



# GSHS

## **Gippsland Southern Health Service**

### **2013/14 Annual Report**

**Incorporating:**

Leongatha Hospital  
Korumburra Hospital  
Mirboo North Community Health Centre  
Tarwin Lower Community Health Centre  
Korumburra Community Health Centre

# Gippsland Southern Health Service - Report of Operations

## Responsible Bodies declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Gippsland Southern Health Service for the year ending 30 June 2014.



Mark Holmes  
ACTING PRESIDENT, BOARD OF MANAGEMENT  
LEONGATHA, 28<sup>th</sup> August 2014

**Gippsland Southern Health Service** is established under the Health Services Act 1988. The responsible Minister during the reporting period is the Minister for Health & Ageing – the Hon David Davis MP.

## Disclosure Index

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

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### **The objects of the service empower GSHS to provide:**

- District Hospital Services
- Aged Care Services
- Day Care facilities for the maintenance of the physical and psychological wellbeing of patients.
- Community Health Services and Health Promotion Programs throughout the Sub Region.
- Liaison and co-operation with other Health Service providers in establishing a planned and co-ordinated approach to the provision of Health Services.
- Diagnostic Services.
- Encouragement for Visiting Medical Specialists to attend the facilities.
- Assistance with the training of Nurses and Allied Health Professionals through College placements and provision of ongoing education for all categories of Staff.
- Community Nursing Services in the form of District Nursing, Assessment Services and Allied Health Services, in liaison with the Gippsland Regional Aged Assessment Service and Gippsland Psychiatric Services.
- Purchase resources and acquire property as may assist the attainment of the objectives referred to above.
- Research activities and Quality Improvement Programs which may enhance care and treatment.
- Resources to facilitate any activity for the economic, social and recreational well being of residents.

### **Freedom of Information Act**

Requests under the Freedom of Information Act 1982 were dealt with according to the Act by the organisation's nominated officer.

Freedom of Information requests should be in writing and addressed to:

Chief Executive Officer  
Private Bag 13  
LEONGATHA VIC 3953

### **Carers Recognition Act 2012**

As a care support organisation, Gippsland Southern Health Service:

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

## Our Services

### Acute

- Chemotherapy
- Dermatology
- Ear Nose and Throat
- General Medicine
- General Surgery
- Gynaecology
- Infection Prevention & Control
- Midwifery / Obstetrics including Antenatal & Maternity Enhancement Services
- Operating Theatres
- Ophthalmology
- Orthopaedic Surgery
- Paediatrics
- Palliative Care
- Pharmacy
- Pre-admission Clinic
- Restorative Care
- Rheumatology
- Specialist Services
- Urology

### Community Services

- Alcohol & Drug Service
- Allied Health - Centre Based
- Diabetes Education
- District Nursing Service
- Community Allied Health Team
- Community Health Nursing
- Community Rehabilitation
- Continence Nurse Advisor
- Health Promotion Programs
- Healthy Ageing & Preventing Injury (HAPI)
- Palliative Care
- Planned Activity Groups
- Post Acute Care
- Respite Care
- Social Work
- Volunteer Coordination
- Specialist Community Nursing
  - Stomal, Diabetes, Continence

### Residential Care

- Alchera House, Korumburra (high-level care)
- Hillside Lodge, Korumburra (low-level care)
- Koorooman House, Leongatha (high-level care)

### Outpatient Care

- Cardiac Rehabilitation
- Community Psychiatry
- Dental Care
- Dietitian
- Domiciliary Midwifery
- Occupational Therapy
- Physiotherapy
- Podiatry
- Social Work
- Speech Pathology

### Diagnostic Services

- Audiology
- Medical Imaging
- Pathology

### Staff Services

- Education & Staff Development
- Staff Health
- Employee Assistance Program

## Board Committee Representation

**Board Membership:** David Harvey (President), Mark Holmes (Senior Vice President), Alex Aeschlimann (Junior Vice President), Peter Siggins (Treasurer), Lindsay Powney, Garry Austin, Michael Giles, Noelle Green, Rajiv Dhar, Ian Drysdale, Jan Martin, Sheren Devanesan (from 1<sup>st</sup> May 2014).

### GSHS Sub-Committee Membership

**Finance & Audit Committee:** Peter Siggins, Dean Cashin (independent member), Tim Bolge (independent member), Ian Drysdale.

**Patient & Community Services:** Noelle Green & Jan Martin.

**Medical Advisory Committee:** Russell Conway

**Executive - Support & Corporate Committee:** David Harvey & Mark Holmes

## Senior Office Holders

**Chief Executive Officer:** Gary Templeton

**Acting CEO:** Mark Petty from 12<sup>th</sup> May 2014

**Director of Nursing:** Neil Langstaff to 9<sup>th</sup> May 2014

**Acting Director of Nursing:** Vicki Farthing from 10<sup>th</sup> May 2014

**Director of Community Services:** Judy Abbey

**Manager Finance:** Peter Van Hamond

**Director of Business Services & Service Development:** Daniel Smith

(Refer to organisation chart for responsibilities)

## Financial Summary

Gippsland Southern Health Service has achieved a net surplus before capital & specific items of \$388,000 for 2013/14. Whilst achieving this surplus the organisation also exceeded its targets for inpatient activity by 7.11%.

The budgetary objectives for 2013/14 were not attained as the organisation did not achieve its budgeted operating surplus by approximately \$475,000. The reasons include non-recurrent voluntary departure payments and consultancy costs. There were no events subsequent to balance date that may have a significant effect on the operational objectives of the organisation in subsequent years.

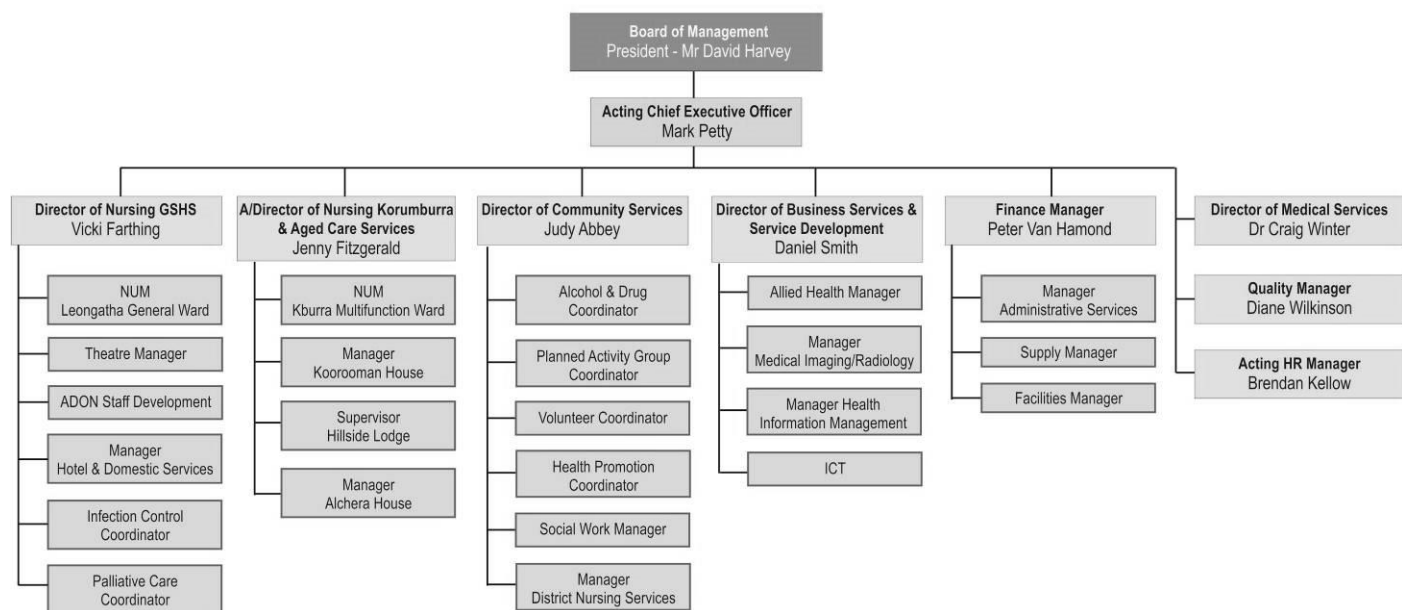
## Major Contracts

Gippsland Southern Health Service did not enter into any major contracts during 2013/14 that require disclosure in accordance with FRD12A.

## Employment & Conduct Principles

The organisation has applied the appropriate employment & conduct principles and employees have been correctly classified in workforce data collections.

# Organisation Chart



### **Pecuniary interests**

Members of the board of management are required under the Hospital By-Laws to declare their pecuniary interest in any matter that may be discussed by the board or board sub-committees.

### **Building & maintenance provisions**

Gippsland Southern Health Service fully complies with the building and maintenance provisions of the Building Act 1993.

### **Attestation for compliance with Australian/ New Zealand Risk Management Standard**

I, Mark Petty, certify that Gippsland Southern Health Service has risk management processes in place consistent with the AS/NZS ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The audit & finance committee verifies this assurance and that the risk profile of Gippsland Southern Health Service has been critically reviewed within the last 12 months.



Mark Petty  
Accountable Officer  
Leongatha  
28<sup>th</sup> August 2014

### **Occupational health & safety**

Gippsland Southern Health Service meets all Accreditation performance indicators in relation to Occupational Health and Safety requirements.

### **Merit and equity**

The Health Service applies the employment principles and standards of the Victorian public sector as determined by the State Services Authority.

### **Victorian industry participation policy**

The Health Service commenced planning for an integrated primary health care centre in Leongatha during 2013/14. Subject to final Government approval to proceed further, the awarding of a construction contract will require compliance with the VIPP.

### **National competition policy**

The National Competition Policy was introduced in 1995 in relation to the following four related areas of reform: electricity, gas, water resource policy and road transport. The State Government of Victoria subsequently released its Competitive Neutrality Policy in 2000 via the Department of Treasury and Finance. The Health Service conforms with the core intent of the National Competition Policy and to the extent applicable to the Competitive Neutrality Policy of Victoria. The four key priorities in the Victorian Government Policy is restoring democracy, improving services to all Victorians, growing the whole of Victoria and responsible financial management.



**Attestation on Data Integrity**

I, Mark Petty, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Gippsland Southern Health Service has critically reviewed these controls and processes during the year.



Mark Petty  
Accountable Officer  
Leongatha  
28<sup>th</sup> August 2014

**Disclosure of ex-gratia payments**

There were no ex-gratia payments in 2013/14.

**Statement of availability of other information**

The organisation maintains records with information that complies with Financial Reporting Direction (FRD) 22E. The information is available on request subject to the provisions of The Freedom of Information (FOI) Act.

**Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance**

I, Mark Petty, certify that Gippsland Southern Health Service has complied with Ministerial Direction 4.5.5.1 – Insurance.



Mark Petty  
Accountable Officer  
Leongatha  
28<sup>th</sup> August 2014

## Statement of Priorities (SOP)

### Part A

No.	Priority	Action	Deliverable	Outcome
1.	Developing a system that is responsive to people's needs.	Implement formal advance care planning structures and processes that provide patients with opportunities to develop, review and have their expressed preferences for future treatment and care enacted.	Review and further develop GSHS advance care planning policy/model for acute that is in line with department guidelines.	In Progress. Roll out of department Advanced Care Planning program in 2014. Attendance at Advanced Care Planning forum in July 2014.
1.	Developing a system that is responsive to people's needs.	In partnership with other local providers apply existing service capability frameworks to maximise the use of available resources across the catchment.	Participate in the South Coast Committee and the Gippsland Chief Executive Officer forum in order to contribute to implementing system improvements, partnerships and collaboration within the region.	Completed. Attendance at forums and actively participating in a range of partnerships and collaborations including GRICS and development of Regional Maternity and Newborn plan.
2.	Improving every Victorian's health status and experiences.	Improve thirty-day unplanned readmission rates.	Develop monitoring process to identify and measure unplanned readmission rates and develop appropriate strategies to address any identified issues.  Review discharge planning processes and protocols and implement identified improvements.	In Progress. KPI developed for reporting purposes.  In Progress. KPI's developed for LOS and outliers. Also reviewing records for cases of outliers.
2.	Improving every Victorian's health status and experiences.	Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, Aboriginal people, people affected by mental illness, people at risk of elder abuse, refugees and asylum seekers.	In liaison with Gippsland indigenous organisations/groups, identify key health issues for local indigenous population and implement strategies consistent with the Koolin Balit strategy.	In Progress. GSHS engaged Sonya Western from Ramahyuck to deliver smoking ceremony at opening of GSHS Leongatha Site. Sourcing of the closing the gap strategy for signature in partnership with Ramahyuck. GSHS was approved a diversity grant to allocate to a healing garden and associated art and visual engagement strategies.

2.	Improving every Victorian's health status and experiences.	Ensure service co-ordination, discharge planning and referral processes support effective care transition.	In partnership with South Coast PCP, implement the S2S electronic referral capability with Leongatha Medical Group and Mirboo North Medical Centre.	<p>In progress.</p> <p>In partnership with South Coast PCP continued roll-out of S2S interface with Leongatha Medical Group and Mirboo North Medical Centre. Further refinement of the interface between respective GP databases (varied) and S2S data base.</p> <p>GSHS are working through a range of issues with the S2S implementation with South Coast PCP. S2S referral implementation will remain a focus for 2014-2015 SoP.</p>
3.	Expanding Service, workforce and system capacity.	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	GSHS will actively participate in the Clinical Placement Network in collaboration with all participating health services.	<p>Completed.</p> <p>Educators use clinical training network via Vicplace for undergraduate Health students. Implementing BPCLE, targets and deliverables met.</p>
3.	Expanding Service, workforce and system capacity.	Develop and implement a workforce immunisation policy that builds capacity and aligns with national guidelines, including reference to employment screening and staff immunisation assessment.	Review immunisation screening policy and assessment protocols to ensure they align to national guidelines.	<p>In progress.</p> <p>Implementation planning committee has been initiated to review immunisation policy.</p>
4.	Increasing the system's financial sustainability and productivity.	Reduce variation in health service administrative costs.	Evaluate implementation of Promedius for all billing, to reduce administrative burden in medical imaging administration.	<p>In progress.</p> <p>Procedures and collaboration with medical imaging provider being implemented.</p>
4.	Increasing the system's financial sustainability and productivity.	Identify opportunities for efficiency and better value service delivery.	Evaluate and implement bulk billing incentive for health care card holders for medical imaging services.	<p>In progress.</p> <p>Information systems support is being upgraded to implement the bulk billing incentive.</p>
5.	Implementing continuous improvements and innovation.	Develop and implement improvement strategies that optimise access, patient flow, system co-ordination and the quality and safety of hospital services.	Implement call/page system for medical specialists and medical imaging appointments to streamline process and improve patient experience.	<p>Call page system has not been required in new facility and has not been implemented. System has been purchased and will be operationalised when need arises.</p>

5.	Implementing continuous improvements and innovation.	Develop and implement improvement strategies that optimise access, patient flow, system co-ordination and the quality and safety of hospital services.	<p>GSHS will work with the Royal Children's Hospital and Department of Health to develop, implement and evaluate paediatric observation charts and care plans.</p> <p>Implementation of traffic light adult observation chart to enhance the opportunity of recognising the deteriorating patient.</p>	<p>In progress.</p> <p>Paediatric observation charts in use. No care plans developed at present due to minimal paediatric admissions.</p> <p>In progress.</p> <p>Review of process underway in relevant committee forums.</p>
5.	Implementing continuous improvements and innovation.	Develop and implement strategies that support service innovation and co-design.	Establishment of the Day Procedure Unit in the new Leongatha Hospital.	<p>In progress.</p> <p>Project to streamline day surgery process underway.</p>
6.	Increasing accountability and transparency.	Prepare for the National Safety and Quality Health Service Standards, as applicable.	Working group established to oversee implementation of action plan to achieve EQUIP National in March 2014.	<p>In progress.</p> <p>Accreditation re-scheduled to October 2014. Steering committee established and sponsors nominated for NSQHS standards 1-10 and EQUIP standards 11-15. Actively participating in ongoing review of performance against each of the standards and implementation of quality improvement activities to address any identified gaps.</p>
6.	Increasing accountability and transparency.	Increase transparency and accountability in reporting of accurate and relevant information about the organisation's performance.	Liaise with PJB software to ensure the VINAH compatibility and reporting of outpatient data ready for July 2014.	<p>In progress.</p> <p>GSHS looking at alternatives to PJB database as it cannot comply with (non-palliative care) requirements of VINAH. Alternatives include TCM/ LeeCare/iPM.</p> <p>Liaison with PJB has identified a range of issues to work through for consistent reporting.</p>
7.	Improving utilisation of e-health and communications technology.	Maximise the use of health ICT infrastructure.	Investigate implementation of devices to improve data capture, care planning and service delivery.	<p>In Progress.</p> <p>Tablets purchased for trial in aged care services. Tablet &amp; program purchased to assist Hotel Services Audit programme.</p>

7.	Improving utilisation of e-health and communications technology.	Maximise the use of health ICT infrastructure.	Examine use of S2S electronic referral software care planning component where appropriate and evaluate care planning process.	<p>Completed.</p> <p>In Primary Health the S2S Care Planning module is used for consumers with complex needs.</p> <p>More broadly and across PH care planning takes place using the SCoTT pro-formas/templates. These are available electronically at GSHS for internal practitioner use and referral to external partners</p>
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## Part B: Performance Priorities

### Financial Performance

Operating Result	Target	2013 - 14 actuals
Annual Operating result (\$m)	0.86	0.39

WIES activity performance	Target	2013 - 14 actuals
Percentage of WIES (public & private) performance to target	100	107

Cash management	Target	2013 - 14 actuals
Creditors	< 60 days	67
Debtors	< 60 days	41

### Service performance

Quality and Safety	Target	2013 - 14 actuals
Health service accreditation	Full	Fully compliant
Residential aged care accreditation	Full	Fully compliant
Cleaning standards (Overall)	Full	Fully compliant
Cleaning standards (AQL-A)	90	100
Cleaning standards (AQL-B)	85	98
Cleaning standards (AQL-C)	85	99
Health care worker immunisation - influenza	60	74
Submission of data to VICNISS	Full	Fully compliant
Hospital associated infection surveillance	No outliers	No outliers
Hand Hygiene Program compliance rate	70	77
SAB rate per occupied bed days	<2/10,000	0
Victorian Patient Satisfaction Monitor: (OCI)	73	Achieved -81
Consumer Participation Indicator	75	Achieved -84
Victorian Hospital Experience Measurement Instrument	Full	Fully compliant
People Matter Survey	Full	Fully compliant

Maternity	Target	2013 - 14 actuals
Percentage of women with prearranged postnatal home care	100	99

**Part C: Activity and Funding**

<b>Activity</b>	<b>2013-14</b>
Weighted Inlier Equivalent Separations (WIES)	Activity Achievement
WIES Public	2380.05
WIES Private	83.26
<b>Total WIES (Public &amp; Private)</b>	<b>2463.31</b>
WIES DVA	124.00
WIES TAC	3.96
<b>WIES TOTAL</b>	<b>2591.27</b>
<b>Sub Acute and Non-acute Admitted</b>	
Maintenance Public	774
Maintenance DVA	42
Palliative Care Public	434
Palliative Care Private	0
Palliative Care DVA	3
<b>Aged Care</b>	
Residential Aged Care	30248
HACC	40854
<b>Mental Health and Drug Services</b>	
Drug Services	191
<b>Primary Health</b>	
Community Health/Primary Care Programs	2669
Community Health Other	248

## Environmental Performance

In accordance with Department of Health Guidelines, Gippsland Southern Health Service commenced its environmental reporting from the 2013/14 Financial Year.

### Energy consumption

Total energy consumption by energy type (GJ)	2013/14
Electricity	6941
Natural gas and LPG	7580
<b>Total</b>	<b>14521</b>

Normalised energy consumption	2013/14
Energy per unit of floor space (GJ/m <sup>2</sup> )	1.19
Energy per unit of activity (GJ/activity)	0.35

*Note:*

*Total Floor space for GSHS is 12,184 m<sup>2</sup> (Leongatha 8,350 m<sup>2</sup> and Korumburra 3,834 m<sup>2</sup>).*

*Bed Days (41,311) has been used as the unit of activity which comprises 11,057 In-patient bed days and 30,254 Residential Aged Care bed days.*

### Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO <sub>2</sub> e)	2013/14
Scope 1	388
Scope 2	2256
<b>Total</b>	<b>2644</b>

*Note: Carbon conversion factors are sourced from the 2013 publication of the National Greenhouse Accounts Factors. Used conversion factors are: 1.17 kg CO<sub>2</sub>-e/kWh for electricity, and 51.2 kg CO<sub>2</sub>-e/GJ for natural gas.*

Normalised greenhouse gas emissions	2013/14
Emissions per unit of floor space (kgCO <sub>2</sub> e/m <sup>2</sup> )	217
Emissions per unit of activity (kgCO <sub>2</sub> e/activity)	64

### Water consumption

Total water consumption by water type (kL)	
Potable water	8441
Recycled water	0
<b>Total</b>	<b>8441</b>

Normalised water consumption	2013/14
Water per unit of floor space (kL/m <sup>2</sup> )	0.69
Water per unit of activity (kL/activity)	0.2

Water recycling	2013/14
Recycling rate (percentage)	na



### Waste generation

<b>Total waste generation by type (Tonnes)</b>	<b>2013/14</b>
Clinical waste	4
General waste	245
Recycled waste	55
<b>Total</b>	<b>304</b>

<b>Normalised waste generation</b>	<b>2013/14</b>
Waste per activity (kg/activity)	7.37

<b>Waste recycling</b>	<b>2013/14</b>
Recycling rate (percentage)	18

## Financial Results - summary

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total Revenue	31,636	43,797	34,652	28,019	27,038
Total Expenses	32,334	29,782	29,246	28,736	27,997
Net Result for the Year (inc. Capital & Specific Items)	(698)	14,015	5,406	(717)	(959)
Retained Surplus	28,830	29,528	15,513	10,107	10,824
Contributed Capital	21,655	21,655	21,655	21,655	21,655
Asset Revaluation Reserve	19,507	11,400	11,400	11,423	12,804
Available for Sale Revaluation Reserve	235	166	89	127	71
Funds Held For Restricted Purposes	113	113	113	113	113
Total Equity	70,340	62,862	48,770	43,425	45,467
Total Assets	80,064	73,039	59,185	51,789	53,493
Total Liabilities	9,724	10,177	10,415	8,364	8,026
Net Assets	70,340	62,862	48,770	43,425	45,467

## Staffing Profile

Labour Category	JUNE		JUNE	
	Current Month FTE		YTD FTE	
	2014	2013	2014	2013
Nursing	124.57	117.72	118.83	116.30
Administration and Clerical	17.91	18.62	19.01	17.58
Medical Support	10.60	10.97	11.06	11.01
Hotel and Allied Services	65.29	60.32	62.68	59.73
Medical Officers	0.05	0.05	0.05	0.05
Hospital Medical Officers	0.00	0.00	0.00	0.12
Ancillary Staff (Allied Health)	24.59	23.36	23.83	22.02

**Details of individual consultancies**

***i) Consultancies costing in excess of \$10,000 (exclusive of GST)***

				(\$ thousand)		
Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2013/14 (excluding GST)	Future commitments (excluding GST)
Smartfleet	Fleet management	1/07/2013	30/06/2014	\$ 11	\$ 11	\$ 12
Davidson Trahaire	Employee assistance program	1/07/2013	30/06/2014	\$ 12	\$ 12	\$ 12
Viatek P/L	ICT Support	1/04/2014	30/06/2014	\$ 39	\$ 39	\$ -
Workplace Legal	Organisation Culture Review	1/01/2014	31/05/2014	\$ 73	\$ 73	\$ -
Quality Works	Safety & Quality Review	1/02/2014	30/04/2014	\$ 12	\$ 12	\$ -

***ii) Consultancies costing less than \$10,000 (exclusive of GST).***

In 2013/14 the Health Service engaged 12 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$54,668 (excl GST).

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Gippsland Southern Health Service

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2014 of the Gippsland Southern Health Service which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance and accounting officer's declaration has been audited.

#### *The Board Members' Responsibility for the Financial Report*

The Board Members of the Gippsland Southern Health Service are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.


### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Gippsland Southern Health Service as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Gippsland Southern Health Service for the year ended 30 June 2014 included both in the Gippsland Southern Health Service's annual report and on the website. The Board Members of the Gippsland Southern Health Service are responsible for the integrity of the Gippsland Southern Health Service's website. I have not been engaged to report on the integrity of the Gippsland Southern Health Service's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
29 August 2014



John Doyle  
Auditor-General

## **Gippsland Southern Health Service**

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

The attached financial statements for Gippsland Southern Health Service have been prepared in accordance with Standing Directions 4.2 of 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 2014 and the financial position of Gippsland Southern Health Service at 30 June 2014.

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 this day.



Mark Holmes  
Acting President

LEONGATHA

28/8/2014



Mark Petty  
Accountable Officer

LEONGATHA

28/8/2014



Peter Van Hamond  
Chief Finance &  
Accounting Officer

LEONGATHA

28/8/2014

# Gippsland Southern Health Service

## Comprehensive Operating Statement

### For the Financial Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Revenue from operating activities	2	28,880	28,245
Revenue from non-operating activities	2	354	757
Employee expenses	3	(20,323)	(18,843)
Non salary labour costs	3	(1,742)	(1,872)
Supplies and consumables	3	(1,916)	(1,990)
Other expenses	3	(4,865)	(4,371)
<b>Net result before capital and specific items</b>		<b>388</b>	<b>1,926</b>
Capital purpose income	2	2,398	14,795
Reversal of impairment of financial assets	2	4	-
Impairment of financial assets	3	-	(33)
Depreciation	4	(2,948)	(2,631)
Specific Expenses	3(c)	(336)	-
Expenditure using capital purpose income	3	(204)	(42)
<b>NET RESULT FOR THE YEAR</b>		<b>(698)</b>	<b>14,015</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus	16	8,663	-
<b>Items that may be reclassified subsequently to net result</b>			
Changes to financial assets available-for-sale revaluation surplus	16	69	77
<b>Total other comprehensive income</b>		<b>8,732</b>	<b>77</b>
<b>Comprehensive result</b>		<b>8,034</b>	<b>14,092</b>

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

*\* The significant amount of capital purpose income indicated for the financial years ending 30 June 2014 and 30 June 2013 includes capital grants received for the Leongatha Hospital redevelopment of \$1,139,504 for the year ending 30/6/14 and \$13,767,906 for the year ending 30/6/13. These grants are non-recurring and ceased during the 2013/14 financial year.*



# Gippsland Southern Health Service

## Balance Sheet

### As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5	2,991	7,637
Receivables	6	1,072	1,274
Investments and other financial assets	7	8,795	9,824
Inventories	8	144	112
Non-financial assets classified as held for sale	9	-	442
Other assets	10	258	47
<b>Total current assets</b>		<b>13,260</b>	<b>19,336</b>
<b>Non-current assets</b>			
Receivables	6	598	514
Investments and other financial assets	7	605	644
Property, plant & equipment	11	65,601	52,545
<b>Total non-current assets</b>		<b>66,804</b>	<b>53,703</b>
<b>TOTAL ASSETS</b>		<b>80,064</b>	<b>73,039</b>
<b>Current liabilities</b>			
Payables	12	1,550	2,463
Provisions	13	5,377	4,698
Other current liabilities	15	2,244	2,526
<b>Total current liabilities</b>		<b>9,171</b>	<b>9,687</b>
<b>Non-current liabilities</b>			
Provisions	13	553	490
<b>Total non-current liabilities</b>		<b>553</b>	<b>490</b>
<b>TOTAL LIABILITIES</b>		<b>9,724</b>	<b>10,177</b>
<b>NET ASSETS</b>		<b>70,340</b>	<b>62,862</b>
<b>EQUITY</b>			
Property, plant & equipment revaluation surplus	16a	19,507	11,400
Financial asset available for sale revaluation surplus	16a	235	166
Restricted specific purpose surplus	16a	113	113
Contributed capital	16b	21,655	21,655
Accumulated surpluses/(deficits)	16c	28,830	29,528
<b>TOTAL EQUITY</b>	16c	<b>70,340</b>	<b>62,862</b>
Contingent assets and contingent liabilities	20		
Commitments	19		

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



**Gippsland Southern Health Service**  
**Statement of Changes in Equity**  
**For the Financial Year Ended 30 June 2014**

		Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2012</b>		<b>11,400</b>	<b>89</b>	<b>113</b>	<b>21,655</b>	<b>15,513</b>	<b>48,770</b>
Net result for the year		-	-	-	-	14,015	14,015
Other comprehensive income for the year	16a	-	77	-	-	-	77
<b>Balance at 30 June 2013</b>		<b>11,400</b>	<b>166</b>	<b>113</b>	<b>21,655</b>	<b>29,528</b>	<b>62,862</b>
Net result for the year		-	-	-	-	(698)	(698)
Other comprehensive income for the year	16a	8,107	69	-	-	-	8,176
<b>Balance at 30 June 2014</b>		<b>19,507</b>	<b>235</b>	<b>113</b>	<b>21,655</b>	<b>28,830</b>	<b>70,340</b>

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

# Cash Flow Statement

## For the Financial Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating grants from government		24,797	23,935
Patient and resident fees received		2,188	2,217
Private practice fees received		1,186	1,095
GST received from/(paid to) ATO		598	496
Recoupment from private practice for use of hospital facilities		74	75
Interest received		483	1,000
Dividend received		16	16
Other receipts		389	169
<b>Total receipts</b>		<b>29,731</b>	<b>29,003</b>
Employee expenses paid		(19,918)	(18,904)
Non salary labour costs		(1,806)	(1,727)
Payments for supplies & consumables		(1,947)	(1,996)
Other payments		(4,947)	(4,684)
<b>Total payments</b>		<b>(28,618)</b>	<b>(27,311)</b>
<b>Cash generated from operations</b>		<b>1,113</b>	<b>1,692</b>
Capital grants from government		1,629	14,097
Capital donations and bequests received		80	39
<b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>	17	<b>2,822</b>	<b>15,828</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for non-financial assets		(9,183)	(21,132)
Proceeds from sale of non-financial assets		647	391
Proceeds from sale of investments		1,068	3,020
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(7,468)</b>	<b>(17,721)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>			
		<b>(4,646)</b>	<b>(1,893)</b>
Cash and cash equivalents at beginning of financial year		<b>7,637</b>	<b>9,530</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	5	<b>2,991</b>	<b>7,637</b>

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

## **Note 1: Summary of Significant Accounting Policies**

These annual financial statements represent the audited general purpose financial statements for Gippsland Southern Health Service for the period ending 30 June 2014. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

### **(a) Statement of compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB101 *Presentation of Financial Statements*.

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

The Health Service is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Health Services under the AASs.

The annual financial statements were authorised for issue by the Board of Gippsland Southern Health Service (28th August 2014).

### **(b) Basis of accounting preparation and measurement**

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014, and the comparative information presented in these financial statements for the year ended 30 June 2013.

The going concern basis was used to prepare the financial statements.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for:

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised. (i.e. other comprehensive income - items that may be reclassified subsequent to net result).

**(b) Basis of accounting preparation and measurement (cont'd)**

- The fair value of assets other than land is generally based on their depreciated replacement value.

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

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

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1 (k));
- superannuation expense (refer to Note 1 (h)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1 (l)).

Consistent with AASB 13 *Fair Value Measurement*, Gippsland Southern Health Service determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

In addition, Gippsland Southern Health Service determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

The Valuer-General Victoria (VGV) is Gippsland Southern Health Service's independent valuation agency.

Gippsland Southern Health Service, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

**(b) Basis of accounting preparation and measurement (cont'd)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (j));
- superannuation expense (refer to note 1(h)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1 (l)).

**(c) Reporting Entity**

The financial statements include all the controlled activities of the Health Service.

Its principal address is: Koonwarra Road, Leongatha, VIC, 3953.

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

**Objectives and funding**

Gippsland Southern Health Service's overall objective is to provide health care, as well as improve the quality of life to Victorians.

Gippsland Southern Health Service is predominantly funded by accrual based grant funding for the provision of outputs.

**(d) Principles of Consolidation**

**Associates and joint ventures**

Associates and joint ventures are accounted for in accordance with the policy outlined in Note 1(k) Financial Assets.

**Jointly controlled assets or operations**

Interests in jointly controlled assets or operations are not consolidated by the Health Service, but are accounted for in accordance with the policy outlined in Note 1 (k) Financial Assets.

**(e) Scope and presentation of financial statements**

**Fund Accounting**

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Health Service's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

**(e) Scope and presentation of financial statements (cont'd)**

**Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives**

Activities classified as *Services Supported By Health Services Agreement* (HSA) are substantially funded by the Department of Health and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

**Residential Aged Care Service**

The Residential Aged Care Service operations are an integral part of the Health Service and shares its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

The Residential Aged Care Service is controlled by the Committee of Management of the Health Service and is substantially funded from Commonwealth bed-day subsidies.

**Comprehensive Operating Statement**

The comprehensive operating statement includes the subtotal entitled 'net result before capital & specific items' to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'net result before capital & specific items' is used by the management of the Health Service, the Department of Health and the Victorian Government to measure the ongoing operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write down of inventories
  - Non-current asset revaluation increments/decrements
  - Diminution/impairment of investments
  - Reversals of provisions
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Notes 1 (j)
- Depreciation as described in note 1 (h).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

**(e) Scope and presentation of financial statements (cont'd)**

**Balance Sheet**

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after reporting period), are disclosed in the notes where relevant.

**Statement of changes in equity**

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

**Cash flow statement**

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

**Rounding**

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

**(f) Change in accounting policies**

**AASB 13 Fair Value Measurement**

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when a health service is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Health Service has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, the Health Service has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

AASB 13 has predominantly impacted the disclosures of the Health Service. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not to be provided for comparative periods, before initial application. Consequently, comparatives of these disclosures have not been provided for 2012-13, except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*.

**AASB 119 Employee Benefits**

In 2013-14, the Health Service has applied AASB 119 *Employee Benefits (Sep 2011, as amended)*, and related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the Health Service.

**(f) Change in accounting policies (cont'd)**

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

The Health Service considers the change in classification to have not materially altered its measurement of the annual leave provision.

**(g) Income from transactions**

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to the Health Service and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

**Government Grants and other transfers of income (other than contributions by owners)**

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

Contributions are deferred as income in advance when the Health Service has a present obligation to repay them and the present obligation can be reliably measured.

**Indirect Contributions from the Department of Health**

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2012-13).

**Patient and Resident Fees**

Patient fees are recognised as revenue at the time invoices are raised.

**Private Practice Fees**

Private Practice fees are recognised as revenue at the time invoices are raised.

**Revenue from commercial activities**

Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised.

**Donations and Other Bequests**

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

**Dividend Revenue**

Dividend revenue is recognised when the right to receive payment is established.



**(g) Income from transactions (cont'd)**

**Interest Revenue**

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

**Sale of investments**

The gain/loss on the sale of investments is recognised when the investment is realised.

**Other Income**

Other income includes non-property rental, dividends and bad debt reversals.

**(h) Expense recognition**

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

**Employee expenses**

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

**Defined contribution superannuation plans**

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

**Defined benefit superannuation plans**

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

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

The name and details of the major employee superannuation funds and contributions made by the Health Service are disclosed in Note 14: *Superannuation*.

**Depreciation**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health. Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

**(h) Expense recognition (cont'd)**

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

	<b>2014</b>	<b>2013</b>
Buildings	5 to 50 years	1.25 to 48 years
Plant & Equipment	3 to 18 years	3 to 18 years
Medical Equipment	2 to 15 years	2 to 15 years
Computers & Communications	2 to 10 years	2 to 10 years
Furniture & Fittings	5 to 20 years	5 to 20 years
Motor Vehicles	4 to 5 years	4 to 5 years
Other	12 years	12 years

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

**Other operating expenses**

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

**Supplies and consumables**

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

**Bad and doubtful debts**

Refer to Note 1(j) *Impairment of financial assets*.

**(i) Other comprehensive income**

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

**Net gain/(loss) on non-financial assets**

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

**Revaluation gains/(losses) of non-financial physical assets**

Refer to Note 1(k) Revaluations of non-financial physical assets.

**Net gain/(loss) on disposal of non-financial assets**

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

**Net gain/(loss) on financial instruments**

Net gain/(loss) on financial instruments 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 1(k)); and
- disposals of financial assets and derecognition of financial liabilities

**Revaluations of financial instrument at fair value**

Refer to Note 1 (j) *Financial instruments*

**(i) Other comprehensive income (cont'd)**

**Share of net profits/(losses) of associates and joint entities, excluding dividends.**

Refer to Note 1 (d) *Basis of consolidation*

**Other gains/(losses) from other comprehensive income**

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

**(j) Financial instruments**

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

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

**Categories of non-derivative financial instruments**

**Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(k)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

**Held-to-maturity investments**

If the Health Service has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held-to-maturity. Held-to-maturity financial assets are recognised initially as fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The Health Service makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The Health Service would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

The held-to-maturity category includes certain term deposits and debt securities for which the entity concerned intends to hold to maturity.

**(j) Financial instruments (cont'd)**

**Available-for-sale financial assets**

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised directly in 'other comprehensive income' until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 18.

**(k) Assets**

**Cash and Cash Equivalents**

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

**Receivables**

Receivables consist of:

- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and
- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectable are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

**Investments and Other Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; and
- Available-for-sale financial assets.

The Health Service classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

### **(k) Assets (cont'd)**

The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit and loss are subject to annual review for impairment.

#### **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 held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost.

#### **Non-financial physical assets classified as held for sale**

Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.

Non-financial physical assets (including disposal groups) classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

#### **Property, Plant and Equipment**

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 14 *Property, plant and equipment*.

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

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

**(k) Assets (cont'd)**

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

**Revaluations of Non-current Physical Assets**

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

Revaluation increments are recognised in 'other comprehensive income' and are credited, directly in equity to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD103E, the Health Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

**Prepayments**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**Disposal of Non-Financial Assets**

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(i) - 'other comprehensive income'.

**Impairment of Non-Financial Assets**

Apart from intangible assets with indefinite useful lives, all other non-financial assets are assessed annually for indications of impairment, except for:

- inventories; and
- non-current physical assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

### **(k) Assets (cont'd)**

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

### **Investments in jointly controlled assets and operations**

In respect of any interest in jointly controlled assets, the Health Service recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it had incurred;
- its share of liabilities incurred jointly by the joint venture;
- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

For jointly controlled operations the Health Service recognises:

- the assets that it controls;
- the liabilities that it incurs;
- expenses that it incurs; and
- the share of income that it earns from selling outputs of the joint venture.

### **Derecognition of financial assets**

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

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

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

### **Impairment of Financial Assets**

At the end of each reporting period the Health Service assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed.

### **(k) Assets (cont'd)**

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2014 for its portfolio of financial assets, the Health Service obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2014. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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

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

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

#### **Revaluations of Financial Instruments at Fair Value**

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

### **(l) Liabilities**

#### **Payables**

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the health service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services.

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

- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. 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 a contract.

#### **Provisions**

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



## **(I) Liabilities (cont'd)**

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### **Employee Benefits**

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

#### ***Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off***

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave are all 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 wages and salaries, annual leave and sick leave are measured at:

- Undiscounted Value - if the Health Service expects to wholly settle within 12 months; or
- Present Value - if the Health Service does not expect to wholly settle within 12 months.

#### ***Long Service Leave (LSL)***

Liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- Undiscounted Value - if the Health Service expects to wholly settle within 12 months; and
- Present Value - if the Health Service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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 bond interest rates for which it is then recognised as an other economic flow.

#### ***Termination Benefits***

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

## **(l) Liabilities (cont'd)**

The Health Service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### **On-Costs**

Provisions for on-costs, such as payroll tax, workers compensation and superannuation are recognised together with provisions for employee benefits.

### **Superannuation liabilities**

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

## **(m) Equity**

### **Contributed Capital**

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119A *Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners that have been designated as contributed capital are also treated as contributed capital.

### **Property, Plant & Equipment Revaluation Surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

### **Financial Asset Available-for-Sale Revaluation Surplus**

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the surplus which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired that portion of the surplus which relates to that financial asset is recognised in the comprehensive operating statement.

### **Specific Restricted Purpose Surplus**

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

## **(n) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 19) at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

## **(o) Contingent assets and contingent liabilities**

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

**(p) Goods and Services Tax ("GST")**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

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

**(q) AASs issued that are not yet effective**

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2014 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2014, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Health Service has not and does not intend to adopt these standards early.

<b>Standard / Interpretation</b>	<b>Summary</b>	<b>Applicable for Annual Reporting periods beginning on or ending on</b>	<b>Impact on Financial Statements</b>
<i>AASB 9 Financial instruments</i>	This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1-Jan-17	<p>The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>

**(q) AASBs issued that are not yet effective (cont'd)**

<b>Standard / Interpretation</b>	<b>Summary</b>	<b>Applicable for Annual Reporting periods beginning on or ending on</b>	<b>Impact on Public Sector entity financial statements</b>
AASB 11 <i>Joint Arrangements</i>	This standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1-Jan-14 (not-for-profit entities)	Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact.  Ongoing work is being done to monitor and assess the impact of this standard.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.	1-Jan-14 (not-for-profit entities)	The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1-Jan-14 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1-Jan-14 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

**(q) AASs issued that are not yet effective (cont'd)**

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013-14 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013-14 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010)*.
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.
- 2013-1 *Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements*
- 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
- 2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*
- 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*

**(r) Category Groups**

The Health Service has used the following category groups for reporting purposes for the current and previous financial years.

**Admitted Patient Services (Admitted Patients)** comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

**Outpatient Services (Outpatients)** comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic aids or palliative care.

**Aged Care** comprises revenue/expenditure from Home and Community Care (HACC) programs, Allied Health, Aged Care Assessment and support services.

**Primary Health** comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

**Residential Aged Care including Mental Health (RAC incl. Mental Health)** referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DH under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

**Other Services excluded from Australian Health Care Agreement (AHCA) (Other)** comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses / Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health Services including general and specialist dental care, school dental services and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

## Note 2: Revenue

	HSA	HSA	H&CI	H&CI	Total	Total
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue from Operating Activities</b>						
Government Grants						
- Department of Health	5,662	10,551	-	-	5,662	10,551
- Victorian Health Funding Pool	15,186	9,333	-	-	15,186	9,333
- Department of Human Services	135	128	-	-	135	128
- State Government - Other						
Equipment and Infrastructure Maintenance	176	86	-	-	176	86
- Commonwealth Government						
Residential Aged Care Subsidy	3,685	3,523	-	-	3,685	3,523
Commonwealth Grant - Health Network						
Funding Adjustment	-	182	-	-	-	182
Other	-	172	-	-	-	172
<b>Total Government Grants</b>	<b>24,844</b>	<b>23,975</b>	<b>-</b>	<b>-</b>	<b>24,844</b>	<b>23,975</b>
Indirect Contributions by Department of Health						
- Insurance	30	395	-	-	30	395
- Long Service Leave	84	123	-	-	84	123
<b>Total Indirect Contributions by Department of Health</b>	<b>114</b>	<b>518</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>518</b>
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	306	318	-	-	306	318
- Residential Aged Care (refer note 2b)	1,520	1,482	-	-	1,520	1,482
<b>Total Patient &amp; Resident Fees</b>	<b>1,826</b>	<b>1,800</b>	<b>-</b>	<b>-</b>	<b>1,826</b>	<b>1,800</b>
Commercial Activities & Specific Purpose Funds						
- Commercial diagnostic Imaging	-	-	1,067	1,078	1,067	1,078
- Catering	-	-	123	101	123	101
- Cafeteria	-	-	11	11	11	11
- Property Income	-	-	161	173	161	173
- Staff Salary Packaging Service	-	-	11	11	11	11
<b>Total Commercial Activities &amp; Specific Purpose Funds</b>	<b>-</b>	<b>-</b>	<b>1,373</b>	<b>1,374</b>	<b>1,373</b>	<b>1,374</b>
Recoupment from Private Practice for Use of Hospital Facilities	73	76	-	-	73	76
Other Revenue from Operating Activities	650	502	-	-	650	502
<b>Total Revenue from Operating Activities</b>	<b>27,507</b>	<b>26,871</b>	<b>1,373</b>	<b>1,374</b>	<b>28,880</b>	<b>28,245</b>
<b>Revenue from Non-Operating Activities</b>						
Interest & Dividends	354	757	-	-	354	757
<b>Total Revenue from Non-Operating</b>	<b>354</b>	<b>757</b>	<b>-</b>	<b>-</b>	<b>354</b>	<b>757</b>
<b>Capital Purpose Income</b>						
State Government Capital Grants						
- Targeted Capital Works and Equipment	1,629	14,097	-	-	1,629	14,097
Residential Accommodation Payments (refer note 2b)	511	473	-	-	511	473
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	62	76	-	-	62	76
Capital Interest	100	94	-	-	100	94
Capital Dividends	16	16	-	-	16	16
Donations & Bequests	80	39	-	-	80	39
<b>Total Capital Purpose Income</b>	<b>2,398</b>	<b>14,795</b>	<b>-</b>	<b>-</b>	<b>2,398</b>	<b>14,795</b>
Reversal of Impairment Loss on Financial Asset	4	-	-	-	4	-
<b>Total Revenue (refer to note 2a)</b>	<b>30,263</b>	<b>42,423</b>	<b>1,373</b>	<b>1,374</b>	<b>31,636</b>	<b>43,797</b>

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

## Note 2a: Analysis of Revenue by Source

(based on the consolidated view of note 2)

	<b>Admitted Patients 2014 \$'000</b>	<b>Outpatients 2014 \$'000</b>	<b>RAC 2014 \$'000</b>	<b>Aged Care 2014 \$'000</b>	<b>Primary Health 2014 \$'000</b>	<b>Other 2014 \$'000</b>	<b>Total 2014 \$'000</b>
<b>Revenue from Services Supported by Health Services Agreement</b>							
Government Grants	12,822	3,367	5,346	2,395	438	476	24,844
Indirect contributions by Department of Health	59	15	25	11	2	2	114
Patient & Resident Fees (refer note 2b)	68	84	1,520	154	-	-	1,826
Recoupment from Private Practice for Use of Hospital Facilities	73	-	-	-	-	-	73
Other Revenue from Operating Activities	650	-	-	-	-	-	650
Interest & Dividends	354	-	-	-	-	-	354
Capital Purpose Income (refer note 2)	1,887	-	511	-	-	-	2,398
Reversal of Impairment Loss on Financial Assets	4	-	-	-	-	-	4
<b>Total Revenue from Services Supported by Health Services Agreement</b>	<b>15,917</b>	<b>3,466</b>	<b>7,402</b>	<b>2,560</b>	<b>440</b>	<b>478</b>	<b>30,263</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>							
Commercial Activities and Specific Purpose Funds	-	-	-	-	-	1,373	1,373
<b>Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,373</b>	<b>1,373</b>
<b>Total Revenue</b>	<b>15,917</b>	<b>3,466</b>	<b>7,402</b>	<b>2,560</b>	<b>440</b>	<b>1,851</b>	<b>31,636</b>

Indirect contributions by Department of Health:

Department of Health makes certain payments on behalf of the Health Service (Insurance). These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

**Note 2a: Analysis of revenue by source (continued)**  
(based on the consolidated view of note 2)

	<b>Admitted Patients 2013 \$'000</b>	<b>Outpatients 2013 \$'000</b>	<b>RAC 2013 \$'000</b>	<b>Aged Care 2013 \$'000</b>	<b>Primary Health 2013 \$'000</b>	<b>Other 2013 \$'000</b>	<b>Total 2013 \$'000</b>
<b>Revenue from Services Supported by Health Services Agreement</b>							
Government Grants	12,086	3,253	5,254	2,349	400	633	23,975
Indirect contributions by Department of Health	323	53	58	67	7	10	518
Patient & Resident Fees (refer note 2b)	72	82	1,482	164	-	-	1,800
Recoupment from Private Practice for Use of Hospital Facilities	76	-	-	-	-	-	76
Other Revenue from Operating Activities	498	-	4	-	-	-	502
Interest & Dividends	757	-	-	-	-	-	757
Capital Purpose Income (refer note 2)	14,283	-	473	-	-	39	14,795
<b>Total Revenue from Services Supported by Health Services Agreement</b>	<b>28,095</b>	<b>3,388</b>	<b>7,271</b>	<b>2,580</b>	<b>407</b>	<b>682</b>	<b>42,423</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>							
Commercial Activities & Specific Purpose Funds	-	-	-	-	-	1,374	1,374
<b>Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,374</b>	<b>1,374</b>
<b>Total Revenue</b>	<b>28,095</b>	<b>3,388</b>	<b>7,271</b>	<b>2,580</b>	<b>407</b>	<b>2,056</b>	<b>43,797</b>

Indirect contributions by Department of Health:

Department of Health makes certain payments on behalf of the Health Service (Insurance). These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.



## Note 2b: Private and Resident Fees

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Patient and Resident Fees</b>		
Acute		
– Inpatients	68	72
– Outpatients	84	82
Residential Aged Care		
– Residential Accommodation Payments	1,520	1,482
District Nursing Fees	154	164
<b>Total Patient and Resident Fees</b>	<b>1,826</b>	<b>1,800</b>
<b>Capital Purpose Income:</b>		
Residential Accommodation Payments	511	473
<b>Total Capital Purpose Income</b>	<b>511</b>	<b>473</b>

## Note 2c: Net Gain/(Loss) on Disposal of Non-Financial Assets

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Proceeds from Disposals of Non-Current Assets</b>		
Land	600	150
Buildings	-	190
Plant & Equipment	-	-
Motor Vehicles	47	50
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>647</b>	<b>390</b>
<b>Less: Written Down Value of Non-Current Assets Sold</b>		
Land	205	150
Buildings	361	129
Land Improvements	-	18
Medical Equipment	3	-
Plant & Equipment	3	2
Motor Vehicles	13	15
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>585</b>	<b>314</b>
<b>Net gain/(loss) on Disposal of Non-Financial Assets</b>	<b>62</b>	<b>76</b>

## Note 3: Expenses

	<b>HSA 2014 \$'000</b>	<b>HSA 2013 \$'000</b>	<b>H&amp;CI 2014 \$'000</b>	<b>H&amp;CI 2013 \$'000</b>	<b>Total 2014 \$'000</b>	<b>Total 2013 \$'000</b>
<b>Employee Expenses</b>						
Salaries & Wages	17,102	15,936	645	605	17,747	16,541
WorkCover Premium	383	261	14	9	397	270
Departure Packages	3	7	-	-	3	7
Long Service Leave	532	488	16	32	548	520
Superannuation	1,579	1,456	49	49	1,628	1,505
<b>Total Employee Expenses</b>	<b>19,599</b>	<b>18,148</b>	<b>724</b>	<b>695</b>	<b>20,323</b>	<b>18,843</b>
<b>Non Salary Labour Costs</b>						
Fees for Visiting Medical Officers	1,708	1,732	-	-	1,708	1,732
Contractors and consultants	33	140	1	-	34	140
<b>Total Non Salary Labour Costs</b>	<b>1,741</b>	<b>1,872</b>	<b>1</b>	<b>-</b>	<b>1,742</b>	<b>1,872</b>
<b>Supplies &amp; Consumables</b>						
Drug Supplies	253	277	-	-	253	277
Medical, Surgical Supplies and Prosthesis	1,039	960	29	46	1,068	1,006
Pathology Supplies	112	256	-	-	112	256
Food Supplies	455	425	28	26	483	451
<b>Total Supplies &amp; Consumables</b>	<b>1,859</b>	<b>1,918</b>	<b>57</b>	<b>72</b>	<b>1,916</b>	<b>1,990</b>
<b>Other Expenses</b>						
Domestic Services & Supplies	411	378	12	14	423	392
Fuel, Light, Power and Water	522	393	21	15	543	408
Insurance costs funded by the Department of Health	444	395	-	-	444	395
Motor Vehicle Expenses	205	189	1	1	206	190
Repairs & Maintenance	549	406	38	32	587	438
Maintenance Contracts	79	93	49	53	128	146
Patient Transport	282	377	-	-	282	377
Bad & Doubtful Debts	46	46	1	2	47	48
Radiology Services	165	200	386	380	551	580
Advertising Expenses	41	26	-	-	41	26
Other Administrative Expenses	1,513	1,293	45	26	1,558	1,319
Audit Fees						
- VAGO - Audit of Financial Statements	38	36	1	1	39	37
- Other	16	15	-	-	16	15
<b>Total Other Expenses</b>	<b>4,311</b>	<b>3,847</b>	<b>554</b>	<b>524</b>	<b>4,865</b>	<b>4,371</b>
<b>Expenditure using Capital Purpose Income</b>						
Other Expenses						
- Minor Equipment	204	42	-	-	204	42
<b>Total Expenditure using Capital Purpose Income</b>	<b>204</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>204</b>	<b>42</b>
<b>Impairment of Assets</b>						
- Available-for-Sale Financial Assets	-	33	-	-	-	33
<b>Total Impairment of Financial Assets</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33</b>
Depreciation (refer note 4)	2,948	2,631	-	-	2,948	2,631
Specific Expenses (refer note 3c)	336	-	-	-	336	-
<b>Total Impairment of Assets</b>	<b>3,284</b>	<b>2,664</b>	<b>-</b>	<b>-</b>	<b>3,284</b>	<b>2,664</b>
<b>Total Expenses</b>	<b>30,998</b>	<b>28,491</b>	<b>1,336</b>	<b>1,291</b>	<b>32,334</b>	<b>29,782</b>

## Note 3a: Analysis of Expenses by Source

(based on the consolidated view of Note 3)

	Admitted Patients 2014 \$'000	Outpatients 2014 \$'000	RAC 2014 \$'000	Aged Care 2014 \$'000	Primary Health 2014 \$'000	Other 2014 \$'000	Total 2014 \$'000
<b>Services Supported by Health Services Agreement</b>							
Employee Expenses	9,198	1,393	6,089	2,297	233	389	19,599
Non Salary Labour Costs	1,708	28	-	-	4	-	1,740
Supplies & Consumables	1,257	51	442	105	3	1	1,859
Other Expenses from Continuing Operations	2,205	262	1,345	365	45	90	4,312
<b>Total Expenses from Services Supported by Health Services Agreement</b>	<b>14,368</b>	<b>1,734</b>	<b>7,876</b>	<b>2,767</b>	<b>285</b>	<b>480</b>	<b>27,510</b>
<b>Services Supported by Hospital and Community Initiatives</b>							
Employee Expenses	-	-	-	-	-	724	724
Non Salary Labour Costs	-	-	-	-	-	1	1
Supplies & Consumables	-	-	-	-	-	57	57
Other Expenses from Continuing Operations	-	-	-	-	-	554	554
<b>Total Expenses from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,336</b>	<b>1,336</b>
<b>Expenditure using Capital Purpose Income</b>							
Other Expenses	204	-	-	-	-	-	204
<b>Total Expenditure using Capital Purpose Income</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204</b>
Specific Expense (refer note 3c)	336	-	-	-	-	-	336
Depreciation (refer note 4)	2,051	-	897	-	-	-	2,948
<b>Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives</b>	<b>2,387</b>	<b>-</b>	<b>897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,284</b>
<b>Total Expenses</b>	<b>16,959</b>	<b>1,734</b>	<b>8,773</b>	<b>2,767</b>	<b>285</b>	<b>1,816</b>	<b>32,334</b>

## Note 3a: Analysis of expenses by source (continued)

(based on the consolidated view of Note 3)

	Admitted Patients	Outpatients	RAC	Aged Care	Primary Health	Other	Total
	2013	2013	2013	2013	2013	2013	2013
Prior Year	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Services Supported by Health Services Agreement</b>							
Employee Expenses	8,328	1,264	5,756	2,043	278	479	18,148
Non Salary Labour Costs	1,734	24	-	-	1	113	1,872
Supplies & Consumables	1,328	59	417	109	4	1	1,918
Other Expenses from Continuing Operations	2,209	219	1,019	297	34	69	3,847
<b>Total Expenses from Services Supported by Health Services Agreement</b>	<b>13,599</b>	<b>1,566</b>	<b>7,192</b>	<b>2,449</b>	<b>317</b>	<b>662</b>	<b>25,785</b>
<b>Services Supported by Hospital and Community Initiatives</b>							
Employee Expenses	-	-	-	-	-	695	695
Supplies & Consumables	-	-	-	-	-	72	72
Other Expenses from Continuing Operations	-	-	-	-	-	524	524
<b>Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,291</b>	<b>1,291</b>
<b>Expenditure using Capital Purpose Income</b>							
Other Expenses	42	-	-	-	-	-	42
<b>Total Expenditure using Capital Purpose Income</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>
Impairment of Financial Assets (refer note 3)	33	-	-	-	-	-	33
Depreciation (refer note 4)	1,732	-	899	-	-	-	2,631
<b>Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives</b>	<b>1,765</b>	<b>-</b>	<b>899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,664</b>
<b>Total Expenses</b>	<b>15,406</b>	<b>1,566</b>	<b>8,091</b>	<b>2,449</b>	<b>317</b>	<b>1,953</b>	<b>29,782</b>

### Note 3b: Analysis of Expenses by Internally Managed and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	2014 \$'000	2013 \$'000
<b>Commercial Activities</b>		
Diagnostic Imaging	1,199	1,190
Catering	128	92
Cafeteria	8	7
<b>Other Activities</b>		
Staff Salary Packaging Service	1	2
<b>TOTAL</b>	<b>1,336</b>	<b>1,291</b>

### Note 3c: Specific Expenses

<b>Specific Expenses</b>		
Voluntary Departure Package	336	-
<b>Total Specific Expenses</b>	<b>336</b>	<b>-</b>

### Note 4: Depreciation

	2014 \$'000	2013 \$'000
<b>Depreciation</b>		
Buildings	2,333	2,042
Plant & Equipment	129	118
Medical Equipment	244	200
Computers & Communication	41	43
Furniture & Fittings	9	5
Motor Vehicles	126	127
Other - Land Improvements	66	95
Other - GHA Property, Plant & Equipment	-	1
<b>Total Depreciation</b>	<b>2,948</b>	<b>2,631</b>

### Note 5: Cash and Cash Equivalents

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	2014 \$'000	2013 \$'000
Cash on hand	1	1
Cash at bank	2,990	7,636
<b>Total Cash and Cash Equivalents</b>	<b>2,991</b>	<b>7,637</b>

#### Represented by:

Cash for Health Service Operations (as per Cash Flow Statement)	2,699	7,346
GHA Cash at Bank	292	291
<b>Total Cash and Cash Equivalents</b>	<b>2,991</b>	<b>7,637</b>

## Note 6: Receivables

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Inter Hospital Debtors	42	11
Trade Debtors	183	50
Patient Fees	253	171
Radiology Fees	175	161
Accrued Investment Income	22	51
GHA Receivables	20	112
Accrued Revenue - Other	113	63
<b>Less</b> Allowance for Doubtful Debts		
Radiology Fees	(18)	(18)
Patient Fees	(16)	(16)
	<b>774</b>	<b>585</b>
<b>Statutory</b>		
GST Receivable	91	561
Accrued Revenue - Department of Health	207	128
	<b>298</b>	<b>689</b>
<b>TOTAL CURRENT RECEIVABLES</b>	<b>1,072</b>	<b>1,274</b>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave - Department of Health	598	514
	<b>598</b>	<b>514</b>
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>598</b>	<b>514</b>
<b>TOTAL RECEIVABLES</b>	<b>1,670</b>	<b>1,788</b>

### (a) Movement in the Allowance for doubtful debts

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of year	(34)	(34)
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
<b>Balance at end of year</b>	<b>(34)</b>	<b>(34)</b>

### (b) Ageing analysis of receivables

Please refer to note 18(c) for the ageing analysis of contractual receivables

### (c) Nature and extent of risk arising from receivables

Please refer to note 18(c) for the nature and extent of credit risk arising from contractual receivables

## Note 7: Investments and other Financial Assets

	Specific Purpose Fund		Capital Fund		Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT</b>						
<b>Loans and receivables</b>						
Term Deposit						
Aust. Dollar Term Deposits	-	-	6,594	7,455	6,594	7,455
Cash Deposit Accounts	2,201	2,369	-	-	2,201	2,369
<b>Total Current</b>	<b>2,201</b>	<b>2,369</b>	<b>6,594</b>	<b>7,455</b>	<b>8,795</b>	<b>9,824</b>
<b>NON CURRENT</b>						
<b>Loans and receivables</b>						
Term Deposit						
First Mortgage Investments	-	-	13	121	13	121
<b>Available for sale</b>						
Equities and Managed Investment Schemes						
Australian Listed Equity Securities	-	-	592	523	592	523
<b>Total Non Current</b>	<b>-</b>	<b>-</b>	<b>605</b>	<b>644</b>	<b>605</b>	<b>644</b>
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>2,201</b>	<b>2,369</b>	<b>7,199</b>	<b>8,099</b>	<b>9,400</b>	<b>10,468</b>
<b>Represented by:</b>						
Health Service Investments	-	-	7,199	8,099	7,199	8,099
Monies Held in Trust						
Accommodation Bonds (Refundable Entrance Fees)	2,201	2,369	-	-	2,201	2,369
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>2,201</b>	<b>2,369</b>	<b>7,199</b>	<b>8,099</b>	<b>9,400</b>	<b>10,468</b>

### (a) Ageing analysis of investments and other financial assets

Please refer to note 18(c) for the ageing analysis of investments and other financial assets

### (b) Nature and extent of risk arising from investments and other financial assets

Please refer to note 18(c) for the nature and extent of credit risk arising from investments and other financial assets

## Note 8: Inventories

	2014	2013
	\$'000	\$'000
<b>Pharmaceuticals</b>		
At cost	104	67
<b>Catering Supplies</b>		
At cost	6	7
<b>Housekeeping Supplies</b>		
At cost	3	3
<b>Medical and Surgical Lines</b>		
At cost	24	29
<b>Administration Stores</b>		
At Cost	7	6
<b>TOTAL INVENTORIES</b>	<b>144</b>	<b>112</b>

## Note 9: Non-Financial Physical Assets Classified as Held For Sale including Disposal Group Assets Classified as Held for Sale

### (A) Non-financial physical assets including disposal group assets classified as held for sale

	2014 \$'000	2013 \$'000
Freehold Land	-	115
Freehold Building	-	306
Freehold Land Improvements	-	21
<b>TOTAL NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>442</b>

The Health Service disposed of a freehold residential property consisting of a house & land on the 2nd August 2013. Contracts were signed prior to the 30th June 2013 with the sale becoming unconditional on the 5th July 2013.

## Note 10: Other Assets

	2014 \$'000	2013 \$'000
<b>CURRENT</b>		
Prepayments	233	21
GHA Other Current Assets	25	26
<b>TOTAL CURRENT OTHER ASSETS</b>	<b>258</b>	<b>47</b>



## Note 11: Property, plant & equipment

### (a) Gross carrying amount and accumulated depreciation

	2014 \$'000	2013 \$'000
<b>Land</b>		
Land at Fair Value	3,427	2,866
Less Impairment	-	-
<b>Total Land</b>	<b>3,427</b>	<b>2,866</b>
<b>Buildings</b>		
Buildings Under Construction at cost	50	26,680
Buildings at Fair Value	58,975	28,171
Less Acc'd Depreciation	613	8,173
<b>Total Buildings</b>	<b>58,412</b>	<b>46,678</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	1,828	1,694
Less Acc'd Depreciation	1,027	938
<b>Total Plant and Equipment</b>	<b>801</b>	<b>756</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	4,289	3,355
Less Acc'd Depreciation	2,277	2,242
<b>Total Medical Equipment</b>	<b>2,012</b>	<b>1,113</b>
<b>Computers &amp; Communication</b>		
Computers & Communication at Fair Value	670	574
Less Acc'd Depreciation	540	499
<b>Total Computers &amp; Communication</b>	<b>130</b>	<b>75</b>
<b>Furniture &amp; Fittings</b>		
Furniture & Fittings at Fair Value	185	78
Less Acc'd Depreciation	53	43
<b>Total Furniture &amp; Fittings</b>	<b>132</b>	<b>35</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Fair Value	1,131	1,190
Less Acc'd Depreciation	850	913
<b>Total Motor Vehicles</b>	<b>281</b>	<b>277</b>
<b>Other - Land Improvements</b>		
Land Improvements at Fair Value	404	1,115
Less Acc'd Depreciation	-	372
<b>Total Land Improvements</b>	<b>404</b>	<b>743</b>
<b>Other - GHA Property, Plant &amp; Equipment</b>		
Other - GHA Property, Plant & Equipment at Fair Value	2	2
Less Acc'd Depreciation	-	-
<b>Total GHA Property, Plant &amp; Equip't</b>	<b>2</b>	<b>2</b>
<b>TOTAL</b>	<b>65,601</b>	<b>52,545</b>

\* The value of Buildings under construction at cost has been predominantly funded from Capital grants from the Department of Health for the construction of a new hospital in Leongatha. The Health Service commenced financial contributions from its own investments during the 2012/13 financial year. Details of the capital commitments as at the 30th June 2013 is provided in Note 19 Commitments.

## Note 11: Property, plant & equipment (continued)

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

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers & Communic'n	Furniture & Fittings	Motor Vehicles	Land Improv'ts	GHA P,P&E	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2012</b>	<b>3,131</b>	<b>28,181</b>	<b>747</b>	<b>1,141</b>	<b>108</b>	<b>40</b>	<b>292</b>	<b>877</b>	<b>3</b>	<b>34,520</b>
Additions	-	20,974	129	172	10	-	127	-	-	21,412
Disposals	(150)	(129)	(2)	-	-	-	(15)	(18)	-	(314)
Classified as Held For Sale	(115)	(306)	-	-	-	-	-	(21)	-	(442)
Depreciation (note 4)	-	(2,042)	(118)	(200)	(43)	(5)	(127)	(95)	(1)	(2,631)
<b>Balance at 1 July 2013</b>	<b>2,866</b>	<b>46,678</b>	<b>756</b>	<b>1,113</b>	<b>75</b>	<b>35</b>	<b>277</b>	<b>743</b>	<b>2</b>	<b>52,545</b>
Additions	315	6,057	177	1,148	96	106	143	-	-	8,042
Disposals	(90)	(181)	(3)	(5)	-	-	(13)	(409)	-	(701)
Revaluation Increments/(Decrements)	336	8,185	-	-	-	-	-	142	-	8,663
Net Transfers between Classes	-	6	-	-	-	-	-	(6)	-	-
Depreciation (note 4)	-	(2,333)	(129)	(244)	(41)	(9)	(126)	(66)	-	(2,948)
<b>Balance at 30 June 2014</b>	<b>3,427</b>	<b>58,412</b>	<b>801</b>	<b>2,012</b>	<b>130</b>	<b>132</b>	<b>281</b>	<b>404</b>	<b>2</b>	<b>65,601</b>

### Land and buildings carried at valuation

An independent valuation of the Health Service's land and buildings was performed by *the Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation is **30 June 2014**.

## Note 11: Property, plant & equipment (continued)

### (c) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
<b>Land at fair value</b>				
Non-specialised land	875	-	875	-
Specialised land	2,552	-	-	2,552
Total of land at fair value	3,427	-	875	2,552
<b>Buildings at fair value</b>				
Non-specialised buildings	1,545	-	1,545	-
Specialised buildings	56,817	-	32,074	24,743
Total of buildings at fair value	58,362	-	33,619	24,743
<b>Plant, equipment &amp; vehicles at fair value</b>				
Plant equipment and vehicles at fair value				
- Vehicles	281	-	281	-
- Plant and equipment	801	-	-	801
Total of plant, equipment and vehicles at fair value	1,082	-	281	801
<b>Medical equipment at fair value</b>				
Medical Equipment	2,012	-	-	2,012
Total medical equipment at fair value	2,012	-	-	2,012
<b>Other Assets at fair value</b>				
Computers & Communication equipment	130	-	-	130
Furniture & Fittings	132	-	-	132
Land Improvements	404	-	-	404
GHA Assets	2	-	-	2
Total Other Assets at fair value	668	-	-	668
<b>Assets under construction at fair value</b>				
Leongatha Integrated Primary Care Centre	50	-	-	50
Total assets under construction at fair value	50	-	-	50
	<b>65,601</b>	<b>-</b>	<b>34,775</b>	<b>30,826</b>

There have been no transfers between levels during the period.

## **Note 11: Property, plant & equipment (continued)**

### **Non-specialised land, non-specialised buildings and artwork**

Non-specialised land, non-specialised buildings and artworks 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 independent valuers (Westernport Property Valuers) 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 2014.

To the extent that non-specialised land, non-specialised buildings and artwork do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

### **Specialised land and specialised buildings**

The market approach is also used for specialised land and specialised buildings although 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 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 the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

### **Plant and equipment**

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

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

## Note 11: Property, plant & equipment (continued)

### (d) Reconciliation of Level 3 fair value

2014									
	Land	Buildings	Plant and equipment	Medical equipment	Computers & Comm'n	Furniture & Fittings	Land Improv'ts	GHA Assets	Assets under construction
Opening Balance	1,966	18,638	756	1,113	75	35	733	2	26,680
Purchases (sales)	315	(151)	174	1,143	96	106	(406)	-	(26,630)
Transfers in (out) of Level 3	-	-	-	-	-	-	-	-	-
Gains or losses recognised in net result									
- Depreciation	-	(1,700)	(129)	(244)	(41)	(9)	(65)	-	-
Subtotal	2,281	16,787	801	2,012	130	132	262	2	50
Items recognised in other comprehensive income									
- Revaluation	271	7,956	-	-	-	-	142	-	-
Subtotal	271	7,956	-	-	-	-	142	-	-
Closing Balance	2,552	24,743	801	2,012	130	132	404	2	50

There have been no transfers between levels during the period.

## Note 11: Property, plant & equipment (continued)

### (e) Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
<b>Specialised land</b>				
Leongatha & Korumburra Hospital Land	Market approach	Community Service Obligation (CSO) adjustment		A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) 20% fair value
<b>Specialised buildings</b>				
Korumburra Campus Buildings	Depreciated replacement cost	Direct cost per square metre	\$400 - \$6,003/m2 (\$2,482)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value
		Useful life of specialised buildings.	5 - 45 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Plant and equipment at fair value</b>				
	Depreciated replacement cost	Cost per unit	\$9,000 - \$10,000 (\$9,500)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of PPE	3-18 years (10 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Medical equipment at fair value</b>				
	Depreciated replacement cost	Cost per unit	\$6,000 - \$7,000 (\$6,500)	Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value
		Useful life of medical equipment	2-15 years (9 years)	Increase (decrease) in useful life would result in a significantly higher (lower) fair value
<b>Other Assets at Fair Value</b>				
	Depreciated replacement cost	Cost per unit	\$6,000 - \$9,000 (\$8,000)	A significant increase or decrease in direct cost per unit meter adjustment would result in a significantly higher or lower fair value
		Useful life of other assets at fair value	2-20 years (12 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Assets under construction at fair value</b>				
Leongatha Integrated Primary Care Centre	Depreciated replacement cost	Cost per unit	\$ 4,000.00	A significant increase or decrease in direct cost per unit adjustment would result in a significantly higher or lower fair value

## Note 12: Payables

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	1,232	2,305
GHA Payables	43	41
Accrued Expenses	241	117
	<b>1,516</b>	<b>2,463</b>
<b>Statutory</b>		
Amounts payable to Government	34	-
	<b>34</b>	<b>-</b>
<b>TOTAL CURRENT</b>	<b>1,550</b>	<b>2,463</b>

### (a) Maturity analysis of payables

Please refer to Note 18c for the ageing analysis of contractual payables

### (b) Nature and extent of risk arising from payables

Please refer to note 18c for the nature and extent of risks arising from contractual payables

## Note 13: Provisions

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Current Provisions</b>		
Employee Benefits		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months	1,457	1,049
- Unconditional and expected to be settled wholly after 12 months	238	527
Long service leave		
- Unconditional and expected to be settled wholly within 12 months	302	270
- Unconditional and expected to be settled wholly after 12 months	2,136	2,076
Accrued Days Off		
- Unconditional and expected to be settled within 12 months	36	29
- Unconditional and expected to be settled after 12 months	-	-
Accrued Wages and Salaries		
- Unconditional and expected to be settled within 12 months	746	309
- Unconditional and expected to be settled after 12 months	-	-
	4,915	4,260
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	201	151
- Unconditional and expected to be settled after 12 months	261	287
	462	438
<b>Total Current Provisions</b>	<b>5,377</b>	<b>4,698</b>
<b>Non-Current Provisions</b>		
Employee Benefits	498	441
Provisions related to Employee Benefit On-Costs	55	49
<b>Total Non-Current Provisions</b>	<b>553</b>	<b>490</b>
<b>Total Provisions</b>	<b>5,930</b>	<b>5,188</b>
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and related on-costs</b>		
Unconditional LSL Entitlement	2,706	2,603
Annual Leave Entitlements	1,886	1,754
Accrued Wages and Salaries	746	309
Accrued Days Off	40	32
<b>Non-Current Employee Benefits and related on-costs</b>		
Conditional Long Service Leave Entitlements	553	490
<b>Total Employee Benefits and Related On-Costs</b>	<b>5,931</b>	<b>5,188</b>
<b>(b) Movements in provisions</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	<b>3,093</b>	<b>2,903</b>
Provision made during the year		
- Revaluations	-	-
- Expense recognising Employee Service	548	521
Settlement made during the year	(382)	(331)
<b>Balance at end of year</b>	<b>3,259</b>	<b>3,093</b>



## Note 14: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>(i) Defined benefit plans:</b>				
State Superannuation Fund - revised and new				
Other	33	41	-	-
<b>Defined contribution plans:</b>				
First State Super	1,595	1,464	36	-
<b>Total</b>	<b>1,628</b>	<b>1,505</b>	<b>36</b>	<b>-</b>

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

## Note 15: Other Liabilities

	2014 \$'000	2013 \$'000
<b>CURRENT</b>		
Monies Held in Trust*		
- Accommodation Bonds (Refundable Entrance Fees)*	2,201	2,369
GHA Other Current Liabilities	43	157
<b>Total Current</b>	<b>2,244</b>	<b>2,526</b>
<b>* Total Monies Held in Trust Represented by the following assets:</b>		
Cash Assets (refer to Note 5)		
Investment and other Financial Assets (refer to Note 7)	2,201	2,369
<b>TOTAL</b>	<b>2,201</b>	<b>2,369</b>

## Note 16: Equity

### (a) Surpluses

#### Property, Plant & Equipment Revaluation Surplus

	2014 \$'000	2013 \$'000
Balance at the beginning of the reporting period	11,400	11,400
Revaluation Increment/(Decrements)		
- Land	336	-
- Building Revaluation Increment	8,185	-
- Building Write off Decrement	(150)	-
- Land Improvements Revaluation Increment	142	-
- Land Improvements Write off Decrement	(406)	-
<b>Balance at the end of the reporting period*</b>	<b>19,507</b>	<b>11,400</b>

\* Represented by:

- Land	2,075	1,739
- Buildings	16,099	8,064
- Land Improvements	1,333	1,597
	<b>19,507</b>	<b>11,400</b>

#### Financial Assets Available-for-Sale Revaluation Surplus

Balance at the beginning of the reporting period	166	89
Valuation gain/(loss) recognised	69	77
<b>Balance at end of the reporting period</b>	<b>235</b>	<b>166</b>

#### Restricted Specific Purpose Surplus

Balance at the beginning of the reporting period	113	113
<b>Balance at the end of the reporting period</b>	<b>113</b>	<b>113</b>

#### Total Surpluses

<b>19,855</b>	<b>11,679</b>
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### (b) Contributed Capital

Balance at the beginning of the reporting period	21,655	21,655
Balance at the end of the reporting period	<b>21,655</b>	<b>21,655</b>

### (c) Accumulated Surpluses/(Deficits)

Balance at the beginning of the reporting period	29,528	15,513
Net Result for the Year	(698)	14,015
<b>Balance at the end of the reporting period</b>	<b>28,830</b>	<b>29,528</b>

#### Total Equity at end of financial year

<b>70,340</b>	<b>62,862</b>
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**Note 17: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net result for the period</b>	(698)	14,015
<b>Non-cash movements:</b>		
Depreciation	2,948	2,631
Impairment of Available for Sale Financial Assets	-	33
Reversal of Impairment of Financial Assets	4	-
<b>Movements included in investing and financing activities</b>		
Net (gain)/loss from disposal of non financial physical assets	(62)	(76)
<b>Movements in assets and liabilities:</b>		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	117	(247)
(Increase)/decrease in other assets	(210)	(3)
Increase/(decrease) in payables	295	(441)
Increase/(decrease) in provisions	742	(61)
Increase/(decrease) in other liabilities	(282)	(17)
Change in inventories	(32)	(6)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>2,822</b>	<b>15,828</b>

## Note 18: Financial Instruments

### (a) Financial risk management objectives and policies

The Health Service's principal financial instruments comprise of:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- investment in equities and managed investment schemes
- payables (excluding statutory payables)
- accommodation bonds

Details of the significant accounting policies and methods adopted, including 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 are disclosed in note 1 to the financial statements.

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

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

The main purpose in holding financial instruments is to prudentially manage *Health Service* financial risks within the government policy parameters.

### Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
2014	\$'000	\$'000	\$'000	\$'000
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	2,991	-	-	2,991
Receivables				
- Trade Debtors	183	-	-	183
- Other Receivables	591	-	-	591
Other Financial Assets				
- Term Deposit	8,808	-	-	8,808
- Shares in Other Entities	-	592	-	592
<b>Total Financial Assets</b>	<b>12,573</b>	<b>592</b>	<b>-</b>	<b>13,165</b>
<b>Financial Liabilities</b>				
Other Financial Liabilities				
- Accommodation bonds	-	-	2,201	2,201
- Other	-	-	1,559	1,559
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>3,760</b>	<b>3,760</b>

## Note 18: Financial Instruments (cont'd)

### Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
<b>2013</b>				
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	7,637	-	-	7,637
Receivables				
- Trade Debtors	50	-	-	50
- Other Receivables	535	-	-	535
Other Financial Assets				
- Term Deposit	9,945	-	-	9,945
- Shares in Other Entities	-	523	-	523
<b>Total Financial Assets</b>	<b>18,167</b>	<b>523</b>	<b>-</b>	<b>18,690</b>
<b>Financial Liabilities</b>				
Other Financial Liabilities				
- Accommodation bonds	-	-	2,369	2,369
- Other	-	-	2,620	2,620
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>4,989</b>	<b>4,989</b>

### Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss) \$'000	Total interest income / (expense) \$'000	Total \$'000
<b>2014</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	-	14	14
Loans and Receivables	-	340	340
Available for Sale	69	-	69
<b>Total Financial Assets</b>	<b>69</b>	<b>354</b>	<b>423</b>
<b>2013</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	-	21	21
Loans and Receivables	-	757	757
Available for Sale	77	-	77
<b>Total Financial Assets</b>	<b>77</b>	<b>778</b>	<b>855</b>

## Note 18: Financial Instruments (continued)

### (b) Credit risk

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

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

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

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 the *Health Service's* maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AA+ credit rating) \$'000	Government agencies (AAA credit rating) \$'000	No Credit Rating \$'000	Other (min BBB credit rating) \$'000	Total \$'000
<b>2014</b>					
<b>Financial Assets</b>					
<i>Cash and Cash Equivalents</i>	2,991	-	-	-	2,991
<i>Loans and Receivables</i>					
- Trade Debtors	-		183	-	183
- Other Receivables	-	42	549	-	591
- Term Deposit	8,795	-	-	13	8,808
<i>Available for sale</i>					
- Shares in Other Entities	-	-	-	592	592
<b>Total Financial Assets</b>	<b>11,786</b>	<b>42</b>	<b>732</b>	<b>605</b>	<b>13,165</b>
<b>2013</b>					
<b>Financial Assets</b>					
<i>Cash and Cash Equivalents</i>	7,637	-	-	-	7,637
<i>Loans and Receivables</i>					
- Trade Debtors	-		50	-	50
- Other Receivables	-	11	524	-	535
- Term Deposit	9,824	-	-	121	9,945
<i>Available for sale</i>					
- Shares in Other Entities	-	-	-	523	523
<b>Total Financial Assets</b>	<b>17,461</b>	<b>11</b>	<b>574</b>	<b>644</b>	<b>18,690</b>

## Note 18: Financial Instruments (continued)

### (b) Credit Risk (continued)

The *Health Service's* exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

#### Ageing analysis of Financial Assets as at 30 June

	Consol'd Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
<i>Cash and Cash Equivalents</i>	2,991	2,991	-	-	-	-	-
<i>Loans and Receivables</i>							
- Trade Debtors	183	161	28	5	14	-	-
- Other Receivables	591	368	83	49	66	-	34
- Term Deposit	8,808	8,808	-	-	-	-	-
<i>Available for sale</i>							
- Shares in Other Entities	592	592	-	-	-	-	-
<b>Total Financial Assets</b>	<b>13,165</b>	<b>12,920</b>	<b>111</b>	<b>54</b>	<b>80</b>	<b>-</b>	<b>34</b>
<b>2013</b>							
<b>Financial Assets</b>							
<i>Cash and Cash Equivalents</i>	7,637	7,637	-	-	-	-	-
<i>Loans and Receivables</i>							
- Trade Debtors	50	43	3	1	3	-	-
- Other Receivables	535	419	51	32	33	-	34
- Term Deposit	9,945	9,945	-	-	-	-	-
<i>Available for sale</i>							
- Shares in Other Entities	523	523	-	-	-	-	-
<b>Total Financial Assets</b>	<b>18,690</b>	<b>18,567</b>	<b>54</b>	<b>33</b>	<b>36</b>	<b>-</b>	<b>34</b>

There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

## Note 18: Financial Instruments (continued)

### (c) Liquidity risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Services operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk as follows:

The Health Service does not consider that it has any significant exposure to credit risk. In the event that interest rates fall any further; the exposure is estimated at an amount of \$38,000 for every 0.25% reduction. There is no collateral held on any of the organisation's financial assets. The credit quality of the organisation's financial assets is high considering approximately 99% of its term deposits are held in cash deposit accounts and bank bills with the Commonwealth Bank of Australia.

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

#### Maturity analysis of Financial Liabilities as at 30 June

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000
<b>2014</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	1,516	1,516	1,516	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	2,201	2,201	-	-	2,201	-
- Other	43	43	43	-	-	-
<b>Total Financial Liabilities</b>	<b>3,760</b>	<b>3,760</b>	<b>1,559</b>	<b>-</b>	<b>2,201</b>	<b>-</b>
<b>2013</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	2,463	2,463	2,463	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	2,369	2,369	-	-	2,369	-
- Other	157	157	157	-	-	-
<b>Total Financial Liabilities</b>	<b>4,989</b>	<b>4,989</b>	<b>2,620</b>	<b>-</b>	<b>2,369</b>	<b>-</b>



## Note 18: Financial Instruments (continued)

### (d) Market risk

The *Health Service's* exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

#### Interest rate risk

Exposure to interest rate risk might arise primarily through the payment of interest on accommodation bond refunds. However, this is minimal as most refunds are settled within 14 days. The Health Service does not have any other interest bearing liabilities.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movement in interest rates on a daily basis.

#### Other price risk

The Health Service objective with its share portfolio is for long term investment in blue chip ASX listed companies. The Health Service has held such investments since 1998 and developed an investment strategy in accordance with Department of Health policy. The Board of the Health Service is provided with quarterly reports outlining all of its investments including key performance indicators. Should there be an opportunity to change the structure of the Health Service investment portfolio the matter is referred to the organisation's audit and finance committee with information from external advisors where appropriate.

#### Interest rate exposure of financial assets and liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
<b>2014</b>					
<b>Financial Assets</b>					
<i>Cash and Cash Equivalents</i>	2.25	2,991	-	2,991	-
<i>Loans and Receivables</i>					
- Trade Debtors		183	-	-	183
- Other Receivables		591	-	-	591
- Term Deposit	3.25	8,808	8,808	-	-
<i>Available for sale</i>					
- Shares in Other Entities		592	-	-	592
		<b>13,165</b>	<b>8,808</b>	<b>2,991</b>	<b>1,366</b>
<b>Financial Liabilities</b>					
<i>At amortised cost</i>					
Payables		1,516	-	-	1,516
Other Financial Liabilities					
- Accommodation Bonds	3.30	2,201	2,201	-	-
- Other		43	-	-	43
		<b>3,760</b>	<b>2,201</b>	<b>-</b>	<b>1,559</b>
<b>2013</b>					
<b>Financial Assets</b>					
<i>Cash and Cash Equivalents</i>	2.50	7,637	-	7,637	-
<i>Loans and Receivables</i>					
- Trade Debtors		50	-	-	50
- Other Receivables		535	-	-	535
- Term Deposit	3.80	9,945	9,945	-	-
<i>Available for sale</i>					
- Shares in Other Entities		523	-	-	523
		<b>18,690</b>	<b>9,945</b>	<b>7,637</b>	<b>1,108</b>
<b>Financial Liabilities</b>					
<i>At amortised cost</i>					
Payables		2,463	-	-	2,463
Other Financial Liabilities					
- Accommodation Bonds	4.50	2,369	2,369	-	-
- Other		157	-	-	157
		<b>4,989</b>	<b>2,369</b>	<b>-</b>	<b>2,620</b>

## Note 18: Financial Instruments (continued)

### (d) Market risk (continued)

#### Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the *Health Service* believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 3.25%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2.7%
- A movement of 15% up and down (2013: 15 %) for the top ASX 200 index.

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the *Health Service* at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1% Profit \$'000	-1% Equity \$'000	+1% Profit \$'000	+1% Equity \$'000	-15% Profit \$'000	-15% Equity \$'000	+15% Profit \$'000	+15% Equity \$'000
<b>2014</b>									
<b>Financial Assets</b>									
<i>Cash and Cash Equivalents</i>	2,991	(30)	(30)	30	30	-	-	-	-
<i>Loans and Receivables</i>									
- Trade Debtors	183	-	-	-	-	-	-	-	-
- Other Receivables	591	-	-	-	-	-	-	-	-
- Term Deposit	8,808	(88)	(88)	88	88	-	-	-	-
<i>Available for sale</i>									
- Shares in Other Entities	592	-	-	-	-	(89)	(89)	89	89
<b>Financial Liabilities</b>									
<i>At amortised cost</i>									
Payables	1,516	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-	-	-	-
- Accommodation Bonds	2,201	-	-	-	-	-	-	-	-
- Other	43	-	-	-	-	-	-	-	-
		<b>(118)</b>	<b>(118)</b>	<b>118</b>	<b>118</b>	<b>(89)</b>	<b>(89)</b>	<b>89</b>	<b>89</b>
<b>2013</b>									
<b>Financial Assets</b>									
<i>Cash and Cash Equivalents</i>	7,637	(76)	(76)	76	76	-	-	-	-
<i>Loans and Receivables</i>									
- Trade Debtors	50	-	-	-	-	-	-	-	-
- Other Receivables	535	-	-	-	-	-	-	-	-
- Term Deposit	9,945	(99)	(99)	99	99	-	-	-	-
<i>Available for sale</i>									
- Shares in Other Entities	523	-	-	-	-	(78)	(78)	78	78
<b>Financial Liabilities</b>									
<i>At amortised cost</i>									
Payables	2,463	-	-	-	-	-	-	-	-
Other Financial Liabilities									
- Accommodation Bonds	2,369	-	-	-	-	-	-	-	-
- Other	157	-	-	-	-	-	-	-	-
		<b>(176)</b>	<b>(176)</b>	<b>176</b>	<b>176</b>	<b>(78)</b>	<b>(78)</b>	<b>78</b>	<b>78</b>

## Note 18: Financial Instruments (continued)

### (e) Fair value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- **Level 1** - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- **Level 2** - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- **Level 3** - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Health Services considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial

#### Comparison between carrying amount and fair value

	Consol'd Carrying Amount	Fair value	Consol'd Carrying Amount	Fair value
	2014 \$'000	2014 \$'000	2013 \$'000	2013 \$'000
<b>Financial Assets</b>				
<i>Cash and Cash Equivalents</i>	2,991	2,991	7,637	7,637
<i>Loans and Receivables</i>				
- Trade Debtors	183	183	50	50
- Other Receivables	591	591	535	535
- Term Deposit	8,808	8,808	9,945	9,945
<i>Available for sale</i>				
- Shares in Other Entities	592	592	523	523
<b>Total Financial Assets</b>	<b>13,165</b>	<b>13,165</b>	<b>18,690</b>	<b>18,690</b>
<b>Financial Liabilities</b>				
<i>At amortised cost</i>				
Payables	1,516	1,516	2,463	2,463
Other Financial Liabilities				
- Accommodation Bonds	2,201	2,201	2,369	2,369
- Other	43	43	157	157
<b>Total Financial Liabilities</b>	<b>3,760</b>	<b>3,760</b>	<b>4,989</b>	<b>4,989</b>

#### Financial assets measured at fair value

	Carrying Amount as at 30 June	Fair value measurement at end of reporting period using:		
	\$'000	Level 1* \$'000	Level 2* \$'000	Level 3 \$'000
<b>2014</b>				
<b>Financial assets at fair value through profit &amp; loss</b>				
Available for sale securities				
- Equities and managed funds	592	592	-	-
<b>Total Financial Assets</b>	<b>592</b>	<b>592</b>	<b>-</b>	<b>-</b>
<b>2013</b>				
<b>Financial assets at fair value through profit &amp; loss</b>				
Available for sale securities				
- Equities and managed funds	523	523	-	-
<b>Total Financial Assets</b>	<b>523</b>	<b>523</b>	<b>-</b>	<b>-</b>

\*There is no significant transfer between level 1 and level 2

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value: Final Trading Price as at 30th June 2014.

#### Listed Securities

The listed share assets are valued at fair value with reference to a quoted (unadjusted) market price from an active market. The Health Service categorises these instruments as Level 1.

## Note 19: Commitments

### a) Commitments other than public private partnerships

#### Capital expenditure commitments

Payable:

Land and buildings\*

Not later than one year

	2014 \$'000	2013 \$'000
	-	7,838
<b>Total Commitments (inclusive of GST) other than public private partnerships</b>	<b>-</b>	<b>7,838</b>
less GST recoverable from the Australian Tax Office	-	(713)
<b>Total Commitments (inclusive of GST) other than public private partnerships</b>	<b>-</b>	<b>7,125</b>

All amounts shown in the commitments note are nominal amounts inclusive of GST.

The 2013 amounts shown above are capital commitments for the Leongatha Hospital Redevelopment excluding a payment of \$283,500 for the purchase of land that was incorporated into the 2012 figure.

### (b) Public Private Partnerships

The Health Service does not have any commissioned or uncommissioned public private partnership arrangements.

### (c) Commitments payable

Nominal Values	2014	2013
<b>Capital expenditure commitments payable</b>		
Less than 1 year	-	7,838
Longer than 1 year but not longer than 5 years	-	-
5 years or more	-	-
<b>Total capital expenditure commitments</b>	<b>-</b>	<b>7,838</b>
<b>Total commitments (inclusive of GST)</b>	<b>-</b>	<b>7,838</b>
Less GST recoverable from the ATO	-	(713)
<b>Total commitments (exclusive of GST)</b>	<b>-</b>	<b>7,125</b>

## Note 20: Contingent Assets and Contingent Liabilities

The Health Service has no contingent assets or liabilities. (2012/13 \$Nil)

## Note 21: Operating Segments

	RAC		Hospital		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>REVENUE</b>						
External Segment Revenue						
- Commonwealth Subsidies	3,685	3,523	-	355	3,685	3,878
- State Gov't Grants	1,686	1,789	19,586	18,884	21,272	20,673
- Resident/client charges	1,520	1,482	306	318	1,826	1,800
- Bond Retentions	68	84	-	-	68	84
- Other Operating Revenue	443	393	2,197	1,987	2,640	2,380
- Capital Grants	-	-	1,629	14,097	1,629	14,097
- Profit/(loss) on sale of assets	-	-	62	76	62	76
<b>Total Revenue</b>	<b>7,402</b>	<b>7,271</b>	<b>23,780</b>	<b>35,717</b>	<b>31,182</b>	<b>42,988</b>
<b>EXPENSES</b>						
External Segment Expenses						
- Care Employee Entitlements	4,422	4,210	10,520	9,665	14,942	13,875
- Other Employee Entitlements	1,667	1,546	3,714	3,423	5,381	4,969
- Depreciation Expense	897	899	2,051	1,732	2,948	2,631
- Repairs & Maintenance	304	254	283	184	587	438
- Insurance	25	58	419	338	444	396
- Motor Vehicles	22	21	184	169	206	190
- Other	1,436	1,103	6,390	6,237	7,826	7,340
<b>Total Expenses</b>	<b>8,773</b>	<b>8,091</b>	<b>23,561</b>	<b>21,748</b>	<b>32,334</b>	<b>29,839</b>
<b>Net Result from ordinary activities</b>	<b>(1,371)</b>	<b>(820)</b>	<b>219</b>	<b>13,969</b>	<b>(1,152)</b>	<b>13,149</b>
Interest Income	-	-	454	866	454	866
<b>Net Result for Year</b>	<b>(1,371)</b>	<b>(820)</b>	<b>673</b>	<b>14,835</b>	<b>(698)</b>	<b>14,015</b>
<b>OTHER INFORMATION</b>						
Segment Assets						
- Cash	-	-	2,991	7,637	2,991	7,637
- Receivables	185	135	1,485	1,653	1,670	1,788
- Other Assets	10	-	392	601	402	601
- Investments	2,201	2,369	7,199	8,099	9,400	10,468
- Property, plant & equipment	17,557	13,427	48,044	39,118	65,601	52,545
<b>Total Assets</b>	<b>19,953</b>	<b>15,931</b>	<b>60,111</b>	<b>57,108</b>	<b>80,064</b>	<b>73,039</b>
Segment Liabilities						
- Accommodation Bonds	2,201	2,369	-	-	2,201	2,369
- Employee Provisions	1,185	985	4,745	4,203	5,930	5,188
- Payables	37	2	1,513	2,461	1,550	2,463
- Other Liabilities	-	-	43	157	43	157
<b>Total Liabilities</b>	<b>3,423</b>	<b>3,356</b>	<b>6,301</b>	<b>6,821</b>	<b>9,724</b>	<b>10,177</b>
<b>Net Assets</b>	<b>16,530</b>	<b>12,575</b>	<b>53,810</b>	<b>50,287</b>	<b>70,340</b>	<b>62,862</b>
Investments in Associates and Joint Venture Partnership	-	-	-	-	-	-
Acquisition of Property, Plant and Equipment and Intangible Assets	80	79	7,962	21,334	8,042	21,413
Depreciation expense	897	899	1,438	1,732	2,335	2,631
Non Cash Expenses other than Depreciation	-	-	-	-	-	-

The major products/services from which the above segments derive revenue are:

### Business Segments

Residential Aged Care Services (RACS)

Hospital

### Services

Provider of residential aged care beds

Provider of acute care beds

### Geographical Segment

Gippsland Southern Health Service operates in South Gippsland, Victoria. All of its revenue, net surplus from ordinary activities and segment assets relate to operations in South Gippsland, Victoria.

### RAC Identification

The RAC information above relates to the Commonwealth Government Provider Number NAPSID 900.

The organisation's ABN is 55 344 811 591

## Note 22: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2014 %	2013 %
Health Service Computer Alliance	Information Systems	7.55	7.49

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

	2014 \$'000	2013 \$'000
<b>Current Assets</b>		
Cash and Cash Equivalents	291	291
Receivables	20	112
Inventories	25	26
<b>Total Current Assets</b>	<b>336</b>	<b>429</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	2	2
<b>Total Non Current Assets</b>	<b>2</b>	<b>2</b>
<b>Total Assets</b>	<b>338</b>	<b>431</b>
<b>Current Liabilities</b>		
Trade Creditors	1	1
Accrued Expenses	42	41
Other Current Liabilities	43	157
<b>Total Liabilities</b>	<b>86</b>	<b>199</b>
<b>NET ASSETS</b>	<b>252</b>	<b>232</b>

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

	2014 \$'000	2013 \$'000
<b>Revenues</b>		
Shared Services Income	207	123
Interest Income	10	11
<b>Total Revenue</b>	<b>217</b>	<b>134</b>
<b>Expenses</b>		
Information Technology and Administrative Expenses	700	671
Depreciation	-	1
<b>Total Expenses</b>	<b>700</b>	<b>672</b>
<b>Net result</b>	<b>(483)</b>	<b>(538)</b>

## Note 23a: Responsible Persons Disclosures

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

### Responsible Ministers:

The Honourable David Davis, MLC, Minister for Health and Ageing  
The Honourable Mary Wooldridge, MLA, Minister for Mental Health

1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014

### Governing Boards

Mr. D. Harvey - President  
Mr. M. Holmes - Senior Vice President  
Mr. A. Aeschlimann - Junior Vice President  
Mr. P. Siggins - Treasurer  
Mr. M. Giles  
Mr. L. Powney  
Mr. G. Austin  
Mrs. N. Green  
Mr. R. Dhar  
Mr. I. Drysdale  
Ms. J. Martin  
Ms. S. Devanesen (delegate appointed for 12 month term by Minister for Health and Ageing)

1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/7/2013 - 30/6/2014  
1/5/2014 - 30/6/2014

### Accountable Officers

Mr Gary Templeton (CEO)  
Mr Mark Petty (Acting CEO)

1/7/2013 - 30/6/2014  
12/5/2014 - 30/6/2014

### Remuneration of Responsible Persons

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

#### Income Band

\$0 - \$9,999  
\$290,000 - \$300,000  
\$710,000 - \$720,000

#### Total Numbers

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

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet

\* The Chief Executive Officer (responsible person) resigned effective July 2014 which materially affected the amount of remuneration payable due to the accrual of a separation amount in accordance with the deed of release.

2014	2013
No.	No.
12	11
0	1
1	0
<b>13</b>	<b>12</b>
<b>\$718,828</b>	<b>\$290,835</b>

### Other Transactions of Responsible Persons and their Related Parties.

Board Member Expense Allowance

\$'000	\$'000
10	10

## Note 23b: Executive Officer Disclosures

### Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	<b>Total Remuneration</b>		<b>Base Remuneration</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
\$120,000 - \$129,999	-	1	-	1
\$130,000 - \$139,999	-	-	-	-
\$140,000 - \$149,999	-	-	-	-
\$150,000 - \$159,999	1	-	3	2
\$160,000 - \$169,999	2	1	-	-
\$170,000 - \$179,999	-	1	-	-
<b>Total</b>	3	3	3	3
<b>Total annualised employee equivalents (AEE) <sup>(i)</sup></b>	3	3	3	3
<b>Total Remuneration</b>	<b>\$ 485,005</b>	<b>\$ 464,578</b>	<b>\$ 464,599</b>	<b>\$ 444,333</b>

## Note 24. Remuneration of auditors

(\$ thousand)	2014	2013
<b>Victorian Auditor-General's Office</b>		
Audit or review of financial statement	39	37
	39	37

## Note 25. Events occurring after the balance sheet date

There have been no events after the reporting date which are likely to materially affect these financial statements.