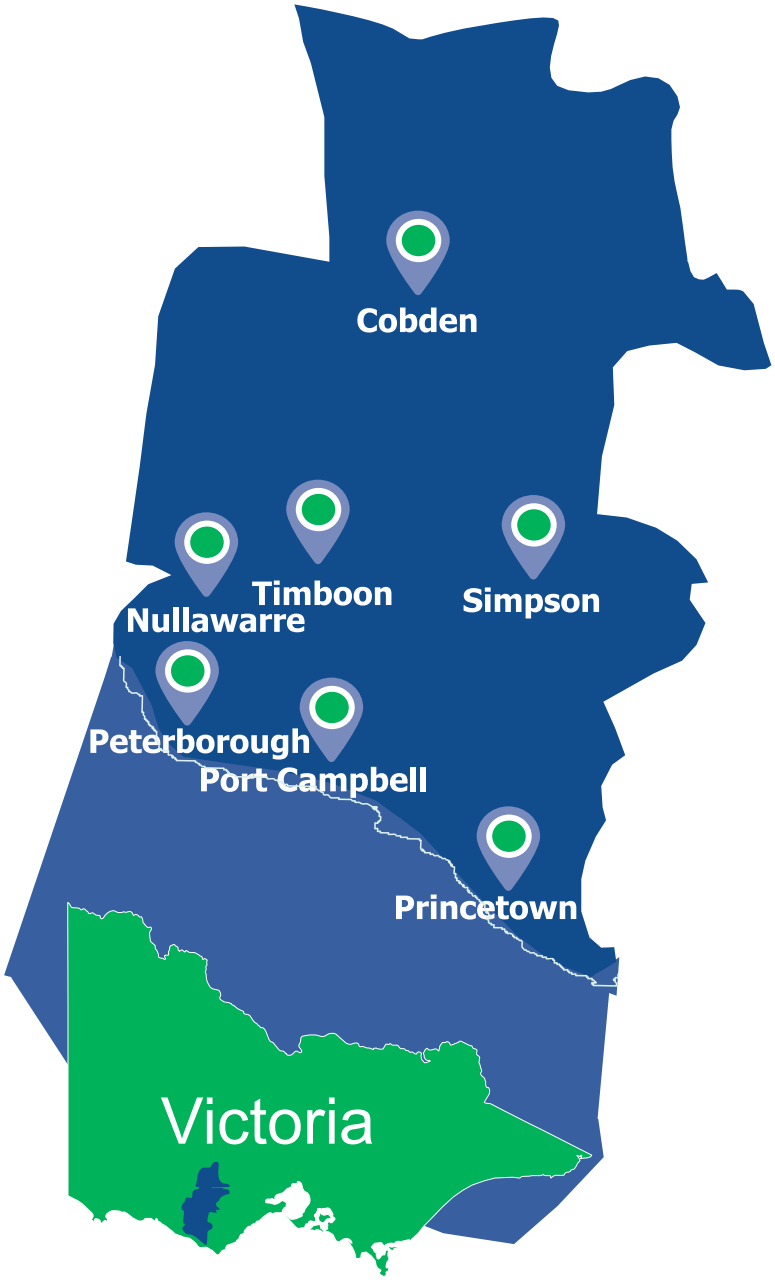
Enabling optimum health and wellness for our communities

Timboon and District Healthcare Service

Annual Report

2016/2017



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THIS REPORT

This annual report fulfils Timboon and District Healthcare Service's reporting requirements to the community and to the Minister for Health. It summarises Timboon and District Healthcare Service's results, performance, outlook and financial position for 2016/2017.

The annual report outlines our performance against key objectives identified in the Timboon and District Healthcare Service strategic plan, and against the Victorian Government's objectives for the community and frontline services.

This annual report will be available on the Timboon and District Healthcare Service website at: www.timboonhealthcare.com.au/about/publications

Hard copies of the annual report can be obtained by phoning the office of the Chief Executive Officer, Timboon and District Healthcare Service, on (03) 5558 6029.

Timboon and District Healthcare Service is committed to providing accessible services. If you have difficulty in understanding this annual report, you can contact the Timboon and District Healthcare Service on (03) 5558 6029 to arrange appropriate assistance.

OVERVIEW

WELCOME

Timboon and District Healthcare Service is a Multipurpose Service (MPS) established under an agreement between the Commonwealth and Victorian Governments and incorporated under the *Health Services Act 1988*. Timboon and District Healthcare Service is governed by the Board of Governance, with its Directors appointed by the Governor-in-Council upon the recommendation of the Victorian Minister for Health.

Service delivery includes acute, residential and community aged care and a comprehensive suite of community health services. Acute and residential aged care services are provided within 14 flexible beds, a 6 day-stay bed complex with an operating theatre suite and urgent care centre. Community Health services are provided both in house and externally through community outreach programs. Timboon and District Healthcare Service jointly manages the Timboon Medical Clinic which is located adjacent to Timboon and District Healthcare Service and contracts General Practitioners as Visiting Medical Officers.

Timboon and District Healthcare Service provides services within the southern half of the Corangamite Shire and the south eastern section of the Moyne Shire. Key towns within the catchment area include: Timboon, Cobden, Nullawarre, Peterborough, Port Campbell, Princetown and Simpson.

We take this opportunity to thank our consumers, volunteers, communities, staff and other health partners for their support and commitment and look forward with confidence to a positive year ahead as we continue to deliver the Timboon and District Healthcare Service vision.

OUR VISION

Enabling optimum health and wellness for our communities.

OUR MISSION

To provide leading innovative health and wellness services of the highest quality.

OUR CORE VALUES

I	C	A	R	E
INTEGRITY	**COMPASSION**	**ACCOUNTABILITY**	**RESPECT**	**EXCELLENCE**
We engage others in a respectful, fair and ethical manner	We will accept people as they are and display kindness and sensitivity to them	We show pride, enthusiasm and dedication in everything that we do	We consult and collaborate with others and respect the diverse knowledge and skills of patients, families and each other	We create opportunities for education and are committed to continuous development

BOARD CHAIR AND CHIEF EXECUTIVE OFFICER'S REPORT

On behalf of the Board of Governance and all staff we are pleased to present the Annual Report of Timboon and District Healthcare Service for 2016/2017, prepared in accordance with the Financial Management Act 1994.

Each year presents a variety of challenges to health service organisations and this year has proved to be another busy, but productive and successful year for Timboon and District Healthcare Service. The achievements outlined in the Annual Report would not have been possible without the hard work, flexibility and dedication of our staff, medical workforce and volunteers.

We would like to take this opportunity to both acknowledge and praise the work and dedication of our staff, volunteers and medical group who consistently strive to support the health needs of the people in our communities. A rapidly evolving health system in Victoria presents many complex challenges that necessitate changes of direction to ensure compliance. Our staff and volunteers always rise to these challenges and we are privileged as an organisation to have such capable groups.

The health service system continues to respond to changes in policy, technology and workforce. The end goal is higher quality and safer services for our community. Timboon and District Healthcare Service is a vital community health service. As one of seven Multi-Purpose Health services (MPS) in Victoria, Timboon and District Healthcare Service was established in 1999 by both Commonwealth and State governments to provide a range of relevant services for its rural and remote community. The model itself was a positive initiative between governments that enabled rural communities around Australia to have access to a variety of services close to home. They were designed to give rural people access to low level acute services, residential and community aged care, community health and urgent care services. One of the great benefits of the model was to enable communities to have input into the services provided that reflected local needs. As such each of the Victorian MPS's differ slightly in their service profiles. The model itself is now approaching 20 plus years of operation and with major changes in health policy taking place, is in need of review to take our service forward in a sustainable approach. Together with the Victorian Healthcare Association and the Victorian MPS network we have engaged the Australian Health Policy Collaborative to undertake such a review and lay plans for our future development. We look forward to this project concluding in late 2017. Following this work the Board of Governance has determined to undertake a service planning project to support decision making in the provision of services into the next strategic planning window of 5-10 years.

Our Board of Governance is responsible for the governance of Timboon and District Healthcare Service. This includes:

- Clinical Governance;
- Strategic plan and directions;
- Service development;
- Overseeing finance and service performance;
- Risk management;
- Responding and adapting to challenges such as population growth and changing demographics; and
- Meeting the expectations regarding regulatory and government policy requirements and standards.

Board of Governance members are appointed by the Minister for Health and are responsible to the Minister for the corporate and clinical governance of Timboon and District Healthcare Service. This information is used to guide the Board's decision making. Our Board of Governance for the 2016/17 year was a group of nine members with five new members appointed, by the Minister for Health, the Hon Jill Hennessy MP, throughout the year. We welcomed Mr Bryce Morden, Mr Jason Chuck, Ms Wendy Cameron, Ms Glenda Stanislaw and Ms Sangita Waters. All these members provide vital links with our community and meet the prescribed skills, qualifications and experience required by government for appointment to a public sector Board to address the ever increasing complexity and issues associated with rural health services. We congratulate these members on their appointments and thank them and all Board of Governance members for their support and dedication to

Timboon and District Healthcare Service and the communities to which we provide services.

With the addition of new members we farewelled some much valued and experienced members as well. We acknowledge the wonderful contributions of Ms Margaret Bull and Ms Sangita Waters who have left during the year, in leading a skilled Board in navigating the complex pathway of a rural health service system and the increasing demands of being a Board of Governance member. The Board of Governance provides clear direction for the strategic directions of Timboon and District Healthcare Service and monitors the organisation's performance to ensure that we continue both appropriately and sustainably into the future. Our Board of Governance was led by Chair Josh McKenzie and supported by two Vice Chair positions John Renyard and Catherine Marr. Board of Governance members provide sound governance advice and decisive responses to the many challenges that face health services today.

Reflecting back over the last 12 months it is pleasing to see a number of our key projects for the year achieved. Much of the work has been involved in enhancing our internal systems and ensuring that we are compliant with our regulatory financial and clinical governance obligations. This has put in place the building blocks on which to build and develop our health service for the next decade. With a comprehensive and widely consultative planning project in the 2017/18 year our aim is to provide high quality, safe and relevant services locally whilst accessing more complex services in larger tertiary facilities in our region.

As a group, both Timboon and District Healthcare Service's Board of Governance and staff have developed a solid organisational foundation to construct the next phase of our development. The strategic plan that provides the guidance for the next three years is due for review in 2018. We will soon undertake the MPS and service planning reviews, which will provide the Board with the necessary information and evidence required for planning the next strategic plan for 2018-2021. It is our goal to develop a series of relevant high quality health and well-being programs that maximize our vision of enabling optimum health and wellness for our communities. The Board of Governance is committed to achieving these goals while maintaining a sustainable, independent and successful MPS that provides services within its scope as close to home as possible.

Our participation in a number of accreditation and audit processes, both external and internal, ensures that we continue to improve our service delivery and strive to achieve best practice outcomes. We received excellent results across all our audits both corporate and clinical. Our congratulations go to all the staff who managed this process with the skill and diligence required to achieve these excellent results for Timboon and District Healthcare Service. This, of course, is one aspect of a suite of quality assessments for health services. There are many others that are conducted on an internal basis that enable us to ensure our patients and clients are afforded the highest levels of quality health and community services. It is an area that requires continued attention and commitment.

As a health service organisation our staff are our strength and we must continue to invest in them so that we have a sustainable workforce into the future. We have developed a strong footprint in the training and development of our staff and are committed to investing in developing our culture. Our staff are continually embracing the challenge of new initiatives and striving to provide the best quality of care. Timboon and District Health Service continues to have the support of a well skilled medical, nursing, allied health and environmental workforce and we look forward to this continuing into the future.

We again continued to increase service provision in a financially sustainable manner during 2016/17. Providing health and well-being services to our communities is our main goal. Our aim is to achieve this whilst ensuring we achieve a break even or small surplus operating result. We have achieved this major objective in 2016/17. However, financial balance is becoming increasingly challenging with costs increasing across the board. Planning to keep Timboon and District Healthcare Service in a financial stable position is another reason to review, plan and develop our health service to meet the needs of our communities within the government policy.

We continue to work with our key stakeholders. It is vital to continue to build on these partnerships so we can provide a healthcare service that is meeting the community's expectations. We are supportive of the Corangamite Region Health Collaborative, the Polwarth Partnership, the Victorian MPS network and the Barwon South West CEO Council. We continue to examine partnerships that assist and support achieving our vision of 'enabling optimum health and wellness for our communities'. Communities health requirements change over periods of time and services that were suitable and appropriate for local populations 40 years ago may not be in the same demand in 2017 or through to 2025. Strategic planning therefore is a vital process for Boards of Governance to undertake methodically and using a strong evidence base. To ensure our continued commitment to our community's health requirements we will continue to monitor and examine our services to ensure we provide the best options to our communities. This will be based on State and Commonwealth Government's policy

directions as well as our communities needs and health status analysis. This will provide our pathway to the future services at Timboon and District Healthcare Service.

We are fortunate to have a very generous community and we are extremely grateful to those who support us through philanthropy, volunteering and membership. Our Timboon Opportunity Shop (TOPS) represents community development and fundraising at its best. It has such positive spin off for so many areas of the community. It generates assistance for younger and older families, redistributes consumer articles and raises some much needed cash for Timboon and District Healthcare Service. Our sincere thanks go to all those magnificent volunteers who give so much to support this healthcare service.

Fundraising for Timboon and District Healthcare Service continues to attract significant community support and this year has been no exception. The individual donors, the Timboon Cruisers with their cycle ride in the Murray to Moyne, Timboon Ritchies' IGA supermarket through their continued support with their Community Benefit card and, of course, our wonderful TOPS group, just to name a few. Our generous benefactors who have done so much to develop Timboon and District Healthcare Service over many years remain an inspiration to us all. Our volunteer base remains stable and demonstrates the devotion that so many in the community have for their healthcare service. This year's annual appeal was to raise funds for the purchase of hydraulic beds and other equipment as you will see detailed in this report.

The Board of Governance acknowledges the complex financial challenges that governments, as well as state and commonwealth services, face and the realisation that the health dollar needs to be efficiently managed. All the community donations and fund raisers are so very important for Timboon and District Healthcare Service to procure vital equipment and infrastructure to enable us to provide effective high quality services. We sincerely thank everyone for their tireless efforts which ensure that patients and staff are given the opportunity to use state-of-the-art equipment and facilities. We look forward to your ongoing support.

We continue to have strong relationships with our neighboring school, ambulance service, Men's Shed and Abbeyfield aged care units which all lead to a comprehensive and collaborative service profile for the Timboon and District communities.

We would like to recognise and thank all who have supported us including, our communities, board members, staff, medical officers, our partner organisations and volunteers in helping to provide quality healthcare. On behalf of the Board of Governance, we would like to extend our thanks to the State Department of Health and Human Services and the Commonwealth Department of Health for their continued support, planning and funding. We look forward to a continuation of productive partnerships.

We are looking forward to the years ahead where Timboon and District Healthcare Service can continue to provide leadership in the field of rural health service and support the improvement in the health status of its communities while recognising the important role local rural health services have in the overall health system.

Mr Josh McKenzie
Chair – Board of Governance
Timboon
31/07/2017

Mr Gerry Sheehan
Cheif Executive Officer
Timboon
31/07/2017

OUR SERVICES

Timboon and District Healthcare Service provides a variety of healthcare service programs. These include:

ACUTE SERVICES

Timboon and District Healthcare Service offers inpatient services to the community of Timboon and districts including - medical, minor surgical, endoscopy, palliative care, post-natal care, medical imaging (X-Ray) and pathology services.

Our acute services are supported by four (4) General Practitioners and a number of visiting/locum medical practitioners including General Practitioners, a General Surgeon and a Procedurals' Physician.

URGENT CARE AND AFTER HOURS MEDICAL TREATMENT

A nurse assessment (triage) led model supported by on-call medical staff delivers Urgent Care and After Hours (e.g. week nights and weekends) treatment for medical emergencies to the community.

AGED AND RESIDENTIAL CARE

Timboon and District Healthcare Service has four (4) Nursing Home (High Care) beds providing a home-like atmosphere with the security of assistance when required. Respite care is also available.

HOME BASED SERVICES

Also known as Commonwealth Home Support Program (CHSP) and Home and Community Care (HACC), these include Home Help, Personal Care, Garden Maintenance, Meals on Wheels, Social Support Groups and District Nursing. The services are provided to support and assist elderly people or younger people with disabilities living at home or in the community and their families.

Home based services also provide care and support to palliative clients and families.

COMMUNITY HEALTH SERVICES

Community Health Services help in many ways to manage and maintain good health and independence in the community. These programs focus on community wide health promoting activities to prevent the onset of health problems i.e., helping people to eat well, stay physically fit, and stay socially connected.

Services available include – physiotherapy, exercise programs, dietetics, speech pathology a community health nurse, diabetes education, podiatry, occupational therapy, health promotion and education, audiology, immunisation clinic, women's health and pap screening, ante natal and post-natal care and continence clinic.

ORAL HEALTH SERVICES

The dental clinic provides general oral health services, both public and private. The Royal Flying Doctor Service provided the public dental service in May and June 2017.

YEAR IN REVIEW

The Timboon and District Healthcare Service Strategic Plan 2015 - 2018 was approved by the Regional Director – Health, Barwon South West Region. The "Directions" column in the below schedule are the pillars in this Strategic Plan.

DIRECTIONS	ACTIONS	DELIVERABLES	OUTCOMES
Empower our communities to become avid health consumers responsible for their health and wellbeing needs	• Review the gap analysis of existing and future community engagement. • Continue a community health literacy program incorporating staff, volunteers and the broader community. • Establishment of a Community Advisory Committee. • Greater organisational/ volunteer collaboration. • Initiate world health organisation obesity approach for our community in collaboration with Deakin University.	• To enable our Community Advisory Committee to attend consumer focused forums. Actively promoted members to obtain further knowledge to achieve better outcomes. • Led by example by changing our staff menu; healthier options, removal of sugary drinks. • Enabling the volunteers to deliver best practice. • Community volunteer forums enabling feedback and information dissemination.	• Better understanding of the needs of our volunteers. • Safer working environments for volunteers; more efficient; structured approach to engagement of volunteers to deliver community services. • Enhance community input. • Better understanding of community feedback.
Leverage the flexibility of the multipurpose service (MPS) to align our services with emerging trends	• Structure services to ensure alignment with emerging trends and community priorities. • Develop formal health pathways in agreed specialised areas and identify and manage regional collaboration opportunities. • Review branding and positioning to reflect strategy and services.	• Royal Flying Doctors Service visit and the establishment of a visiting public dental service. • Introduction of music therapy. • Introduction of a Continence Nurse service. • Introduction of a Paediatric Occupational Therapist service. • Speech Therapist visiting Cobden and Simpson kinder. • Visit of Camperdown Mental Health Service (consult on site). • Community Transport review.	• Deliver quality services close to home. • Collaboration with other partners (shire, kindergartens). • Taking services to the community. • Enabling sustainable rural health services. • Aligning services to meet demand and government policy. • Improved health outcomes for our communities.

DIRECTIONS	ACTIONS	DELIVERABLES	OUTCOMES
Develop alliances and collaboration opportunities	Strengthen and participate actively in the following collaborative: • Deakin University Undergraduate students with SWTafe. • Heart of Corangamite. • Corangamite health collaborative (participating in allied health in consumer pathway project) • Health literacy project • Polwarth Partnership. • (PCP) Southwest Primary Care Partnership • Finance network. • MPS model review project. • VIC MPS network.	• Student placements. • We are leading alliances developed to enable best practice. • We are enabling our community to receive the best quality and effective services in response to their health requirements.	• More efficient clinical safety and quality safety. • Better system approach to make us a healthier community. • Strengthen services. • Provision of Paediatric Occupational Therapy with Otway Health to support local needs. • Allied Health services review and mentoring opportunities. • Collaborating with local primary health care organisations and Primary Health Networks
Operate safely and sustainably	• Added more rigor to our data to make it more robust; developed higher level of clinical governance reporting and data. • Implemented rigor and robust reviews across the organisation. • Consolidated the foundations of the organisation in line with contemporary standards and government policy.	• Changed subcommittee structure to align with Board. • Reviewed financial management systems. • Commenced reviewing Occupational Health and Safety systems. • Data integrity endorsed across the board. • Asset register redeveloped. • Attained accreditation against Quality of Care Standards for Commonwealth Home Support Program. • I-Procurement implementation.	• Ensuring high quality local clinical governance. • Ongoing monitoring via Clinical Governance Quality and Credentialing Committee. • Legislative compliance. • Achieve high standards across all key performance areas.
Embed a positive workplace culture that strengthens our capacity to enable, anticipate and heighten positive community outcomes	• Measure organisational culture. • Develop integrated Leadership, People and Culture plan. • Implement a range of programs for Executive, next level leaders and Board. • Leader management program attended by executive 4 days. • Middle Management group training.	• Use outcomes of culture measurement to inform specifics of People and Culture Plan to be developed in 2017/18. • Explore linkages to existing Department of Health and Human Services framework. • Remeasure and celebrate achievement. • Other training days by staff for teams. • Infection control (flu vaccination) targets achieved.	• Management and function leaders attend 4 day training program. • Kronos implementation. • Higher standards of management systems.

OUR PERFORMANCE PRIORITIES

SAFETY AND QUALITY PERFORMANCE

Key Performance Indicator	Target	Actual
Health Service Accreditation	Full Compliance	Full Compliance
Overall Compliance with Cleaning Standards	Full Compliance	Full Compliance
Very High Risk (Category A)	90%	100%
High Risk (Category B)	85%	99%
Moderate Risk (Category C)	85%	100%
VICNISS Data Compliance*	Full Compliance	Full Compliance
Compliance with the Hand Hygiene Australia Program	80%	89%
Percentage of Healthcare Workers Immunised for Influenza	75%	83%

*Victorian Healthcare Associated Infection Surveillance

PATIENT EXPERIENCE AND OUTCOMES

Key Performance Indicator	Target	Actual
Victorian Health Experience Survey - Data Submission	Full Compliance	Full-Compliance
Victorian Health Experience Survey - Patient Experience	95% Positive Experience	98.1%

GOVERNANCE, LEADERSHIP AND CULTURE PERFORMANCE

Key Performance Indicator	Target	Actual
People Matter Survey Patient Safety Culture	80%	93%

FINANCIAL SUSTAINABILITY PERFORMANCE

Key Performance Indicator	Target	Actual
Operating Result ($m)	0.000	0.220
Creditors avg. days	< 60 Days	38
Debtors avg. days	< 60 Days	70
Adjusted Current Asset Ratio	0.7	2.46
Days of Available Cash	14 Days	211

FUNDED FLEXIBLE AGED CARE PLACES

Campus	Number
Flexible High Care	4

UTILISATION OF FLEXIBLE AGED CARE PLACES

Campus	Number	Occupancy Level %
Flexible High Care	4	100%
Respite(MPS Tripartite Agreement allows for flexible beds)	2	135%

ACUTE CARE

Service	Type of activity	Actual Activity 2016-17
Medical inpatients	Bed days	1,511
Urgent care	Presentations	1,883
Radiology	Number of clients	368

PRIMARY HEALTH CARE

Service	Type of activity	Actual Activity 2016-17
Community Health Nursing	Hours of Service	271
Community Midwife	Hours of Service	305
Continence Services (commenced January 2017)	Hours of Service	31
Diabetes Education	Hours of Service	69
Dietetics	Hours of Service	192
Occupational Therapy	Hours of Service	129
Physiotherapy	Hours of Service	1,168
Podiatry	Hours of Service	120
Speech Pathology	Hours of Service	250

HOME AND COMMUNITY CARE

Key performance indicator	Target	2016-17 Result
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	No result; not enough surveys returned

Service	Type of activity	Actual Activity 2016-17
HACC Allied Health	Hours of Service	3,835
HACC Delivered Meals	Number of Meals	7,846
HACC Domestic Assistance	Hours of Service	4,966
HACC Personal Care	Hours of Service	1,865
HACC Respite	Hours of Service	528
HACC Property Maintenance	Hours of Service	1,166
Social Support Group	Hours of Service	7,135
Community Transport	Number of Occasions	487
HACC District Nursing	Hours of Service	2,625

VICTORIAN HEALTHCARE EXPERIENCE SURVEY REPORTING

Key performance indicator	Target	2016-17 Result
Victorian Healthcare Experience Survey – Data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	No result; not enough surveys returned
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	98.1% Achieved
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	No result; not enough surveys returned

OUR FINANCIAL RESULTS

5 YEAR FINANCIAL SUMMARY

	2017 $000	2016 $000	2015 $000	2014 $000	2013 $000
Total Revenue	7,196	7,103	7,006	6,883	7,387
Total Expenses	6,976	7,102	6,937	6,945	7,130
Net Result Before Capital and Specific Items (Operating Result)	220	1	69	(62)	257
Total Assets	17,607	17,611	17,688	17,670	17,526
Total Liabilities	2,557	2,304	1,714	1,290	1,450
Net Assets	15,050	15,307	15,974	16,381	16,076
Total Equity	15,050	15,307	15,974	16,381	16,076

CURRENT FINANCIAL YEAR REVIEW

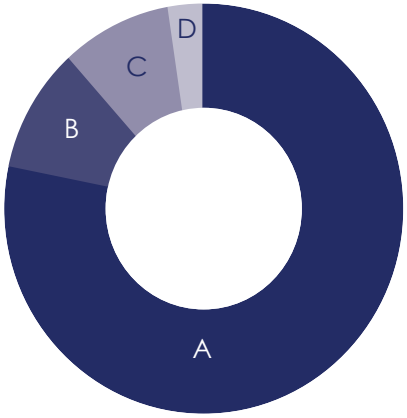
Timboon and District Healthcare Service ended the 2016-17 financial year in an operating surplus of $220,458, which equates to 3.1% of our revenue of $7.196 million. This was well ahead of the operating budget which was budgeted as a breakeven result. 60% of the operating profit was due to our joint venture share of the South West Alliance of Rural Health (SWARH), which has no cash effect and was unbudgeted. This result was an increase of $219,606 on last year's operating profit of $852.

The net result for the year was a loss of $257,819 compared to net loss of $666,196 in financial year 2015/16.

The current asset ratio at 30 June 2017 is 2.46. This ratio indicates that the organisation is in a healthy financial position, with adequate cash resources to meet liabilities as they fall due.

Operating revenue increased by 1.3% over the year from $7,102,910 to $7,196,247. Expenditure on employee expenses has increased by 0.8% from $4,789,495 to $4,827,931, despite an average increase of 4% across all EBAs. Other expenses have decreased by 7.1% from $2,312,563 to $2,147,858. These results reflect TDHS's concerted efforts to review and control expenditure.

Financial sustainability is a key risk to TDHS and we need to continue to deliver productivity and efficiency savings to meet community demand given tightening financial pressures nationwide.



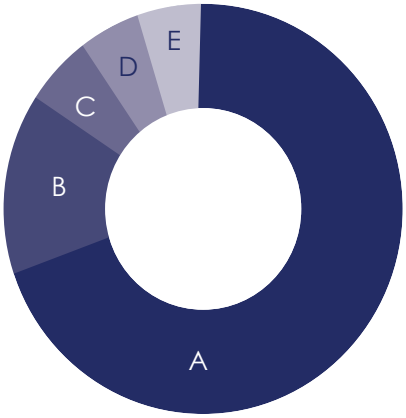
WHERE OUR MONEY COMES FROM

A: Government Grants $5,609,315 (78%)

B: South West Alliance of Rural Health $762,308 (11%)

C: Patient & Resident Fees $559,964 (8%)

D: Other Revenue for Operating Activities $228,316 (3%)



WHERE OUR MONEY GOES (by expense type)

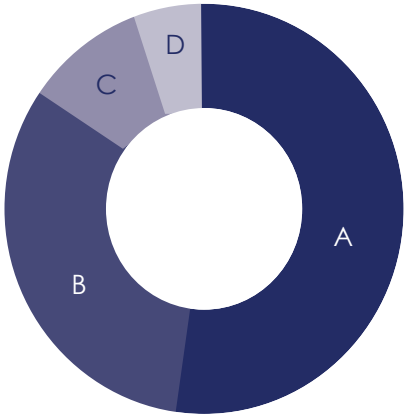
A: Employee Expenses $4,827,931 (69%)

B: Administration Expenses $1,082,311 (16%)

C: Supplies & Consumables $385,869 (6%)

D: Non Salary Labour Costs $380,090 (5%)

E: Other Expenses $299,588 (4%)



WHERE OUR MONEY GOES (by service type)

A: Admitted Patients $3,656,526 (52%)

B: Community Care $2,253,257 (32%)

C: Community Health $682,666 (10%)

D: Other $383,340 (6%)

$6.156 M – TOTAL BUDGET 2016/17

$0.019M – RUNNING COST PER DAY

$4.828 M – EMPLOYEE COSTS IN 2016/17

$12.694 M – PROPERTY, PLANT & EQUIPMENT

OUR PEOPLE

Our retention rate is
88%

14
new employees joined our workforce

83%
of our employees have had a formal performance review; up from 45% in previous year.

Overall job satisfaction
83%

93% of our workforce believe that Timboon and District Healthcare Service provides high quality service to Victorian community

76% of our workforce recommend Timboon and District Healthcare Service as a good place to work

Average tenure of our employees is
8 years

90%
of our workforce is female

78%
of our workforce believe that we are an equal opportunity employer

0% of occupational violence incidents that resulted in staff injury, illness or condition reported in 2016-17

77%
of our workforce feel a strong personal attachment to Timboon and District Healthcare Service

97 employees
and 96
volunteers form part of our workforce

91%
of our people work part time or casual, supported by a flexible working arrangement

67%
of our workforce participated in the People Matter Survey conducted in May 2017

LONG SERVICE AWARDS 2016/17

- Fiona Hanel 10 years
- Julia Gale 15 years
- Lesley Henriksen 15 years
- Tricia Klemm 20 years
- Heather Power 20 years
- Corry Kerr 40 years

OUR WORKPLACE

SAFETY AND QUALITY

Timboon and District Healthcare Service is committed to a philosophy of continuous quality improvement that integrates evidence based best practice elements and quality improvement methods in order to establish sustainable systems, processes and behaviours necessary to maintain high standards and to promote the pursuit of excellence.

PEOPLE AND CULTURE

The Executive team underwent significant changes in 2015/2016, resulting in a new focus during this last year, which included bringing the new leadership team together. Emphasis involved individual development, team effectiveness and strategies to measure and improve our organisational culture (including participation in the People Matter Survey). Ongoing work continued with the next line of management during the year, with the view to continually strengthen our operational and strategic leadership at the same time.

ONLINE EDUCATION

Timboon and District Healthcare Service joined a regional project to implement a new Learning Management System (LMS) in 2016, offering a more engaging user experience. The LMS is now updated for 2017 and a staff education matrix is under development. This has offered great opportunities for collaboration and learning with other health services through a regional Education Working Group.

OCCUPATIONAL HEALTH AND SAFETY

Timboon and District Healthcare Service is committed to fostering a positive safety culture where the inherent risks and hazards in healthcare are eliminated, minimised and controlled through the involvement and commitment of all employees, volunteers, contractors and other persons visiting workplaces under its control.

Timboon and District Healthcare Service is divided into eight designated workgroups (DWG) with each DWG having staff representation on the Timboon District Healthcare Service Occupational Health and Safety Committee. The Committees function is to flag potential organisational risks and hazards, be a forum for staff safety issues and a mechanism for staff to have input into our Occupational Health &Safety policy and procedures.

In addition to our risk management software system (Riskman) Timboon and District Healthcare Service regularly reviews our Occupational Health & Safety policies and procedures, and conducts safety audits to ensure a safe workplace and maintain best practice in the area. Our staff are also trained in Occupational Health & Safety theory and practice as part of the induction process as well as annually, as part of our mandatory training schedule.

EQUAL EMPLOYMENT OPPORTUNITY

Timboon and District Healthcare Service is committed to providing a workplace environment that ensures compliance with the merit and equity principles in accordance with Equal Opportunity legislation for fair and equal work opportunities. Equal employment opportunity principles are included as standard practice for recruitment, training and promotion opportunities at Timboon and District Healthcare Service.

OUR GOVERNANCE

HEALTHCARE SERVICE GOVERNANCE

The activities of Timboon and District Healthcare Service are directed through a three year tripartite funding agreement negotiated between The Department of Social Services, The Department of Health and Human Services and the Board of Governance.

RESPONSIBLE MINISTERS

Australian Government
Hon Greg Hunt MP - Minister for Health and Minister for Sport
Hon Ken Wyatt AM MP – Minister for Aged Care and Minister for Indigenous Health
Hon Dr David Gillespie MP – Assistant Minister for Health

Victorian Government
Hon Jill Hennessy MP: Minister for Health and Minister for Ambulance Services
Hon Martin Foley MP: Minister for Mental Health and Minister for Housing, Disability and Ageing
Hon Jenny Mikakos MP: Minister for Families and Children and Minister for Youth Affairs

LEGAL AUTHORITY

Timboon and District Healthcare Service was gazetted as a Multipurpose Health Service in March 1998 under the Victorian Health Services Act 1988 and operates under the provisions of the Act. Also, as a Multipurpose Health Service, Timboon and District Healthcare Service is jointly administered under this Act and also under the provisions of the Australian Government's Aged Care Act.

BOARD OF GOVERNANCE

As at 30 June 2017

PRESIDENT
Josh McKenzie
First appointed: 01.11.2004
Current term of appointment:
01.07.2014 – 30.06.2017

VICE PRESIDENT
John Renyard
First appointed: 01.07.2009
Current term of appointment:
01.07.2013 - 30.06.2017
Chair Audit Committee

VICE PRESIDENT
Catherine Marr
First appointed: 01.11.2001
Current term of appointment:
01.07.2014 - 30.06.2017
Chair Clinical Governance Quality and Credentialing Committee

BOARD MEMBERS
Bryce Morden
First appointed: 01.07.2016
Current term of appointment:
01.07.2016 - 30.06.2019

Jason Chuck
First appointed: 01.07.2016
Current term of appointment:
01.07.2016 - 30.06.2018

Wendy Cameron
First appointed: 01.07.2016
Current term of appointment:
01.07.2016 - 30.06.2019

Glenda Stanislaw
First appointed: 26.07.2016
Current term of appointment:
26.07.2016 - 30.06.2018

RETIRING
Catherine Marr
First appointed: 01.11.2001
Current term of appointment:
01.07.2014 - 30.06.2017
Chair Clinical Governance Quality and Credentialing Committee

RESIGNATIONS
Margaret Bull
First appointed 01.11.2006
Ms Bull resigned: 23.02.2017

Ms Sangita Waters
First appointed 01.07.2016
Ms Waters resigned: 01.02.2017

PECUNIARY / CONFLICT OF INTEREST

There were no instances where Members of the Board of Governance at Timboon and District Healthcare Service declared a pecuniary interest and withdrew from necessary proceedings.

OUR GOVERNANCE

COMMITTEE STRUCTURE

The Board of Governance has established a committee structure with terms of references to assist in meeting its obligations.

Board Sub Committee	Purpose	Membership
Finance, Risk and Audit Committee	Monitors and oversees the financial performance and reporting processes; compliance with the Financial Management Act; the internal and external audit programs; and oversees the risk management program. This committee meets at least four times a year and its membership includes one community representative.	John Renyard (Chair) Josh McKenzie (ex-officio) Glenda Stanislaw Jason Chuck Wendy Cameron Cassandra Lucas (Consumer Representative- resigned 17.08.16) Matt Hoffman (Consumer Representative – commenced 21.11.2016)
Clinical Governance, Quality and Credentialing Committee (CGQC)	Monitors compliance to external and internal audit processes. The CGQC meets on a bi-monthly basis; its membership currently includes three community representatives. For effective and comprehensive monitoring of clinical governance, quality and credentialing at Timboon and District Healthcare Service, the CGQL receives regular reports from the following committees: • Patient Safety and Quality Committee • Medical Consultative Committee • Community Health Committee	Catherine Marr (Chair) Josh McKenzie (ex-officio) Bryce Morden Marg Bull (resigned 23.02.2017) Sangita Waters (resigned 01.02.2017) Kate Healy (Consumer Representative – resigned 22.08.2016) Kate Makin Sharon Gaut
Nomination and Remuneration Committee	Appraises and reviews the Chief Executive Officer's performance regularly in line with contracted key performance indicators.	John Renyard (Chair) Catherine Marr Josh McKenzie
Community Advisory Committee (CAC)	Provides strategic advice from a consumer, carer and community perspective to ensure THDS hear directly from, and works in partnership with, the communities it serves.	John Wilson (Chair) Erica Elliot Donna Ellis Sean Fitzpatrick Terry O'Connor Ray Smith

EXECUTIVE TEAM

Timboon and District Healthcare Service Executive team reports to and supports the Chief Executive Officer in evaluation of operational accountability and the delivery of healthcare services. The Executive team meets monthly to ensure effective management and achievement of Timboon and District Healthcare Service performance and service targets in safety and quality, risk management, governance, human resources, finance and performance, and professional activity.

CHIEF EXECUTIVE OFFICER

Gerry Sheehan (from June 2014)
Qualifications:
Dip Nursing, GDipHealthAdmin, MBA, MACHSM, MICF.
The Chief Executive Officer is directly responsible to the Board of Governance for the overall management and financial accountability.

ACTING EXECUTIVE OFFICER

Kim White (11/07/2016–28/02/2017)
Qualifications:
BN, GDipHealthScience, MBA, GCert in Leadership and Catholic Culture.

GENERAL MANAGER HEALTH SERVICES

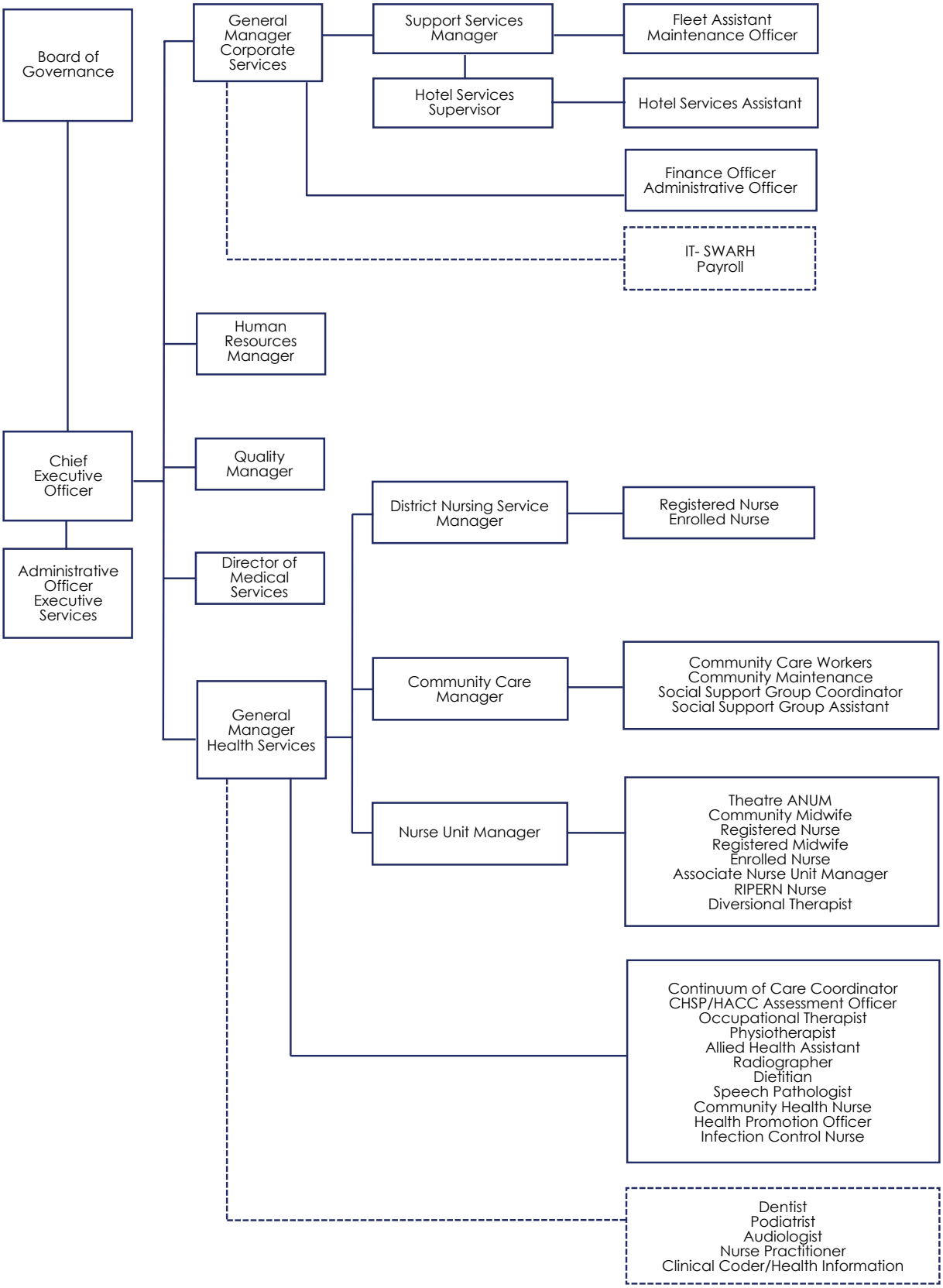
Kim White (from Nov 2015)
Qualifications:
See section Acting Executive Officer above.
The General Manager Health Services is responsible for leading the Nursing, Community Health and Home Care services team to ensure a culture of patient centred care, that is individualised, safe and responsive and is responsible for the implementation and monitoring of the Clinical Governance Framework.

GENERAL MANAGER CORPORATE SERVICES

Nancy Johnson (from Mar 2016)
Qualifications:
BCom, BIntBus, CPA, GDipEdu.
The General Manager Corporate Services is responsible for managing Administration, Hotel Services, Finance, Maintenance, Occupational Health & Safety, Risk Management, Compliance, Payroll and Information Technology.

OUR GOVERNANCE

ORGANISATIONAL STRUCTURE



OUR GENEROUS COMMUNITY

OUR VOLUNTEERS

Our volunteers form an integral part of the services we provide and they support our paid workforce in providing improved outcomes for our residents and clients as well as sharing skills gained over a lifetime of experience. Our aim at Timboon and District Healthcare Service is to ensure that each person is treated with respect and that we have in place policies and procedures to protect our workforce. We are extremely proud of all our volunteers and very grateful to the valuable contributions they make to Timboon and District Healthcare Service.

We would like to thank each individual volunteer (past and present) and their families for their valuable time and efforts they have contributed to support Timboon and District Healthcare service.

DONATIONS IN 2016/17

Timboon Opportunity Shop (TOPS)	$30,741.74
Annual Appeal	$16,159.70
Donations and Bequests	$8,831.44
Total	**$55,732.88**

Equipment purchased during 2016/17 funded through donations

4 Beds for Inpatients and Residents	$19,754
2 Theatre Trolleys	$10,090
Shower Chair	$10,852
Sling Hoist	$4,415
Kitchen Oven	$19,925
Total	**$65,036**

OUR DONORS

We express our sincere thanks to all our donors. Every contribution, large and small, is important to us as it represents your support for what we are aiming to achieve.

To respect the privacy of our donors, contributions are not stated in this annual report individually, but the generosity of our local communities is greatly appreciated and we extend a very sincere and warm thank you for the continued support from individuals and local groups and organisations. All community donations and fundraisers are extremely important for enabling Timboon and District Healthcare Service to procure vital equipment and infrastructure that enables us to sustain high quality service provision and optimum health and wellness for our communities. Funds raised in the 2016/17 Annual Appeal assisted in purchasing new hydraulic, electronically programmable beds for our Acute patients and Aged Care residents. As at 30 June 2017, Annual Appeal donations totalled $16,160.

VALE

In tribute, Timboon and District Healthcare Service extends our sincere condolences to the families and friends of the following Life Governors who passed away during the course of the reporting period:

- Jessie Lynette (Lyn) Giblett
  23 April 1936 – 18 March 2017
- Margaret Mary Coe
  19 December 1917 – 27 December 2016

OUR LIFE GOVERNORS

A Life Governor is an award bestowed by the Board of Governance on those members of the community who have made a valuable and significant contribution to Timboon and District Healthcare Service in a voluntary capacity over a period of time.

Mrs. H. Bullen
Ms. J. Burkhalter
Mrs. P. Couch
Mrs. J. Duro
Mr. A. Felmingham
Mrs. E. Finch
Mrs. E. Finnigan
Mr. N. Finnigan
Miss B. Fraser
Mrs. H. Herrin
Dr. D. Jackson
Mrs. N. Joiner
Mr. K. Jepson
Mrs. P. Lawson
Mrs. Y. Lawson
Mrs M. McKenzie
Miss R. McMeel
Mr. R. McVilly
Mrs. H. Morris
Mrs. B. Newey
Mrs. B. O'Brien
Mrs. E. Padbury
Mrs. S. Phillips
Mrs. K. Robbins
Mrs. E. Rundle
Mr. K. Serong
Mrs. M. Serong
Mrs. V. Sharp
Mrs. M. Symons
Mrs. D. Taylor
Mrs. J. Toller-Bond
Mr. D. Trigg
Mr. J.A. Vogels MP

Timboon and District Healthcare Service

FINANCIAL STATEMENTS

Timboon and District Healthcare Service

BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND

CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for Timboon and District Healthcare 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 2017 and the financial position of Timboon and District Healthcare Service at 30 June 2017.

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

We authorise the attached financial statements for issue on this day.

Josh McKenzie	Gerry Sheehan	Nancy Johnson
Chair Board of Governance	Chief Executive Officer	Chief Finance & Accounting Officer
17/08/2017	17/08/2017	17/08/2017

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Timboon and District Healthcare Services

Opinion	I have audited the financial report of Timboon and District Healthcare Services (the health service) which comprises the: • balance sheet as at 30 June 2017 • 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 a summary of significant accounting policies • Board member's, accountable officers 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 2017 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. My responsibilities under the Act are further described 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 Australia. 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, 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 our 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
21 August 2017

Ron Mak
as delegate for the Auditor-General of Victoria

TIMBOON AND DISTRICT HEALTHCARE SERVICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue from Operating Activities	2.1	7,159,903	7,102,890
Revenue from Non Operating Activities	2.1	36,344	20
Employee Expenses	3.1	(4,827,931)	(4,789,495)
Non Salary Labour Costs	3.1	(380,090)	(337,876)
Supplies and Consumables	3.1	(385,869)	(416,665)
Other Expenses	3.1	(1,381,899)	(1,558,022)
Net Result Before Capital and Specific Items		220,458	852
Capital Purpose Income	2.1	277,082	129,018
Depreciation	4.4	(789,939)	(813,015)
Expenditure for Capital Purposes	3.1	(10,860)	0
Finance Costs	3.3	(26,951)	(13,141)
Share of Net Result of Associates and Joint Ventures Accounted for using the Equity Model	4.2	74,968	50,406
Net Result after Capital and Specific Items		(255,242)	(645,880)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	7.2	(3,836)	(6,668)
Revaluation of Long Service Leave	3.1,3.4	1,259	(13,648)
Total other economic flows included in net result		(2,577)	(20,316)
NET RESULT FOR THE YEAR		(257,819)	(666,196)
COMPREHENSIVE RESULT FOR THE YEAR		**(257,819)**	**(666,196)**

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

TIMBOON AND DISTRICT HEALTHCARE SERVICE
BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
Current Assets			
Cash and Cash Equivalents	6.2	927,337	439,535
Receivables	5.1	769,893	751,461
Investments & other Financial Assets	4.1	2,835,566	2,816,940
Inventories	5.2	614	2,274
Prepayments and Other Assets	5.3	74,357	86,024
Total Current Assets		4,607,767	4,096,234
Non-Current Assets			
Receivables	5.1	227,633	177,405
Investments Accounted for Using the Equity Method	4.2	76,712	67,744
Property, Plant and Equipment	4.3	12,694,407	13,270,109
Total Non-Current Assets		12,998,752	13,515,258
TOTAL ASSETS		17,606,519	17,611,492
Current Liabilities			
Payables	5.4	1,075,663	742,977
Borrowings	6.1	87,073	96,715
Provisions	3.4	1,153,514	1,191,192
Total Current Liabilities		2,316,250	2,030,884
Non-Current Liabilities			
Borrowings	6.1	105,613	131,656
Provisions	3.4	135,071	141,548
Total Non-Current Liabilities		240,684	273,204
TOTAL LIABILITIES		2,556,934	2,304,088
NET ASSETS		15,049,585	15,307,404
EQUITY			
Property, Plant and Equipment Revaluation Surplus	8.1a	5,500,097	5,500,097
Contributed Capital	8.1b	4,610,700	4,610,700
Accumulated Surpluses/(Deficits)	8.1c	4,938,788	5,196,607
TOTAL EQUITY	8.1	15,049,585	15,307,404
Commitments	6.3		
Contingent Assets and Contingent Liabilities	7.3		

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

TIMBOON AND DISTRICT HEALTHCARE SERVICE
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
		$	$	$	$
Balance at 1 July 2015		5,500,097	4,610,700	5,862,803	15,973,600
Net result for the year	8.1c	0	0	(666,196)	(666,196)
Other Comprehensive income for the year		0	0	0	0
Balance at 30 June 2016		**5,500,097**	**4,610,700**	**5,196,607**	**15,307,404**
Net result for the year	8.1c	0	0	(257,819)	(257,819)
Other Comprehensive income for the year		0	0	0	0
Balance at 30 June 2017		**5,500,097**	**4,610,700**	**4,938,788**	**15,049,585**

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

TIMBOON AND DISTRICT HEALTHCARE SERVICE
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $ Inflows / (Outflows)	2016 $ Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		5,726,061	5,420,952
Capital Grants from Government		141,595	64,412
Patient and Resident Fees Received		626,147	589,524
Dividends Received from Associates		66,000	70,001
Donations and Bequests Received		36,344	22,319
GST (Paid to)/received from ATO		(1,302)	(7,443)
Interest Received		56,175	119,505
Other Receipts		880,632	578,025
Total Receipts		***7,531,652***	***6,857,295***
Employee Expenses Paid		(4,832,231)	(4,657,460)
Non Salary Labour Costs		(380,090)	(354,564)
Payments for Supplies and Consumables		(385,869)	(410,438)
Finance Costs		(26,951)	(13,141)
Other payments		(1,146,325)	(1,129,425)
Total Payments		***(6,771,466)***	***(6,565,028)***
NET CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES	8.2	760,186	292,267
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(238,234)	(352,768)
Recognition of Cash from SWARH		0	63,842
Proceeds from sale of Non-Financial Assets		20,161	26,364
Proceeds from/(Purchase of) Investments		(18,626)	(816,940)
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES		(236,699)	(1,079,502)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(35,685)	(5,020)
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES		(35,685)	(5,020)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		487,802	(792,255)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		439,535	1,231,790
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	927,337	439,535

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

BASIS OF PRESENTATION

These financial statements are presented 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 the preparation of 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 (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.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Timboon and District Healthcare Service (ABN 44 836 142 460) for the period ended 30 June 2017. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Timboon and District Healthcare Service on 31st July, 2017

(b) Reporting Entity

The financial statements includes all the controlled activities of Timboon and District Healthcare Service.

Its principal address is:
21 Hospital Road
Timboon Vic 3268

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

Objectives and funding

Timboon and District Healthcare Service's overall objective is to be a leader in rural healthcare, providing a consumer-centred, multi-disciplinary service responding to the needs of the community, as well as improve the quality of life to Victorians.

Timboon and District Healthcare Service is predominantly funded by accrual based grant funding for the provision of outputs.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 set out below have been applied in preparing the financial statements for the year ended 30 June 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

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

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

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

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

• Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being for their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;

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

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

(d) Principles of Consolidation

Intersegment Transactions

Transactions between segments within Timboon and District Healthcare Service have been eliminated to reflect the extent of Timboon and District Healthcare Service's operations as a group.

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

The hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable the hospital to fulfil its objective it receives income based on parliamentary appropriations. The hospital 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 2017 $	Aged Care 2017 $	Primary Health 2017 $	Other 2017 $	TOTAL 2017 $
Government Grants	3,216,271	1,803,121	494,799	95,124	5,609,315
Indirect Contributions by Department of Health and Human Services	13,606	24,377	13,606	5,102	56,691
Patient and Resident Fees	257,775	305,555	(3,475)	109	559,964
Interest and Dividends	2,252	4,034	2,252	844	9,382
Catering	0	0	0	11,645	11,645
Diagnostic Imaging	0	0	0	25,452	25,452
South West Alliance of Rural Health	0	0	0	762,308	762,308
Property Income	0	0	0	45,295	45,295
Other Revenue from Operating Activities	20,170	13,990	38,434	7,257	79,851
Total Revenue from Operating Activities	3,510,074	2,151,077	545,616	953,136	7,159,903
Donations and Bequests (non capital)	0	0	0	36,344	36,344
Total Revenue from Non-Operating Activities	0	0	0	36,344	36,344
Capital Purpose Income (excluding interest)	0	0	0	62,964	62,964
Capital Grants	0	0	0	141,595	141,595
Capital Interest	0	0	0	72,523	72,523
Total Capital Purpose Income	0	0	0	277,082	277,082
Net gain/(loss) on non-financial assets	0	0	0	(3,836)	(3,836)
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Model (refer note 4.2)	0	0	0	74,968	74,968
TOTAL REVENUE	3,510,074	2,151,077	545,616	1,341,530	7,548,297

NOTE 2.1: ANALYSIS OF REVENUE BY SOURCE (Continued)	Admitted Patients 2016 $	Residential Aged Care 2016 $	Aged Care 2016 $	Primary Health 2016 $	Other 2016 $	TOTAL 2016 $
Government Grants	3,619,391	266,938	780,703	806,420	0	5,473,452
Indirect Contributions by Department of Health and Human Services	(52,743)	0	264	215	0	(52,264)
Patient and Resident Fees	224,863	119,246	167,020	133,736	0	644,865
Interest and Dividends	58,022	0	1,517	1,232	0	60,771
Catering	0	0	0	0	14,784	14,784
Diagnostic Imaging	0	0	0	0	33,002	33,002
South West Alliance of Rural Health	0	0	0	0	709,358	709,358
Property Income	0	0	0	0	34,590	34,590
Other Revenue from Operating Activities	27,295	13	64,282	56,588	36,154	184,332
Total Revenue from Operating Activities	3,876,828	386,197	1,013,786	998,191	827,888	7,102,890
Donations and Bequests (non capital)	0	0	20	0	0	20
Total Revenue from Non-Operating Activities	0	0	20	0	0	20
Capital Purpose Income (excluding interest)	0	0	0	0	96,008	96,008
Capital Interest	0	0	0	0	26,342	26,342
Total Capital Purpose Income	0	0	0	0	122,350	122,350
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Model (refer note 4.2)	0	0	0	0	50,406	50,406
TOTAL REVENUE	3,876,828	386,197	1,013,806	998,191	1,000,644	7,275,666

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

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 Timboon and District Healthcare 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.

NOTE 2.1: ANALYSIS OF REVENUE BY SOURCE (Continued)

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 Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017.

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as provision of meals to external users is recognised at the time the invoices are raised.

Donations and Other Bequests

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

Sale of investments

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

Other Income

Other income includes recoveries, sundry sales and minor facility charges.

Category Groups

Timboon and District Healthcare 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 patients services, where services are delivered in public hospitals.

- **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.

- **Primary, Community and Dental Health** comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

- **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 not reported elsewhere - (Other)** comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

NOTE 3: THE COST OF DELIVERING SERVICES

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision 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 Finance Costs
3.4 Provisions
3.5 Superannuation

NOTE 3.1: ANALYSIS OF EXPENSE BY SOURCE	Admitted Patients 2017 $	Aged Care 2017 $	Primary Health 2017 $	Other 2017 $	TOTAL 2017 $
Employee Expenses	2,641,995	1,595,638	415,274	175,024	4,827,931
Other Operating Expenses					
Non Salary Labour Costs	294,055	52,569	29,543	3,923	380,090
Supplies and Consumables	222,741	109,206	12,090	41,832	385,869
Administration Expenses	325,770	450,216	205,557	100,768	1,082,311
Other Expenses	171,965	45,628	20,202	61,793	299,588
Total Expenditure from Operating Activities	3,656,526	2,253,257	682,666	383,340	6,975,789
Expenditure for Capital Purposes	0	0	0	10,860	10,860
Depreciation (refer note 4.4)	0	0	0	789,939	789,939
Finance Costs (refer note 3.3)	0	0	0	26,951	26,951
Total Other Expenses	0	0	0	827,750	827,750
TOTAL EXPENSES	3,656,526	2,253,257	682,666	1,211,090	7,803,539

	Admitted Patients 2016 $	Residential Aged Care 2016 $	Aged Care 2016 $	Primary Health 2016 $	Other 2016 $	TOTAL 2016 $
Employee Expenses	2,618,150	66,660	1,342,844	762,322	13,167	4,803,143
Other Operating Expenses						
Non Salary Labour Costs	297,733	0	27,006	12,372	765	337,876
Supplies and Consumables	225,677	758	69,641	96,477	24,112	416,665
Administration Expenses	673,220	143,183	212,248	93,431	10,319	1,132,401
Other Expenses	261,407	9,713	73,306	52,597	28,598	425,621
Total Expenditure from Operating Activities	4,076,187	220,314	1,725,045	1,017,199	76,961	7,115,706
Expenditure for Capital Purposes	0	0	0	0	20,814	20,814
Depreciation (refer note 4.4)	0	0	0	0	792,201	792,201
Finance Costs (refer note 3.3)	0	0	0	0	13,141	13,141
Total Other Expenses	0	0	0	0	826,156	826,156
TOTAL EXPENSES	4,076,187	220,314	1,725,045	1,017,199	903,117	7,941,862

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

Cost of goods sold
Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

NOTE 3.1: ANALYSIS OF EXPENSE BY SOURCE (Continued)

Employee expenses

Employee expenses include:

- Wages and salaries;
- Fringe Benefits Tax;
- Leave Entitlements;
- Termination Payments;
- Workcover Premiums; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Grants and Other Transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They 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 service 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 expenses when distributed.

Bad and Doubtful Debts

Refer to Note 4.1 *Investments and other financial assets.*

Fair value of assets, services and resources provided free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at it's carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Other comprehensive income

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

Net Gain / (Loss) on Non-Financial Assets

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

Net gain/(loss) on disposal of Non-Financial Assets

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

Revaluations of financial instrument at fair value

Refer to Note 7.1 *Financial instruments.*

Other gains/(losses) from other economic flows

Other gains/(losses) include:

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

NOTE 3.1: ANALYSIS OF EXPENSE BY SOURCE (Continued)

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 expense in the consolidated comprehensive operating statement.

NOTE 3.2: ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	2017	2016	2017	2016
	$	$	$	$
Catering Services	51,486	26,370	11,645	14,784
Radiology	96,455	2,663	25,452	33,002
Opportunity Shop	5,602	5,337	36,344	34,143
Other Commercial Activities	129,292	42,591	56,527	36,601
TOTAL	282,835	76,961	129,968	118,530

NOTE 3.3: FINANCE COSTS

	2017	2016
	$	$
Finance Charges on Finance Leases	26,951	13,141
TOTAL FINANCE COSTS	26,951	13,141

Finance costs are recognised as expenses in the period in which they are incurred.

Finance costs include finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET	2017	2016
Current Provisions	$	$
Employee Benefits (i)		
Accrued Wages, ADO & Annual Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	426,921	626,403
- unconditional and expected to be settled wholly after 12 months (iii)	70,000	0
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	60,000	60,000
- unconditional and expected to be settled wholly after 12 months (iii)	493,015	378,749
	1,049,936	1,065,152
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled wholly within 12 months (ii)	41,517	85,800
- unconditional and expected to be settled wholly after 12 months (iii)	62,060	40,240
	103,577	126,040
Total Current Provisions	1,153,513	1,191,192
Non-Current Provisions		
Employee Benefits (i)	121,154	127,054
Provisions related to employee benefit on-costs	13,917	14,494
Total Non-Current Provisions	135,071	141,548
Total Provisions	1,288,584	1,332,740
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Employee Entitlements - South West Alliance of Rural Health	56,533	56,836
Unconditional Long Service Leave Entitlements	558,542	493,593
Annual Leave Entitlements	376,612	363,564
Accrued Salaries and Wages	158,872	275,037
Accrued Days Off	2,955	2,162
	1,153,514	1,191,192
Non-Current Employee Benefits		
Employee Entitlements - South West Alliance of Rural Health	9,819	11,100
Conditional Long Service Leave Entitlements (present value)	125,252	130,448
	135,071	141,548
Total Employee Benefits and Related On-Costs	1,288,585	1,332,740

Notes:
(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal amounts
(iii) The amounts disclosed are discounted to present values

Movements in Provisions

Movement in Long Service Leave		
Balance at start of year	624,041	623,460
Provision made during the year		
- Revaluations	(1,259)	13,648
- Expense Recognising Employee Service	125,944	24,946
Settlement made during the year	(64,932)	(38,013)
Balance at end of year	683,794	624,041

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 provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET (Continued)

Employee benefits

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

Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

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

Long Service Leave (LSL)

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service does not expect to settle the liability within 12 months because it will not have 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; or
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

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

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

Termination benefits

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

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

On-Costs related to employee expense

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

NOTE 3.5: SUPERANNUATION

Fund		Paid Contributions for the year		Outstanding Contributions at Year End	
		2017 $	**2016 $**	**2017 $**	**2016 $**
Defined Benefit Plans:	Health Super	126	15,691	0	0
Defined Contribution Plans:	Health Super	320,443	298,819	31,504	30,353
	HESTA	63,322	40,410	0	0

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

The Health Service does not recognise any defined benefit liability in respect of the plan(s) because the entity 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 tis 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 expense in relation to the major employee superannuation funds and contributions made by the Health Services are as follows:

NOTE 3.5: SUPERANNUATION (Continued)

Defined contribution superannuation plans

In relation to defined contributions (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 defined contribution superannuation plans are expensed when incurred.

Defined benefit superannuation plans

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

Employees of Timboon and District Healthcare Service are entitled to receive superannuation benefits and Timboon and District Healthcare Service contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by Timboon and District Healthcare Service are disclosed in Note 3.4: Superannuation.

Superannuation Liabilities

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

NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

The hospital 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

NOTE 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS	Capital		Total	
	2017	2016	2017	2016
CURRENT	$	$	$	$
Loans and Receivables				
Term Deposit				
Aust. Dollar Term deposits > 3 Months (i)	2,835,566	2,816,940	2,835,566	2,816,940
TOTAL CURRENT OTHER FINANCIAL ASSETS	2,835,566	2,816,940	2,835,566	2,816,940
Represented by:				
Health Service Investments	2,835,566	2,816,940	2,835,566	2,816,940
TOTAL	2,835,566	2,816,940	2,835,566	2,816,940

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

(a) Ageing analysis of other financial assets
Please refer to note 7.1 for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets
Please refer to note 7.1 for the nature and extent of credit risk arising from other financial assets.

Investments and Other Financial Assets
Hospital investments must be in accordance in Standing Direction 3.7.2 – Treasury and Investment Risk Management. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:
- held to maturity
- loans and receivables

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

Timboon and District Healthcare Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

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

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

Impairment of Financial Assets
At the end of each reporting period, the Department 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.

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 in the net result.

NOTE 4.2: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

			Ownership Interest		Published Fair Value	
Name of Entity	Principal Activity	Country of Incorp'n	2017 %	2016 %	2017 $	2016 $
Associates						
Timboon Medical Clinic	Medical Services	Australia	50%	50%	76,712	67,744

Summarised financial information in respect of the agency's material associate and joint venture is set below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASB's, adjusted by the agency for equity accounting purposes.

Table 4.2.1: Summarised Financial Information for the Associate

	2017	2016
Summarised Balance Sheet:	$	$
Current Assets	267,746	240,896
Non-Current Assets	0	0
Total Assets	267,746	240,896
Current Liabilities	114,322	105,408
Total Liabilities	114,322	105,408
Net Assets	153,424	135,488
Share of Joint Venture Net Assets	76,712	67,744
Summarised Operating Statement:		
Total income from transaction	1,373,816	1,301,920
Net Result from Continuing Operation	149,937	131,089
Net result from discounting operation	0	0
Net Result	149,937	131,089
Other comprehensive income	0	0
Total Comprehensive Income	0	0
Share of Associates' Result After Income tax Dividends received from associates.	74,968	50,406
Share of Joint Venture's Other Comprehensive Income	0	0
Dividends received from Associates	66,000	70,000

Movements in carrying amount of interests in the Joint Venture

	2017	2016
	$	$
Carrying amount at the beginning of the year	67,744	87,338
Share of the joint venture's net result after tax	74,968	50,406
Share of the joint venture's other comprehensive income	-	-
Dividends received/receivable from the joint venture	(66,000)	(70,000)
Carrying amount at the end of the year	**76,712**	**67,744**

NOTE 4.2: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

NOTE 4.2.2: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest 2017 %	Ownership Interest 2016 %
South West Alliance of Rural Health	Information Systems	3.30	3.16

Timboon & District Healthcare Service's interest in assets employed in the above jointly controlled operations and assets is detailed below.
The amounts are included in the financial statements and consolidated financial statements under their respective asset categories.

	2017 $	2016 $
Current Assets		
Cash and Cash Equivalents	172,777	65,927
Receivables	607,717	471,838
Inventories	614	2,274
Prepayments	0	9,083
Total Current Assets	781,108	549,122
Non Current Assets		
Property, Plant and Equipment	197,737	235,427
Total Non Current Assets	197,737	235,427
Total Assets	978,845	784,549
Current Liabilities		
Payables	695,770	471,367
Borrowings	87,073	96,715
Employee Provisions	56,533	56,836
Total Current Liabilities	839,376	624,918
Non Current Liabilities		
Borrowings	105,613	131,656
Employee Provisions	9,819	11,100
Total Non Current Liabilities	115,432	142,756
Total Liabilities	954,808	767,674
Net Assets	24,037	16,875

Timboon & District Healthcare Service's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2017 $	2016 $
Revenues		
Operating Activities	743,807	709,370
Non Operating Activities	2,125	0
Capital Purpose Income	16,375	0
Total Revenue	762,307	709,370
Expenses		
Employee Expenses	214,514	193,304
Maintenance Contracts and IT Support	259,678	373,116
Operating Lease Costs	15,112	0
Other Expenses	116,814	21,028
Total Operating Expenses	606,118	587,448
Finance Costs	26,951	13,141
Impairment of Non Financials	2,212	0
Depreciation	121,124	108,401
Total Non Operating Expenses	150,287	121,542
Total Expenses	756,405	708,990
Net Result from Operating and Non Operating Activity	5,902	380
Other economic flows included in net result		
Revaluation of Long Service Leave	1,259	0
Net Result	7,161	380

Contingent Liabilities and Capital Commitments
There are no known contingent assets or liabilities for South West Alliance of Rural Health as at the date of this report.

The financial results included for SWARH are unaudited at the date of signing the financial statements.

NOTE 4.2: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)
NOTE 4.2.2: JOINTLY CONTROLLED OPERATIONS AND ASSETS (Continued)

Investments accounted for using the equity method

An associate is an entity over which Timboon and District Healthcare Service exercises significant influence, but not control.

The investment in the associate is accounted for using the equity method of accounting. Under the equity method for accounting, the investment in the associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased in subsequent years to recognise Timboon and District Healthcare Service share of the profits or losses of the associates after the date of acquisition. Timboon and District Healthcare Service's share of the associate's profit or loss is recognised in Timboon and District Healthcare Service's net result as 'other economic flows'. The share of post-acquisition changes in revaluation surpluses and any other reserves, are recognised in both the comprehensive operating statement and the statement of changes in equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment, including dividends received or receivable from the associate.

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. Joint ventures are joint arrangements whereby Timboon and District Healthcare Service, via its joint control of the arrangement, has rights to the net assets of the arrangements.

Interests in joint ventures are accounted for in the financial statements using the equity method, as applied to investments in associates and are disclosed as required by AASB 12.

Investments in joint operations

In respect of any interest in joint operations, Timboon and District Healthcare 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.

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT **(a) Gross carrying amount and accumulated depreciation**	2017 $	2016 $
Land		
- Land at fair value (Crown Land)	1,495,000	1,495,000
Total Land	1,495,000	1,495,000
Buildings		
- Buildings at fair value	11,560,000	11,560,000
Less Accumulated Depreciation	1,363,395	909,345
	10,196,605	10,650,655
- Buildings at cost	8,368	8,368
Less Accumulated Depreciation	893	558
	7,475	7,810
Total Buildings	10,204,080	10,658,465
Plant and Equipment		
South West Alliance of Rural Health	17,237	7,056
- Plant and Equipment at fair value	1,941,706	2,279,235
Less Accumulated Depreciation	1,375,406	1,689,362
Total Plant and Equipment	583,537	596,929
Furniture and Fittings		
- Furniture and Fittings at fair value	240,558	242,564
Less Accumulated Depreciation	184,890	179,658
Total Furniture and Fittings	55,668	62,906
Motor Vehicles		
- Motor Vehicles at fair value	411,285	471,380
Less Accumulated Depreciation	235,663	242,942
Total Motor Vehicles	175,622	228,438
Leased Assets		
- Information Technology	481,714	408,461
Less Accumulated Amortisation	301,214	180,090
Total Leased Assets	180,500	228,371
TOTAL	12,694,407	13,270,109

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Leased Assets	Total
	$	$	$	$	$	$	$
Balance at 1 July 2015	1,495,000	11,114,096	612,110	202,461	85,515	233,392	13,742,574
Additions	0	0	125,650	124,453	0	101,932	352,035
Revaluation Increments/(Decrements)	0	0	0	0	0	0	0
Southwest Alliance of Rural Health Movements	0	0	733	0	0	0	733
Disposals	0	0	0	(33,032)	0	0	(33,032)
Transfer to Investment Properties	0	0	0	0	0	0	0
Depreciation	0	(455,631)	(141,564)	(65,444)	(22,609)	(106,953)	(792,201)
Balance at 1 July 2016	1,495,000	10,658,465	596,929	228,438	62,906	228,371	13,270,109
Additions	0	0	124,509	20,317	9,974	73,253	228,053
Southwest Alliance of Rural Health Movements	0	0	10,181	0	0	0	10,181
Disposals	0	0	(11,702)	(10,154)	(2,141)	0	(23,997)
Depreciation	0	(454,385)	(136,380)	(62,979)	(15,071)	(121,124)	(789,939)
Balance at 30 June 2017	1,495,000	10,204,080	583,537	175,622	55,668	180,500	12,694,407

Land and buildings carried at valuation

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

The effective date of the valuation is 30 June 2014.

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using: Level 1 (1)	Level 2 (1)	Level 3 (1)
Land at fair value				
Non-specialised land	800,000	0	800,000	0
Specialised land	695,000	0	0	695,000
Total of land at fair value	1,495,000	0	800,000	695,000
Buildings at fair value				
Non-specialised buildings	698,125	0	698,125	0
Specialised buildings	9,505,955	0	0	9,505,955
Total of building at fair value	10,204,080	0	698,125	9,505,955
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	175,622	0	175,622	0
- Plant and equipment	583,537	0	0	583,537
Total of plant, equipment and vehicles at fair value	759,159	0	175,622	583,537
Furniture & Fittings at fair value				
Total furniture & Fittings at fair value	55,668	0	0	55,668

Note

(i) Classified in accordance with the fair value hierarchy

(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value. Where a market approach is considered appropriate due to an active resale market, a Level 2 categorisation for such vehicles is applied.

There have been no transfers between levels during the period.

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT (Continued)
(c) Fair value measurement hierarchy for assets (Continued)

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: Level 1 (1)	Level 2 (1)	Level 3 (1)
Land at fair value				
Non-specialised land	800,000	0	800,000	0
Specialised land	695,000	0	0	695,000
Total of land at fair value	1,495,000	0	800,000	695,000
Buildings at fair value				
Non-specialised buildings	698,125	0	698,125	0
Specialised buildings	9,960,340	0	0	9,960,340
Total of building at fair value	10,658,465	0	698,125	9,960,340
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	228,438	0	228,438	0
- Plant and equipment	596,929	0	0	596,929
Total of plant, equipment and vehicles at fair value	825,367	0	228,438	596,929
Furniture & Fittings at fair value				
Total furniture & Fittings at fair value	62,906	0	0	62,906

Note
(i) Classified in accordance with the fair value hierarchy
(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value. Where a market approach is considered appropriate due to an active resale market, a Level 2 categorisation for such vehicles is applied.

There have been no transfers between levels during the period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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, infrastructure, plant and equipment, (refer to Note 7.1);
- Superannuation expense (refer to Note 3.5);
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4); and
- Equities and management investment schemes classified at level 3 of the fair value hierarchy.

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

For the purpose of fair value disclosures, Timboon and District Healthcare 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, Timboon and District Healthcare 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 Timboon and District Healthcare Service's independent valuation agency.

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

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair value measurement hierarchy for assets (Continued)

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. The fair value measurement is based on the following assumptions:

- that the transaction to sell the asset or transfer the liability takes place either in the principal market (or the most advantageous market, in the absence of the principal market), either of which must be accessible to the Health Service at the measurement date;
- that the Health Service uses the same valuation assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with Health Services. Health Services and their valuers therefore need to have a shared understanding of the circumstances of the assets. A Health Service has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.

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.

In addition, Health Services need to assess the HBU as part of the 5-year review of fair value of non-financial physical assets. This is consistent with the current requirements on FRD 103F Non-financial physical assets and FRD 107B Investment properties.

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. It is based on the lowest level input that is significant to the fair value measurement as a whole:

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

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT (Continued)
(d) Reconciliation of Level 3 fair value

30 June 2017	Land	Buildings	Plant and equipment	Furniture & Fittings
Opening Balance	1,495,000	10,658,465	596,929	62,906
Purchases (sales) & reclassifications	0	0	122,988	7,833
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result				
- Depreciation	0	(454,385)	(136,380)	(15,071)
- Impairment loss	0	0	0	0
Subtotal	1,495,000	10,204,080	583,537	55,668
Items recognised in other comprehensive income				
- Revaluation	0	0	0	0
Subtotal	0	0	0	0
Closing Balance	1,495,000	10,204,080	583,537	55,668
Unrealised gains/(losses) on non-financial assets	0	0	0	0
	1,495,000	10,204,080	583,537	55,668

There have been no transfers between levels during the period.

30 June 2016	Land	Buildings	Plant and equipment	Furniture & Fittings
Opening Balance	1,495,000	11,114,096	612,110	85,515
Purchases (sales) & reclassifications	0	0	126,383	0
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result				
- Depreciation	0	(455,631)	(141,564)	(22,609)
- Impairment loss	0	0	0	0
Subtotal	1,495,000	10,658,465	596,929	62,906
Items recognised in other comprehensive income				
- Revaluation	0	0	0	0
Subtotal	0	0	0	0
Closing Balance	1,495,000	10,658,465	596,929	62,906
Unrealised gains/(losses) on non-financial assets	0	0	0	0
	1,495,000	10,658,465	596,929	62,906

There have been no transfers between levels during the period.

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.

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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.

Non-specialised land and non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers 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.

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

Specialised land and specialised buildings

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes 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 services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

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

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 value (depreciated cost).

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT (Continued)
(e) Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique [(i)]	Significant unobservable inputs [(i)]
Specialised land	Market Approach	Community Service Obligation (CSO)
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated Replacement Cost	Cost per Unit Useful life of PPE
Furniture & Fittings at fair value	Depreciated Replacement Cost	Cost per Unit Useful life of PPE

Refer to Note 7.4 for guidance on fair value measurement indicative expectations.

Property, Plant and Equipment
All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger / machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 4.3 Property, plant and equipment.

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

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

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

NOTE 4.3: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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 at least every five years, based upon the asset's Government Purpose Classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

In accordance with FRD 103F Timboon and District Healthcare Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required. This assessment did not identify any significant movements that would require a revaluation.

NOTE 4.4: DEPRECIATION	2017 $	2016 $
Depreciation		
Buildings	454,385	455,631
Plant and Equipment		
- Plant	136,380	140,116
- Motor Vehicles	62,979	65,444
Furniture and Fittings	15,071	22,609
Plant - Southwest Alliance of Rural Health	0	1,448
Leased Assets - Southwest Alliance of Rural Health	121,124	106,953
TOTAL DEPRECIATION	789,939	792,201

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

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

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

	2017	**2016**
Buildings		
- Structure Shell Building Fabric	45 to 60 years	45 to 60 years
- Site Engineering Services and Central Plant	20 to 30 years	20 to 30 years
Central Plant		
- Fit Out	20 to 30 years	20 to 30 years
- Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	3 years	3 years
Furniture & Fittings	13 years	13 years
Motor Vehicles	10 years	10 years
Intangible Assets	3 years	3 years
Leasehold Improvements	6 to 7 years	6 to 7 years

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

NOTE 5: OTHER ASSETS AND LIABILITIES

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

Structure
5.1 Receivables
5.2 Inventories
5.3 Prepayments and other assets
5.4 Payables

NOTE 5.1: RECEIVABLES	2017	2016
CURRENT	$	$
Contractual		
Trade Debtors	25,717	66,210
Patient Fees	77,795	118,526
South West Alliance of Rural Health	607,717	471,838
Accrued Investment Income	38,846	13,116
Accrued Revenue - Other	0	13,955
	750,075	683,645
Statutory		
Accrued Revenue - Department of Health and Human Services	0	49,300
GST Receivable - Health Service	19,818	18,516
	19,818	67,816
TOTAL CURRENT RECEIVABLES	769,893	751,461
NON CURRENT		
Statutory		
Long Service Leave - Department of Health/Department of Human Services	227,633	177,405
TOTAL NON-CURRENT RECEIVABLES	227,633	177,405
TOTAL RECEIVABLES	997,526	928,866

(a) Ageing analysis of receivables
Please refer to note 7.1 for the ageing analysis of receivables.

(b) Nature and extent of risk arising from receivables
Please refer to note 7.1 for the nature and extent of credit risk arising from receivables.

Receivables consist of:

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

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

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be 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	Total	
	2017	2016
CURRENT	$	$
South West Alliance of Rural Health - at Cost	614	2,274
TOTAL INVENTORIES	614	2,274

Inventories held by the Health Service are held for short periods of time with regular turnover. There is no material loss of service potential in inventories held at the end of the year.

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

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

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

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

Cost 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: PREPAYMENTS AND OTHER ASSETS	Total	
	2017	2016
CURRENT	$	$
Prepayments	74,357	76,941
Prepayments - South West Alliance of Rural Health	0	9,083
TOTAL OTHER ASSETS	74,357	86,024

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 5.4: PAYABLES	2017	2016
	$	$
CURRENT		
Contractual		
Trade Creditors	105,755	142,635
Payables - South West Alliance of Rural Health	695,770	471,367
Accrued Audit Fees	9,000	9,000
Accrued Expenses	110,136	71,015
	920,661	694,017
Statutory		
Australian Taxation Office - PAYG	56,052	48,960
Superannuation Obligations Outstanding	31,504	0
Department of Health and Human Services	67,446	0
	155,002	48,960
TOTAL	1,075,663	742,977

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

(b) Nature and extent of risk arising from payables
Please refer to note 7.1 for the nature and extent of risks arising payables.

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

NOTE 6: HOW WE FINANCE OUR OPERATIONS

This section provides information on the sources of finance utilised by the hospital 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

NOTE 6.1: BORROWINGS	2017	2016
CURRENT	$	$
Australian Dollar Borrowings		
- Finance Lease Liability (South West Alliance of Rural Health)	87,073	96,715
TOTAL CURRENT	87,073	96,715
NON CURRENT		
Australian Dollar Borrowings		
- Finance Lease Liability (South West Alliance of Rural Health)	105,613	131,656
TOTAL NON CURRENT	105,613	131,656
TOTAL BORROWINGS	192,686	228,371

Finance leases are held by the South West Alliance of Rural Health and are secured by the rights to the leased assets being held by the lessor.

(a) Maturity analysis of borrowings
Please refer to note 7.1 for the ageing analysis of borrowings

(b) Nature and extent of risk arising from borrowings
Please refer to note 7.1 for the nature and extent of risks arising from borrowings

(c) Defaults and breaches

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

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

For service concession arrangements, the commencement of the lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

Finance leases
Entity as lessee
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. If there is certainty that the health service will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Finance leases are regarded as a financial accommodation and under Section 30 of the Health Services Act 1988, the Minister for Health and the Treasurer must declare a registered funded agency to be an approved borrower for the purposes of this section.

Timboon and District Healthcare Service has received such approval prior to 30 June 2017, in a joint letter for all Health Services impacted by finance leases either directly or via a Jointly Controlled entity. The specific values approved for Timboon and District Healthcare Service total $413,498.

Borrowings
All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its borrowings as either, financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

The classification depends on the nature and purpose of the borrowing. The Health Service determines the classification of its borrowing at initial recognition.

NOTE 6.2: CASH AND CASH EQUIVALENTS

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

	2017 $	2016 $
Cash on Hand	0	300
Cash at Bank	754,560	373,308
Cash at Bank - Southwest Alliance of Rural Health	172,777	65,927
TOTAL CASH AND CASH EQUIVALENTS	927,337	439,535
Represented by:		
Cash for Health Service Operations (as per cash flow statement)	927,337	439,535
TOTAL CASH AND CASH EQUIVALENTS	927,337	439,535

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

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

NOTE 6.3: COMMITMENTS FOR EXPENDITURE

	2017 $	2016 $
Capital Expenditure Commitments		
Kronos Capital Cost	50,156	0
Total Capital Expenditure Commitments	50,156	
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Finance Leases (South West Alliance of Rural Health)	192,686	228,371
Total lease commitments	192,686	228,371
Finance Leases		
Commitments in relation to finance leases are payable as follows:		
Current	105,265	105,265
Non-current	100,000	135,198
Minimum lease payments	205,265	240,463
Less future finance charges	12,579	12,092
Total finance lease commitments	192,686	228,371
Total lease commitments	192,686	228,371

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 7: RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES

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

Structure

7.1 Financial instruments
7.2 Net gain/ (loss) on disposal of non-financial assets
7.3 Contingent assets and contingent liabilities
7.4 Fair value determination

NOTE 7.1: FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Timboon & District Healthcare Service's principal financial instruments comprise of:
- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

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

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

The main purpose in holding financial instruments is to prudentially manage Timboon and District Healthcare Services financial risk within the government policy parameters.

Categorisation of financial instruments

2017	Contractual financial assets/liabilities designated at fair value through profit/loss $	Contractual financial assets/liabilities held-for-trading at fair value through profit/loss $	Contractual financial assets - loans and receivables $	Contractual financial assets - available for sale $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets						
Cash and cash equivalents	0	0	927,337	0	0	927,337
Receivables	0	0	750,075	0	0	750,075
Other Financial Assets						
- Term Deposits	0	0	2,835,566	0	0	2,835,566
Total Financial Assets (i)	0	0	4,512,978	0	0	4,512,978
Financial Liabilities						
Payables	0	0	0	0	920,661	920,661
Borrowings	0	0	0	0	192,686	192,686
Total Financial Liabilities(ii)	0	0	0	0	1,113,347	1,113,347

2016	Contractual financial assets/liabilities designated at fair value through profit/loss $	Contractual financial assets/liabilities held-for-trading at fair value through profit/loss $	Contractual financial assets - loans and receivables $	Contractual financial assets - available for sale $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets						
Cash and cash equivalents	0	0	439,535	0	0	439,535
Receivables	0	0	683,645	0	0	683,645
Other Financial Assets						
- Term Deposits	0	0	2,816,940	0	0	2,816,940
Total Financial Assets (i)	0	0	3,940,120	0	0	3,940,120
Financial Liabilities						
Payables	0	0	0	0	694,017	694,017
Borrowings	0	0	0	0	228,371	228,371
Total Financial Liabilities(ii)	0	0	0	0	922,388	922,388

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)
(b) Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss) $	Total interest income/ (expense) $	Fee income / (expense) $	Impairment loss $	Total $
2017					
Financial Assets					
Loans and Receivables(i)	0	72,523	0	0	72,523
Total Financial Assets	0	72,523	0	0	72,523
Financial Liabilities					
At amortised cost (ii)	0	26,951	0	0	26,951
Total Financial Liabilities	0	26,951	0	0	26,951
2016					
Financial Assets					
Loans and Receivables(i)	0	26,342	0	0	26,342
Total Financial Assets	0	26,342	0	0	26,342
Financial Liabilities					
At amortised cost (ii)	0	13,141	0	0	13,141
Total Financial Liabilities	0	13,141	0	0	13,141

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

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

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

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

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

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

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)
(c) Credit Risk (Continued)
Credit quality of contractual financial assets that are neither past due nor impaired

2017	Financial Institutions (Min BBB credit rating) $	Government agencies (AAA credit rating) $	Government agencies (BBB credit rating) $	Other (Unrated) $	Total $
Financial Assets					
Cash and Cash Equivalents	927,337	0	0	0	927,337
Loans and Receivables					
- Trade Debtors	0	0	0	103,512	103,512
- Other Receivables (i)	0	0	0	646,563	646,563
- Term Deposit	1,918,626	916,940	0	0	2,835,566
Total Financial Assets	2,845,963	916,940	0	750,075	4,512,978
2016					
Financial Assets					
Cash and Cash Equivalents	439,535	0	0	0	439,535
Loans and Receivables					
- Trade Debtors	0	0	0	184,736	184,736
- Other Receivables (i)	0	0	0	498,909	498,909
- Term Deposit	1,900,000	916,940	0	0	2,816,940
Total Financial Assets	2,339,535	916,940	0	683,645	3,940,120

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Ageing analysis of financial asset as at 30 June

			Past due but not impaired				
2017	Total Carrying Amount $	Not Past due and not impaired $	Less than 1 Month $	1 - 3 Months $	3 Months - 1 Year $	1 - 5 Years $	Impaired Financial Assets $
Financial Assets							
Cash and Cash Equivalents	927,337	927,337	0	0	0	0	0
Loans and Receivables (i)							
- Trade Debtors	103,512	98,993	3,917	602	0	0	0
- Other Receivables	646,563	646,563	0	0	0	0	0
- Term Deposit	2,835,566	2,835,566	0	0	0	0	0
Total Financial Assets	4,512,978	4,508,459	3,917	602	0	0	0
2016							
Financial Assets							
Cash and Cash Equivalents	439,535	439,535	0	0	0	0	0
Loans and Receivables (i)							
- Trade Debtors	184,736	132,723	2,261	42,174	7,578	0	0
- Other Receivables	498,909	498,909	0	0	0	0	0
- Term Deposit	2,816,940	2,816,940	0	0	0	0	0
Total Financial Assets	3,940,120	3,888,107	2,261	42,174	7,578	0	0

(i) Ageing analysis of financial assets excludes the types of statutory financial assets (i.e. GST input tax credit).

Contractual financial assets that are neither past due or impaired
There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

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

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)

(d) Liquidity Risk

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

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

- Term Deposits and cash held at financial institutions are managed with variable maturity dates and take into consideration cash flow requirements of the Health Service from month to month.

The following table discloses the contractual maturity analysis for Timboon and District Healthcare 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			
2017	Total Carrying Amount $	Nominal Amount $	Less than 1 Month $	1 - 3 Months $	3 Months - 1 Year $	1 - 5 Years $
Financial Liabilities						
At amortised cost						
Payables (i)	920,661	920,661	920,661	0	0	0
Borrowings	192,686	192,686	0	0	87,073	105,613
Total Financial Liabilities	1,113,347	1,113,347	920,661	0	0	105,613
2016						
Financial Liabilities						
At amortised cost						
Payables (i)	694,017	694,017	694,017	0	0	0
Borrowings	228,371	228,371	0	0	0	228,371
Total Financial Liabilities	922,388	922,388	694,017	0	0	228,371

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

(e) Market Risk

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

Currency Risk

Timboon and District Healthcare Service is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest Rate Risk

Timboon and District Healthcare Service is exposed to insignificant interest rate risk with no outstanding interest bearing liabilities.

Other Price Risk

The Health Service is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Health Service on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)
(e) Market Risk (Continued)
Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
2017			Fixed Interest Rate $	Variable Interest Rate $	Non - Interest Bearing $
Financial Assets					
Cash and Cash Equivalents	1.65	927,337	0	927,337	0
Loans and Receivables (i)					
- Trade Debtors		103,512	0	0	103,512
- Other Receivables		646,563	0	0	646,563
- Term Deposit	2.48	2,835,566	2,835,566	0	0
Total Financial Assets		4,512,978	2,835,566	927,337	750,075
Financial Liabilities					
At amortised cost					
Payables (i)	0.00	920,661	0	0	920,661
Borrowings	9.40	192,686	192,686	0	0
Total Financial Liabilities		1,113,347	192,686	0	920,661
2016					
Financial Assets					
Cash and Cash Equivalents	1.90	439,535	0	439,535	0
Loans and Receivables (i)					
- Trade Debtors		184,736	0	0	184,736
- Other Receivables		498,909	0	0	498,909
- Term Deposit	2.68	2,816,940	2,816,940	0	0
Total Financial Assets		3,940,120	2,816,940	439,535	683,645
Financial Liabilities					
At amortised cost					
Payables (i)	0.00	694,017	0	0	694,017
Borrowings	9.40	228,371	228,371	0	0
Total Financial Liabilities		922,388	228,371	0	694,017

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)

(e) Market Risk (Continued)

Sensitivity Disclosure Analysis

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

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 3.53%; and
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2.5%.

Sensitivity Disclosure Analysis (continued)

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

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2017	$	$	$	$	$	$	$	$	$
Financial Assets									
Cash and Cash Equivalents	927,337	(9,273)	(9,273)	9,273	9,273	0	0	0	0
Loans and Receivables									
- Trade Debtors	103,512	0	0	0	0	0	0	0	0
- Other Receivables	646,563	0	0	0	0	0	0	0	0
- Term Deposit	2,835,566	0	0	0	0	0	0	0	0
Financial Liabilities									
At amortised cost									
Payables	920,661	0	0	0	0	0	0	0	0
Borrowings	192,686	0	0	0	0	0	0	0	0
		(9,273)	(9,273)	9,273	9,273	0	0	0	0
2016									
Financial Assets									
Cash and Cash Equivalents	439,535	(4,395)	(4,395)	4,395	4,395	0	0	0	0
Loans and Receivables									
- Trade Debtors	184,736	0	0	0	0	0	0	0	0
- Other Receivables	498,909	0	0	0	0	0	0	0	0
- Term Deposit	2,816,940	0	0	0	0	0	0	0	0
Financial Liabilities									
At amortised cost									
Payables	694,017	0	0	0	0	0	0	0	0
Borrowings	228,371	0	0	0	0	0	0	0	0
		(4,395)	(4,395)	4,395	4,395	0	0	0	0

(f) Fair Value

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

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The financial assets include holdings in unlisted shares. Fair value of these is determined by projecting future cash inflows from expected future dividends and subsequent disposals of the securities.

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

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)
(f) Fair Value (Continued)
Comparison between carrying amount and fair value

	Total Carrying Amount 2017 $	Fair Value 2017 $	Total Carrying Amount 2016 $	Fair Value 2016 $
Financial Assets				
Cash and Cash Equivalents	927,337	927,337	439,535	439,535
Loans and Receivables (i)				
- Trade Debtors	103,512	103,512	184,736	184,736
- Other Receivables	646,563	646,563	498,909	498,909
-Term Deposits	2,835,566	2,835,566	2,816,940	2,816,940
Total Financial Assets	**4,512,978**	**4,512,978**	**3,940,120**	**3,940,120**
Financial Liabilities				
At amortised cost				
Payables (i)	920,661	920,661	694,017	694,017
Borrowings	192,686	192,686	228,371	228,371
Total Financial Liabilities	**1,113,347**	**1,113,347**	**922,388**	**922,388**

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e.GST input tax credit and GST payable).

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 Timboon and District Healthcare Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

The following refers to financial instruments unless otherwise stated.

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

Loans and receivables category includes cash and deposits (refer to Note 6.2), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

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

Financial Liabilities at Amortised Cost
Financial instrument liabilities 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.

Financial instrument liabilities measured at amortised cost include all of Timboon and District Healthcare Service's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

NOTE 7.2: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	2017 $	2016 $
Proceeds from Disposal of Non Financial Assets		
- Motor Vehicles	20,161	26,364
Total Proceeds from Disposal of Non-Financial Assets	20,161	26,364
Less: Written Down Value of Non Financial Assets Sold		
- Motor Vehicles	(10,154)	(33,032)
- Plant	(11,702)	0
- Furniture & Fittings	(2,141)	0
Total Written Down Value of Non-Financial Assets Sold	(23,997)	(33,032)
NET GAIN/(LOSS) ON DISPOSAL OF NON FINANCIAL ASSETS	(3,836)	(6,668)

Disposal of non-financial assets
Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to Note 8.1 - 'comprehensive income".

NOTE 7.3: CONTINGENT ASSETS AND CONTINGENT LIABILITIES
Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There are no known contingent liabilities for Timboon and District Healthcare Service as at the date of this report.

NOTE 7.4: FAIR VALUE DETERMINATION

Asset Class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
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	Land subject to restrictions as to use and/or sale Land in areas where there is not an active market	Level 3	Market approach	CSO adjustments
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market approach	N/A
Specialised buildings [(i)]	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
Plant and equipment [(i)]	Specialised items with limited alternative uses and/or substantial customisation	Level 3	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

[(i)] Newly built / acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10% materiality threshold)

NOTE 8: OTHER DISCLOSURES

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

Structure

8.1 Equity
8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
8.3 Operating segments
8.4 Responsible persons disclosures
8.5 Executive officer disclosures
8.6 Related parties
8.7 Remuneration of auditors
8.8 AASBs issued that are not yet effective
8.9 Events occurring after the balance sheet date
8.10 Alternative presentation of comprehensive operating statement

NOTE 8.1: EQUITY	2017	2016
	$	$
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus [1]		
Balance at beginning of the reporting period	5,500,097	5,500,097
Revaluation Increment/(Decrement)		
- Land	0	0
- Buildings	0	0
Balance at the end of the reporting period	5,500,097	5,500,097
Represented by:		
- Land	551,035	551,035
- Buildings	4,949,062	4,949,062
	5,500,097	5,500,097
(b) Contributed Capital		
Balance at the beginning of the reporting period	4,610,700	4,610,700
Balance at the end of the reporting period	4,610,700	4,610,700

(1) The property, plant & equipment asset revaluation reserve arises on the revaluation of property, plant & equipment.

(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	5,196,607	5,862,803
Net Result for the Year	(257,819)	(666,196)
Balance at the end of the reporting period	4,938,788	5,196,607
Total Equity at end of financial year	15,049,585	15,307,404

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, that have been designated as contributed capital are also treated as contributed capital.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

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.

NOTE 8.2: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	2017	2016
	$	$
NET RESULT FOR THE YEAR	(257,819)	(666,196)
Non-cash movements		
Depreciation	789,939	792,201
Non Cash Joint Venture Transactions	0	19,594
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	3,836	6,668
Movements in assets and liabilities		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	(77,628)	(434,826)
(Increase)/Decrease in Prepayments	11,667	(19,217)
Increase/(Decrease) in Payables	332,686	450,059
Increase/(Decrease) in Employee Benefits	(44,155)	145,131
Change in Inventories	1,660	(1,147)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	760,186	292,267

NOTE 8.3: OPERATING SEGMENTS

Business Segments

Timboon & District Healthcare Service is a multipurpose service providing a range of health related services to the general public. Whilst the Healthcare Service provides varying services, they are all within the one segment being provision of health care services.

Geographical Segment

Timboon & District Healthcare Service operates predominantly in Timboon, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Timboon, Victoria.

NOTE 8.4: RESPONSIBLE PERSON DISCLOSURES

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2016 - 30/06/2017
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/2016 - 30/06/2017
The Honourable Jenny Mikakos, MLC, Minister for Families and Children	01/07/2016 - 30/06/2017
Governing Boards	
Mrs M. Bull	01/07/2016 - 23/02/2017
Mr. J. McKenzie	01/07/2016 - 30/06/2017
Mrs. C. Marr	01/07/2016 - 30/06/2017
Mr. J. Renyard	01/07/2016 - 30/06/2017
Ms. S. (K) Waters	01/07/2016 - 01/02/2017
Mr B. Morden	01/07/2016 - 30/06/2017
Mr J. Chuck	01/07/2016 - 30/06/2017
Ms. W. Cameron	01/07/2016 - 30/06/2017
Ms. G. Stanislaw	01/07/2016 - 30/06/2017
Accountable Officers	
Mr G. Sheehan	01/07/2016 - 30/06/2017

Remuneration of Responsible Persons

Remuneration received or receivable by responsible persons was in the range: $160,000 - $169,999 ($160,000 - 169,999 in 2015-16).

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

NOTE 8.5: EXECUTIVE OFFICER DISCLOSURES

Remuneration of executive officers	**Total Remuneration**	
	2017	**2016(a)**
	$	**$**
Short-term employee benefits	257,943	
Post-employment benefits	22,773	
Other long-term benefits	7,464	
Termination benefits	0	
Share-based payments	0	
Total Remuneration (b)	288,180	
Total Number of executives (c)	2	2
Total annualised employee equivalent (AEE) (d)	2	2

Notes:

(a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.

(b) Remuneration represents the expenses incurred by the entity in the current reporting period for the employee, in accordance with AASB 119 Employee benefits

(c) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.6).

(d) Annualised employee equivalent is based on the time fraction worked over the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

NOTE 8.6: RELATED PARTIES

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) of the hospital include the Portfolio Ministers and Cabinet Ministers and KMP as determined by the hospital. 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.

Key management personnel consist of the board of management and accountable officers as detailed in Note 8.4.

COMPENSATION	2017 $
Short term employee benefits	148,626
Post-employment benefits	15,281
Other long-term benefits	5,264
Termination benefits	0
Share based payments	0
Total	**169,171**

Transactions with key management personnel 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, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Significant transactions with government-related entities

Timboon and District Healthcare Service received funding from the Department of Health and Human Services of $4,545,363 (2016: $4,929,851).

During the year, Timboon and District Healthcare Service had the following other government-related entity transactions:
- Commonwealth Government funding received for health related programs totalling $1,254,737 (2016 $553,583).

Note 8.7: REMUNERATION OF AUDITORS

	2017	2016
Victorian Auditor-General's Office	**$**	**$**
Audit or review of financial statement	9,000	9,000
	9,000	9,000

NOTE 8.8: AASBs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2017, 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. Timboon and District Healthcare Service has not and does not intend to adopt these standards early.

Standard / Interpretation	**Summary**	**Applicable for reporting periods beginning on**	**Impact on Health Service's Annual Statements**
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: - The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and - Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.
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.	1 January 2018	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. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
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 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

NOTE 8.8: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (Continued)

Standard / Interpretation	**Summary**	**Applicable for reporting periods beginning on**	**Impact on Health Service's Annual Statements**
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 January 2018	The assessment has indicated there will be no significant impact for the public sector.
AASB 2016-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15	This standards defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
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.	1 January 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.
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 January 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period.
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 January 2019	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period.
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	1 January 2019	The impact of this Standard is yet to be fully assessed.

NOTE 8.9: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events which have occurred subsequent to the reporting date which require further disclosure.

NOTE 8.10: ALTERNATIVE PRESENTATION OF COMPREHENSIVE OPERATING STATEMENT

	2017 $	2016 $
Grants		
Operating	5,666,006	5,358,940
Capital	141,595	62,248
Interest	81,905	87,113
Sales of goods and services	597,061	692,651
Other	1,061,730	1,081,382
Revenue from Transactions	**7,548,297**	**7,282,334**
Employee expenses	4,827,931	4,789,495
Depreciation	789,939	792,201
Other operating expenses	2,185,669	2,346,518
Expenses from Transactions	**7,803,539**	**7,928,214**
Net result from transactions - Net Operating Balance	**(255,242)**	**(645,880)**
Other economic flows included in net result		
Net gain/ (loss) on sale of non-financial assets	(3,836)	(6,668)
Net gain/(loss) from other economic flows	1,259	(13,648)
Total Other Economic flows included in Net Result	**(2,577)**	**(20,316)**
NET RESULT FOR THE YEAR	**(257,819)**	**(666,196)**

DISCLOSURE INDEX

The annual report of the Timboon and District Healthcare Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's and organisation's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
MINISTERIAL DIRECTIONS		
Report of Operations		
Charter and purpose		
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FRD 10A	Disclosure index	76
FRD 11A	Disclosure of ex gratia expenses	NA
FRD 21C	Responsible person and executive officer disclosures	81
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FRD 22H	Application and operation of Carers Recognition Act 2012	77
FRD 22H	Application and operation of Freedom of Information Act 1982	77
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FRD 24C	Reporting of office-based environmental impacts	13
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FRD 22H	Statement on National Competition Policy	77
FRD 22H	Subsequent events	NA
FRD 22H	Summary of the financial results for the year	10-11
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FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	79
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Victorian Industry Participation Policy Act 2003		77
Building Act 1993		77
Financial Management Act 1994		22
Safe Patient Care Act 2015		77

LEGISLATIVE COMPLIANCE

BUILDING ACT 1993

Timboon and District Healthcare Service complies with the *Building Act 1993 / Standards for Publicly Owned Buildings November 1994* in all redevelopment and maintenance issues.

The buildings have been subject to a fire audit by a Fire Services Engineer.

During the reporting period regular ongoing maintenance was carried out, including routine inspections and rectification to ensure the Healthcare Service's buildings were maintained to a safe and functional condition in compliance with the requirements of the Act, as evidenced in the annual certificate of compliance of essential services.

FREEDOM OF INFORMATION ACT 1982

The *Freedom of Information (FOI) Act 1982* allows the public a right of access to documents held by Timboon and District Healthcare Service. Individuals or agencies who act on their behalf, such as solicitors or insurance companies, are entitled to access personal medical record information. Timboon and District Healthcare Service is committed to protecting consumer privacy and all care is taken to ensure information is released only to the relevant individual or authorised representative.

During 2016/17 Timboon and District Healthcare Service received and processed 2 (two) applications. All FOI applications are directed to the Chief Executive Officer and are processed in accordance with the provisions of the *Freedom of Information (FOI) Act 1982* within the legislated timeframes.

PROTECTED DISCLOSURE ACT 2012

Timboon and District Healthcare Service is committed to the principles of the *Protected Disclosure Act 2012*. During the 2016/17 financial year there were no disclosures received by Timboon and District Healthcare Service and no notification of disclosures to the Ombudsman or any other external agency.

CARERS RECOGNITION ACT 2012

Timboon and District Healthcare Service complies with all requirements of the *Carers Recognition Act 2012* and was not required to make any disclosures during the reporting period.

COMPETITIVE NEUTRALITY POLICY VICTORIA

Timboon and District Healthcare Service complies with the National Competition Policy and requirements of the *Competitive Neutrality Policy Victoria.*

VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP) ACT 2003

No contracts commenced in the financial year to which the VIPP Plan was required.

SAFE PATIENT CARE ACT 2003

Timboon and District Healthcare Service complies with all the requirements of the *Safe Patient Care Act 2015.*

LEGISLATIVE COMPLIANCE

CONSULTANCIES

Details of consultancies (under $10,000)

In 2016-17, there were three consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2016-17 in relation to these consultancies is $7,583.57.

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

In 2016-17, there was one consultant where the total fees payable to the consultant was $10,000 or greater. The total expenditure incurred during 2016-17 in relation to this consultant was $25,600. Details shown below.

CONSULTANTS ($ THOUSAND)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2016-17 (excluding GST)	Future expenditure (excluding GST)
O'Malley Consulting	Professional Development Program	13/09/16	11/01/17	11.6	**11.6**	0
O'Malley Consulting	Strategic Operational Plan 2017-2018	01/05/17	30/06/17	14.0	**14.0**	0

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2016-17 is $406,757 with the details shown below.

($ million)

Business As Usual (BAU) ICT expenditure (Total) (excluding GST)	Non Business As Usual (non BAU) ICT expenditure (Total=Operational expenditure and Capital Expenditure) (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
.356	.050	**0.363**	**0.044**

WORKFORCE DATA

Hospitals Labour Category	JUNE Current Month FTE*		JUNE YTD FTE**	
	2016	**2017**	**2016**	**2017**
Nursing	18.14	17.81	17.57	17.38
Administration and Clerical	7.45	8.9	6.77	8.1
Medical Support	1.86	1.49	2.17	1.62
Hotel and Allied Services	15.56	13.01	14.38	14.26
Ancillary Staff (Allied Health)	2.98	1.43	3.69	2.19

Occupational violence statistics	2016-17
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported	1
4. Number of occupational violence incidents reported per 100 FTE	2.27
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Executive Remuneration Bands	Number of Executives 2016-17
$100,000 to $120,000	2
$140,000 to $160,000	1

LEGISLATIVE COMPLIANCE

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

In compliance with the requirements of the Financial Reporting Directions 22H (Section 6.19) details in respect to the items listed below have been retained by Timboon and District Healthcare Service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

a. Declarations of pecuniary interests have been duly completed by all relevant officers

b. Details of shares held by senior officers as nominee or held beneficially

c. Details of publications produced by the entity about itself, and how these can be obtained

d. Details of changes in prices, fees, charges, rates and levies charged by the Healthcare Service

e. Details of any major external reviews carried out on the Healthcare Service

f. Details of major research and development activities undertaken by the Healthcare Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and report of operations

g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit

h. Details of major promotional, public relations and marketing activities undertaken by the Healthcare Service to develop community awareness of the Healthcare Service and its services

i. Details of assessments and measures undertaken to improve the occupational health and safety of employees

j. General statement on industrial relations within the Healthcare Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations

k. A list of major committees sponsored by the Healthcare Service, the purposes of each committee and the extent to which those purposes have been achieved

l. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

ATTESTATIONS

ATTESTATION ON DATA INTEGRITY

I, Gerry Sheehan, certify that Timboon and District Healthcare Service has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Timboon and District Healthcare Service has critically reviewed these controls and processes during the year.

Gerry Sheehan
Chief Executive Officer
Timboon
31/07/2017

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 3.7.1 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

I, Gerry Sheehan, certify that Timboon and District Healthcare Service has complied with Ministerial Direction 3.7.1 – Risk Management Framework and Processes. Timboon and District Healthcare Service Audit Committee has verified this.

Gerry Sheehan
Chief Executive Officer
Timboon
31/07/2017

ATTESTATION ON COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

I, Gerry Sheehan, certify that Timboon and District Healthcare Service has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the Health Purchasing Victoria Policies (HPV) 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.

Gerry Sheehan
Chief Executive Officer
Timboon
31/07/2017

TIMBOON
AND DISTRICT
HEALTHCARE
SERVICE

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