GSHS

Gippsland Southern Health Service

2017/18 Annual Report

Incorporating:
Leongatha Hospital
Korumburra Hospital
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 2018.

Alex Aeschlimann
PRESIDENT, BOARD OF MANAGEMENT
LEONGATHA, 7th September 2018

Year In Review

On behalf of the Board of Management and dedicated staff of Gippsland Southern Health Service we are pleased to present this year's annual report. The achievements over the last 12 months include the construction of the Leongatha Integrated Primary Care Centre and the ongoing collaboration with Bass Coast Health and South Gippsland Hospital in the implementation of the Gippsland South Coast Clinical Services Plan. The plan provides a roadmap to significantly transform and enhance the health access and outcomes of communities within the South Gippsland and Bass Coast Shires. We introduced home care packages to the range of services we deliver and are very pleased to have grown the client base from zero to forty in the space of 12 months. These services enable members of the community to remain in their homes longer, delaying their entry into residential care. Our organisation also maintained its accreditation status with an organisation wide survey conducted in March 2018.

We commend this annual report and the separate quality account as documents that provide a review of the achievements of Gippsland Southern Health Service for the 2017/18 financial year.

Mark Johnson
Chief Executive Officer (CEO)

Gippsland Southern Health Service is established under the Health Services Act 1988.

The responsible Ministers during the reporting period were:

The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services
The Honourable Martin Foley, Minister for Mental Health, Minister for Housing, Disability and Ageing, Minister for Creative Industries, Minister for Equality
The Honourable John Eren, Minister for Sport, Minister for Tourism and Major Events, Minister for Veterans' Affairs
The Honourable Natalie Hutchins, Minister for Aboriginal Affairs, Minister for Industrial Relations, Minister for Women, Minister for the Prevention of Family Violence

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 clinical 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 wellbeing 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
- Rheumatology
- Specialist Services
- Urology

Community Services

- Alcohol & Drug Service
- Allied Health
- Diabetes Education
- District Nursing Service
- Community Allied Health Team
- Community Health Nursing
- 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

Community Services (cont'd)

- Home Care Packages
- NDIS

Residential Care

- Alchera House, Korumburra
- Hillside Lodge, Korumburra
- Koorooman House, Leongatha

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: Alex Aeschlimann (President), Susan Hanson (Vice President), Nigel Broughton (Vice President), Peter Siggins (Treasurer), Rajiv Dhar, Ian Drysdale, Athina Georgiou, Jan Martin, Catherine Pickett, Sue Fleming, Tom McQualter.

GSHS Sub-Committee Membership
Audit & Finance Committee: Peter Siggins, Dean Cashin (Chair & independent member), Tim Bolge (independent member), Susan Hanson
Clinical Governance & Quality Improvement Committee: Nigel Broughton, Alex Aeschlimann, Athina Georgiou
Medical Advisory Committee: Nigel Broughton, Alex Aeschlimann
Corporate Governance Committee: Ian Drysdale, Catherine Pickett, Susan Hanson
Partnering with Consumers Committee: Susan Hanson, Catherine Pickett, Ian Drysdale, Sue Fleming

Senior Office Holders – administrative structure

Chief Executive Officer: Mark Johnson
Executive Director of Nursing: Vicki Farthing
Director of Primary Healthcare: Selina Northover
Manager Finance: Peter Van Hamond
Director of Nursing Korumburra: Margaret Radmore

(Refer to organisation chart for responsibilities)

Financial Summary

Gippsland Southern Health Service has achieved a net surplus before capital & specific items of $565,000.

The budgetary objectives for 2017/18 were exceeded as the organisation achieved a larger operating surplus than anticipated. The result was assisted by the organisation's share of the Gippsland Health Alliance surplus of $305,453.

There were no events subsequent to balance date that may have a significant effect on the operational objectives of the organisation in subsequent years.

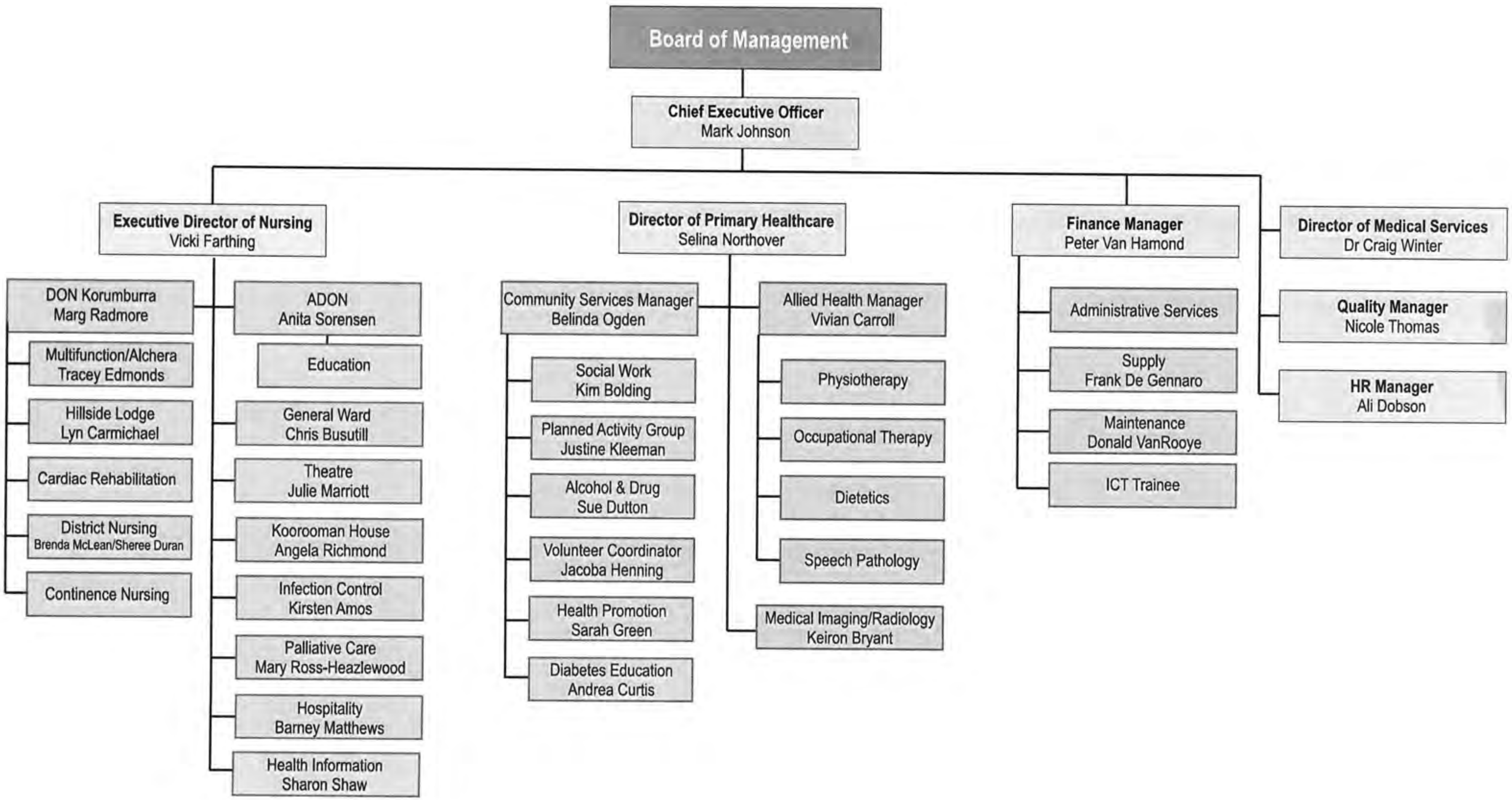
Major Contracts

Gippsland Southern Health Service did not enter into any major contracts during 2017/18 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.

Gippsland Southern Health Service
LEADERSHIP STRUCTURE



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. All sites are subject to a Fire Safety Audit and Risk Assessment according to revised standards as directed by the Department of Health and Human Services.

Merit and equity

The Health Service applies the employment principles and standards of the Victorian public sector as determined by the Victorian Public Sector Commission.

Victorian industry participation policy

The Health Service completed one contract during 2017/18 where the Victorian Industry Participation Policy (VIPP) was applicable. The organisation completed the construction of an integrated primary care centre in Leongatha with a total budget of $4.1m. Records relating to local content have been recorded by the organisation.

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.

Disclosure of ex-gratia payments

There were no ex-gratia payments in 2017/18.

Application and Operation of Protected Disclosure Act 2012

The Protected Disclosure Act 2012 provides for the disclosure of improper conduct by public bodies and public officials and the protection for those who come forward with a disclosure. It also provides for the investigation of disclosures that meet legislative definition of a protected disclosure. The Health Service has an established policy that complies with the Protected Disclosure Act 2012. There were no complaints made under the Act against Gippsland Southern Health Service or its staff for 2017/18.

Safe Patient Care Act 2015

Gippsland Southern Health Service has no matters to report in relation to its obligations under the Safe Patient Care Act 2015.

Additional information on Request

The organisation keeps information that is available on request in accordance with Financial Reporting Direction (FRD) 22H.

Attestations

Data Integrity

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

Mark Johnson
Accountable Officer
Leongatha
7th September 2018

Conflict of Interest

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

Mark Johnson
Accountable Officer
Leongatha
7th September 2018

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Mark Johnson, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Mark Johnson
Accountable Officer
Leongatha
7th September 2018

Financial Management Compliance attestation

I, Alex Aeschlimann, on behalf of the Responsible Body, certify that Gippsland Southern Health Service has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and instructions.

Alex Aeschlimann
Board President
Leongatha
7th September 2018

Financial Results - summary

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Total Revenue	35234	33,149	30,350	29,171	29,234
Total Expenses	34669	31,962	30,327	30,534	28,846
Other operating flows included in the net result for the year	0	0	0	0	0
* Operating Result	565	1,187	23	(1,363)	388
Total Assets	85098	82,215	78,765	77,644	80,064
Total Liabilities	17758	14,773	13,628	10,700	9,724
Net Assets	67,340	67,442	65,137	66,944	70,340
Retained Surplus	21632	22,504	23,664	25,471	28,830
Contributed Capital	24787	24,017	21,853	21,853	21,655
Asset Revaluation Reserve	20808	20,808	19,507	19,507	19,507
Available for Sale Revaluation Reserve	0	0	0	0	235
Funds Held For Restricted Purposes	113	113	113	113	113
Total Equity	67,340	67,442	65,137	66,944	70,340

* The operating result is the result for which the Health Service is monitored in its Statement of Priorities also referred to as the *Net result before capital and specific items*.

Staffing Profile

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2018	2017	2018	2017
Nursing	128.18	119.03	124.44	119.42
Administration and Clerical	18.81	31.33	30.14	28.01
Medical Support	12.02	9.97	10.63	10.24
Hotel and Allied Services	54.81	49.2	52.95	50.82
Medical Officers	0.05	0.05	0.05	0.05
Hospital Medical Officers	0.00	0.00	0.00	0.00
Ancillary Staff (Allied Health)	45.48	28.77	32.49	28.43
TOTALS	**259.35**	**238.35**	**250.70**	**236.97**

Details of individual consultancies

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

In 2017/18 the Health Service engaged eight consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2017/18 in relation to these consultancies is $153,420 (excl GST).

($ thousand)

Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2017/18 (excluding GST)	Future commitments (excluding GST)
Smartfleet	Fleet management	1/07/2017	30/06/2018	$ 10,752	$ 10,752	$ -
Gippsland Health Alliance	ICT Support	1/07/2017	30/06/2018	$ 33,384	$ 33,384	$ -
Studer Group	Evidence Based Learning	1/07/2017	30/06/2018	$ 28,879	$ 28,879	$ -
South Gippsland Shire	HACC Transition	1/07/2017	31/12/2017	$ 14,350	$ 12,025	$ -
Richard Rosewarne	Hillside Lodge Staffing Review	1/07/2017	31/03/2018	$ 22,500	$ 22,500	$ -
DCW Consulting	Accreditation - Quality Consultant	1/07/2017	28/02/2018	$ 12,425	$ 12,425	$ -
Davies & Moller	Chemotherapy	1/07/2017	30/06/2018	$ 11,130	$ 11,130	$ -
Monash University	Telehealth Project	1/07/2017	31/12/2017	$ 20,000	$ 20,000	$ -

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

In 2017/18 the Health Service engaged ten consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $76,049 (excl GST).

Information and Communication Technology (ICT) expenditure

a. ICT expenditure - represents an entity's costs in providing business-enabling ICT services and consists of the following cost elements:
- Operating and capital expenditure (including depreciation);
- ICT services – internally and externally sourced;
- Cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets; and
- Cost in providing ICT services to other organisations

b. Non-Business As Usual (Non-BAU) expenditure – is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects.

c. Business As Usual (BAU) expenditure – includes all remaining ICT expenditure other than Non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2017/18 is $1,814,955 (excluding GST) with the details shown below.

($ '000)

BAU ICT expenditure *Total (excluding GST)*	Non-BAU ICT Expenditure *Total (excluding GST)*	Operational Expenditure *A (excluding GST)*	Capital Expenditure *B (excluding GST)*
$1,689,141	$125,814	$1,624,785	$190,170

BAU = Business as usual

Occupational Violence

Occupational Violence statistics	2017-18
Workcover accepted claims with an occupational violence cause per 100 FTE	0.79
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	4.74
Number of occupational violence incidents reported	77
Number of occupational violence incidents per 100 FTE	30.55
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	2.60%

During the 2017/18 financial year the organisation formed an occupational violence & aggression (OVA) committee. This committee has the task of reviewing existing strategies for minimising OVA incidents as well as making recommendations for ongoing improvement. The implementation of those recommendations is made utilising a sound risk management process.

Occupational Health and Safety (OH&S)

The Health Service remains committed to providing a safe and healthy workplace. The organisation facilitates a safe workplace by conducting regular OH&S committee meetings, staff training, hazard identification and incident reporting.

Occupational Health & Safety Statistics	2015/16	2016/17	2017/18
No. of reported hazards/incidents for the year per 100 FTE	64.26	46.97	71.03
No. of 'lost time' standard claims for the year per 100 FTE	3	2	8
Average cost per claim for the year (including payments to date and an estimate of outstanding claims as advised by WorkSafe)	$ 15,011.33	$ 17,129.00	$ 11,264.05
Number of occupational violence incidents per 100 FTE	0	0	30.55
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.00%	0.00%	2.60%

Gippsland Southern Health Service

Statement of Priorities (SoP) Report - Part A

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Health	**Better Health**		
A system geared to prevention as much as treatment	Reduce statewide risks	In collaboration with Bass Coast Health and South Gippsland Hospital, implement the Hospitals Response to Family Violence across the Gippsland South Coast sub-region	Achieved. Policies published. Managers were provided specific manager training in March. Staff training rolled out in April.
Everyone understands their own health and risks	Build healthy neighbourhoods	In collaboration with South Coast Primary Care Partnership and the South Coast Sub-region Health Promotion Network, provide community education to raise awareness of reporting processes and to reduce the incidence of family violence	Achieved. South Gippsland and Bass Coast collaborated on the 16 days of activism campaign. At GSHS both sites had displays and educational material displayed, there was an article in the staff newsletter, one of the fleet vehicles had a preventing family violence message on it. Volunteers and staff members trained in MATE program. Health promotion team working with South Gippsland Specialist School and Korumburra Secondary College to implement respectful relationships program. 'You The Man' play delivered to Leongatha Secondary College senior male students.
Illness is detected and managed early	Help people to stay healthy	Establish "Diabetes conversations" to raise community awareness of treatment options and improve people's ability to make good lifestyle choices that will improve health outcomes and limit the progression of chronic disease	Achieved. Diabetes conversation's have been held this financial year, with 3-6 participants in each session. The sessions have been evaluated with very positive feedback regarding the information provided and the application of this to managing the illness.
Healthy neighbourhoods and communities encourage healthy lifestyles	Target health gaps	Support the Women's Health Network to implement and maintain six condom vending machines across the South Gippsland Shire including monitoring of stock usage and the creation and distribution of promotional materials including presentations to schools, sporting clubs and community groups on safe sex aimed at reducing the incidence of sexually transmitted infections and unwanted pregnancy	Achieved. Vending machines in place and collaborating with the South Gippsland Shire to ensure machines stay clean and well maintained.
Better Access	**Better Access**		
Care is always there when people need it	Plan and invest	In line with the clinical services plan and in collaboration with Bass Coast Health and South Gippsland Hospital, develop an implementation plan for Surgery and Anaesthetics, which will see the establishment of a Sub-regional Surgical Clinical Council, and facilitate discussions regarding Sub-regional Models of Care, Service delineation and a sub-regional capability framework	In progress. Governance group meets on a regular basis and adopted the 3 clinical service plans. The 3 plans have been circulated to the Boards of Management seeking their endorsement for presentation to DHHS in June together with a budget submission for 2018-19.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
More access to care in the home and community	Unlock innovation	In line with the clinical services plan and in collaboration with Bass Coast Health and South Gippsland Hospital, develop an implementation plan for Maternity Services, which will see the establishment of a Sub-regional Maternity Clinical Council, and facilitate discussions regarding Sub-regional Models of Care, Service delineation and a sub-regional capability framework	In progress. Governance group meets on a regular basis and adopted the 3 clinical service plans. The 3 plans have been circulated to the Boards of Management seeking their endorsement for presentation to DHHS in June together with a budget submission for 2018-19.
People are connected to the full range of care and support they need	Provide easier access	In line with the clinical services plan and in collaboration with Bass Coast Health and South Gippsland Hospital, utilise the resources of the Primary Care Partnership (PCP) to establish a a Sub-regional Primary and Community Clinical Council, and develop an implementation plan which will facilitate sub-regional Models of Care, a sub-regional Primary and Community capability framework and Service coordination and Service delineation in the areas of Chronic Disease Management and Health Promotion	In progress. The proposal to reconfigure the PCP and centralise funding and delivery of Health Promotion and prevention within the Primary and Community Services Clinical Service Plan was agreed to by DHHS in 2017. An action plan has been developed and submitted to the 3 Boards for endorsement following which it will be submitted to DHHS together with a budget bid for 2018-19.
There is equal access to care	Ensure fair access	Investigate the feasibility of establishing a Maintenance Care-in the-Home model of care	Not achieved. Have been unable to develop suitable options for maintenance care in the home. Will consider other programs that maintenance care targets can be transferred to.
Better Care	**Better Care**		
Target zero avoidable harm	Put quality first	Undertake a formal review and alignment of the Gippsland Southern Health Service clinical governance framework with the Victorian Clinical Governance Policy Framework that supports effective integrated systems and processes and enables leadership that ensures the provision of safe, quality, accountable and person centred care	Achieved. Review of the systems and processes utilised to ensure safe, quality care is provided. Review of the committee structure has facilitated the reporting up of action plans to the BOM and improving accountability and responsibility
Healthcare that focusses on outcomes	Join up care	Implement the recommendations recorded in the VMIA Risk Management Improvement Report dated 4 May 2017	In progress. Commenced gap analysis with follow up actions to be progressed in the 2018/19 financial year.
	Mandatory actions against the 'Target zero avoidable harm' goal:		
	Develop and implement a plan to educate staff about obligations to report patient safety concerns	Develop and implement a plan to improve patient safety culture as measured by the People Matter survey (Baseline result = 2017 PMS results)	In progress. Plan to improve patient safety culture is included in Manager's annual goals for 2017/18

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
	Establish agreements to involve with external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review)	Establish formal agreement with Latrobe Regional Hospital to provide clinical governance specialist services for surgery, maternity and acute services	Not achieved. Raised as an issue at the Gippsland Partnerships meeting in June.
	In partnership with consumers, identify three priority areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience	Undertake a review of the Gippsland Southern Health Service governance structure to identify and implement a range of strategies to enhance the involvement of consumers and carers in decision making processes relating to safety and quality	In progress. New committee structure, including committees with consumer participation have been approved by the Board and are in the process of being implemented
		Identify and implement a range of strategies to enhance the involvement and input of consumers and carers in the evaluation of patient feedback data and development and implementation of quality improvement plans	In progress. Organisation committee structures reviewed and approved by the Board. Consumers to be recruited to committee positions.

Part B: Performance Priorities

High Quality and Safe Care

Key Performance indicator	Target	2017 - 18 Result
Accreditation		
Compliance with NSQHS Standards accreditation	Full compliance	Full compliance
Residential aged care accreditation	Full compliance	Full compliance
Infection prevention and control		
Compliance with Hand Hygiene Australia program	80%	93%
Percentage of healthcare workers immunised for influenza	75%	78%
Patient experience		
Victorian Healthcare Experience Survey - patient experience Quarter 1	95% positive experience	99% positive experience
Victorian Healthcare Experience Survey - patient experience Quarter 2	95% positive experience	99% positive experience
Victorian Healthcare Experience Survey - patient experience Quarter 3	95% positive experience	100% positive experience
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 1	75% positive response	85% positive experience
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 2	75% positive response	87% positive experience
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 3	75% positive response	91% positive experience
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 1	70%	96%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 2	70%	95%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 3	70%	88%
Adverse Events		
Number of sentinel events	Nil	Nil
Mortality - number of deaths in low mortality DRGs	Nil	N/A*
* This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information		
Maternity and newborn		
Rate of singleton term infants without birth anomalies with AGPAR score <7 at 5 minutes	< 1.6%	1.57%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	< 28.6%	0.0%

Strong Governance, Leadership and Culture

Key Performance indicator	Target	2017 - 18 Result
Organisational culture		
People Matter Survey - percentage of staff with an overall positive response to safety and culture questions	80%	90%
People Matter Survey - percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	89%
People Matter Survey - percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	95%
People Matter Survey - percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	89%
People Matter Survey - percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	89%
People Matter Survey - percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	88%
People Matter Survey - percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	82%
People Matter Survey - percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	85%
People Matter Survey - percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	94%

Effective Financial Management

Key Performance indicator	Target	2017 - 18 Result
Finance		
Operating result ($m)	0.00	0.56
Average number of days to paying trade creditors	60 days	49 days
Average number of days to receiving patient fee debtors	60 days	41 days
Public and Private WIES* activity performance to target	100%	91%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.21
Number of days of available cash	14 days	230 days

* WIES is a Weighted Inlier Equivalent Separation

Part C: Activity and Funding

Funding Type	**2017-18** Activity Achievement
Acute Admitted	
WIES Public	2069
WIES Private	236
Total WIES (Public & Private)	**2305**
WIES DVA	55
WIES TAC	4
WIES TOTAL	**2364**
Acute Non-Admitted	
Specialist Clinics - Public	10438
Sub Acute and Non-acute Admitted	
Maintenance Public	41
Subacute WIES - Palliative Care Public	25
Subacute WIES - DVA	2
Aged Care	
Residential Aged Care	29128
HACC	10940
Primary Health	
Community Health/Primary Care Programs	4677

Environmental Performance

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

Energy consumption

Total energy consumption by energy type (GJ)	2015/16	2016/17	2017/18
Electricity	7112	7254	6669
Natural gas and LPG	6137	7611	7024
Total	**13249**	**14865**	**13693**

Normalised energy consumption	2015/16	2016/17	2017/18
Energy per unit of floor space (GJ/m2)	1.09	1.22	1.05
Energy per unit of activity (GJ/activity)	0.33	0.37	0.35

Note:

Total Floor space for GSHS is 12,184 m2 (Leongatha 8,350 m2 and Korumburra 3,834 m2) 15/16 & 16/17

Total Floor space for GSHS is 13,003 m2 (Leongatha 9,169 m2 and Korumburra 3,834 m2) 17/18

Bed Days have been used as the unit of activity.

2015/16 - Bed Days (40,678) comprise 10,519 In-patient bed days and 30,159 Residential Aged Care bed days.

2016/17 - Bed Days (40,724) comprise 10,477 In-patient bed days and 30,247 Residential Aged Care bed days.
2017/18 - Bed Days (39,079) comprise 9,963 In-patient bed days and 29,116 Residential Aged Care bed days.

Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO2e)	2015/16	2016/17	2017/18
Scope 1	314	390	360
Scope 2	2331	2378	2186
Total	**2645**	**2768**	**2546**

Note: Carbon conversion factors are sourced from Department of Environment 2014 publication of the National

Normalised greenhouse gas emissions	2015/16	2016/17	2017/18
Emissions per unit of floor space (kgCO2e/m2)	217	227	196
Emissions per unit of activity (kgCO2e/activity)	65	68	65

Water consumption

Total water consumption by water type (kL)	2015/16	2016/17	2017/18
Potable water	9737	11596	13032
Recycled water	0	0	0
Total	**9737**	**11596**	**13032**

Normalised water consumption	2015/16	2016/17	2017/18
Water per unit of floor space (kL/m2)	0.8	0.95	1.00
Water per unit of activity (kL/activity)	0.24	0.28	0.33

Water recycling	2015/16	2016/17	2017/18
Recycling rate (percentage)	N/A	N/A	N/A

Waste generation

Total waste generation by type (Tonnes)	2015/16	2016/17	2017/18
Clinical waste	3	3	3
General waste	252	293	262
Recycled waste	68	58	52
Total	**323**	**354**	**317**

Normalised waste generation	2015/16	2016/17	2017/18
Waste per activity (kg/activity)	7.95	8.7	8.12

Waste recycling	2015/16	2016/17	2017/18
Recycling rate (percentage)	21	16	16

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Board of Gippsland Southern Health Service

Opinion

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

- balance sheet as at 30 June 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

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

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

Board's responsibilities for the financial report

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

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

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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

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

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

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

MELBOURNE
10 September 2018

Ron Mak
as delegate for the Auditor-General of Victoria

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 Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* , applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Gippsland Southern Health Service at 30 June 2018.

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 7th September 2018.

Alex Aeschlimann President	Mark Johnson Chief Executive Officer	Peter Van Hamond Chief Finance & Accounting Officer
LEONGATHA	LEONGATHA	LEONGATHA
7/09/2018	7/09/2018	7/09/2018

Gippsland Southern Health Service
Comprehensive Operating Statement
For the Financial Year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue from Operating Activities	2.1	35,050	32,980
Revenue from Non-Operating Activities	2.1	184	169
Employee Expenses	3.1	(24,657)	(22,815)
Non Salary Labour Costs	3.1	(2,486)	(2,288)
Supplies and Consumables	3.1	(2,636)	(2,510)
Other Expenses	3.1	(4,890)	(4,349)
Net Result Before Capital & Specific Items		**565**	**1,187**
Capital Purpose Income	2.1	2,000	945
Reversal of Impairment of Financial Assets	2.1	-	10
Depreciation	3.1,4.3	(3,236)	(3,084)
Specific Expense	3.3	(10)	(94)
Assets Provided Free of Charge	3.1	-	(74)
Expenditure using Capital Purpose Income	3.1	(192)	(68)
Net Result After Capital & Specific Items		**(873)**	**(1,178)**
Other Economic Flows Included in Net Result			
Revaluation of long service leave		1	18
Total Other Economic Flows Included in Net Result		**1**	**18**
NET RESULT FOR THE YEAR		**(872)**	**(1,160)**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	8.1a	-	1,301
Total Other Comprehensive Income		**-**	**1,301**
COMPREHENSIVE RESULT FOR THE YEAR		**(872)**	**141**

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

Gippsland Southern Health Service
Balance Sheet as at 30 June 2018

	Note	2018 $'000	2017 $'000
Current Assets			
Cash and Cash Equivalents	6.1	7,338	5,573
Receivables	5.1	1,118	978
Investments and Other Financial Assets	4.1	13,664	11,440
Inventories	5.2	98	101
Prepayments and Other Assets	5.4	300	249
Total Current Assets		**22,518**	**18,341**
Non-Current Assets			
Receivables	5.1	835	796
Property, Plant and Equipment	4.2	61,745	63,078
Total Non-Current Assets		**62,580**	**63,874**
TOTAL ASSETS		**85,098**	**82,215**
Current Liabilities			
Payables	5.5	1,555	1,946
Provisions	3.4	6,199	5,487
Other Liabilities	5.3	9,281	6,687
Total Current Liabilities		**17,035**	**14,120**
Non-Current Liabilities			
Provisions	3.4	723	653
Total Non-Current Liabilities		**723**	**653**
TOTAL LIABILITIES		**17,758**	**14,773**
NET ASSETS		**67,340**	**67,442**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	8.1a	20,808	20,808
Restricted Specific Purpose Surplus	8.1a	113	113
Contributed Capital	8.1b	24,787	24,017
Accumulated Deficits	8.1c	21,632	22,504
TOTAL EQUITY	8.1d	**67,340**	**67,442**

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 2018

	Note	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contribution by Owners	Accumulated Deficits	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016		**19,507**	**113**	**21,853**	**23,664**	**65,137**
Net result for the year	8.2c	-	-	-	(1,160)	(1,160)
Other comprehensive income for the year	8.2a	1,301	-	-	-	1,301
Transfer to/ return from contributed capital	8.2b	-	-	2,164	-	2,164
Balance at 30 June 2017		**20,808**	**113**	**24,017**	**22,504**	**67,442**
Net result for the year	8.2c	-	-	-	(872)	(872)
Transfer to/ return from contributed capital	8.2b	-	-	770	-	770
Balance at 30 June 2018		**20,808**	**113**	**24,787**	**21,632**	**67,340**

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

Gippsland Southern Health Service
Cash Flow Statement
For the Financial Year ended 30 June 2018

	Note	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		29,599	27,601
Capital Grants from Government		1,497	222
Patient Fees Received		2,959	2,788
Private Practice Fees Received		696	730
Donations and Bequests Received		131	92
GST Received from/(paid to) ATO		392	345
Interest and Investment Income Received		149	313
Receipt of Refundable Deposits		2,594	592
Recoupment from private practice for use of hospital facilities		73	62
Other Receipts		1,827	1,765
Total Receipts		**39,917**	**34,510**
Employee Expenses Paid		(23,851)	(22,441)
Non-salary labour costs		(2,486)	(2,299)
Payments for Supplies and Consumables		(3,166)	(3,097)
Payments for Medical Indemnity Insurance		(464)	(440)
Payments for Repairs and Maintenance		(160)	(179)
Other Payments		(4,108)	(4,132)
Total Payments		**(34,235)**	**(32,588)**
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	**5,682**	**1,922**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(4,416)	(8,027)
Purchase of Non-Financial Assets		(2,485)	(2,911)
Proceeds from Disposal of Non-Financial Assets		22	62
Proceeds from sale of investments		2,192	2,662
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(4,687)**	**(8,214)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed capital from government		770	2,164
NET CASH FLOWS FROM FINANCING ACTIVITIES		**770**	**2,164**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**1,765**	**(4,128)**
Cash and Cash Equivalents at Beginning of Year		**5,573**	**9,701**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.1	**7,338**	**5,573**

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

Notes to the Financial Statements
30 June 2018

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Basis of presentation

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRD's.

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

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

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

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

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 ended 30 June 2018. The report provides 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 AASBs, 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 & 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 AASBs.

The annual financial statements were authorised for issue by the Board of Gippsland Southern Health Service on (7 September 2018).

(b) Reporting entity

The financial statements include all the controlled activities of Gippsland Southern 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.

(c) Basis of accounting preparation and measurement

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

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

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

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

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

Judgements, estimates and assumptions are required to be made about the carrying amounts 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 AASBs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);

- Superannuation expense (refer to Note 3.5 Superannuation); and

- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet)

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST

Goods and Services Tax (GST) cont'd

payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

(d) Principles of consolidation

Gippsland Southern Health Service is a single entity. Therefore no consolidation is necessary.

Intersegment transactions
Transactions between segments within the Health Service have been eliminated to reflect the extent of the Health Service operations as a group.

(e) Jointly Controlled Operation

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

- In respect of any interest in joint operations, the Health Service recognises in the financial statements:

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

The Health Service is a Member of the Gippsland Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.9 Jointly Controlled Operations).

Note 2: Funding delivery of our services

The Health Service's overall objective is to deliver quality health services that support and enhance the wellbeing of all Victorians.

The Health Service is predominantly funded by accrual based grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

Structure
2.1 Analysis of revenue by source

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 $'000	Non-Admitted 2018 $'000	RAC 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other * 2018 $'000	Total 2018 $'000
Government Grants	15,412	3,585	6,518	2,903	464	682	29,564
Indirect Contributions by the Department of Health and Human Services	35	8	15	7	1	2	68
Patient Fees	485	142	1,760	249			2,636
Commercial Activities and Special Purpose Funds	74	-	-	-	-	999	1,073
Other Revenue from Operating Activities	892	144	429	185	16	43	1,709
Total Revenue from Operating Activities	**16,898**	**3,879**	**8,722**	**3,344**	**481**	**1,726**	**35,050**
Interest and Dividends	184	-	-	-	-	-	184
Total Revenue from Non-Operating Activities	**184**	**-**	**-**	**-**	**-**	**-**	**184**
Government Grants	1,354	-	-	-	-	-	1,354
Capital Interest and Dividends	-	-	160	-	-	-	160
Capital Purpose Income (excluding Interest)	162	-	324	-	-	-	486
Total Capital Purpose Income	**1,516**	**-**	**484**	**-**	**-**	**-**	**2,000**
Total Revenue	**18,598**	**3,879**	**9,206**	**3,344**	**481**	**1,726**	**37,234**

	Admitted Patients 2017 $'000	Non-Admitted 2017 $'000	RAC 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	Other * 2017 $'000	Total 2017 $'000
Government Grants	14,202	3,539	6,448	2,605	441	532	27,767
Indirect Contributions by the Department of Health and Human Services	127	32	57	23	4	5	248
Patient Fees	342	84	1,811	271	-	-	2,508
Commercial Activities and Special Purpose Funds	62	-	-	-	-	1,049	1,111
Other Revenue from Operating Activities	1,298	46	2	-	-	-	1,346
Total Revenue from Operating Activities	**16,031**	**3,701**	**8,318**	**2,899**	**445**	**1,586**	**32,980**
Interest and Dividends	169	-	-	-	-	-	169
Total Revenue from Non-Operating Activities	**169**	**-**	**-**	**-**	**-**	**-**	**169**
Government Grants	222	-	-	-	-	-	222
Capital Purpose Income (excluding Interest)	177	-	368	-	-	-	545
Capital Interest and Dividends	-	-	178	-	-	-	178
Total Capital Purpose Income	**399**	**-**	**546**	**-**	**-**	**-**	**945**
Reversal of Impairment Loss on Financial Assets	10	-	-	-	-	-	10
Total Revenue	**16,609**	**3,701**	**8,864**	**2,899**	**445**	**1,586**	**34,104**

* Other Programs include Commercial Activities, Special Purpose Funds and Capital.

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, Full Time Equivalent (FTE) has been used to allocate revenue across the programs.

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

Note 2.1: Analysis of Revenue by Source (cont'd)

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 and Human Services
- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

Patient and Resident Fees
Patient fees are recognised as revenue on an accrual basis.

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 property rental income are recognised on an accrual basis.

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.

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.

Other Income
Other income includes recoveries for salaries and wages and external services provided.

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 acute and subacute admitted patient services, where services are delivered in public hospitals.

Non Admitted Services comprises acute and subacute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

Note 2.1: Analysis of Revenue by Source (cont'd)

Primary and Community Health comprises services for Community Health including health promotion and counselling and physiotherapy.

Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

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 the department 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 and secure extended care units.

Other Services excluded from National Health Care Agreement (NHCA) (Other) comprises services not separately classified above, including: sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services and community care programs including sexual assault support, early parenting services and parenting assessment and skills development.

Note 3: The cost of delivering our services

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

Structure
3.1 Analysis of Expenses by Source
3.2 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds
3.3 Specific Expenses
3.4 Employee Benefits in the Balance Sheet
3.5 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 $'000	Non-Admitted 2018 $'000	RAC 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other * 2018 $'000	Total 2018 $'000
Employee Expenses	10,675	1,854	7,666	2,977	195	1,290	24,657
Other Operating Expenses							
Non Salary Labour Costs	1,902	26	357	68	2	131	2,486
Supplies and Consumables	1,684	109	613	160	3	67	2,636
Medical Indemnity Insurance	172	38	159	68	6	21	464
Fuel, Light, Power and Water	183	64	278	25	4	40	594
Repairs and Maintenance	276	56	326	38	1	70	767
Other Expenses	1,651	178	721	375	26	114	3,065
Total Expenditure from Operating Activities	**16,543**	**2,325**	**10,120**	**3,711**	**237**	**1,733**	**34,669**
Specific Expenses (refer Note 3.3)	-	-	10	-	-	-	10
Other Non-Operating Expenses							
Expenditure for Capital Purposes	192	-	-	-	-	-	192
Depreciation (refer Note 4.3)	3,236	-	-	-	-	-	3,236
Total Other Expenses	**3,428**	**-**	**10**	**-**	**-**	**-**	**3,438**
Total Expenses	**19,971**	**2,325**	**10,130**	**3,711**	**237**	**1,733**	**38,107**

	Admitted Patients 2017 $'000	Non-Admitted 2017 $'000	RAC 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	Other * 2017 $'000	Total 2017 $'000
Employee Expenses	9,892	1,638	7,321	2,557	247	1,160	22,815
Other Operating Expenses							-
Non Salary Labour Costs	1,845	18	318	1	2	104	2,288
Supplies and Consumables	1,612	90	627	102	3	76	2,510
Medical Indemnity Insurance	291	17	89	23	2	17	439
Fuel, Light, Power and Water	302	18	93	24	2	18	457
Repairs and Maintenance	486	28	150	39	4	29	736
Other Expenses	1,794	105	553	143	14	108	2,717
Total Expenditure from Operating Activities	**16,222**	**1,914**	**9,151**	**2,889**	**274**	**1,512**	**31,962**
Specific Expenses (refer Note 3.3)	35	8	32	13	2	4	94
Other Non-Operating Expenses							
Expenditure for Capital Purposes	45	5	14	3	-	1	68
Assets Provided Free of Charge	74	-	-	-	-	-	74
Depreciation (refer Note 4.3)	3,084	-	-	-	-	-	3,084
Total Other Expenses	**3,238**	**13**	**46**	**16**	**2**	**5**	**3,320**
Total Expenses	**19,460**	**1,927**	**9,197**	**2,905**	**276**	**1,517**	**35,282**

* Other Programs include Commercial Activities, Special Purpose Funds and Capital.

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, FTE has been used to allocate expenditure across the programs.

Note 3.1: Expense recognition

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

Employee expenses
Employee expenses include:

- Salaries and wages;
- Fringe benefits tax;
- Leave entitlements;
- Termination payments;
- Workcover premiums; and
- Superannuation expenses

Grants and other transfers
These include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

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.

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

Revaluation gains/ (losses) of non-financial physical assets
Refer to Note 4.2 Property Plant and Equipment.

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

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

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

- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

De-recognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial guarantee
Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

Note 3.2: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Commercial Activities				
Private Practice and Other Patient Activities				
Diagnostic Imaging	1,106	1,003	726	730
Catering	93	110	98	111
Cafeteria	10	13	10	11
Property	-	-	182	184
Leongatha Integrated Primary Care Centre	25	-	-	-
Other Activities				
Staff Salary Packaging Service	1	1		13
TOTAL	**1,235**	**1,127**	**1,016**	**1,049**

Note 3.3: Specific Expenses

	2018 $'000	2017 $'000
Specific Expenses		
Voluntary Departure Packages	10	94
Total Specific Expenses	**10**	**94**

Note 3.4: Employee Benefits in the Balance Sheet

	2018 $'000	2017 $'000
CURRENT PROVISIONS		
Employee Benefits		
Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months	54	51
Annual leave		
- unconditional and expected to be settled wholly within 12 months	1,809	1,579
- unconditional and expected to be settled wholly after 12 months	308	262
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months	315	359
- unconditional and expected to be settled wholly after 12 months	2,407	2,121
	4,893	**4,372**
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months	240	214
Unconditional and expected to be settled after 12 months	305	267
	545	**481**
Accrued salaries and wages	761	634
TOTAL CURRENT PROVISIONS	**6,199**	**5,487**
NON-CURRENT PROVISIONS		
Employee Benefits	650	587
Provisions related to Employee Benefit On-Costs	73	66
TOTAL NON-CURRENT PROVISIONS	**723**	**653**
TOTAL PROVISIONS	**6,922**	**6,140**

(a) Employee Benefits and Related On-Costs

	2018 $'000	2017 $'000
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	3,028	2,760
Annual leave entitlements	2,350	2,037
Accrued salaries and wages	761	634
Accrued days off	60	56
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	723	653
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**6,922**	**6,140**

(b) Movement in Provisions

	2018 $'000	2017 $'000
Movement in Long Service Leave:		
Balance at start of year	**3,413**	**3,154**
Provision made during the year		
- Revaluations	(1)	(18)
- Expense recognising employee service	579	700
Settlement made during the year	(240)	(423)
Balance at end of year	**3,751**	**3,413**

Employee Benefit Recognition

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

Provisions

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

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

Note 3.4: Employee Benefits in the Balance Sheet (cont'd)

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.

Salaries and Wages, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, annual leave, and accrued days off 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 accrued days off 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)

The liability for LSL is recognised in the provision for employee benefits.
Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Health Service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.
The components of this current LSL liability are measured at:

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

Termination Benefits

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

On-costs related to employee expense

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

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Defined Benefit Plans:[i]				
First State Super	37	41	-	-
Defined Contribution Plans:				
First State Super	1,981	1,846	164	153
Total	**2,018**	**1,887**	**164**	**153**

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

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

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's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

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

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

Note 4: Key Assets to Support Service Delivery

The Health Service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure
4.1 Investments and Other Financial Assets
4.2 Property, Plant and Equipment
4.3 Depreciation

Note 4.1: Investments and Other Financial Assets

	Capital Fund		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
CURRENT				
Loans and Receivables				
Term Deposits				
Australian Dollar Term Deposits > 3 Months	13,664	11,440	13,664	11,440
TOTAL CURRENT	**13,664**	**11,440**	**13,664**	**11,440**
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**13,664**	**11,440**	**13,664**	**11,440**
Represented by:				
Health Service Investments	4,390	4,771	4,390	4,771
Accommodation Bonds (Refundable Entrance Fees)	9,274	6,669	9,274	6,669
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**13,664**	**11,440**	**13,664**	**11,440**

Note 4.1 Investment Recognition

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 as loans and receivables financial assets.

The Health Service classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Health Service investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management. The investment portfolio of the Health Service is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

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

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

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 assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Doubtful debts
Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as *other economic flows included in net result*.

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	2018 $'000	2017 $'000
Land		
- Land at Fair Value		
Freehold	4,978	4,978
Total Land	**4,978**	**4,978**
Buildings		
- Buildings at Fair Value	62,773	58,991
Less Accumulated Depreciation	10,108	7,683
	52,665	**51,308**
Building Work in Progress at Cost	-	2,662
Total Buildings	**52,665**	**53,970**
Plant and Equipment		
- Plant and Equipment at Fair Value	2,135	2,078
Less Accumulated Depreciation	1,464	1,347
Total Plant and Equipment	**671**	**731**
Medical Equipment		
- Medical Equipment at Fair Value	5,866	5,585
Less Accumulated Depreciation	3,638	3,248
Total Medical Equipment	**2,228**	**2,337**
Computers and Communication Equipment		
- Computers and Communication Equipment at Fair Value	720	936
Less Accumulated Depreciation	365	677
Total Computers and Communication Equipment	**355**	**259**
Furniture and Fittings		
- Furniture and Fittings at Fair Value	252	243
Less Accumulated Depreciation	114	98
Total Furniture and Fittings	**138**	**145**
Motor Vehicles		
- Motor Vehicles at Fair Value	1,205	1,050
Less Accumulated Depreciation	785	708
Total Motor Vehicles	**420**	**342**
Other - Land Improvements		
Land improvements at Fair Value	404	404
Less Accumulated Depreciation	123	93
Total Land Improvements	**281**	**311**
Other - GHA Property, Plant & Equipment		
GHA Property, Plant & Equipment	9	5
Less Accumulated Depreciation	-	-
Total GHA Property, Plant & Equipment	9	5
TOTAL PROPERTY, PLANT AND EQUIPMENT	**61,745**	**63,078**

Note 4.2: Property, Plant and Equipment (Continued)

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

Consolidated	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Comm Equipment $'000	Furniture & Fittings $'000	Motor Vehicles $'000	Land Improv'ts $'000	GHA PP&E $'000	Total $'000
Balance at 1 July 2016	**3,427**	**53,917**	**620**	**2,431**	**140**	**155**	**338**	**342**	**2**	**61,372**
Additions	250	2,410	218	284	175	5	144	-	3	**3,489**
Disposals	-	-	-	-	-	-	-	-	-	**-**
Revaluation increments/(decrements)	1,301	-	-	-	-	-	-	-	-	**1,301**
Depreciation (refer Note 4.3)	-	(2,357)	(107)	(378)	(56)	(15)	(140)	(31)	-	**(3,084)**
Balance at 1 July 2017	**4,978**	**53,970**	**731**	**2,337**	**259**	**145**	**342**	**311**	**5**	**63,078**
Additions	-	1,120	57	282	190	9	244	-	5	1,907
Disposals	-	-	-	-	(4)	-	-	-	-	(4)
Depreciation (refer Note 4.3)	-	(2,425)	(117)	(391)	(90)	(16)	(166)	(30)	(1)	(3,236)
Balance at 30 June 2018	**4,978**	**52,665**	**671**	**2,228**	**355**	**138**	**420**	**281**	**9**	**61,745**

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of the Health Service's owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014.

In compliance with FRD 103F, in the year ended 30 June 2018, the Health Service's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2018.

The fair value of the land had been adjusted by a managerial revaluation in 2017. The latest indices required a further managerial revaluation was not required in 2018. The Department of Health and Human Services approved a managerial revaluation of the land asset class of $1.3m in 2017.

There was no material financial impact on change in fair value of buildings.

Note 4.2: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Balance at 30 June 2018	**$'000**	**$'000**	**$'000**	**$'000**
Land at Fair Value				
- Non-Specialised Land	1,293	-	1,293	-
- Specialised Land	3,685	-	-	3,685
Total Land at Fair Value	4,978	-	1,293	3,685
Buildings at Fair Value				
- Non-Specialised Buildings	1,392	-	1,392	-
- Specialised Buildings	51,273	-	-	51,273
Total Buildings at Fair Value	52,665	-	1,392	51,273
Plant and Equipment at Fair Value	671	-	-	671
Medical Equipment at Fair Value	2,228	-	-	2,228
Computers and Communication Equipment at Fair Value	355	-	-	355
Furniture and Fittings at Fair Value	138	-	-	138
Motor Vehicles at Fair Value	420	-	420	-
Land Improvments at Fair Value	281	-	-	281
GHA Assets at Fair Value	9	-	-	9
Total Property, Plant and Equipment	**61,745**	**-**	**3,105**	**58,640**

	Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Balance at 30 June 2017	**$'000**	**$'000**	**$'000**	**$'000**
Land at Fair Value				
- Non-Specialised Land	1,293	-	1,293	-
- Specialised Land	3,685	-	-	3,685
Total Land at Fair Value	4,978	-	1,293	3,685
Buildings at Fair Value				
- Non-Specialised Buildings	1,438	-	1,438	-
- Specialised Buildings	49,870	-	-	49,870
Total Buildings at Fair Value	51,308	-	1,438	49,870
Plant and Equipment at Fair Value	731	-	-	731
Medical Equipment at Fair Value	2,337	-	-	2,337
Computers and Communication Equipment at Fair Value	259	-	-	259
Furniture and Fittings at Fair Value	145	-	-	145
Motor Vehicles at Fair Value	342	-	342	-
Land Improvments at Fair Value	311	-	-	311
GHA Assets at Fair Value	5	-	-	5
Total Property, Plant and Equipment	**60,416**	**-**	**3,073**	**57,343**

There have been no transfers between levels during the period.

Note 4.2: Property, Plant and Equipment (Continued)

(d) Reconciliation of Level 3 Fair Value [i]

	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Comm Equipment $'000	Furniture & Fittings $'000	Land Improv't $'000	GHA Assets $'000
Balance at 1 July 2017	3,685	49,870	731	2,337	259	145	311	5
Additions/(Disposals)	-	3,782	57	282	186	9	-	5
Gains/(Losses) recognised in Net Result - Depreciation	-	(2,379)	(117)	(391)	(90)	(16)	(30)	(1)
Items recognised in Other Comprehensive Income - Revaluation	-	-	-	-	-	-	-	-
Balance at 30 June 2018	3,685	51,273	671	2,228	355	138	281	9

	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Comm Equipment $'000	Furniture & Fittings $'000	Land Improv't $'000	GHA Assets $'000
Balance at 1 July 2016	2,552	52,181	620	2,431	140	155	342	2
Additions/(Disposals)	-	-	218	284	175	5	-	3
Gains/(Losses) recognised in Net Result - Depreciation	-	(2,311)	(107)	(378)	(56)	(15)	(31)	-
Items recognised in Other Comprehensive Income - Revaluation	1,133	-	-	-	-	-	-	-
Balance at 30 June 2017	3,685	49,870	731	2,337	259	145	311	5

[i] Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

Note 4.2 (e): Property, Plant and Equipment (Fair value determination)

Asset class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)[c]
Non-specialised land	In areas where there is an active market: - Vacant land - Land not subject to restrictions as to use or sale	Level 2	Market approach	n.a.
Specialised Land (Crown / Freehold)	- Land subject to restriction as to use and/or sale - Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligations Adjustments [c]
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market approach	n.a.
Specialised buildings [a]	Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals and schools	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Dwellings [a]	Social/public housing, employee housing	Level 2, where there is an active market in the area	Market approach	n.a.
		Level 3, where there is no active market in the area	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	If there is an active resale market available	Level 2	Market approach	n.a.
Plant and equipment [a]	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life
Land Improvements [a]	Any type	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life

Notes:

(a) Newly built/acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10 per cent materiality threshold).

(b) AASB 13 Fair Value Measurement provides an exemption for not for profit public sector entities from disclosing the sensitivity analysis relating to 'unrealised gains/(losses) on non-financial assets' if the assets are held primarily for their current service potential rather than to generate net cash inflows.
(c) CSO adjustment of 20% was applied to reduce the market approach value for the Health Service's specialised land.

There were no changes in valuation techniques throughout the period to 30 June 2018.

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.
Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Note 4.2 (e): Property, Plant and Equipment (Fair value determination) cont'd

Subsequent Measurement

Consistent with AASB 13 Fair Value Measurement, the Health Service determines the policies and procedures for recurring property, plant and equipment fair value measurements, in accordance with the requirements of AASB 13 and the relevant FRDs.

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.
For the purpose of fair value disclosures, the Health Service has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.
In addition, the Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the 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, the 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 the Health Service's independent valuation agency.

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

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

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

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

In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.
These indicators, as a minimum, include:
External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

Valuation hierarchy
Health Services need to use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

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

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

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e., it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and the Health Service has determined that the transaction price or quoted price does not represent fair value.

A Health Service shall develop unobservable inputs using the best information available in the circumstances, which might include the Health Service's own data. In developing unobservable inputs, a Health Service may begin with its own data, but it shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to the Health Service that is not available to other market participants. A Health Service need not undertake exhaustive efforts to obtain information about other market participant assumptions. However, a Health Service shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

Note 4.2 (e): Property, Plant and Equipment (Fair value determination) cont'd

Non-Specialised Land & Non-Specialised Buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

In June 2017 a managerial valuation was carried out in accordance with FRD 103F to revalue the land to its fair value.

Specialised Land and Specialised Buildings

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

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

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

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

An independent valuation of 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.

In June 2017 a managerial valuation was carried out in accordance with FRD 103F to revalue the land to its fair value.

Land Improvements

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

Vehicles

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

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

Revaluations of Non-Current Physical Assets

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

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

Note 4.2 (e): Property, Plant and Equipment (Fair value determination) cont'd

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

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

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

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

Note 4.3: Depreciation

	2018 $'000	2017 $'000
Depreciation		
Buildings	2,425	2,357
Plant and Equipment	117	107
Medical Equipment	391	378
Computers and Communication Equipment	90	56
Furniture and Fittings	16	15
Motor Vehicles	166	140
Other - Land Improvements	30	31
Other - GHA Depreciation Expense	1	-
TOTAL DEPRECIATION	**3,236**	**3,084**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 *Property, Plant and Equipment*).

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

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	15 to 50 years	15 to 50 years
- Site Engineering Services and Central Plant	15 to 21 years	15 to 21 years
Central Plant		
- Fit Out	10 to 25 years	10 to 25 years
- Trunk Reticulated Building Systems	11 to 30 years	11 to 30 years
Plant and Equipment	3 to 18 years	3 to 18 years
Medical Equipment	2 to 15 years	2 to 15 years
Computers and Communication	2 to 10 years	2 to 10 years
Furniture and Fitting	5 to 20 years	5 to 20 years
Motor Vehicles	4 to 5 years	4 to 5 years

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

Note 5: Other Assets and Liabilities

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

Structure

5.1 Receivables
5.2 Inventories
5.3 Other Liabilities
5.4 Prepayments and other non-financial assets
5.5 Payables

Note 5.1: Receivables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	60	49
Trade Debtors	79	206
Patient Fees	395	394
Accrued Investment Income	99	64
GHA Receivables	65	61
Accrued Revenue Other	364	36
Less Allowance for Doubtful Debts		
Patient Fees	(34)	(34)
	1,028	**776**
Statutory		
GST Receivable	90	202
	90	**202**
TOTAL CURRENT RECEIVABLES	**1,118**	**978**
NON-CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	835	796
	835	**796**
TOTAL NON-CURRENT RECEIVABLES	**835**	**796**
TOTAL RECEIVABLES	**1,953**	**1,774**

(a) Movement in the Allowance for Doubtful Debts

	2018 $'000	2017 $'000
Balance at beginning of year	(34)	(34)
Amounts written off during the year	(4)	(7)
Increase/(decrease) in allowance recognised in net result	4	7
Balance at end of year	**(34)**	**(34)**

Note 5.1: Receivables (cont'd)

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income; and
- Statutory receivables, which predominantly includes 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 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.

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

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 uncollectible 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.

Note 5.2: Inventories

	2018 $'000	2017 $'000
Pharmaceuticals		
At cost	72	75
Catering Supplies		
At cost	2	4
Housekeeping Supplies		
At cost	3	3
Medical and Surgical Lines		
At cost	16	15
Administration Stores		
At Cost	5	4
TOTAL INVENTORIES	**98**	**101**

Inventories include goods that are either held 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 and are adjusted for any loss of service potential. All other inventories 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 is assigned to land for sale (undeveloped, under development and developed) and to other high value, low volume inventory items on a specific identification of cost basis.

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

Note 5.3: Other liabilities

	2018 $'000	2017 $'000
CURRENT		
Monies Held in Trust*		
- Accommodation Bonds (Refundable Entrance Fees)*	9,274	6,669
GHA Other Current Liabilities	7	18
Total Current	**9,281**	**6,687**
Total Other Liabilities	**9,281**	**6,687**

*** Total Monies Held in Trust**		
Represented by the following assets:		
Investment and other Financial Assets	9,274	6,669
TOTAL	**9,274**	**6,669**

Note 5.4: Prepayments and Other Non-Financial Assets

	2018 $'000	2017 $'000
CURRENT		
Prepayments	118	85
GHA Other Current Assets	182	164
TOTAL CURRENT OTHER ASSETS	**300**	**249**
TOTAL OTHER ASSETS	**300**	**249**

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.

Note 5.5: Payables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade Creditors	468	451
Accrued Expenses	397	888
GHA Payables	41	66
Revenue in Advance	160	-
	1,066	**1,405**
Statutory		
Department of Health and Human Services	464	458
Amounts payable to Government	25	83
	489	**541**
TOTAL CURRENT PAYABLES	**1,555**	**1,946**
TOTAL PAYABLES	**1,555**	**1,946**

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid; and

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

Note 5.5 (a): Payables and Borrowings Maturity Analysis

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

			Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
2018	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities						
At amortised cost						
Payables	1,066	1,066	1,066	-	-	-
Other Financial Liabilities (i)						
- Accommodation Bonds	9,274	9,274	-	-	9,274	-
- Other	7	7	7	-	-	-
Total Financial Liabilities	**10,347**	**10,347**	**1,073**	**-**	**9,274**	**-**
2017						
Financial Liabilities						
At amortised cost						
Payables	1,405	1,405	1,405	-	-	-
Other Financial Liabilities (i)						
- Accommodation Bonds	6,669	6,669	-	-	6,669	-
- Other	18	18	18	-	-	-
Total Financial Liabilities	**8,092**	**8,092**	**1,423**	**-**	**6,669**	**-**

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

Note 6: How We Finance Our Operations

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

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

Structure

6.1 Cash and Cash Equivalents
6.2 Commitments for expenditure

Note 6.1: Cash and Cash Equivalents

	2018 $'000	2017 $'000
Cash on Hand	1	1
Cash at Bank	1,677	1,386
Deposits at Call	5,660	4,186
TOTAL CASH AND CASH EQUIVALENTS	**7,338**	**5,573**
Represented by:		
Cash as per Cash Flow Statement [i]	6,714	5,192
GHA Cash at Bank	624	381
TOTAL CASH AND CASH EQUIVALENTS	**7,338**	**5,573**

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

Note 6.2 (a): Commitments for expenditure

	2018 $'000	2017 $'000
a) Commitments other than Public Private Partnerships		
Capital Expenditure Commitments		
Payable:		
Land and buildings	-	1,582
Total Capital Expenditure Commitments	**-**	**1,582**
Operating Commitments		
Payable:		
Operating Commitments	1,148	2,874
Total Operating Commitments	**1,148**	**2,874**
Total Commitments other than Public Private Partnerships (inclusive of GST)	**1,148**	**4,456**
Less GST recoverable from the Australian Tax Office	**(104)**	**(405)**
Total Commitments other than Public Private Partnerships (exclusive of GST)	**1,044**	**4,051**

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

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

Note 6.2 (b): Commitments for expenditure (continued)

	2018 $'000	2017 $'000
(b) Commitments Payable		
Capital Expenditure Commitments		
Less than 1 year	-	1,582
Total Capital Expenditure Commitments	**-**	**1,582**
Operating Commitments		
Less than 1 year	1,091	1,867
Longer than 1 year but not longer than 5 years	57	1,007
Total Operating Commitments	**1,148**	**2,874**
Total Commitments (inclusive of GST)	**1,148**	**4,456**
Less GST recoverable from the Australian Tax Office	(104)	(405)
TOTAL COMMITMENTS (exclusive of GST)	**1,044**	**4,051**

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial Instruments
7.2 Contingent Assets and Contingent Liabilities

Note 7.1 (a): 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*.

(a) Categorisation of financial instruments

2018	Contractual Financial Assets - Loans and Receivables $'000	Contractual Financial Assets - Available for Sale $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	7,338	-	-	7,338
Receivables				
- Trade Debtors	79	-	-	79
- Other Receivables	949	-	-	949
Investments and Other Financial Assets				
- Term Deposits	13,664	-	-	13,664
Total Financial Assets (i)	**22,030**	**-**	**-**	**22,030**
Financial Liabilities				
Payables	-	-	1,066	1,066
Other Financial Liabilities				
- Accommodation bonds	-	-	9,274	9,274
- Other	-	-	7	7
Total Financial Liabilities (i)	**-**	**-**	**10,347**	**10,347**

2017	Contractual Financial Assets - Loans and Receivables $'000	Contractual Financial Assets - Available for Sale $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	5,573	-	-	5,573
Receivables				
- Trade Debtors	206	-	-	206
- Other Receivables	570	-	-	570
Investments and Other Financial Assets				
- Term Deposits	11,440	-	-	11,440
Total Financial Assets (i)	**17,789**	**-**	**-**	**17,789**
Financial Liabilities				
Payables	-	-	1,405	1,405
Other Financial Liabilities				
- Accommodation bonds	-	-	6,669	6,669
- Other	-	-	18	18
Total Financial Liabilities (i)	**-**	**-**	**8,092**	**8,092**

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

Note 7.1 (b): Financial Instruments

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

	Total Interest Income / (Expense) & Dividend Income	Fee Income / (Expense)	Total
2018	**$'000**	**$'000**	**$'000**
Financial Assets			
Cash and Cash Equivalents	1	9	10
Loans and Receivables	184	-	184
Total Financial Assets	**185**	**9**	**194**
2017			
Financial Assets			
Cash and Cash Equivalents	1	10	11
Loans and Receivables	169	-	169
Total Financial Assets	**170**	**10**	**180**

Categories of Financial Instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities 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 (and for assets, less any impairment). The Health Service recognises the following assets in this category:
- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. The Health Service recognises certain debt securities in this category.

Note 7.1 (b): Financial Instruments (cont'd)

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

Categories of Financial Instruments

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

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Health Service concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the Health Service does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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

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

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

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

Note 7.2 Contingent Assets and Contingent Liabilities

There are no contingent assets or contingent liabilities as at 30th June 2018 (2017: Nil).

Note 8: Other Disclosures

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

Structure

8.1 Equity
8.2 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
8.3 Responsible Persons
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Note 8.1: Equity

	2018 $'000	2017 $'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus[1]		
Balance at the beginning of the reporting period	20,808	19,507
Revaluation Increment		
- Land (refer Note 4.2b)	-	1,301
Balance at the end of the reporting period*	**20,808**	**20,808**
*** Represented by:**		
- Land	3,376	3,376
- Buildings	16,099	16,099
- Plant and Equipment	1,333	1,333
	20,808	**20,808**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	113	113
Balance at the end of the reporting period	**113**	**113**
Total Surpluses	**20,921**	**20,921**
(b) Contributed Capital		
Balance at the beginning of the reporting period	24,017	21,853
Capital contribution received from Victorian Government	770	2,164
Balance at the end of the reporting period	**24,787**	**24,017**
(c) Accumulated Deficits		
Balance at the beginning of the reporting period	22,504	23,664
Net Result for the Year	(872)	(1,160)
Balance at the end of the reporting period	**21,632**	**22,504**
(d) Total Equity at End of Year	**67,340**	**67,442**

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 or distributions or that have been designated as contributed capital are also treated as contributed capital.

Property, Plant and Equipment Revaluation Surplus

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

Specific Restricted Purpose Surplus

The 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.

Note 8.2: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	2018 $'000	2017 $'000
Net Result for the Year	(872)	(1,160)
Non-Cash Movements:		
Depreciation	3,236	3,084
Reversal of Impairment of Financial Assets	-	(10)
Movements included in Investing and Financing Activities:		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	(18)	(72)
Movements in Assets and Liabilities:		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(179)	(374)
(Increase)/Decrease in other assets	(51)	(124)
Increase/(Decrease) in Payables	187	(304)
Increase/(Decrease) in Provisions	783	279
Increase/(Decrease) in Other Liabilities	2,594	592
Change in Inventories	3	12
NET CASH INFLOW FROM OPERATING ACTIVITIES	5,682	1,922

Note 8.3: Responsible Persons

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:	**Period**
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2017 - 30/06/2018
The Honourable Martin Foley, Minister for Mental Health, Minister for Housing, Disability and Ageing, Minister for Creative Industries, Minister for Equality	01/07/2017 - 30/06/2018
The Honourable John Eren, Minister for Sport, Minister for Tourism and Major Events, Minister for Veterans' Affairs	01/07/2017 - 30/06/2018
The Honourable Natalie Hutchins, Minister for Aboriginal Affairs, Minister for Industrial Relations, Minister for Women, Minister for the Prevention of Family Violence	01/07/2017 - 30/06/2018
Governing Boards	
Mr. A. Aeschlimann - President	01/07/2017 - 30/06/2018
Ms. S. Hanson - Vice President	01/07/2017 - 30/06/2018
Mr. N. Broughton - Vice President	01/07/2017 - 30/06/2018
Mr. P. Siggins - Treasurer	01/07/2017 - 30/06/2018
Ms. J. Martin	01/07/2017 - 30/06/2018
Mr. R. Dhar	01/07/2017 - 30/06/2018
Mr. I. Drysdale	01/07/2017 - 30/06/2018
Ms. C. Pickett	01/07/2017 - 30/06/2018
Ms. S. Fleming	01/07/2017 - 30/06/2018
Ms. A. Georgiou	01/07/2017 - 30/06/2018
Mr. T. McQualter	01/07/2017 - 30/06/2018
Accountable Officer	
Mr. M. Johnson (CEO)	01/07/2017 - 30/06/2018

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

Income Band	**2018 No.**	**2017 No.**
$0 - $9,999	11	11
$260,000 - $269,999	-	1
$290,000 - $299,999	1	-
Total Numbers	**12**	**12**

	$'000	**$'000**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$292**	**$267**

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Health Services's controlled entities financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.5 Related Parties.

Note 8.4: Remuneration of Executives

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

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

Short-term Employee Benefits

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

Post-employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.5)	**Total Remuneration**	
	2018 $'000	**2017 $'000**
Short-term Benefits	580	584
Post-employment Benefits	51	53
Other Long-term Benefits	6	66
Termination Benefits	-	94
Total Remuneration [i]	**637**	**797**
Total Number of Executives	4	6
Total Annualised Employee Equivalent [ii]	4.0	5.1

[i] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Health Service under AASB 124 Related Party Disclosures and are also reported within Note 8.5 Related Parties.

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

Note 8.5: Related Parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

The Board of Directors and the Executive Directors of the Health Service and it's controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
Gippsland Southern Health Service	Mr A. Aeschlimann	President
Gippsland Southern Health Service	Ms. S. Hanson	Vice President
Gippsland Southern Health Service	Mr. N. Broughton	Vice President
Gippsland Southern Health Service	Mr. P. Siggins	Treasurer
Gippsland Southern Health Service	Ms. J. Martin	Board Member
Gippsland Southern Health Service	Mr. R. Dhar	Board Member
Gippsland Southern Health Service	Mr. I. Drysdale	Board Member
Gippsland Southern Health Service	Ms. C. Pickett	Board Member
Gippsland Southern Health Service	Ms. S. Fleming	Board Member
Gippsland Southern Health Service	Ms. A. Georgiou	Board Member
Gippsland Southern Health Service	Mr. T. McQualter	Board Member
Gippsland Southern Health Service	Mr. M. Johnson	Chief Executive Officer
Gippsland Southern Health Service	Ms. V. Farthing	Executive Director of Nursing
Gippsland Southern Health Service	Ms. S. Northover	Director of Primary Healthcare
Gippsland Southern Health Service	Ms. M. Radmore	Assistant Director Of Nursing
Gippsland Southern Health Service	Mr. P. Van Hamond	Manager Finance

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

	2018 $'000	2017 $'000
Compensation - KMPs		
Short-term Employee Benefits [i]	837	823
Post-employment Benefits	71	73
Other Long-term Benefits	21	74
Termination Benefits	-	94
Total [ii]	**929**	**1,064**

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

[ii] KMPs are also reported in Note 8.3 Responsible Persons or Note 8.4 Remuneration of Executives.

Significant Transactions with Government Related Entities
The Health Service received funding from the Department of Health and Human Services of $24m (2017: $18m) and indirect contributions of $0.068m (2017: $0.248m).

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

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require the Health Service to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

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

Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scare resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.

There were no related party transactions required to be disclosed for the Health Service Board of Directors and Executive Directors in 2018.

Note 8.6: Remuneration of Auditors

	2018 $'000	2017 $'000
Victorian Auditor-General's Office		
Audit and Review of Financial Statements	40	40
TOTAL RENUMERATION OF AUDITORS	**40**	**40**

Note 8.7: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2018, 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.

Standard/Interpretation	*Summary*	*Effective date*	*Impact on public sector entity financial statements*
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend Reduced Disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of · Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. · Dividends are recognised in the profit and loss only when: o the entity's right to receive payment of the dividend is established; o it is probable that the economic benefits associated with the dividend will flow to the entity; and o the amount can be measured reliably.	1 January 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018.	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1-Jan-18	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.

Note 8.7: AASBs Issued that are not yet Effective (cont'd)

AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify requirements for identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: · a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; · for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and · for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: · require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and · clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB9 Statutory receivables are recognised and measured similarly to financial assets AASB15 The customer does not need to be the recipient of goods and/or services; The contract could include an arrangement entered into under the direction of another party; Contracts are enforceable by legal or "equivalent means"; Contracts do not have to have commercial substance, only economic substance; and Performance obligations need to be "sufficiently specific" to be able to apply AASB15 to these transactions.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet which has an impact on net debt.	1-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

Note 8.7: AASBs Issued that are not yet Effective (cont'd)

AASB 1058 *Income of Not-for-Profit Entities*	This standard will replace AASB 1004 *Contributions* and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004.	1-Jan-19	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.
AASB 17 *Insurance Contracts*	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not currently apply to not-for-profit public sector entities. The AASB is undertaking further outreach to determine the applicability of this standard to the not-for-profit public sector.	1-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.

The following accounting pronouncements are also issued but not effective for the 2017-18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or

Notes:

1. For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* AASB 15 *Revenue from Contracts with Customers* , and AASB 16 *Leases the* standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

Note 8.8: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Health Services and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no events occurring after the Balance Sheet Date.

Note 8.9: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %
Health Service Computer Alliance	Information Systems	7.38%	7.31%

The Health Service's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2018 $'000 *	2017 $'000 *
CURRENT ASSETS		
Cash and Cash Equivalents	624	381
Other current assets	248	225
TOTAL CURRENT ASSETS	**872**	**606**
NON-CURRENT ASSETS		
Property, Plant and Equipment	9	5
TOTAL NON-CURRENT ASSETS	**9**	**5**
TOTAL ASSETS	**881**	**611**
CURRENT LIABILITIES		
Payables	1	1
Accrued Expenses	41	66
Other current liabilities	7	18
TOTAL CURRENT LIABILITIES	**49**	**85**
NON-CURRENT LIABILITIES		
Provisions	-	-
TOTAL NON-CURRENT LIABILITIES	**-**	**-**
TOTAL LIABILITIES	**49**	**85**
NET ASSETS	**832**	**526**
EQUITY		
Accumulated Surpluses/(Deficits)	832	526
TOTAL EQUITY	**832**	**526**

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

	2018 $'000 *	2017 $'000 *
REVENUE		
Grants	1,238	1,010
Interest Income	13	6
TOTAL REVENUE	**1,251**	**1,016**
EXPENSES		
Core Services	499	471
Other Expenses from Continuing Operations	445	270
Depreciation	1	-
TOTAL EXPENSES	**945**	**741**
NET RESULT	**306**	**275**

Contingent Liabilities and Capital Commitments
There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

* Figures obtained from the unaudited Gippsland Health Service Computer Alliance annual report.

Note 8.10: Economic Dependency

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

Note 8.11: Alternative Presentation of Comprehensive Operating Statement

	2018 $'000	2017 $'000
Interest	184	169
Sales of Goods and Services	3,709	3,619
Grants	29,632	28,237
Other Current Revenue	3,709	2,079
Total Revenue	**37,234**	**34,104**
Employee Expenses	(24,657)	(22,815)
Fair Value of Assets and Services Provided Free of Charge	-	(74)
Depreciation	(3,236)	(3,084)
Other Operating Expenses	(10,214)	(9,309)
Total Expenses	**(38,107)**	**(35,282)**
Net Result from Transactions - Net Operating Balance	**(873)**	**(1,178)**
Revaluation of Long Service Leave	1	18
Total Other Economic Flows Included in Net Result	**1**	**18**
Items that Will Not Be Reclassified to Net Result		
Changes in Property, Plant and Equipment Revaluation Surplus	-	1,301
NET RESULT	**(872)**	**141**

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the hospital's annual report.

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