is continuing to provide support to ensure Colac Area Health remains financially viable and can continue to support staff who are at the front line should the pandemic further impact our community.

The direct financial impact of the pandemic on the health service financial performance was \$1.4m that has been funded by additional State Government Grants. There has also been a significant impact on service delivery with inpatient services for the year achieving 97% of the Statement of Priorities (SOP) target.

The Operating Result was a surplus of \$1,223,000 (2020: \$3,855,000 surplus) which was \$723,000 favourable to the surplus of \$500,000 in the Statement of Priorities. The Net Operating Result included sustainability funding from the state government of \$2,592,000, \$3,208,000 less than the prior year, and \$1,400,000 for the COVID-19 impact. The health service also received a COVID payment of \$3,369,000 in 2020/21, which is subject to repayment to the Department of Health in 2021/22.

Additional grant revenue over and above the COVID-19 funding was required to support the health service's cash position. Without the additional grants such as the sustainability funding and COVID-19 impact funding the health service would have delivered a deficit of \$2,769,000 in 2020/

Despite the current and potential future COVID-19 impacts, the health service is working through the Financial Management Improvement Plan to deliver further improvements and move towards a sustainable position within the next three years.

Liquidity

The most significant challenge for the health service at the commencement of the year was the management of liquidity. While the cash balances appear adequate, most of the cash reported in the annual accounts is restricted funds associated with Aged Care Accommodation Deposits or other restricted purpose funds not available to be used to support the health service's operating requirements.

At year-end, the health service had \$18,297,000 in cash. This cash total includes, \$11,110,000 held as

Aged Care Accommodation Deposits with a further \$2,578,000 in restricted purpose funds including capital grants for Aged Care Refurbishment, medical equipment (CT Scanner replacement and endoscopy equipment), catering equipment and funds donated for a wellness centre. Total available cash to the health service at year-end was \$3,945,000 (excluding restricted cash), an improvement on the prior year of a cash surplus of \$1,800,000.

The substantial improvement in liquidity is attributable to the health service operating surplus of \$1,223,000 that was achieved after the receipt of additional State Government support together with improvements made in accordance with the Financial Management Improvement Plan.

Asset Management

The cash position in the last few years has severely limited the capacity of the health service to invest and maintain the asset base, which in turn impacts on service delivery quality and efficiency. Investment has been limited to works and equipment fully funded by government grants, interest free loans from government and community fundraising.

The financial review identified critical engineering infrastructure and medical equipment requiring an urgent investment of \$5-7m.

During the year, Colac Area Health was advised of \$1,772,000 funding from the Regional Health Infrastructure Fund (RHIF) to replace medical equipment (CT Scanner replacement and endoscopy equipment) and further aged care refurbishment funding. Priorities for the next year include replacement of chillers, catering equipment, air-handling unit for the Otway building, wellness centre works and theatre upgrade works.

The Future

The COVID-19 pandemic will continue to have a significant impact in 2021/22 and in this uncertain environment, the health service must continue to work closely in partnership with Department of Health and Human Services, other health service providers, staff and the community to improve the health service performance. The substantial improvements already achieved in the current year provide a strong foundation to deliver the outcomes of the Financial Management Improvement Plan. It is with optimism we look forward to making steady progress to return to sustainable financial performance and are able to make the necessary investment in equipment and infrastructure required to support the delivery of safe, high quality care.

Financial Performance Summary | 5 Years

	2021	2020	2019	2018	2017
	\$000	\$000	\$000	\$000	\$000
Operating Result	1,223	3,855	(1,954)	(208)	(563)
Total revenue	55,632	58,475	49,514	45,195	40,295
Total expenses	55,952	56,246	52,635	47,163	42,969
Net result from transactions	(320)	2,229	(3,121)	(1,968)	(2,674)
Total other economic flows	500	64	(111)	(180)	26
Net result	180	2,293	(3,232)	(2,148)	(2,648)
Total assets	67,226	63,809	61,544	57,968	54,748
Total liabilities	28,513	25,629	25,657	20,718	19,260
Net assets / Total equity	38,713	38,180	35,887	37,250	35,488

Reconciliation between the Net results from transactions reported in the model to the Operating result as agreed in the Statement of Priorities

	2021
	\$000
Net operating result *	1,223
Capital and specific items	
Capital purpose income	1,343
Specific revenue	136
COVID 19 State Supply Arrangements	
Assets received free of charge or for nil consideration under the State Supply	-
State supply items consumed up to 30 June 2021	-
Assets provided free of charge	-
Assets received free of charge	375
Expenditure for capital purposes	(102)
Depreciation and amortisation	(3,291)
Impairment of non-financial assets	-
Finance costs	(4)
Net result from transactions	(320)

* The net operating result is the performance result the health service is monitored against in its Statement of Priorities

ICT Expenditure

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)
\$2.1 million	\$0	\$0	\$0



Use of Consultants | Details of individual consultancies

In 2020/21 Colac Area Health engaged seven consultancies listed below with a total expenditure of \$115,000. No ex-gratia payments were made during the year.

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

In 2020/21, there were four consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020/21 in relation to these consultancies is \$95,317 (excl. GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2019-20 (excluding GST)	Future Expenditure (excluding GST)
Grant Solutions	Executive	Jul-20	Jun-21	\$16,500	\$16,500	\$50,000
Ros Pearson Consulting	Governance	Aug-20	Aug-21	\$11,317	\$11,317	\$0
Michael Rhook	Executive	Oct-20	Jun-21	\$50,000	\$37,000	\$70,000
Stopping Family Violence	Family Support	Sep-20	Sep-21	\$17,500	\$17,500	\$0
			Total	\$95,317		

Details of consultancies (under \$10,000)

In 2020/21, there were three consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies is \$19,683 (excl. GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2019-20 (excluding GST)	Future Expenditure (excluding GST)
BRT Consulting	Engineering	Jul-20	Jun-21	\$8,000	\$8,000	\$0
Jenny Locke	Human Resources	Jul-20	Jun-21	\$6,867	\$6,867	\$0
D.K. Sonin & Associates Pty Ltd	HR	Jul-20	Jun-21	\$4,816	\$4,816	\$6,000
			Total	\$19,683		

Disclosures Required Under Legislation

Manner of establishment and the relevant Minister

Building Act 1993

Colac Area Health complies with the building and maintenance provisions of the *Building Act 1993*.

Public Interest Disclosures Act 2012

Colac Area Health has in place policies for disclosure in accordance with the Protected Disclosure Act 2012. No protected disclosures were made under the Act in 2020/21.

National Competition Policy

Colac Area Health has complied with the requirements of the Government policy statement under the National Competition policy.

Carers Recognition Act 2012

The *Carers Recognition Act 2012* recognises Carers have a statutory right to ask Colac Area Health for flexible working if they care for an adult who is a relative or lives at the same address. Carers also have the right to take unpaid time off work for dependants in an emergency.

Safe Patient Care Act 2015

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

Local Jobs First Act 2003

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIIP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Job first policy in all projects valued at \$3 million or more in metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIIP guidelines will continue to apply to MPSG applicable and VIIP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Colac Area Health abides by the principles of the *Local Jobs First Act 2003*. In 2019-2020 there were no contracts completed by Colac Area Health under this Act.

Gender Equality Act 2020

Colac Area Health is working towards initiatives to support the *Gender Equality Act 2020* (the Act) – an important milestone for gender equality in our State.

The reform will improve workplace gender equality in many Victorian public sector organisations and positively impact the communities we serve. The Act will assist us to break down outdated stereotypes and systemic inequalities through providing greater

transparency about the advancement of gender equality within our organisation.

The Act requires us to:

- consider and promote gender equality in our organisation
- conduct gender impact assessments for all new public policies, programs and services we develop
- undertake workplace gender audits to assess the state and nature of gender inequality in our workplace
- develop and implement strategies and measures to make reasonable and material progress towards gender equality
- report our progress on all of the above.

To do this we are currently undertaking a Gender Equality Audit to assist us to identify our current gaps and establish an action plan identifying what we need to do to improve gender equality in our organisation.

Additional information available on request

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

- a. Declarations of pecuniary interests have been duly completed by all relevant officers;
- b. Details of shares held by senior officers as nominee or held beneficially;
- c. Details of publications produced by the entity about itself, and how these can be obtained;
- d. Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- e. Details of any major external reviews carried out on the Health Service;
- f. 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;
- g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h. Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- i. Details of assessments and measures undertaken to improve the occupational health and safety of employees.

Freedom of Information Act 1982

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Health Service. If you wish to access your information contact the Freedom of Information Officer on telephone 5232 5253 or email healthinfo@cah.vic.gov.au. The application fee is \$29.60 but this can be waived on the basis of hardship. For further information please access the following links.

<https://ovic.vic.gov.au/freedom-of-information-for-the-public/make-a-freedom-of-information-request/>
<https://www.cah.vic.gov.au/privacy-and-freedom-of-information/>

For the 12 months ending 30 June 2021 Colac Area Health received 69 valid applications.

Attestations and Declarations

Subsequent Events

No events occurred after balance date which would significantly affect Colac Area Health operations in subsequent reporting periods.

Financial Management Compliance Attestation

I, Timothy Greene, on behalf of the Responsible Body, certify that Colac Area Health has no Material Compliance Deficiency with respect to the applicable Standing Directions and the *Financial Management Act 1994* and Instructions



Timothy Greene
Board Chair
Colac, Victoria
22 September 2021

Integrity, fraud and corruption

I, Fiona Brew, certify that Colac Area Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Colac Area Health during the year.

Data Integrity

I, Fiona Brew, certify that Colac Area Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Colac Area Health has critically reviewed these controls and processes during the year.

Conflict of Interest

I, Fiona Brew, certify that Colac Area Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 *Compliance reporting in health portfolio entities (Revised)* and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Colac

Area Health and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item from declaration and documenting at each executive board meeting.



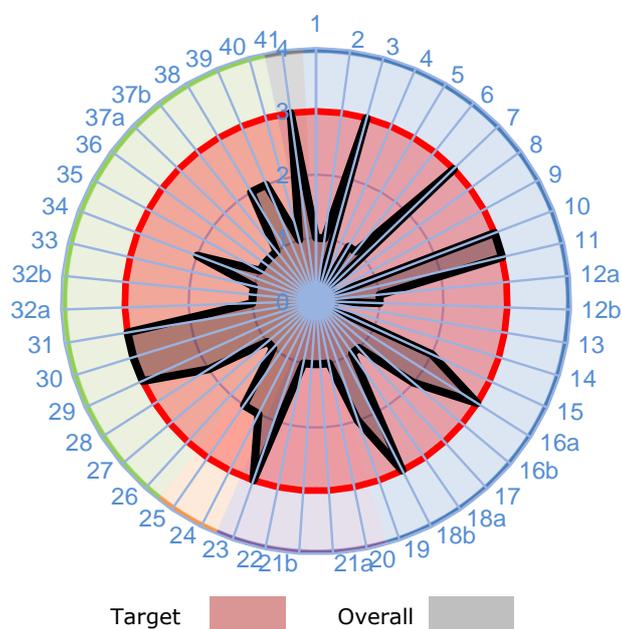
Fiona Brew
Chief Executive
Colac Area Health
22 September 2021

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise Colac Area Health's 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>).

Colac Area Health's target maturity rating is 'awareness', meaning systems and processes are not fully in place, nor consistently applied and systematically meeting the AMAF requirement.

Results:



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

Leadership and Accountability (requirements 1-19)

Colac Area Health has not met or exceeded its target maturity level under most requirements within this category.

Colac Area Health did not comply with some requirements in the areas of governance, allocating asset management responsibility and monitoring asset performance. There is no material non-compliance reported in this category. A plan for improvement is in place to improve Colac Area Health's maturity rating in these areas.

Planning (requirements 20-23)

Colac Area Health has not met or exceeded its target maturity level under most requirements in this category.

Colac Area Health is still finalising its asset management strategy, and does not yet comply with all elements of risk management and contingency planning. There is no material non-compliance reported in this category. A plan for improvement is in place to improve Colac Area Health's maturity rating in these areas.

Acquisition (requirements 24 and 25)

Colac Area Health has not met or exceeded its target maturity level in this category.

There is no material non-compliance reported in this category. A plan for improvement is in place to improve Colac Area Health's maturity rating in these areas.

Operation (requirements 26-40)

Colac Area Health has not met or exceeded most of its target maturity level under most requirements within this category.

Colac Area Health did not comply with several requirements in the areas of monitoring and preventative action, maintenance of assets, and information management. There is no material non-compliance reported in this category. A plan for improvement is in place to improve Colac Area Health's maturity rating in these areas.

Disposal (requirement 41)

Colac Area Health has met its target maturity level in this category.



Key Financial and Service Performance Reporting

Statement of Priorities Part A:

In 2020/21 Colac Area Health assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

Strategic Priorities

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

Outcomes:

Incident Management Team commenced preparation and scenario planning in January 2020 to prepare for potential outbreaks in the Colac region in 2020/21.

It was determined that pop-up testing onsite in high risk workplaces reduced risk community transmission and enabled an agile response. Drive-through testing clinics were established to meet escalated demands for community testing during periods of local outbreak. Colac Area Health continues to maintain testing clinics as part of our business as usual with the capacity to escalate when needed.

A team was established to manage community concerns ranging from food insecurity to motel quarantine. Particular consideration was given to our culturally and linguistically diverse (CALD) community as traditional methods of communication and food provisions were not appropriate to meet their needs.

Vaccination Clinics were established for Pfizer and AstraZeneca to meet community needs. Colac Area Health worked in partnership with key business leaders to ensure specific cohorts mandated by the eligibility criteria within the community were able to receive vaccinations to meet their targets.

Strategic Priority

Engage with the community to address the needs of patients, especially 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.

Outcomes:

Access to telehealth has increased with facilitation from our staff to ensure that consumers are supported in use of technology, and supported in telehealth appointments. Review of referral pathways for Allied Health appointments to ensure Category 1 client's needs are met and appointments facilitated in a timely manner. Partnership with Diversitat and Neighbourhood House has continued to ensure consumers with diverse needs receive appropriate information and services, particularly in relation to testing, vaccination and food parcels.

Strategic Priority

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

Outcomes:

The Royal Commission into Aged Care Quality and Safety was released by the Commonwealth Government on 1 March 2021. The Commonwealth Government announced a budget package of support on 11 May 2021 and at the same time released their full response to the Royal Commission. As providers of Aged Care services, the health service commits to working collaboratively with the Victorian and Commonwealth Governments to respond to the broad range of recommendations to improve outcomes for older Victorians. As a priority, health service will identify and prepare for and comply with changes.

Planning has commenced for the refurbishment of Corangamarah to enhance and modify the environment to enable free movement between indoor and outdoor spaces to increase connectedness for Residents.

During COVID-19 the Lifestyle program was enhanced to ensure Residents maintained connections with family and loved ones through the use of assisted technology, letter writing and increased daily activity programs.



Statement of Priorities: Part B

High quality and safe care

Key performance measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	98%
Percentage of healthcare workers immunised for influenza	90%	97%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	*0%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	*0%
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	0.8%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0%

*Undergoing redesign – no data collected for 2020/21 Financial Year

Effective financial management

Key performance measure	Target	Result
Operating result (\$m)	0.5m	1,223
Average number of days to pay trade creditors	60 days	41 days
Average number of days to receive patient fee debtors	60 days	41 days
Public and Private WIES activity performance to target	100%	85.2%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.94
Actual number of days available cash, measured on the last day of each month.	14 days	Not achieved
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	-1.93

Statement of Priorities: Part C:

Funding type	2020/21 Activity Achievement
Acute Admitted	
Acute WIES	2,851
WIES DVA	22
WIES TAC	3
Acute Non-Admitted	
Home Enteral Nutrition	24
Specialist Clinics	6,577
Subacute and Non-Acute Admitted	
Maintenance Public	33
Subacute WIES - Palliative Care Public	13
Subacute WIES - Palliative Care Private	1
Subacute Non-Admitted	
Health Independence Program - Public	5,399
Residential Aged Care	24,179
HACC	2,776
Drug Services	1
Community Health / Primary Care Programs	3,565

*WIES is a Weighted Inlier Equivalent Separation

Disclosure Index

The Annual Report of Colac Area Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
<i>Charter and purpose</i>		
FRD 22I	Manner of establishment and the relevant Ministers	i
FRD 22I	Purpose, functions, powers and duties	1-2
FRD 22I	Nature and range of services provided	7-12
FRD 22I	Activities, programs and achievements for the reporting period	7-12
FRD 22I	Significant changes in key initiatives and expectations for the future	7-12
<i>Management and structure</i>		
FRD 22I	Organisational structure	5
FRD 22I	Workforce data/ employment and conduct principles	3
FRD 22I	Occupational Health and Safety	3
<i>Financial information</i>		
FRD 22I	Summary of the financial results for the year	16
FRD 22I	Significant changes in financial position during the year	16
FRD 22I	Operational and budgetary objectives and performance against objectives	1-2
FRD 22I	Subsequent events	21
FRD 22I	Details of consultancies under \$10,000	19
FRD 22I	Details of consultancies over \$10,000	19
FRD 22I	Disclosure of ICT expenditure	18
<i>Legislation</i>		
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	21
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	20
FRD 22I	Application and operation of <i>Public Interest Disclosure 2012</i>	20
FRD 22I	Statement on National Competition Policy	20
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	20
FRD 22I	Summary of the entity's environmental performance	14
FRD 22I	Additional information available on request	20
Other relevant reporting directives		

Legislation	Requirement	Page Reference
FRD 25D	Local Jobs First Act disclosures	20
SD 5.1.4	Financial Management Compliance attestation	21
SD 5.2.3	Declaration in report of operations	2
Attestations		
	Attestation on Data Integrity	21
	Attestation on managing Conflicts of Interest	21
	Attestation on Integrity, fraud and corruption	21
Other reporting requirements		
	<ul style="list-style-type: none"> Reporting of outcomes from Statement of Priorities 2019-20 	24-26
	<ul style="list-style-type: none"> Occupational Violence reporting 	3
	<ul style="list-style-type: none"> Reporting obligations under the <i>Safe Patient Care Act 2015</i> 	20

COLAC AREA HEALTH
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2021

**Colac Area Health
Financial Report
For the Financial Year Ended 30 June 2021**

Colac Area Health presents its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about Colac Area Health’s stewardship of the resources entrusted to it.

Board member’s, accountable officer’s, and chief finance and accounting officer’s declaration	4
Auditor-General’s Report.....	5
Comprehensive Operating Statement	7
Balance Sheet	8
Statement of Changes in Equity.....	9
Cash Flow Statement.....	10
Basis of preparation	11
Note 1.1: Basis of preparation of the financial statements.....	11
Note 1.2: Impact of COVID-19 pandemic.....	12
Note 1.3: Abbreviations and terminology used in the financial statements	12
Note 1.4: Joint arrangements.....	13
Note 1.5: Key accounting estimates and judgements	13
Note 1.6: Accounting standards issued but not yet effective.....	13
Note 1.7: Goods and Services Tax (GST)	14
Note 1.8: Reporting Entity	14
Note 2: Funding Delivery of our Services	14
Note 2.1: Revenue and Income from transactions.....	16
Note 2.2: Fair value of assets and services received free of charge or for nominal consideration.....	18
Note 2.3: Other income	20
Note 3: The Cost of Delivering our Services.....	21
Note 3.1: Expenses from Transactions.....	23
Note 3.2: Other Economic Flows	25
Note 3.3: Employee Benefits in the Balance Sheet	26
Note 3.4 Superannuation	29
Note 4: Key Assets to Support Service Delivery	30
Note 4.1: Property, Plant and Equipment	32
Note 4.2: Intangible Assets.....	39
Note 4.3: Depreciation	40
Note 4.4 Inventories	41
Note 5: Other Assets and Liabilities.....	42

Note 5.1: Receivables and contract assets	43
Note 5.2: Payables and contract liabilities	44
Note 5.3: Other Liabilities	46
Note 6: How We Finance Our Operations	47
Note 6.1: Borrowings	49
Note 6.2: Cash and Cash Equivalents	52
Note 6.3: Commitments for Expenditure	52
Note 7: Risks, Contingencies and Valuations Uncertainties	54
Note 8: Other Disclosures	62
Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities	63
Note 8.2: Responsible Person Disclosures	64
Note 8.3: Remuneration of Executives	65
Note 8.4: Related Parties	66
Note 8.5: Remuneration of Auditors	68
Note 8.6: Events Occurring After the Balance Sheet Date	68
Note 8.7: Joint Arrangements.....	69
Note 8.8: Economic Dependency.....	70
Note 8.9: Equity	70

Colac Area Health

Financial Statements

Year ended 30 June 2021

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

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

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

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

We authorise the attached financial statements for issue on 22 September 2021.



Timothy Greene
Chair

Colac
22 September 2021



Fiona Brew
Chief Executive

Colac
22 September 2021



Gaye McCulloch
Interim Director Planning
and Resources

Colac
22 September 2021

Independent Auditor's Report

To the Board of Colac Area Health

Opinion I have audited the financial report of Colac Area Health (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 and 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.



MELBOURNE
7 October 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Colac Area Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue and Income from Transactions			
Operating activities	2.1	55,582	58,249
Non-operating activities	2.1	50	226
Total Revenue and Income from Transactions		55,632	58,475
Expenses from Transactions			
Employee expenses	3.1	(40,394)	(41,558)
Supplies and consumables	3.1	(5,565)	(4,876)
Depreciation	4.3	(3,291)	(3,169)
Finance costs	3.1	(4)	(6)
Administration costs	3.1	(4,223)	(4,256)
Other operating expenses	3.1	(2,464)	(2,347)
Other non-operating expenses	3.1	(11)	(34)
Total Expenses from Transactions		(55,952)	(56,246)
Net Result from Transactions - Net Operating Balance		(320)	2,229
Other Economic Flows included in Net Result			
Net gain/(loss) on financial instruments at fair value	3.2	-	(26)
Other gains/(losses) from other economic flows	3.2	500	90
		500	64
Net Result for the Year		180	2,293
Other Comprehensive Income			
Items that will not be Reclassified to Net Result			
Changes in property, plant and equipment revaluation surplus	4.1	353	-
Total Other Comprehensive Income		353	-
Comprehensive Result for the Year		533	2,293

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

**Colac Area Health
Balance Sheet
as at 30 June 2021**

	Note	2021 \$'000	2020 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6.2	18,297	13,900
Receivables	5.1	1,490	1,096
Inventories	4.4	57	55
Prepayments and other assets		979	135
Total Current Assets		20,823	15,186
Non-Current Assets			
Receivables	5.1	3,352	3,240
Property, plant and equipment	4.1	43,050	45,382
Intangible assets	4.2	1	1
Total Non-Current Assets		46,403	48,623
TOTAL ASSETS		67,226	63,809
LIABILITIES			
Current Liabilities			
Payables and contract liabilities	5.2	7,616	2,488
Employee benefits	3.3	7,917	8,073
Other current liabilities	5.3	11,155	10,828
Borrowings	6.1	301	2,288
Total Current Liabilities		26,989	23,677
Non-Current Liabilities			
Employee benefits	3.3	1,096	1,343
Borrowings	6.1	428	609
Total Non-Current Liabilities		1,524	1,952
TOTAL LIABILITIES		28,513	25,629
NET ASSETS		38,713	38,180
EQUITY			
Property, plant & equipment revaluation surplus	4.1(f)	27,186	26,833
Restricted specific purpose reserve	SCE	2,578	1,223
Contributed capital	SCE	14,253	14,253
Accumulated deficits	SCE	(5,304)	(4,129)
TOTAL EQUITY		38,713	38,180

This balance sheet should be read in conjunction with the accompanying notes.

Colac Area Health
Statement of Changes in Equity
For the Financial Year Ended 30 June 2021

	Note	Property, Plant & Equipment Revaluation Surplus \$'000	Contributed Capital \$'000	Restricted Specific Purpose Reserve \$'000	Accumulated Deficit \$'000	Total \$'000
Balance at 1 July 2019	4.1 (f)	26,833	14,253	-	(5,199)	35,887
Net result for the year		-	-	-	2,293	2,293
Other comprehensive income for the year		-	-	-	-	-
Transfers from/(to) accumulated deficits		-	-	1,223	(1,223)	-
Balance at 30 June 2020		26,833	14,253	1,223	(4,129)	38,180
Net result for the year		-	-	-	180	180
Other comprehensive income for the year		353	-	-	-	353
Transfers from/(to) accumulated deficits		-	-	1,355	(1,355)	-
Balance at 30 June 2021		27,186	14,253	2,578	(5,304)	38,713

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

Colac Area Health
Cash Flow Statement
For the Financial Year Ended 30 June 2021

	Note	2021	2020
		\$'000	\$'000
Cash Flows from Operating Activities			
Operating grants from government - State		43,203	45,475
Operating grants from government - Commonwealth		6,342	6,111
Capital grants from government		1,141	1,082
Patient fees received		2,540	2,767
GST received from ATO		921	1,013
Donations and bequests received		375	75
Interest received		49	125
Other receipts		5,054	1,796
Total Receipts		59,625	58,444
Employee expenses paid		(41,128)	(38,523)
Payments for supplies and consumables		(5,567)	(4,092)
Payments for medical indemnity insurance		(699)	(586)
Payments for repairs and maintenance		(534)	(594)
Finance costs		(4)	(6)
Other payments		(4,849)	(13,434)
Total Payments		(52,781)	(57,235)
Net Cash Flows from Operating Activities	8.1	6,844	1,209
Cash Flows from Investing Activities			
Purchase of non-financial assets		(829)	(830)
Proceeds from disposal of non-financial assets		223	-
Other Capital Revenue		-	101
Net Cash Flows used in Investing Activities		(606)	(729)
Cash Flows from Financing Activities			
Repayment of borrowings		(2,113)	(233)
Proceeds from borrowings		-	41
Advances from government		-	2,000
Receipt of accommodation deposits		1,678	4,760
Repayment of accommodation deposits		(1,351)	(3,294)
Repayment of leases		(55)	(70)
Net Cash Flows from Financing Activities		(1,841)	3,204
Net Increase in Cash and Cash Equivalents Held		4,397	3,684
Cash and cash equivalents at beginning of financial year		13,900	10,216
Cash and Cash Equivalents at End of Year	6.2	18,297	13,900

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

Basis of preparation

These financial statements represent the audited general purpose financial statements for Colac Area Health for the year ended 30 June 2021. The report provides users with information about Colac Area Health Service's stewardship of the resources entrusted to it.

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

Note 1.1: Basis of preparation of the financial statements

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

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

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

Colac Area Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Colac Area Health's Capital and Specific Purpose Funds include unspent capital grants and unspent grants provided for regional projects.

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 8.8 Economic Dependency).

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Colac Area Health on 22 September 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, Colac Area Health was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Colac Area Health operates.

Colac Area Health 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
- deferring elective surgery and reducing activity
- cancelling non-urgent elective surgery
- performing COVID-19 testing
- administering COVID-19 vaccinations
- implementing work from home arrangements, where appropriate.

As restrictions have eased towards the end of the financial year Colac Area Health has been able to revise some measures where appropriate including:

- Performing non-emergency surgery, where possible and in-line with Chief Health Officer (CHO) advice and recommendations
- Allowing visitors to the hospital in line with CHO restrictions.

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services
- Note 4: Key Assets to Support Service Delivery
- Note 5: Other Assets and Liabilities
- Note 6: How We Finance Our Operations
- Note 8: Other Disclosures

Note 1.3: Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation
SCE	Statement of Changes in Equity
SWARH	South West Alliance of Regional Health

Note 1.4: Joint arrangements

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

Colac Area Health is a member of the South West Alliance of Rural Health Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Joint arrangements)

Note 1.5: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6: Accounting standards issued but not yet effective

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

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

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

Note 1.7: Goods and Services Tax (GST)

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

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

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

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

Note 1.8: Reporting Entity

The financial statements include the activities of Colac Area Health.

Its principal address is:

2-28 Connor Street
Colac, Victoria 3250

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

Note 2: Funding Delivery of our Services

Colac Area Health's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians. Colac Area Health is predominantly funded by grant funding for the provision of outputs. The health service also receives income from the supply of services.

Structure

- 2.1 Revenue and income that funds the delivery of our services
- 2.2 Fair value of assets and services received free of charge or for nominal consideration
- 2.3 Other revenue from operating activities

Telling the COVID-19 story

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

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs.

Funding provided included:

- COVID-19 grants to fund direct and indirect COVID-19 related costs and vaccination
- State repurpose grants to fund lost revenue due to COVID-19
- Sustainability funding
- Better @ home funding
- Elective Surgery Blitz funding

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1: Revenue and Income from transactions

	2021 \$'000	2020 \$'000
Operating Activities		
Revenue from Contracts with Customers		
Government grants (state) - operating	35,317	42,504
Government grant (commonwealth) - operating	6,342	5,965
Patient and resident fees	2,540	2,863
Commercial activities	226	235
Total Revenue from Contracts with Customers	44,425	51,567
Other Sources of Income		
Government grants (state) - operating	3,999	-
Government grants (state) - capital	981	743
Government grants (commonwealth) - capital	160	348
Assets received Free of Charge and for Nominal Consideration	828	240
Other revenue from operating activities	5,189	5,351
Total Other Sources of Income	11,157	6,682
Total Revenue and Income from Operating Activities	55,582	58,249
Interest	49	125
Capital from South West Do Care Inc	1	101
Total Income from Non-Operating Activities	50	226
Total Revenue and Income from Transactions	55,632	58,475

(1) Government Grant (State) – Operating includes funding of \$4.8m (2020: \$2.27m) which was spent due to the impacts of COVID-19

(2) Commercial activities represent business activities which health service enter into to support their operations.

How we recognise revenue and income from transactions**Government operating grants**

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

When both these conditions are satisfied, the health service:

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

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

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.
Primary Care	The performance obligations around Primary Care funding can be a mixture of agreed targets and outcomes. Targets can be a mixture of contacts, cases loads, internally generated targets around funding parameters, externally set targets for outcomes and through acquittal processes.
DH Aged Care and Commonwealth Aged Care Funding	The performance obligations around Aged Care funding is around levels of occupancy and agreed funding around care needs assessments of individuals residents as determined by the agreed complexities of individuals and the associated costs of achieving adequate levels of care and outcomes.
Other one-off grants (if funding conditions contain enforceable and sufficiently specific performance obligations)	For other grants with performance obligations Colac Area Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Capital grants

Where Colac Area Health 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 Colac Area Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and resident fees

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

Commercial activities

Revenue from commercial activities includes items such as property rental income. Commercial activity revenue is recognised on an accrual basis.

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

	2021 \$'000	2020 \$'000
Cash donations and gifts	375	75
Personal protective equipment - state supply	362	-
Medical equipment - state supply	-	-
Insurance - VMIA	91	165
Total fair value of assets and services received free of charge or for nominal consideration	828	240

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 Colac Area Health usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

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

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

Contributions

Colac Area Health may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Colac Area Health 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, Colac Area Health recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Colac Area Health 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 Colac Area Health 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. Colac Area Health 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 Colac Area Health as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Colac Area Health 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

	2021	2020
	\$'000	\$'000
Operating activities		
Rental income	226	234
Interest	49	125
Share of income in SWARH joint venture	1,169	1,154
Cafeteria sales income	90	165
Other recoveries	41	339
Salary recoveries	513	503
Other	3,101	2,831
Total other income from operating activities	5,189	5,351
Non-operating activities		
Capital interest	49	125
Capital from South West Do Care Inc	1	101
Total other income from non-operating activities	50	226
Total other income	5,239	5,577

How we recognise other income**Rental income**

Rental income is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Where a lease incentive is provided to a lessee, this is considered an integral part of the net consideration agreed for the use of the lease asset and therefore the incentive is recognised as a reduction of rental income over the period to which it relates.

Interest Income

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

Other Capital Income

In July 2019, Colac Area Health assumed the operations of South West Do Care Inc. This included the transfer of remaining funds to Colac Area Health.

Note 3: The Cost of Delivering our Services

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

Structure

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

Telling the COVID-19 story

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

Additional costs were incurred to:

- Establish facilities within Colac Area Health for the treatment of suspected and admitted COVID patients resulting in an increase in employee costs and additional equipment purchases.
- Implement COVID safe practices throughout Colac Area Health including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge.
- Assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs.
- Establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and additional equipment purchased.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
<p>Measuring and classifying employee benefit liabilities</p>	<p>Colac Area Health applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Colac Area Health 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 Colac Area Health 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

	2021	2020
	\$'000	\$'000
Salaries and wages	26,513	26,666
On-costs	7,039	8,154
Agency expenses	932	1,255
Fee for service medical officer expenses	5,501	5,141
Workcover premium	409	342
Total Employee Expenses	40,394	41,558
Drug supplies	1,137	1,004
Medical and surgical supplies	2,810	2,032
Diagnostic and radiology supplies	524	239
Other supplies and consumables	1,094	1,601
Total Supplies and Consumables	5,565	4,876
Finance costs	4	6
Total Finance Costs	4	6
Other administrative expenses	4,223	4,256
Total Other Administrative Expenses	4,223	4,256
Fuel, light, power and water	562	617
Repairs and maintenance	842	770
Maintenance contracts	338	334
Medical indemnity insurance	727	617
Expenditure for capital purposes	(5)	9
Total Other Operating Expenses	2,464	2,347
Total Operating Expense	52,650	53,043
Depreciation	3,291	3,169
Total Depreciation	3,291	3,169
Bad and doubtful debt expense	11	34
Total Other Non Operating Expenses	11	34
Total Non-Operating Expense	3,302	3,203
Total Expenses from Transactions	55,952	56,246

How we recognise expenses from transactions**Expense recognition**

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

Employee Expenses

Employee expenses include:

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

- Work cover premiums.

Supplies and Consumables

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

Finance costs

Finance costs includes:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred), and
- amortisation of discounts or premiums relating to borrowings.

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 relating the purchase of assets that are below the capitalisation threshold of \$1,000).

The Department of Health also makes certain payments on behalf of Colac Area Health. These amounts have been bought 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: Other Economic Flows

	2021	2020
	\$'000	\$'000
Allowance for impairment losses of contractual receivables	-	(26)
Total net gain/(loss) on financial instruments	-	(26)
Net gain/(loss) arising from revaluation of long service liability	500	90
Total other gains/(losses) from other economic flows	500	90
Total other gains/(losses) from economic flows	500	64

How we recognise expenses from transactions

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.

Net gain/(loss) on non-financial assets

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

- Revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment)
- Net gain/(loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

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

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

Note 3.3: Employee Benefits in the Balance Sheet

	2021 \$'000	2020 \$'000
Current Provisions		
Employee Benefits (i)		
<i>Accrued Days Off</i>		
- Unconditional and expected to be settled wholly within 12 months (ii)	53	21
<i>Annual leave</i>		
- Unconditional and expected to be settled wholly within 12 months (ii)	2,267	2,726
- Unconditional and expected to be settled wholly after 12 months (iii)	243	303
	2,510	3,029
<i>Long Service Leave</i>		
- Unconditional and expected to be settled wholly within 12 months (ii)	767	686
- Unconditional and expected to be settled wholly after 12 months (iii)	3,777	3,884
	4,544	4,570
Provisions Related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	367	64
- Unconditional and expected to be settled after 12 months (iii)	442	389
	809	453
Total Current Employee Benefits	7,917	8,073
Non-Current Provisions		
Conditional long service leave (iii)	988	1,235
Employer benefit on-costs (iii)	108	108
Total Non-Current Employee Benefits	1,096	1,343
Total Employee Benefits	9,013	9,416

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

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

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

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

Annual leave and accrued days off

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

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

- Nominal value – if Colac Area Health expects to wholly settle within 12 months; or
- Present value – if Colac Area Health 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 Colac Area Health 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 Colac Area Health expects to wholly settle within 12 months; or
- Present value – if Colac Area Health 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.

On-Costs related to employee benefits

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

(a) Employee Benefits and Related On-Costs

	2021	2020
	\$'000	\$'000
Unconditional long service leave entitlements	5,040	5,023
Unconditional annual leave entitlements	2,823	3,029
Unconditional accrued days off	54	21
Total Current Employee Benefits and Related On-Costs	7,917	8,073
Conditional long service leave entitlements	1,096	1,343
Total Non-Current Employee Benefits and Related On-Costs	1,096	1,343
Total Employee Benefits and Related On-Costs	9,013	9,416

(b) Movement in Employee Benefit Entitlements

Carrying amount at start of year	9,416	8,211
Amounts utilised during the year	(3,558)	(2,108)
Additional provisions recognised	3,155	3,313
Carrying amount at End of Year	9,013	9,416

Note 3.4 Superannuation

	Paid Contribution for the year		Contribution Outstanding at Year End	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Defined Contribution Plans:				
First State Superannuation Trustee Corporation	1,713	1,754	-	131
Health Employees Super Trust Australia	698	711	-	53
Other Funds	309	178	-	13
Defined Benefit Plans:⁽ⁱ⁾				
First State Superannuation Trustee Corporation	113	113	-	-
Total	2,834	2,756	-	197

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

How we recognise superannuation

Employees of Colac Area Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined Benefit Superannuation Plans

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

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

The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Colac Area Health.

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

Defined Contribution Superannuation Plans

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

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

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 Colac Area Health to be utilised for delivery of those outputs.

Structure

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment	Colac Area Health 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	Colac Area Health 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.

Key judgements and estimates	Description
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. Colac Area Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating the useful life of intangible assets	Colac Area Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Colac Area Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1: Property, Plant and Equipment**Note 4.1 (a) Gross carrying amount and accumulated depreciation**

	2021	2020
	\$'000	\$'000
Land		
Land - crown	1,000	882
Land - freehold	2,171	1,936
Total Land at Fair Value	3,171	2,818
Buildings		
Buildings Under Construction - at Cost	-	222
Sub-totals Buildings Under Construction - at Cost	-	222
Buildings		
Buildings at fair value	42,614	42,614
Less accumulated depreciation	(5,438)	(2,574)
Sub-totals Buildings at Fair Value	37,176	40,040
Total Buildings	37,176	40,262
Plant and Equipment		
Plant and equipment at fair value	9,756	9,037
Less accumulated depreciation	(7,144)	(6,887)
Total Plant and Equipment at Fair Value	2,612	2,150
Motor Vehicles		
Motor vehicles at fair value	792	792
Less accumulated depreciation	(701)	(640)
Total Motor Vehicles at Fair Value	91	152
TOTAL PROPERTY, PLANT AND EQUIPMENT	43,050	45,382

4.1 (b) Reconciliation of the carrying amounts of each class of asset

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 30 June 2019	2,818	42,211	2,477	215	47,721
Additions	-	625	205	-	830
Revaluation increments/(decrements)	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	(2,574)	(532)	(63)	(3,169)
Balance at 30 June 2020	2,818	40,262	2,150	152	45,382
Additions	-	-	829	-	829
Revaluation increments/(decrements)	353	-	-	-	353
Transfers	-	-	-	-	-
Disposals	-	(223)	-	-	(223)
Depreciation	-	(2,863)	(367)	(60)	(3,291)
Balance at 30 June 2021	3,171	37,176	2,612	92	43,050

How we recognise property, plant and equipment

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

Initial recognition

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

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

Subsequent measurement

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

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

Where an independent valuation has not been undertaken at balance date, Colac Area Health 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%, Colac Area Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

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

- increase in fair value of land of 12.5% (\$353,000)
- increase in fair value of buildings of 8%

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

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

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

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

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

Impairment

At the end of each financial year, Colac Area Health 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, Colac Area Health 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.

Colac Area Health 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.

4.1 (c) Fair Value Measurement Hierarchy for Assets

	Note	Fair value measurement at end of reporting period using:			
		Carrying Amount 30 June 2021 \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Non-specialised land		1,713	-	1,713	-
Specialised land		1,458	-	-	1,458
Total land at fair value	4.1 (a)	3,171	-	1,713	1,458
Non-specialised buildings		2,436	-	2,436	-
Specialised buildings		34,739	-	-	34,739
Total buildings at fair value	4.1 (a)	37,175	-	2,436	34,739
Plant and equipment at fair value	4.1 (a)	2,612	-	-	2,612
Motor Vehicles at fair value	4.1 (a)	92	-	-	92
Total Property, Plant and Equipment		43,050	-	4,149	38,900

	Note	Fair value measurement at end of reporting period using:			
		Carrying amount 30 June 2020 \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Non-specialised land		1,536	-	1,536	-
Specialised land		1,282	-	-	1,282
Total land at fair value	4.1 (a)	2,818	-	1,536	1,282
Non-specialised buildings		2,703	-	2,703	-
Specialised buildings		37,337	-	-	37,337
Total buildings at fair value	4.1 (a)	40,040	-	2,703	37,337
Plant and equipment at fair value	4.1 (a)	2,150	-	-	2,150
Motor Vehicles at fair value	4.1 (a)	152	-	-	152
Total Property, Plant and Equipment		45,160	-	4,239	40,921

Note

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

There have been no transfers between levels during the period.

4.1 (d) Reconciliation of Level 3 fair value measurement

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor Vehicles \$'000
Balance at 1 July 2019	1,282	38,752	2,477	215
Additions/(Disposals)/Transfers from Work in Progress	-	949	101	-
Gains or losses recognised in net result				
- Depreciation	-	(2,364)	(428)	(63)
- Impairment loss	-	-	-	-
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Balance at 30 June 2020	1,282	37,337	2,150	152
Additions/(Disposals)/Transfers from Work in Progress	-	(223)	829	-
Gains or losses recognised in net result				
- Depreciation	-	(2,375)	(367)	(60)
- Impairment loss	-	-	-	-
Items recognised in other comprehensive income				
- Revaluation	176	-	-	-
Balance at 30 June 2021	1,458	34,740	2,612	92

4.1 (e) Description of significant unobservable inputs to Level 3 Valuations

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 sqm - useful life
Vehicles	Depreciated replacement cost approach	- Cost price - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

(a) A Community Service Obligation (CSO) of 20% was applied to Colac Area Health's specialised land, classified in accordance with the fair value hierarchy.

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, Colac Area Health 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, Colac Area Health 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 Colac Area Health'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.

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

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

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

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, Colac Area Health 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, Colac Area Health 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 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 Colac Area Health, 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 Colac Area Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Vehicles

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

Furniture, fittings, plant and equipment

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

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

4.1 (f) Property, plant and equipment revaluation surplus

	Note	2021 \$'000	2020 \$'000
Balance at the beginning of the reporting period		26,833	26,833
Revaluation increment			
- Land	4.1 (b)	353	-
- Buildings	4.1 (b)	-	-
Balance at the End of the Reporting Period		27,186	26,833
Represented by:			
- Land		1,534	1,181
- Buildings		25,652	25,652
		27,186	26,833

Note 4.2: Intangible Assets

	2021 \$'000	2020 \$'000
Current		
Intangible assets (SWARH)	1	1
Total Other Assets	1	1

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

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

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

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

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 tested for impairment whenever an indication of impairment is identified.

Note 4.3: Depreciation

	2021	2020
	\$'000	\$'000
Depreciation		
Buildings	2,863	2,574
Motor vehicles	60	63
Plant and equipment	367	532
	<hr/>	<hr/>
Total Depreciation	3,291	3,169

How we recognise 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.

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

	2021	2020
Land Improvements	20 to 30 years	20 to 30 years
Buildings		
- Structure Shell Building Fabric	45 to 60 years	45 to 60 years
- Site Engineering Services and Central Plant	20 to 30 years	20 to 30 years
Plant & Equipment	4 to 50 years	4 to 50 years
Motor Vehicles	4 to 5 years	4 to 5 years

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

Note 4.4 Inventories

	2021 \$'000	2020 \$'000
Catering supplies at cost	12	13
Pharmacy supplies at cost	44	39
SWARH inventory at cost	1	3
Total Inventories	57	55

How we recognise inventories

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

Note 5: Other Assets and Liabilities

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

Structure

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Colac Area Health 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 Colac Area Health 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. Colac Area Health 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	Colac Area Health 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
	\$'000	\$'000
Current		
Contractual		
Patient and Resident Fees	330	296
Trade Debtors	959	758
Less: Allowance for impairment losses of contractual receivables		
Trade Debtors	(50)	(50)
	1,239	1,004
Statutory		
GST Receivable	251	92
	251	92
Total Current Receivables and Contract Assets	1,490	1,096
Non-Current		
Contractual		
Department of Health and Human Services - Long Service Leave	3,352	3,240
Total Non-Current Receivables and Contract Assets	3,352	3,240
Total Receivables and Contract Assets	4,842	4,336
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	4,842	4,336
Provision for impairment	50	50
GST receivable	(251)	(92)
Total financial assets	7.1(a) 4,641	4,294

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

	2021	2020
	\$'000	\$'000
Balance at beginning of year	50	24
Increase in allowance	11	26
Amounts written off during the year	(11)	-
Reversal of allowance written off during the year as uncollectible	-	-
Balance at end of year	50	50

How we recognise receivables

Receivables consist of:

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

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

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

Colac Area Health 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 Colac Area Health's contractual impairment losses.

Note 5.2: Payables and contract liabilities

	Notes	2021 \$'000	2020 \$'000
Current			
Contractual			
Trade Creditors		1,854	1,219
Accrued salaries and wages		221	440
Contract Liabilities	5.2(a)	1,042	524
Amounts payable to governments and agencies		3,369	-
Inter- hospital creditors		1,130	305
		7,616	2,488
Total Current Payables and Contract Liabilities		7,616	2,488
Total Payables and Contract Liabilities		7,616	2,488

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

Total payables and contract liabilities		7,616	2,488
Contract liabilities		(1,042)	(524)
Total financial liabilities	7.1(a)	6,574	1,964

How we recognise payables and contract liabilities

Payables consist of:

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

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

Note 5.2 (a) Contract liabilities

	2021 \$'000	2020 \$'000
Opening balance of contract liabilities	524	-
Payments received for performance obligations not yet fulfilled	1,042	524
Revenue recognised for the completion of a performance obligation	(524)	-
Total contract liabilities	1,042	524
Represented by		
Current contract liabilities	1,042	524
Non-current contract liabilities	-	-
	1,042	524

How we recognise contract liabilities

Contract liabilities include consideration received in advance from the Department of Health and other grant funders. Grant income is recognised as performance obligations are met. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Maturity analysis of payables

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

Note 5.3: Other Liabilities

	2021	2020
	\$'000	\$'000
Current Monies Held in Trust		
Patient monies held in trust	43	42
Refundable accommodation deposits	11,110	10,786
	<u>11,153</u>	<u>10,828</u>
Total Other Liabilities		
Total Monies Held in Trust Represented by the Following Assets:		
Cash assets	11,153	10,828
	<u>11,153</u>	<u>10,828</u>
TOTAL		
	11,153	10,828

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 Colac Area Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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

Note 6: How We Finance Our Operations

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

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

Structure

- 6.1 Borrowings
- 6.2 Cash and Cash Equivalents
- 6.3 Commitments for Expenditure

Telling the COVID-19 story

The level of cash and borrowings required to finance our operations were impacted during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

The following items were impacted:

- Receipt of COVID-19 hospital funding \$3.4m
- Receipt of COVID-19 direct and indirect cost (2020-21) and loss of revenue funding \$1.4m

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 6.1: Borrowings

	2021	2020
	\$'000	\$'000
Current Borrowings		
Lease Liability (i)	68	55
Advances from government	-	2,000
Loans from government (ii)	233	233
Total Current Borrowings	301	2,288
Non Current Borrowings		
Lease Liability (i)	121	73
Loans from government (ii)	307	536
Total Non Current Borrowings	428	609
Total Borrowings	729	2,897

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

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

How we recognise borrowings

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

Initial recognition

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

Refer to Note 7.2 (b) for maturity analysis of borrowings.

Defaults and breaches

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

6.1 (a) Lease Liabilities

Colac Area Health's lease liabilities are summarised below:

	2021	2020
	\$'000	\$'000
Total undiscounted lease liabilities	196	130
Less unexpired finance expenses	(7)	(2)
Net lease liabilities	189	128

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
	\$'000	\$'000
Not longer than one year	70	55
Longer than one year but not longer than five years	126	75
Longer than five years	-	-
Minimum future lease liability	196	130
Less unexpired finance expenses	(7)	(2)
Present value of lease liability	189	128
* Represented by:		
- Current liabilities	68	54
- Non-current liabilities	121	74
	189	128

How we recognise lease liabilities

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

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

Colac Area Health lease arrangements consist of the following:

Type of asset leased	Lease term
ICT equipment (SWARH)	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. The following low value, short term and variable lease payments are recognised in profit or loss:

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	Minor IT equipment
Short-term lease payments	Leases with a term less than 12 months	Chillers

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 Colac Area Health's incremental borrowing rate. Our lease liability has been discounted by an average rate of 3.01%.

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.

Note 6.2: Cash and Cash Equivalents

	2021	2020
	\$'000	\$'000
Cash on Hand (excluding Monies held in trust)	2	2
Cash at Bank (excluding Monies held in trust)	5,928	3,070
Cash at Bank - CBS (excluding Monies held in trust)	1,212	-
Total Cash held for operations	7,141	3,072
Cash at Bank (Monies held in trust)	44	10,828
Cash at Bank - CBS (Monies held in trust)	11,112	-
Total Cash held as monies in trust	11,156	10,828
Total Cash and Cash Equivalents	18,297	13,900

How we recognise cash and cash equivalents

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

The cash flow statement includes monies held in trust.

Note 6.3: Commitments for Expenditure

	2021	2020
	\$'000	\$'000
Non-cancellable short term and low value lease commitments		
Less than one year	68	54
Longer than one year but not longer than five years	121	74
Five years or more	-	-
Total	189	128
Capital expenditure commitments		
Less than one year	-	-
Longer than one year but not longer than five years	-	-
Five years or more	-	-
Total	-	-
Total Commitments for Expenditure (inclusive of GST)	189	128
Less GST recoverable from the Australian Tax Office	(17)	(12)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	172	116

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

How we disclose our commitments

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

Expenditure commitments

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

Colac Area Health does not hold any commitments that are not disclosed on the balance sheet.

Short term and low value leases

Colac Area Health 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 7: Risks, Contingencies and Valuations Uncertainties

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

Structure

- 7.1 Financial instruments
- 7.2 Financial risk management objectives and policies
- 7.3 Contingent assets and 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 Colac Area Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1 (a) Financial Instruments: Categorisation

	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Financial Liabilities at Fair Value Through Net Result \$'000	Total \$'000
2021					
Contractual Financial Assets					
Cash and cash equivalents	6.2	18,297	-	-	18,297
Receivables and contract assets	5.1	4,641	-	-	4,641
Total Financial Assets ⁽ⁱ⁾		22,938	-	-	22,938
Financial Liabilities					
Payables	5.2	-	6,574	-	6,574
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	11,110	-	11,110
Other Financial Liabilities - Money Held in Trust	5.3	-	43	-	43
Borrowings	6.1	-	189	540	729
Total Financial Liabilities ⁽ⁱ⁾		-	17,916	540	18,455

	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Financial Liabilities at Fair Value Through Net Result \$'000	Total \$'000
2020					
Contractual Financial Assets					
Cash and cash equivalents	6.2	13,900	-	-	13,900
Receivables and contract assets	5.1	4,294	-	-	4,294
Total Financial Assets (i)		18,194	-	-	18,194
Financial Liabilities					
Payables	5.2	-	1,964	-	1,964
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	10,786	-	10,786
Other Financial Liabilities - Money Held in Trust	5.3	-	42	-	42
Borrowings	6.1	-	128	2,769	2,897
Total Financial Liabilities (i)		-	12,920	2,769	15,689

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

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

- the assets are held by Colac Area Health solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Colac Area Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Categories of financial liabilities

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

Financial liabilities at fair value through net result

A financial liability is measured at fair value through net result if the financial liability is:

- held for trading or
- initially designated as at fair value through net result.

Changes in fair value are recognised in the net results as other economic flows, unless the changes in fair value relate to changes in Colac Area Health's own credit risk. In this case, the portion of the change attributable to changes in Colac Area Health's own credit risk is

recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

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.

Colac Area Health recognises the following liabilities in this category:

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

Note 7.2: Financial risk management objectives and policies

As a whole, Colac Area Health'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.

Colac Area Health's main financial risks include credit risk and liquidity risk. Colac Area Health manages these financial risks in accordance with its financial risk management policy.

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

Note 7.2 (a): Credit risk

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

Credit risk associated with Colac Area Health'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, Colac Area Health 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, Colac Area Health'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 Colac Area Health 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 Colac Area Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

Impairment of financial assets under AASB 9

Colac Area Health records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

Contractual receivables at amortised cost

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

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

2021	Current	Less than 1	1-3 months	3 months -	Total
	\$'000	month	\$'000	1 year	
Expected loss rate	4%	9%	1%	8%	\$'000
Gross carrying amount of contractual receivables	1,093	54	104	37	1,289
Loss allowance	41	5	1	3	50

2020	Current	Less than 1	1-3 months	3 months -	Total
	\$'000	month	\$'000	1 year	
Expected loss rate	4%	25%	30%	60%	\$'000
Gross carrying amount of contractual receivables	1,026	19	4	5	1,054
Loss allowance	41	5	1	3	50

Statutory receivables

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

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

Note 7.2 (b): Liquidity risk

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

Colac Area Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet.

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.

Colac Area Health'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 Colac Area Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Note	Carrying Amount	Nominal Amounts	Maturity Dates			
			Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	5.2	6,574	6,574	-	-	-
Other Financial Liabilities (i)						
- Monies Held in Trust	5.3	11,153	360	1,081	2,162	7,551
- Borrowings - Lease Liabilities	6.1	189	-	-	68	121
<i>At fair value through net result</i>						
- Borrowings - DHHS Loan	6.1	540	-	-	233	307
Total Financial Liabilities		18,455	6,933	1,081	2,463	7,978
2020						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	5.2	1,964	1,964	-	-	-
Other Financial Liabilities (i)						
- Monies Held in Trust	5.3	10,828	349	1,049	2,099	7,330
- Borrowings - Lease Liabilities	6.1	128	-	-	55	73
<i>At fair value through net result</i>						
- Borrowings - DHHS Loan	6.1	2,769	-	-	2,233	540
Total Financial Liabilities		15,689	2,313	1,049	4,387	7,943

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

Payment timeframes noted in the table above are based upon past experience of payments.

Note 7.3: Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Person Disclosures
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring After Balance Sheet Date
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

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

	2021	2020
	\$'000	\$'000
Net Result for the Year	180	2,293
Non Cash Movements:		
Depreciation	3,291	3,169
Other	-	(101)
Movements in Assets and Liabilities:		
Decrease/(Increase) in Receivables	(504)	(805)
Decrease/(Increase) in Prepayments	(844)	(109)
Decrease/(Increase) in Inventories	(2)	(6)
Increase/(Decrease) in Payables	5,128	(4,437)
Increase/(Decrease) in Employee Benefits	(403)	1,205
Net Cash Inflow/(Outflow) from Operating Activities	6,844	1,209

Note 8.2: Responsible Person 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
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 Board	
Mr Timothy Greene (Board Chair)	1 Jul 2020 - 30 Jun 2021
Mrs Leanne Witcombe	1 Jul 2020 - 30 Jun 2021
Ms Anne-Marie Leslie	1 Jul 2020 - 30 Jun 2021
Dr Amir Rahimi	1 Jul 2020 - 30 Jun 2021
Ms Kate Anderson	1 Jul 2020 - 3 Mar 2021
Mr Jeffrey Lomas	1 Jul 2020 - 30 Jun 2021
Mr Brendan Morris	1 Jul 2020 - 30 Jun 2021
Ms Joanna Carden	1 Jul 2020 - 30 Jun 2021
Ms Sarah McKew	1 Jul 2020 - 30 Jun 2021
Ms Michelle Veal	1 Jul 2020 - 30 Jun 2021
Accountable Officer	
Ms Fiona Brew	1 Jul 2020 - 30 Jun 2021

Remuneration of Responsible Persons

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

	2021	2020
	No.	No.
Income Band		
\$0-\$9,999	10	11
\$220,000-\$229,999	-	2
\$230,000-\$299,999	1	-
Total Numbers	11	13
	2021	2020
	\$'000	\$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$ 319	\$ 406

There was a change in Chief Executive of Colac Area Health in 2019/20, with the former Chief Executive officially ceasing in July 2019 after the new Chief Executive commenced. The former Chief Executive received a substantial post-employment payment in July 2019.

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

Note 8.3: Remuneration of Executives

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)

	Total Remuneration	
	2021 \$'000	2020 \$'000
Short-term employee benefits	689	756
Post-employment benefits	65	196
Termination benefits	27	-
Other Long-term benefits	-	65
Total Remuneration ⁽ⁱ⁾	781	1,017
Total number of executives	5	6
Total annualised employee equivalents ⁽ⁱⁱ⁾	5	6

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

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

Total remuneration payable to executives during the year included the executive officers, one of who received a post-employment bonus payment during the year. This payment was dependant 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

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

Post-employee benefits

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

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

Termination benefits

Termination of employment payments, such as severance packages.

Other factors

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

Note 8.4: Related Parties

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

- all key management personnel (KMP) and their close family members;
- cabinet ministers (where applicable) and their close family members;
- jointly controlled operation - A member of the SWARH; and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Colac Area Health, directly or indirectly.

Key management personnel

The Board of Directors and the Chief Executive and Director of Finance and Business Services of Colac Area Health are deemed to be KMPs. This includes the following:

Entity	KMPs	Position Title
Colac Area Health	Mr Timothy Greene	Board Chair
Colac Area Health	Mrs Leanne Witcombe	Board Member
Colac Area Health	Ms Anne-Marie Leslie	Board Member
Colac Area Health	Dr Amir Rahimi	Board Member
Colac Area Health	Ms Kate Anderson	Board Member (resigned 3 March 2021)
Colac Area Health	Mr Jeffrey Lomas	Board Member
Colac Area Health	Ms Michelle Veal	Board Member
Colac Area Health	Ms Sarah McKew	Board Member
Colac Area Health	Mr Brendan Morris	Board Member
Colac Area Health	Ms Joanna Carden	Board Member
Colac Area Health	Ms Fiona Brew	Chief Executive
Colac Area Health	Ms Gaye McCulloch	Interim Director of Finance and Business Services

The compensation detailed below is reported in \$'000 and 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.

Compensation - KMPs	2021	2020
	\$'000	\$'000
Short term employee benefits	430	444
Post-employment benefits	38	102
Other long-term benefits	-	34
Total⁽ⁱ⁾	468	580

Significant transactions with government related entities

Colac Area Health received funding from the Department of Health of \$40.4m (2020: \$42.7 m) plus capital.

Expenses incurred by Colac Area Health in delivering services and outputs are in accordance with Health Purchasing 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 Colac Area Health 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.

Except for the transactions listed below, there were no other related party transactions required to be disclosed for the Colac Area Health Board of Directors, Chief Executive and Executive Directors in 2021:

- Revenue for services provided to Barwon Health: of which Gaye McCulloch's partner is CEO – \$702,000 (2020: \$381,000)
- Services have been provided by Barwon Health: of which Gaye McCulloch's partner is CEO – \$2,700,000 (2020: \$3,072,000)

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.

Note 8.5: Remuneration of Auditors

	2021	2020
	\$'000	\$'000
Victorian Auditor-General's Office		
Audit of the financial statements	17	16
TOTAL REMUNERATION OF AUDITORS	17	16

Note 8.6: Events Occurring After the Balance Sheet Date

There are no events occurring after the Balance Sheet date.

Note 8.7: Joint Arrangements

Name of Entity	Principal Activity	Ownership Interest	
		2021 %	2020 %
South West Alliance of Rural Health	Information Systems	5.74	5.68

Colac Area Health's interest in the assets and liabilities of the above jointly controlled operation are detailed below. The amounts are included in the financial statements under their respective categories:

	2021 \$'000	2020 \$'000
Current Assets		
Cash and Cash Equivalents	587	495
Receivables	177	366
Inventories	1	3
Other Current Assets	38	31
Total Current Assets	803	895
Non Current Assets		
Property, Plant and Equipment		-
Leased Assets	471	327
Other Receivables	28	32
Intangible Assets	1	1
Total Non Current Assets	500	360
Total Assets	1,303	1,255
Current Liabilities		
Payables	559	537
Deferred Income	121	270
Lease Liability	68	55
Provisions	100	98
Total Current Liabilities	848	960
Non Current Liabilities		
Lease Liability	121	73
Provisions	19	18
Total Non Current Liabilities	140	91
Total Liabilities	988	1,051
NET ASSETS EQUITY	315	204
Accumulated surpluses	315	204
TOTAL EQUITY	315	204

Colac Area Health's interest in revenues and expenses resulting from joint arrangements are detailed below:

Revenue	2021 \$'000	2020 \$'000
Revenue from Operating Activities	1,170	1,154
Revenue from Non-Operating Activities	3	-
Total Revenue	1,173	1,154
Expenses		
Employee Benefits	443	498
Other Expenses from Continuing Operations	510	539
Depreciation	109	103
Total Expenses	1,062	1,140
Net result	111	14

* Figures obtained from the unaudited South West Alliance of Rural Health's Joint Venture annual financial statements.

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: Economic Dependency

Colac Area Health is dependent on the Department of Health 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 will not continue to support Colac Area Health.

Note 8.9: Equity

Contributed capital

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

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.

Restricted specific purpose reserve

The restricted specific purpose reserve is established where Colac Area Health has received funds and has designated these funds for specific projects. The breakdown of the reserve is:

	2021	2020
	\$'000	\$'000
Restricted Specific Purpose Reserve		
VAHI Regional Project	196	300
Do Care Miller House Alterations	67	67
Wellness Centre donated funds	250	-
Aged Care Capital	226	-
Corangamarah funded projects	689	485
CAH internally funded capital projects	242	-
Department of Health funding for capital projects	907	371
Total Restricted Specific Purpose Reserve	2,578	1,223

