



ANNUAL REPORT

2018/2019

WORKING TOGETHER FOR
A HEALTHY COMMUNITY



TIMBOON
AND DISTRICT
HEALTHCARE
SERVICE

Our VISION

“Working together for a healthy community”

Our PURPOSE

KEEPING PEOPLE AT THE HEART OF OUR ACTIONS THROUGH:

- Partnering for outcomes
- Engaging the community
- Innovative service delivery
- Maximising quality and safety
- Embracing change
- Promoting health and wellbeing across the lifespan



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 2018/2019.

It 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.

Our annual reports are available on the Timboon and District Healthcare Service website and a hard copy of this issue can be obtained by contacting us as per contact details below.

Timboon and District Healthcare Service is committed to providing accessible services. If you have difficulty in understanding this annual report, you can contact us to arrange appropriate assistance.

CONTACT US

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Front Cover - Registered Nurse Sarah Brebner and client Ann Neal.



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"Footsteps in the Sand" by Scott McKenzie

Report of Operations

RESPONSIBLE BODIES DECLARATION

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Timboon and District Healthcare Service for the year ending 30th June 2019.



Ms Maryanne Puli Vogels
Chair, Board of Directors
Timboon and District Healthcare Service
7 August 2019



TDHS Board of Directors left to right: Anne Skordis, Claire Murphy, Josh McKenzie, Maryanne Puli Vogels, Toinette Hutchins, Bryce Morden, Gerry Keely and Chris Stewart.

Overview

ESTABLISHMENT

Timboon and District Healthcare Service (TDHS) is a Multi-Purpose Service established under an agreement between the Commonwealth and Victorian Governments and incorporated under the Health Services Act 1988. TDHS is governed by a Board of 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 primary care services. Acute and residential aged care services are provided within 14 flexible beds and 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. TDHS jointly manages the Timboon Medical Clinic which is located adjacent to the healthcare service and contracts General Practitioners as Visiting Medical Officers to TDHS.



*Guests at the official opening of the hospital,
8 December 1955*

Our Catchment Area

Our Annual Photo Competition applicants were asked to capture TDHS's Vision statement "Working together for a Healthy Community" and depict locations or aspects of TDHS's catchment area/region.

PRINCETOWN



"Prinetown Fisherman" (Andrew Kruh – 1st prize winner 2019 TDHS Photo Competition)

PORT CAMPBELL



"When I grow up I want to be" (Zoe Vogels - 2nd prize winner 2019 TDHS Photo Competition)

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

TIMBOON



"Broken Falls" (Leanne Harrop – 3rd prize winner 2019 TDHS Photo Competition)

We take this opportunity to thank our consumers, 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 TDHS vision to work together for a healthy community.

Our Services

TIMBOON AND DISTRICT HEALTHCARE SERVICE (TDHS) PROVIDES A VARIETY OF HEALTHCARE SERVICE PROGRAMS. THESE INCLUDE:

ACUTE SERVICES

TDHS offers both admitted and ambulatory services to the community of Timboon and surrounding districts including - medical, minor surgical, endoscopy, palliative care and post-natal care. Medical imaging (X-Ray) is available on a Thursday and pathology services are available twice daily Monday to Friday and Saturday morning.

Our acute services are supported by four General Practitioners and a number of visiting/locum medical practitioners including a General Surgeon and two Proceduralist Physicians.

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.

Emergency Telehealth support has been implemented to expand options available. This enables staff to connect visually with a Doctor from Adult Retrieval Victoria (ARV) in a medical emergency if a Doctor is not locally available.

AGED AND RESIDENTIAL CARE

TDHS has four aged residential care beds. Respite care is also available.

HOME BASED SERVICES

Also known as Commonwealth Home Support Program (CHSP) and Home and Community Care (HACC), services include:

- Domestic Assistance
- Personal Care
- In-home Respite Care
- Garden Maintenance
- Meals on Wheels
- Social Support Groups
- District Nursing

These services are provided to support and assist elderly people, younger people with disabilities and their carers living at home and in the community. TDHS is registered as a provider for the National Disability Insurance Scheme (NDIS) and we can tailor services to the needs of every individual client.

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



TDHS HACC Worker Monica Norman with client Nancy Guy

Our Services

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 activity to prevent the onset of health problems, helping people to eat well, exercise and stay socially connected.

Services available include:

- Physiotherapy
- Exercise Classes
- Cooking Classes
- Dietetics
- Speech Pathology
- Community Health Nurse
- Diabetes Education
- Podiatry
- Community Transport
- Continence Nurse
- Occupational Therapy
- Health Promotion and Education
- Audiology
- Immunisation Clinic
- Women's Health
- Antenatal and Postnatal

DENTAL HEALTH SERVICES

The dental clinic provides general oral health services to both public and private patients. We partner with the Royal Flying Doctor Service on an annual basis to provide oral care for children and adults eligible for public dental services. We also partnered with Donna Mercado, a private dentist, to ensure weekly access to private dental services.



TDHS Exercise Therapist Tracey Heeps with her Men's Strength Class clients from left to right back row: Desmond Free, Colin Morton, Nolan Andrew, Peter Murphy, Raymond Hussey. Front row: Tracey Heeps, John Longmore and Arthur Felmingham.

Board Chair and Acting CEO's Report

TIMBOON AND DISTRICT HEALTHCARE SERVICE (TDHS) REMAINS DEDICATED TO KEEPING PEOPLE AT THE HEART OF OUR ACTIONS AND ENSURING THE BEST HEALTH OUTCOMES FOR OUR COMMUNITY.

The Board of Directors, Executive and all staff at TDHS are fully committed to the delivery of efficient, effective and high quality health care in line with our revised vision "Working together for a healthy community". Over the past year, with the tightening fiscal environment, the Board has invested robustly and wisely to ensure that our community receives quality care, close to home, from a skilled and engaged workforce. TDHS has continued to ensure that more people receive care in their own community. This is a fantastic outcome as research indicates that people receiving care within their community will often have a better health outcome.

Due to ongoing ill health issues our CEO Gerry Sheehan resigned earlier this year. The Board is now in the process of selecting a new CEO so we are well positioned to implement our Strategic Plan. We would like to thank our Executive team led by Rebecca Van Wollingen who have stepped up during this time, dedicating themselves to staff, volunteers and community ensuring continuity and integrity is maintained.

Our Organisational Values are important to the Board as they guide us in our oversight of the services and care provided at TDHS. This report will focus on our values from a strategic perspective:

Integrity - We engage others in a respectful, fair and ethical manner.

The Board of Directors and the Executive team focus on utilising robust and evidence based information on which we base our decision making to ensure the continuance of good governance and quality healthcare. This is achieved through respect, discretion and trust. This year we welcomed Toinette Hutchins to our established Board. We wish to thank each Board member for their considerable time commitments and dedication to TDHS and for ensuring the best outcomes for our communities.

This year TDHS supported the Royal Commission into Aged Care by reporting on our aged care provision and incident management over the past five years. We fully believe in and support the review and development of a robust and safe Aged Care system.

Compassion - We accept people as they are and display kindness and sensitivity to them.

At TDHS we deliver great care through the compassionate contributions made by our staff and volunteers. We would like to take this opportunity to formally acknowledge and sincerely thank all our staff and volunteers for their work and dedication to TDHS and the communities to whom we provide care. Your commitment to providing exceptional care and your warm interactions with those needing this care, contributes to better health and wellbeing for everyone involved.

We are proud to say our staff and volunteers align to our values and in recognition of this we launched our first annual ICARE values awards night. The ICARE award recognises outstanding contributions from a staff member and volunteer in line with our ICARE values of Integrity, Compassion, Accountability, Respect and Excellence. This night was held on the 5th March 2019 and we celebrated with our staff, volunteers and Life Governors. The staff award was named in honour of long serving GP Dr Fox. Dr Fox's family presented this special award, named the ICARE Peter Fox award, to our deserving Nurse Unit Manager, Michelle Selten. The ICARE volunteer award went to the Timboon Women's Auxiliary who have been supporting the healthcare service since 1947, with 71 years of service. Their dedication and contributions are greatly appreciated.

Board Chair and Acting CEO's Report

Accountability – We are responsible for our actions.

The Board of Directors acknowledges the complex challenges that health services currently face and the realisation that the health dollar needs to be efficiently managed whilst upholding the highest standards of safety and quality. TDHS continue to build and develop the appropriate systems to support the transparency and integrity of our service provision and resulting quality care.

TDHS continued to implement its robust systems for auditing and evaluation, ensuring that we review, maintain and improve our service delivery and strive to achieve best practice outcomes both clinically and in corporate services. We received valuable information from all our audits and continue to utilise this information for the betterment of TDHS. In the 2018/19 year TDHS met and exceeded all its compliance requirements and returned an operating surplus.

In support of our dedication to an accountable high quality healthcare service TDHS appointed a Quality Manager dedicated to ensuring we meet the ever increasing and complex requirements of health. In addition, a theatre review and evaluation was undertaken to ensure TDHS maintains appropriate facilities for this service. Post review the Board approved the upgrade and purchase of new state-of-the-art Endoscopy equipment.

Further, this year the Board and Executive worked to review and revamp our Consumer Participation Committee, formerly named Community Advisory Committee, to guarantee we had the most relevant and timely feedback from our consumers. Together we realigned how we work to ensure everyone has a voice and that our services are easily understood and accessible to all. We are pleased to have a diverse age group represented including students from our local high school. The newly minted committee is already making great contributions to the Quality of Care Report and our feedback mechanisms.

Respect – We consult and collaborate with others and appreciate the diverse views of patients, families and each other.

In 2017/18 TDHS undertook a comprehensive independent community needs assessment to hear the needs of our community. Your feedback has been pivotal in creating the five-year strategic plan for TDHS. The strategic plan was approved this year by the Department of Health and Human Services and implementation is underway. We believe it is vital to work with our communities to develop and provide healthcare services that meet your needs and we thank you for your contributions.

The Board of Directors and Executive staff strive to build relationships with our regional partners to ensure you receive the best care, in the most appropriate place and, in a timely manner. Throughout 2018/19 we supported the Corangamite Regional Health Collaborative, the Polwarth Partnership, the Barwon South West Board Chair Network, the Victorian MPS network and the Barwon South West CEO Council. Additionally, this year TDHS contributed to invaluable work within the region to ensure those most vulnerable in our community have a safe place. Using a partnership approach, we implemented a range of initiatives in line with the “Strengthening Hospital Response to Family Violence” recommendations. We continue to work in partnership to support our vision of “Working together for a healthy community”.

Board Chair and Acting CEO's Report

Excellence – We create opportunities for education and are committed to continuous development.

This year TDHS worked with and supported Deakin University to implement their regional Women's AFL research project in our Urgent Care Centre. This project aims to look at injuries incurred by women whilst playing AFL and the potential ways to support and protect women in sport.

At TDHS we recognise that it remains a constant challenge to recruit and retain a skilled workforce. It has become increasingly difficult to attract and retain General Practitioners and some Allied Health positions, including pharmacy, in rural and remote areas. We have been working hard to ensure our communities are not impacted by these challenges. We are pleased to announce the commencement of our newest GP Ferdinandus Pranadi. In order to ensure pharmacy support we formed a partnership with Colac Area Health to provide expert pharmacy services and advice, ensuring our services meet best practice.

This year the Board further recognised the need for transparent communication and the importance of ongoing updates from TDHS to the community. In recognition of this we created a Communications Plan. We have invested in updating our website, Facebook page and more communication through newsletters and newspaper articles.

There is so much happening in the health space and we want to keep you up to date. We hope you have noticed the changes and feel more informed. This year we have also created the new position of Community Engagement Officer. This role has commenced work to ensure we have up to date news and media, receive timely feedback and support our volunteers to deliver the best and safest services. This role will also work with our invaluable Consumer Participation Committee.

In conclusion, the Board of Directors and the Executive team 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.

As we reflect on the 2018/19 year, we are proud of what our healthcare service has achieved and the trust our community has placed in us to meet their healthcare needs. We now look to the year ahead to continue working with you for a healthy community.



Ms Maryanne Puli Vogels
Board Chair



Mrs Rebecca Van Wollingen
Chief Executive Officer (Acting)

Year in Review

SERVICE PLAN: KEY ACHIEVEMENTS AND CHALLENGES

IN MAY 2019 THE TIMBOON AND DISTRICT HEALTHCARE SERVICE STRATEGIC PLAN 2018 - 2023 WAS APPROVED BY THE DIRECTOR OF RURAL AND REGIONAL HEALTH AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. THE “DIRECTIONS” COLUMN IN THE BELOW SCHEDULE ARE THE PILLARS IN THIS STRATEGIC PLAN.

| DIRECTIONS | ACTIONS | DELIVERABLES | OUTCOMES |
|--|---|--|--|
| Provide integrated health and wellbeing services | Adhere to government policy directions | <ul style="list-style-type: none"> Develop and implement a Smoke Free Policy for staff, patients & volunteers | Achieved Policy implemented |
| | Increase focus on prevention, early identification and management of chronic conditions | <ul style="list-style-type: none"> Implement community health promotion programs | Commenced |
| | Build and strengthen strategic partnerships | <ul style="list-style-type: none"> Establish and maintain positive relationships with regional partners Regularly meet with other providers of local hospitals and aged care services, to improve communication and cooperation | Completed and continuing Completed and continuing |
| | Improve access and use of the health service system for consumers | <ul style="list-style-type: none"> Improve the timeliness & appropriateness of information flow between TDHS and other service providers Identify and implement additional navigation tools for community support | Commenced Communications plan developed and actioning Use of social media to support |
| | Invest in the use of innovative digital technologies | <ul style="list-style-type: none"> Review Electronic Health Record systems and plan for transfer to a complete Electronic Health Record Purchase & implement new patient monitoring system for Urgent Care Centre and Acute Ward | Commenced Completed |
| | Build capacity and capability within our teams to respond to consumer directed care reforms | <ul style="list-style-type: none"> Complete review of opportunities from NDIS Formally register to be a NDIA provider / market & advertise service to market | Completed Completed |

Year in Review

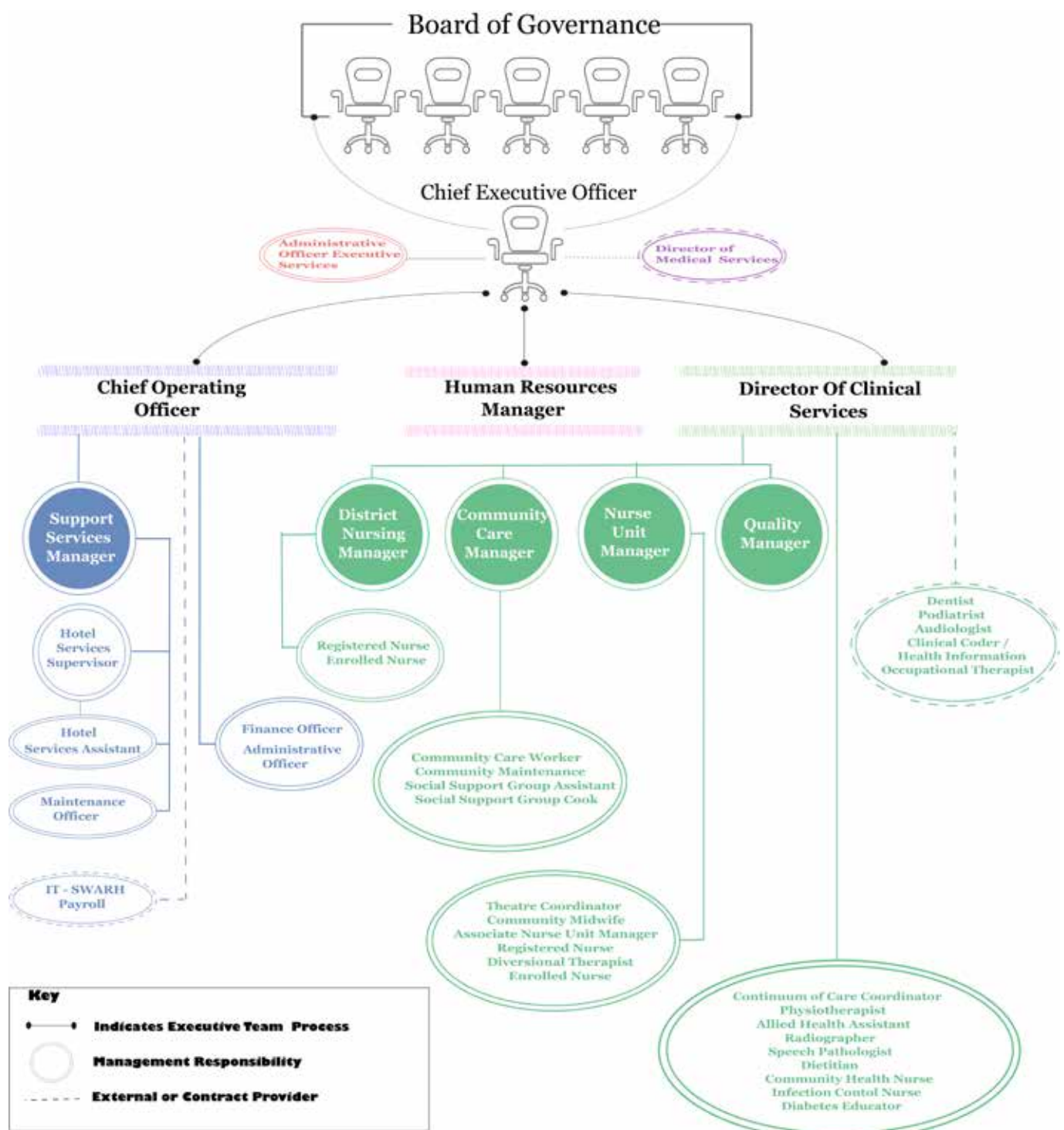
| DIRECTIONS | ACTIONS | DELIVERABLES | OUTCOMES |
|---|---|---|---|
| | | <ul style="list-style-type: none"> Review National Standards Version 2 and develop implementation plan | Commenced |
| Contribute to the development of a Connected Community | Develop and implement a community communications and engagement strategy | <ul style="list-style-type: none"> Continue to support and promote the work of the TDHS volunteer and auxiliary workforce Develop community communications and engagement strategy aligned to future directional changes | Commenced and continuing Completed |
| | Enhance community health literacy | <ul style="list-style-type: none"> Develop whole of organisation health literacy plan | Commenced |
| | Promote community health and wellbeing across the lifespan with a focus on prevention | <ul style="list-style-type: none"> Community Health Promotion content is incorporated into Communication Strategy | Completed and continuing |
| | Actively seek community feedback | <ul style="list-style-type: none"> Engage Consumer Participation Committee to assist with development of community engagement | Completed and continuing Regular meetings and work plan created |
| | | <ul style="list-style-type: none"> Investigate consumer participation on organisational committees Improve consumer feedback pathways for improved knowledge and responsiveness | Commenced Commenced |
| Maintain and enhance our skilled and engaged workforce | Develop and implement a people and culture strategy | <ul style="list-style-type: none"> Commence building resilience of TDHS team through completion of The Resilience Project Implement program of work to communicate and reinforce TDHS Values Develop and implement TDHS values recognition program | Completed Resilience Project actioned Commenced ICARE system developed Completed and continuing TDHS ICARE Awards night Commenced |
| | Invest in workforce training and development | <ul style="list-style-type: none"> Cooperate with university partners & local secondary schools in planning student placements and programs Work with regional partnerships to further explore Recruitment and On Boarding systems | Deakin Urgent Care Centre Project Student placements Commenced |

Year in Review

| DIRECTIONS | ACTIONS | DELIVERABLES | OUTCOMES |
|---|---|---|--|
| Strengthen Organisational Leadership | Continue to ensure best practice clinical governance | <ul style="list-style-type: none"> • Implement and maintain Accreditation action plans • Implement & maintain Clinical Governance Board Sub-Committee • Implement Clinical Audit schedule and embed as part of operating cycle • Embed TDHS Dashboard to track & measure as part of Board and Executive Operating Cycle | <p>Commenced</p> <p>Completed and continuing</p> <p>Commenced</p> <p>Commenced</p> |
| | Enhance focus on quality and safety through continuous quality improvement | <ul style="list-style-type: none"> • Complete review of TDHS alignment with required standards (OH&S, Building standards, Infrastructure compliance) • Implement Operational Audit schedule and embed as part of operating cycle • Develop and implement TDHS Risk Register | <p>Commenced</p> <p>Commenced</p> <p>Completed</p> |
| | Provide continued sound financial and sustainable organisational stewardship | <ul style="list-style-type: none"> • Implement Preventative Maintenance schedule in line with existing service offerings • Develop a Master Plan for TDHS incorporating all properties based on future Service Plan • Develop a five year Capital Plan | <p>Commenced</p> <p>Commenced</p> <p>Commenced</p> |
| | Seek additional funding sources to augment service offering | <ul style="list-style-type: none"> • Complete review of state health, federal health and other bodies re potential Grant & Funding opportunities | <p>Commenced</p> |
| | Advocate for and promote the value and benefits of the Multi-Purpose Service (MPS) model | <ul style="list-style-type: none"> • Actively participate and lead MPS Collective in partnership with Victorian Health Care Association | <p>Continuing</p> |
| | Explore shared governance and support arrangements, within our region, to maximise service flexibility, quality and efficiency. | <ul style="list-style-type: none"> • Investigate governance resources for Allied Health • Actively participate in regional governance forums | <p>Commenced</p> <p>Commenced</p> |

Management and Structure

OUR ORGANISATIONAL STRUCTURE



Our Governance

RELEVANT MINISTERS

COMMONWEALTH GOVERNMENT

01 July 2018 to 28 August 2018

Hon Greg Hunt MP - Minister for Health

Hon Ken Wyatt - Minister for Aged Care; Minister for Indigenous Health

Hon Michael Keenan - Minister for Human Services

Hon Bridget McKenzie - Minister for Rural Health

28 August 2018 to 29 May 2019

Hon Greg Hunt MP - Minister for Health

Hon Ken Wyatt - Minister for Aged Care and Senior Australians; Minister for Indigenous Health

Hon Michael Keenan - Minister for Human Services

29 May 2019 to 30 June 2019

Hon Greg Hunt MP - Minister for Health

Hon Richard Colbeck - Minister for Aged Care and Senior Australians

Hon Stuart Robert MP - Minister for the National Disability Insurance Scheme

VICTORIAN GOVERNMENT

1 July 2018 to 29 November 2018

The Hon. Jill Hennessy MP - Minister for Health; Minister for Ambulance Services

Martin Foley MP - Minister for Housing, Disability and Ageing; Minister for Mental Health

29 November 2018 to 30 June 2019

The Hon Luke Donnellan MP - Minister for Child Protection; Minister for Disability, Ageing and Carers

Martin Foley MP - Minister for Mental Health

Jenny Mikakos MP - Minister for Health; Minister for Ambulance Service

Our Board of Directors

BOARD OF DIRECTORS

The Board of Directors is responsible for the governance of TDHS. 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;
- Ensuring compliance with regulatory and legislative requirements

There were no instances during 2018/2019 where Board of Directors' members at TDHS declared a pecuniary interest and withdrew from necessary proceedings.



Chair

Maryanne Puli Vogels

First appointed: 01.07.2017

Current term of appointment:
01.07.2017 – 30.06.2020



Board Member

Gerry Keely

First appointed: 01.07.2017

Current term of appointment:
01.07.2017 – 30.06.2020

Chair Clinical Governance, Quality
and Credentialing Committee



Vice Chair

Chris Stewart

First appointed: 01.07.2017

Current term of appointment:
01.07.2017 – 30.06.2020



Board Member

Anne Skordis

First appointed: 01.07.2017

Current term of appointment:
01.07.2017 – 30.06.2019



Vice Chair

Claire Murphy

First appointed: 01.07.2017

Current term of appointment:
01.07.2017 – 30.06.2020



Board Member

Bryce Morden

First appointed: 01.07.2016

Current term of appointment:
01.07.2016 – 30.06.2019



Board Member

Josh McKenzie

First appointed: 01.11.2004

Current term of appointment:
01.07.2014 – 30.06.2019

Chair Audit Committee



Board Member

Toinette Hutchins

First appointed: 01.07.2018

Current term of appointment:
01.07.2018 – 30.06.2021

Our Committee Structure

THE BOARD OF DIRECTORS HAS ESTABLISHED A COMMITTEE STRUCTURE WITH TERMS OF REFERENCES TO ASSIST IN MEETING ITS OBLIGATIONS.

| BOARD SUB COMMITTEE | PURPOSE | MEMBERSHIP |
|---|--|---|
| 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 two consumer representatives. | Josh McKenzie (Chair) All Board Members are members of this committee Matt Hoffman (Consumer Representative) Jason Chuck (Consumer Representative) |
| Clinical Governance, Quality and Credentialing Committee (CGQCC) | Monitors compliance to external and internal audit processes. The CGQCC meets at least 6 times a year; its membership currently includes consumer representative options. For effective and comprehensive monitoring of clinical governance, quality and credentialing at TDHS, the Board of Governance receives regular reports from the following committees: <ul style="list-style-type: none"> • Patient Safety and Quality Committee • Medical Consultative Committee • Community Health Committee | Gerry Keely (Chair) All Board Members are members of this committee No consumer representation |
| Nomination and Remuneration Committee | Appraises and reviews the Chief Executive Officer's performance regularly, in line with contracted key performance indicators. | Maryanne Puli Vogels (Chair) Chris Stewart (Vice Chair) Claire Murphy (Vice Chair) |
| Consumer Participation Committee (CPC) Previously 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. | Donna Ellis (Chair) John Wilson Erica Elliot Terry O'Connor Ray Smith Gabby Theologous Heather Bullen (from 12.12.18) Aimee Hose (from 12.06.19) Zoe Neal (from 12.06.19) |

Our Executive Team

EXECUTIVE

Timboon and District Healthcare Service (TDHS) 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 TDHS performance and service targets in safety and quality, risk management, governance, human resources, finance and performance, and professional activity.

CHIEF EXECUTIVE OFFICER

Rebecca Van Wollingen (Acting from February 2019)

Qualifications: Bach of Nursing, Master of Public Health, AFACHSM

Gerry Sheehan (from June 2014 to 31st May 2019)

Qualifications: Dip Nursing, GDip Health Administration, MBA, MACHSM, MICF

The Chief Executive Officer is directly responsible to the Board of Directors for the overall management and financial accountability.

DIRECTOR OF CLINICAL SERVICES

Rebecca Van Wollingen (from February 2019)

Qualifications: Bach of Nursing, Master of Public Health, AFACHSM

Kerryn Charman (from October 2017 to September 2018)

Qualifications: Dip Nursing, GDip Nursing Midwifery, Dip Critical Care, GDip Leadership and Catholic Identity, GDip Integrated Risk Management

The Director of Clinical Services (DCS) is responsible for leading the Nursing, Community Health and Home Care services teams to ensure a culture of patient centred care that is individualised, safe and responsive. The DCS is also responsible for the implementation and monitoring of the Clinical Governance Framework.

CHIEF OPERATING OFFICER

Sharon Rees (from January 2019)

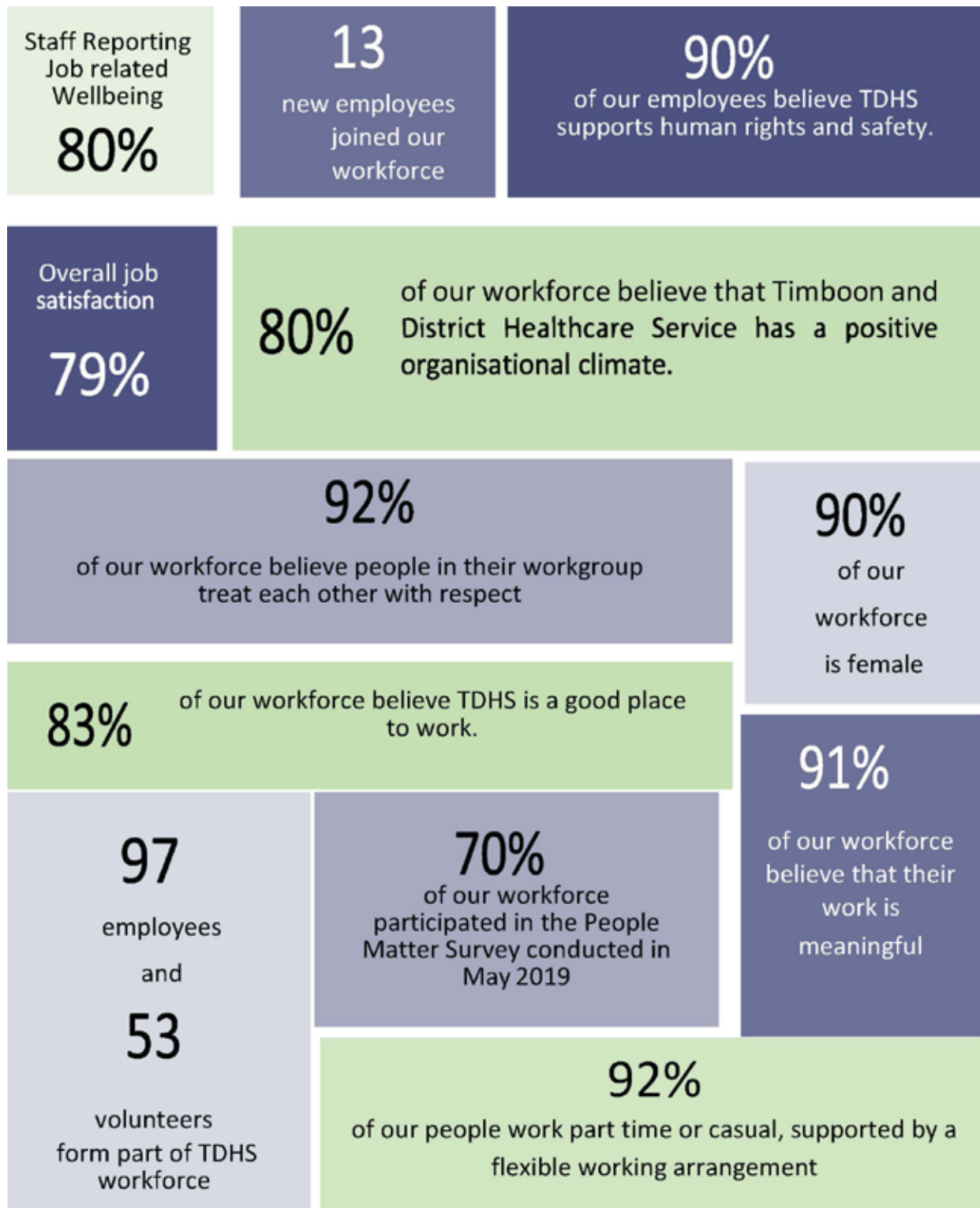
Qualifications: Bach of Applied Science (Computing), Grad Dip Secondary Education, Bach of Commerce (Accounting)

Nancy Johnson (from March 2016 to November 2018)

Qualifications: Bach of Commerce, Bach of International Business, CPA, GDip Education

The Chief Operating Officer is responsible for managing Finance, Administration, Hotel Services, Maintenance, Occupational Health & Safety, Risk Management, Compliance, Payroll and Information Technology.

Our Workforce



Our Workforce Data

| HOSPITALS LABOUR CATEGORY | JUNE CURRENT MONTH FTE | | JUNE YTD FTE | |
|---------------------------------|---------------------------|-------|-----------------|-------|
| | 2019 | 2018* | 2019 | 2018* |
| Nursing | 21.2 | 17.5 | 21.4 | 17.9 |
| Administration and Clerical | 10.7 | 8.2 | 9.2 | 8.8 |
| Medical Support | 0.8 | 0.7 | 0.9 | 1.3 |
| Hotel and Allied Services | 15.9 | 14.2 | 16.5 | 13.5 |
| Ancillary Staff (Allied Health) | 1.4 | 1.3 | 2.0 | 1.3 |

*2018 figures are based on paid worked hours excluding leave hours and overtime hours

PEOPLE AND CULTURE

During the last 12 month period the Executive team has undergone significant changes welcoming a new Director of Clinical Services, who has also acted as Chief Executive Officer, and a Chief Operating Officer. Our new leadership team brings new skills & ideas resulting in exciting opportunities for all employees. With a focus on individual development, team effectiveness and strategies to measure and improve our organisational culture, programs such as ICARE (Studer), The Resilience Project and the People Matters Survey will inform and continually strengthen our operational and strategic leadership.

PROFESSIONAL DEVELOPMENT

Three Mandatory Education days were delivered in November/December of 2018 in the Health Education Centre for staff to strengthen their competencies in their required area. This was a great opportunity for staff to come together, have discussions with management and learn in a relaxing environment. Many other educational opportunities have been provided to the whole of organisation including a 6 hour workshop with the Australian Council for Healthcare Standards (ACHS). This workshop was well attended by all departments within the organisation and shared with Colac Area Health. The intent of the workshop was to prepare the healthcare service for auditing against the second edition of the National Standards. Another key area of focus for education has been strengthening our response to family violence. Workshops have been delivered to staff and managers making it central to patient and workforce care.

OCCUPATIONAL HEALTH & SAFETY

TDHS 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.

TDHS is divided into three Designated Work Groups (DWG): Clinical, Community and Non-Clinical, with each DWG having staff representation in the form of elected Health and Safety Representatives (HSR's). All HSR's sit on the TDHS Occupational Health and Safety Committee and their function is to flag potential organisational risks and hazards, be a conduit for staff safety issues and create opportunities for all staff to have input into our Occupational Health & Safety policy and procedures. HSR's are offered recognised training and refresher courses to assist them with their functions.

Our Workforce Data

In addition to our risk management software system (Riskman), TDHS 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.

| OCCUPATIONAL HEALTH & SAFETY | 2018-19 | 2017-18 | 2016-17 |
|--|---------|----------|---------|
| Number of reported hazards/incidents for the year per 100 FTE | 52 | 57* | 103 |
| Number of 'lost time' standard claims for the year per 100 FTE | 0 | 2 | 0 |
| Average cost per claim for the year | \$0 | \$26,000 | \$0 |

* Additional training was implemented to help staff identify actual OH&S incidents

THE HEART OF TDHS SERVICE AND VOLUNTEER AWARDS

In 2019 TDHS celebrated its staff, Life Governors and volunteers in the inaugural Heart of TDHS Service and Volunteer Awards night on 5 March. Previously TDHS celebrated staff's long service achievements and Life Governor nominations at their November Annual General Meeting, but in order to put a well-deserved spotlight on its staff and volunteers, a separate night was decided upon. The date, 5 March, was chosen as it was the day in 1956 that TDHS received their first patients through the door even though it was officially opened in December 1955.

On this night we recognised and applauded those that had reached the following milestones: Long Service Awards, Outstanding Service Volunteer Award, Life Governors and the ICARE Peter Fox Award for the most outstanding staff member.

The ICARE Peter Fox peer nominated award, is awarded to the staff member who consistently makes a difference and goes above and beyond in demonstrating our ICARE values in their everyday work. The award recipient this year was Michelle Selten. We thank her for all her dedicated hard work and service.

LONG SERVICE AWARDS

Recipients of the Long Service Award for 2018/2019 will be celebrated in next year's "The Heart of TDHS Service and Volunteer Award" ceremony and are:

- Jodie Couch (Hotel Services Assistant) 10 years
- Kathy Blake (Enrolled Nurse) 10 years
- Donna Bellis (Hotel Services Assistant) 10 years
- Julie Giblett (Enrolled Nurse) 15 years
- Margaret Tesselaar (Associate Nurse Unit Manager) 35 years

VOLUNTEER AWARDS

The Most Outstanding Services as a Volunteer Award went to the Timboon Auxiliary members for over 71 years of dedicated service raising funds for TDHS. Over these years they organised fund raising events like, street stalls, catering for weddings, garden walks and art and craft events to pay for the furnishing of wards and the purchasing of medical and kitchen equipment. TDHS is extremely appreciative of the dedication and the donations given by all Auxiliary members, past and present.

Our Workforce Data



Auxiliary members top row from left to right: Betty O'Brien, Gwen Barr, Dorothy Glerum, Maureen Rands, Jan Burkhalter. Bottom row left to right: Rita Rundle, Vale Ethel Rundle and Barbara Fraser. Absent from the photo: Gwenda Gunn and Margaret Bacon.

LIFE GOVERNORS

The following volunteers were nominated by the Board of Directors in 2018/2019 to receive a Life Governorship of TDHS in recognition of their long and outstanding service on the Board:

- Margaret Bull 1/11/2006 – 23/02/2017
- Michael Broomhall 1/07/1997 – 31/06/2009
- Tom Walsh 1/11/2005 – 15/03/2016
- Catherine Marr 1/11/2001 – 23/06/2017
- John Renyard 1/07/2009 – 30/06/2018
- Ray Smith 1/11/2005 – 30/06/2016

Catherine Marr and Michael Broomhall were both able to attend to receive their award.



Life Governor Recipient Michael Broomhall and his wife Julie.



Life Governor Recipient Catherine Marr.

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, and sharing skills gained over a lifetime of experience. Our aim at TDHS is to ensure that each person is treated with respect and that we have in place policies for procedures to protect our workforce. We are extremely proud of all our volunteers and very grateful to the valuable contributions they make to TDHS.

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 TDHS.

OUR LIFE GOVERNORS

Volunteers attaining nine years' service, be that consecutive or cumulative, are eligible to be nominated to the Board of Directors to receive a Life Governorship of TDHS in recognition of their service to the MPS and community. Volunteers not attaining the length of service may still be eligible for the award if the Board deem their contribution to be of significant in terms of service, support or contribution to TDHS.

Mr M. Broomhall
Mrs M. Bull
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
Mrs. Y. Lawson
Mrs C. Marr
Mrs M. McKenzie

Mr. R. McVilly
Mrs. H. Morris
Mrs. B. Newey
Mrs. B. O'Brien
Mrs. E. Padbury
Mr J. Renyard
Mrs. K. Robbins
Mr. K. Serong
Mrs. M. Serong
Mrs. M. Symons
Mr R. Smith
Mrs. D. Taylor
Mrs. J. Toller-Bond
Mr. D. Trigg
Mr. J.A. Vogels MP
Mr T. Walsh

VALE

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

Mrs H. Bullen 15/06/1936 – 26/11/2018

Mrs E. Rundle 10/04/1934 – 03/06/2019

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 TDHS to procure vital equipment and infrastructure and to sustain high quality service provision and optimum health and wellness for our communities.

DONATIONS 2018/19

| | |
|---|---------------------|
| 2018 Annual Appeal (Emergency trolleys) | \$12,212.42 |
| 2019 Annual Appeal (Chairs) | \$16,127.60 |
| Donations and Bequests | \$ 44,688.20 |
| Total | \$ 73,028.22 |



Associate Nurse Unit Manager Ingrid Rial, Enrolled Nurse Vickie Stevens and Associate Nurse Unit Manager Naomi Lewis with the Emergency trolleys purchased with donations received from our generous community.

Our Performance Priorities

QUALITY AND SAFETY

Safety and Quality remain a key focus at all times at TDHS. Improvements in the number of safer and positive experiences occurring within our health system are testament to this focus. Partnering with our consumers remains pivotal to our vision of “Working together for a healthy community” and therefore inviting consumer feedback and suggestions is central to informing our continual improvement processes.

Within the organisation, evidence based best practice elements promote sustainable systems, processes and behaviours to maintain high standards in the pursuit of excellence. This continues to be a safety and quality goal at TDHS to deliver optimal health outcomes for the community.

| KEY PERFORMANCE INDICATOR | TARGET | RESULT |
|--|----------------------------|------------------|
| Health Service Accreditation | Full Compliance | Full Compliance |
| Compliance with Cleaning Standards | Full Compliance | Full Compliance |
| Compliance with the Hand Hygiene Australia Program | 80% | 91% |
| Percentage of Healthcare Workers Immunised for Influenza | 75% | 98% |
| Victorian Health Experience Survey – patient experience | 95% positive experience | Full Compliance* |
| Victorian Health Experience Survey – discharge care | 75% very positive response | Full Compliance* |

* Less than 30 responses

GOVERNANCE AND LEADERSHIP

| KEY PERFORMANCE INDICATOR | TARGET | RESULT |
|---|--------|--------|
| People Matter Survey – percentage of staff with a positive response to safety culture questions | 80% | 90% |

FINANCIAL SUSTAINABILITY

| KEY PERFORMANCE INDICATOR | TARGET | RESULT |
|-------------------------------|---------|------------|
| Operating Result (\$m) | 0.000 | 0.353 |
| Trade Creditors | 60 Days | 53 Days |
| Patient Fee Debtors | 60 Days | 57 Days |
| Adjusted Current Asset Ratio | 0.7 | 3.32 |
| Number of Days Available Cash | 14 Days | 214.4 Days |

FUNDED FLEXIBLE INPATIENT CARE PLACES

| CAMPUS | CAMPUS |
|--------------------|--------|
| Flexible High Care | 14 |

Our Performance Priorities

UTILISATION OF FLEXIBLE AGED CARE PLACES

| CAMPUS | NUMBER | OCCUPANCY LEVEL % |
|--------------------|--------|-------------------|
| Flexible High Care | 4 | 81% |
| Respite ** | 2 | 156% |
| Total | 6 | |

**Beds can be used flexibly based on community need and demand for service

ACUTE CARE

| SERVICE | TYPE OF ACTIVITY | ACTUAL 2018-19 | ACTUAL 2017-18 |
|--------------------|-------------------|----------------|----------------|
| Medical Inpatients | Bed days | 1,321 | 1,435 |
| Urgent Care | Presentations | 1,259 | 1,458 |
| Radiology | Number of clients | 298 | 322 |

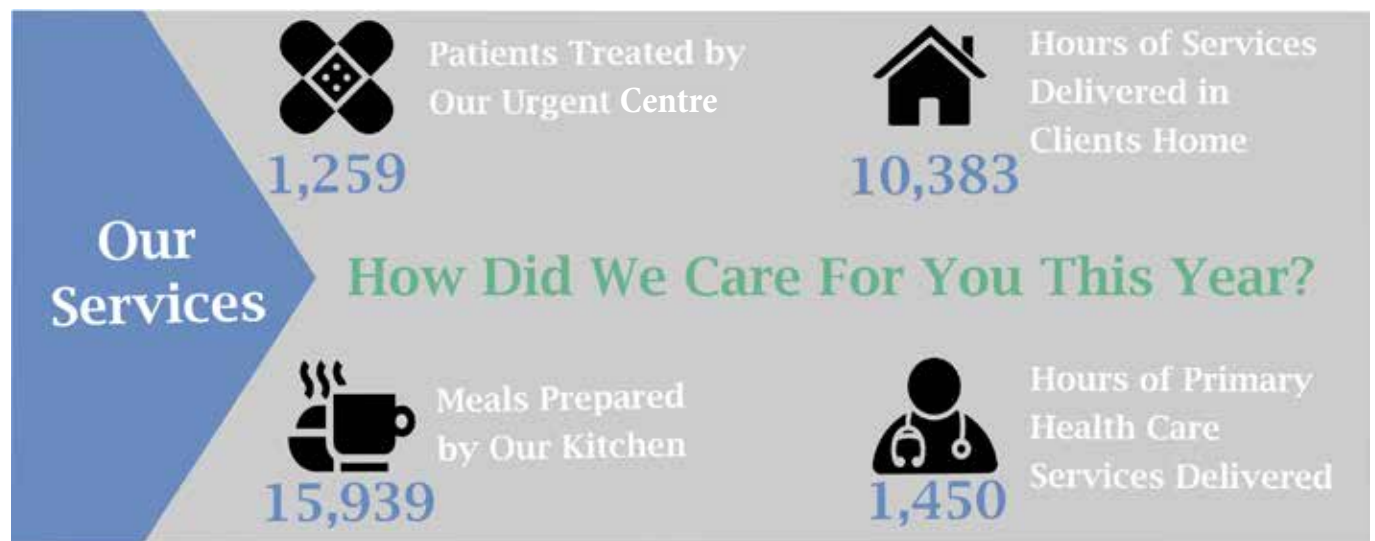
PRIMARY HEALTH CARE

| SERVICE | TYPE OF ACTIVITY | ACTUAL 2018-19 | ACTUAL 2017-18 |
|--------------------------|----------------------|----------------|----------------|
| Community Health Nursing | Hours of Service | 366 | 398 |
| Community Midwife | Hours of Service | 107 | 216 |
| Continence Services | Hours of Service | 36 | 46 |
| Diabetes Education | Hours of Service | 55 | 41 |
| Dietetics | Hours of Service | 172 | 181 |
| Exercise Classes | Occasions of Service | 2,761 | 2,866 |
| Occupational Therapy | Hours of Service | 115 | 104 |
| Physiotherapy | Hours of Service | 349 | 326 |
| Podiatry | Hours of Service | 137 | 118 |
| Speech Pathology | Hours of Service | 114 | 304 |

Our Performance Priorities

COMMUNITY CARE

| SERVICE | TYPE OF ACTIVITY | ACTUAL 2018-19 | ACTUAL 2017-18 |
|----------------------|------------------|----------------|----------------|
| Delivered Meals | Number of Meals | 8,402 | 8,583 |
| Domestic Assistance | Hours of Service | 5,221 | 5,411 |
| Personal Care | Hours of Service | 1,571 | 1,637 |
| In-home Respite | Hours of Service | 532 | 389 |
| Property Maintenance | Hours of Service | 1,052 | 1,094 |
| Social Support Group | Hours of Service | 8,740 | 6,248 |
| Community Transport | Hours of Service | 552 | 237 |
| District Nursing | Hours of Service | 1,879 | 1,768 |



Financial Information

| 5 YEAR FINANCIAL SUMMARY | \$000 | \$000 | \$000 | \$000 | \$000 |
|-------------------------------------|--------|--------|--------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Total Revenue | 7,761 | 7,403 | 7,473 | 7,232 | 7,188 |
| Total Expenses | 7,778 | 7,557 | 7,803 | 7,928 | 7,682 |
| Net Result from Transactions | (17) | (154) | (330) | (696) | (494) |
| Total other economic flows | 58 | 69 | 72 | 30 | 87 |
| Net Result | 41 | (85) | (258) | (666) | (407) |
| Total Assets | 18,234 | 17,943 | 17,607 | 17,611 | 17,688 |
| Total Liabilities | 2,005 | 1,796 | 2,557 | 2,304 | 1,714 |
| Net Assets/Total Equity | 16,229 | 16,147 | 15,050 | 15,307 | 15,974 |

| 5 YEAR FINANCIAL SUMMARY | \$000 |
|-------------------------------------|-------|
| | 2019 |
| Net operating result | 376 |
| Capital and specific items | |
| Capital purpose income | 357 |
| Specific income | - |
| Assets provided free of charge | - |
| Assets received free of charge | - |
| Expenditure for capital purpose | (13) |
| Depreciation and amortisation | (737) |
| Impairment of non-financial assets | - |
| Finance costs (other) | - |
| Net result from transactions | (17) |

CURRENT FINANCIAL YEAR REVIEW

Financial Analysis of Operating Revenues and Expenses

Timboon and District Healthcare Service ended the 2018-19 financial year with an operating result of \$353,000 in surplus compared to a result of \$341,000 in the previous year. The surplus was contributed to a lower than anticipated salary expense in the Allied Health area and lower than anticipated drug costs resulting from a change to a centralised drug supply model.

The operating result was also affected by the results of South West Alliance of Rural Health (SWARH) which Timboon and District Healthcare Service recognises as a jointly controlled operation. TDHS has recognised \$85,000 as a share of the SWARH surplus.

Financial Information

Significant Changes in Financial Position during the Year

The current asset ratio at 30 June 2019 decreased slightly to 3.32 from 3.4 at the 30 June 2018. The ratio is much higher than the targeted ratio of 0.7 indicating that the organisation is in a healthy financial position, with adequate cash resources to meet liabilities as they fall due.

Performance against Operational and Budgetary Objectives

Each year the health service establishes an operational budget which is matched to the strategic objectives of the organisation and aims for a balanced budget outcome. In 2018 – 19 the healthcare service aimed to achieve a near zero surplus before capital and specific items and achieved a surplus of \$353,000.

CONSULTANCIES

Details of consultancies (under \$10,000)

In 2018-19, there were three consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-19 in relation to these consultancies is \$18,395 (excl. GST).

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

In 2018-19, there were two consultancies where the total fees payable to the consultant was \$10,000 or greater. Details below:

| CONSULTANT | PURPOSE OF CONSULTANCY | START DATE | END DATE | TOTAL APPROVED PROJECT FEE (EXCLUDING GST) | EXPENDITURE 2018-19 (EXCLUDING GST) | FUTURE EXPENDITURE (EXCLUDING GST) |
|---------------------------------|--------------------------------|------------|----------|---|--|---------------------------------------|
| Baade Harbour Australia Pty Ltd | Acute Services Concept Plan | 07/01/19 | Current | 18 | 15 | 3 |
| Baade Harbour Australia Pty Ltd | Acute Ensuite Redesign Project | 28/08/18 | Current | 11.4 | 11.4 | 0 |

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE (\$ MILLIONS)

The total ICT expenditure incurred during 2018-19 is \$383,456.61 with the details shown below.

| BUSINESS AS USUAL (BAU) ICT EXPENDITURE | NON BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE | | |
|---|--|--|--|
| TOTAL (EXCLUDING GST) | (TOTAL=OPERATIONAL EXPENDITURE AND CAPITAL EXPENDITURE) (EXCLUDING GST) | OPERATIONAL EXPENDITURE (EXCLUDING GST) | CAPITAL EXPENDITURE (EXCLUDING GST) |
| 0.322 | 0.061 | 0.018 | 0.043 |

Statutory Disclosures

FREEDOM OF INFORMATION ACT 1982

The *Freedom of Information (FOI) Act 1982* allows the public a right of access to documents held by TDHS. Individuals or agencies who act on their behalf, such as solicitors or insurance companies, are entitled to access personal medical record information. TDHS is committed to protecting consumer privacy and all care is taken to ensure this. All FOI applications are directed to the Nurse Unit Manager and are processed in accordance with the provisions of the *Freedom of Information (FOI) Act 1982* within the legislated timeframes.

During 2018/19 TDHS received and processed 5 applications from members of the public.

All FOI applications must be made in writing and addressed to:

ATT: Nurse Unit Manager
Timboon and District Healthcare Service
21 Hospital Road
Timboon VIC 3268

All applications will be charged an application fee. Successful applicants will also incur additional access charges which vary depending on materials supplied. A schedule of all fees can be found on the Office of the Victorian Information Commissioner website (ovic.vic.gov.au).

BUILDING ACT 1993

TDHS complies with the *Building Act 1993* and Standards for Publicly Owned Buildings November 1994 in all redevelopment and maintenance issues.

The buildings have been subject to a fire audit and we have a completed Fire Safety Handbook that will take us through the next 5 years. Both of these tasks were completed by a Fire Safety Engineer.

During the reporting period, planned/preventative maintenance was carried out, including routine inspections and rectification to ensure the healthcare service's buildings were maintained in a safe and functional condition in compliance with the requirements of the Act, Building Code of Australia and various Australian Standards, as evidenced in the annual certificate of compliance of Essential Safety Measures (ESM). The buildings ESM is also subject to external auditing.

We currently use a number of external specialists to assist with our compliance with the Department of Health and Human Services Fire Risk Management Guidelines.

Within the reporting period TDHS has been involved in a Health Purchasing Victoria (HPV) project designed to streamline ESM contracts and reduce service costs across the South West.

PROTECTED DISCLOSURE ACT 2012

TDHS is committed to the principles of the *Protected Disclosure Act 2012*. During the 2018/19 financial year there were no disclosures received by TDHS and no notification of disclosures to the Ombudsman or any other external agency.

COMPETITIVE NEUTRALITY POLICY VICTORIA

TDHS complies with the National Competition Policy and requirements of the *Competitive Neutrality Policy Victoria*.

CARERS RECOGNITION ACT 2012

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

Statutory Disclosures

ENVIRONMENTAL PERFORMANCE

| ENVIRONMENTAL PERFORMANCE | 2018-19 | 2017-18 | 2016-17 |
|---|---------|---------|---------|
| Total greenhouse gas emissions (tonnes CO2e) | | | |
| Scope 1 | 30 | 32 | 31 |
| Scope 2 | 362 | 393 | 391 |
| Emissions per unit of floor space (kgCO2e/m2) | 115.72 | 125.37 | 124.61 |
| Total energy consumed (GJ) | | | |
| Electricity | 1,219 | 1,308 | 1,292 |
| Solar Power | 4 | N/A | N/A |
| Liquefied Petroleum Gas | 497 | 536 | 514 |
| Energy per unit of floor space (GJ/m2) | 0.51 | 0.54 | 0.53 |
| Total water consumption (kL) | | | |
| Potable Water | 1,776 | 1,812 | 1,556 |
| Water per unit of floor space (kL/m2) | 0.52 | 0.53 | 0.46 |
| Waste (kg) | | | |
| Total waste generated | 8,943 | 8,478 | N/A |
| Total waste to landfill generated | 4,047 | 4,673 | N/A |
| Recycling rate % | 56.58 | 46.56 | N/A |

Statutory Disclosures

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

In compliance with the requirements of the Financial Reporting Directions 22H (Section 5.19), details in respect to the items listed below have been retained by TDHS and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- (a) Declarations of pecuniary interests have been duly completed by all relevant officers
- (b) Details of shares held by senior officers as nominee or held beneficially
- (c) Details of publications produced by the entity about itself, and how these can be obtained
- (d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service
- (e) Details of any major external reviews carried out on the Health Service
- (f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations
- (g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- (h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services
- (i) Details of assessments and measures undertaken to improve the occupational health and safety of employees
- (j) A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations
- (k) A list of major committees sponsored by the Health 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.


Other Relevant Reporting Directives

LOCAL JOBS FIRST ACT DISCLOSURES

No contracts commenced in the financial year to which the Local Jobs first - VIPP Plan was required.

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Chris Stewart, on behalf of the Responsible Body, certify that Timboon and District Healthcare Service has complied with the applicable Standing Directions 2018 under the Financial Management Act 1994 and Instructions.

A handwritten signature in dark ink, appearing to read 'Chris Stewart', written over a horizontal dashed line.

Chris Stewart
Acting Board Chair
Timboon & District Healthcare Service
30/08/2019

Attestations

ATTESTATION ON DATA INTEGRITY

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



Rebecca Van Wollingen
Acting Chief Executive Officer
Timboon & District Healthcare Service
31/07/2019

ATTESTATION ON CONFLICT OF INTEREST

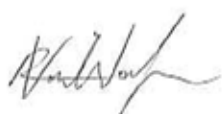
I, Rebecca Van Wollingen, certify that Timboon and District Healthcare Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented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



Rebecca Van Wollingen
Acting Chief Executive Officer
Timboon & District Healthcare Service
31/07/2019

ATTESTATION ON INTEGRITY, FRAUD AND CORRUPTION

I, Rebecca Van Wollingen, certify that Timboon & District Healthcare Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Timboon & District Healthcare Service during the year.



Rebecca Van Wollingen
Acting Chief Executive Officer
Timboon & District Healthcare Service
31/07/2019

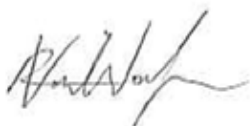
Other Reporting Requirements

OCCUPATIONAL VIOLENCE

| OCCUPATIONAL VIOLENCE STATISTICS | 2018-19 |
|---|---------|
| WorkCover accepted claims with an occupational violence cause per 100 FTE | 0 |
| Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked. | 0 |
| Number of occupational violence incidents reported | 15 |
| Number of occupational violence incidents reported per 100 FTE | 30 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 0 |

COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

I, Rebecca Van Wollingen, 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 HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



Rebecca Van Wollingen
Acting Chief Executive Officer
Timboon & District Healthcare Service
31/07/2019

SAFE PATIENT CARE ACT 2015

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

Disclosure Index

THE ANNUAL REPORT OF TIMBOON & 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 |
|--|---|----------------|
| CHARTER AND PURPOSE | | |
| FRD 22H | Manner of establishment and the relevant Ministers | 5, 16 |
| FRD 22H | Purpose, functions, powers and duties | 16-18 |
| FRD 22H | Nature and range of services provided | 7 |
| FRD 22H | Activities, programs and achievements for the reporting period | 12-14 |
| FRD 22H | Significant changes in key initiatives and expectations for the future | 9-11 |
| MANAGEMENT AND STRUCTURE | | |
| FRD 22H | Organisational structure | 15 |
| FRD 22H | Workforce data, employment and conduct principles | 2, 20-23 |
| FRD 22H | Occupational Health & Safety | 21 |
| FINANCIAL INFORMATION | | |
| FRD 22H | Summary of the financial results for the year | 29 |
| FRD 22H | Significant changes in financial position during the year | 30 |
| FRD 22H | Operational and budgetary objectives and performance against Objectives | 30 |
| FRD 22H | Subsequent events | NA |
| FRD 22H | Details of consultancies under \$10,000 | 30 |
| FRD 22H | Details of consultancies over \$10,000 | 30 |
| FRD 22H | Disclosure of ICT expenditure | 30 |
| LEGISLATION | | |
| FRD 22H | Application and operation of Freedom of Information Act 1982 | 31 |
| FRD 22H | Compliance with building and maintenance provision of Building Act 1993 | 31 |
| FRD 22H | Application and operation of Protected Disclosure 2012 | 31 |
| FRD 22H | Statement on National Competition Policy | 31 |
| FRD 22H | Application and operation of Carers Recognition Act 2012 | 31 |
| FRD 22H | Summary of the entity's environmental performance | 32 |
| FRD 22H | Additional information available on request | 33 |
| OTHER RELEVANT REPORTING DIRECTIVES | | |
| FRD 25D | Local Jobs First Act disclosures | 34 |
| SD 5.1.4 | Financial Management Compliance attestation | 34 |
| SD 5.2.3 | Declaration in report of operations | 4 |
| ATTESTATIONS | | |
| Attestation on Data Integrity | | 35 |
| Attestation on managing Conflicts of Interest | | 35 |
| Attestation on Integrity, fraud and corruption | | 35 |
| OTHER REPORTING REQUIREMENTS | | |
| • | Reporting of outcomes from Statement of Priorities 2018 – 2019 | 12-14, 26-28 |
| • | Occupational Violence reporting | 36 |
| • | Reporting of compliance Health Purchasing Victoria policy | 36 |
| • | Reporting obligations under the Safe Patient Care Act 2015 | 36 |
| • | Reporting of compliance regarding Car Parking Fees (if applicable) | NA |

Financial **Statements**

A decorative graphic consisting of seven light green circles of varying sizes and two large, light green curved lines that sweep upwards from the bottom right towards the center of the page.

TIMBOON AND DISTRICT HEALTHCARE SERVICE

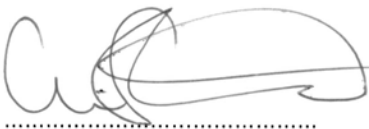
BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

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 Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Timboon and District Healthcare Service at 30 June 2019.

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.

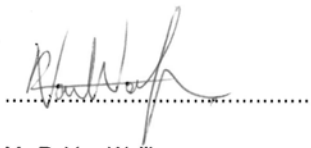
We authorise the attached financial statements for issue on this day.



Mr Christopher Stewart
Acting Board Chair

Timboon

27 August 2019



Ms R. Van Wollingen
Accountable Officer

Timboon

27 August 2019



Ms S. Rees
Chief Finance & Accounting Officer

Timboon

27 August 2019

Independent Auditor's Report

To the Board of Timboon and District Healthcare Service

| | |
|--|---|
| Opinion | <p>I have audited the financial report of Timboon and District Healthcare Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> balance sheet as at 30 June 2019 comprehensive operating statement for the year then ended statement of changes in equity for the year then ended cash flow statement for the year then ended notes to the financial statements, including significant accounting policies board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the financial report | <p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

**Auditor's
responsibilities
for the audit
of the financial
report**

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

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

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

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



MELBOURNE
2 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

TIMBOON AND DISTRICT HEALTHCARE SERVICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|--------------------|--------------------|
| Income from Transactions | | | |
| Operating Activities | 2.1 | 7,673,151 | 7,319,844 |
| Non-operating Activities | 2.1 | 87,956 | 83,237 |
| Total Income from Transactions | | 7,761,107 | 7,403,081 |
| Expenses from Transactions | | | |
| Employee Expenses | 3.1 | (5,384,532) | (5,067,010) |
| Supplies and Consumables | 3.1 | (365,554) | (370,246) |
| Finance Costs | 3.1 | (8,761) | (3,382) |
| Depreciation and Amortisation | 4.3 | (737,277) | (718,540) |
| Other Operating Expenses | 3.1 | (1,282,381) | (1,398,015) |
| Total Expenses from Transactions | | (7,778,505) | (7,557,193) |
| Net Result from Transactions - Net Operating Balance | | (17,398) | (154,112) |
| Other Economic Flows Included in Net Result | | | |
| Net gain/(loss) on non-financial assets | 3.2 | 27,507 | 18,967 |
| Net gain/(loss) on financial instruments | 3.2 | 1,050 | 0 |
| Share of Other Economic Flows from Joint Operation | 3.2 | 57,274 | 49,686 |
| Other Gain/(Loss) from Other Economic Flows | 3.2 | (27,457) | 85 |
| Total Other Economic Flows Included in Net Result | | 58,374 | 68,738 |
| Net Result for the year | | 40,976 | (85,374) |
| Other Comprehensive Income | | | |
| Items that will not be classified to Net Result | | | |
| Changes in Property, Plant & Equipment Revaluation Surplus | 4.2b | 41,086 | 1,182,604 |
| Total Other Comprehensive Income | | 41,086 | 1,182,604 |
| COMPREHENSIVE RESULT | | 82,062 | 1,097,230 |

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

TIMBOON AND DISTRICT HEALTHCARE SERVICE
BALANCE SHEET
AS AT 30 JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|-------------------|-------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 6.2 | 3,001,861 | 630,821 |
| Receivables | 5.1 | 308,304 | 268,738 |
| Investments & other Financial Assets | 4.1 | 1,000,000 | 3,353,138 |
| Investments using the Equity Method | | 58,333 | 1,060 |
| Other Financial Assets | | 127,864 | 100,481 |
| Total Current Assets | | 4,496,362 | 4,354,238 |
| Non-Current Assets | | | |
| Receivables | 5.1 | 281,070 | 213,328 |
| Property, Plant and Equipment | 4.2 | 13,456,236 | 13,375,728 |
| Total Non-Current Assets | | 13,737,306 | 13,589,056 |
| TOTAL ASSETS | | 18,233,668 | 17,943,294 |
| Current Liabilities | | | |
| Payables | 5.2 | 677,524 | 694,335 |
| Borrowings | 6.1 | 43,076 | 59,676 |
| Provisions | 3.4 | 1,012,411 | 897,784 |
| Total Current Liabilities | | 1,733,011 | 1,651,795 |
| Non-Current Liabilities | | | |
| Borrowings | 6.1 | 74,685 | 0 |
| Provisions | 3.4 | 197,095 | 144,684 |
| Total Non-Current Liabilities | | 271,780 | 144,684 |
| TOTAL LIABILITIES | | 2,004,791 | 1,796,479 |
| NET ASSETS | | 16,228,877 | 16,146,815 |
| EQUITY | | | |
| Property, Plant and Equipment Revaluation Surplus | 4.2f | 6,723,787 | 6,682,701 |
| Contributed Capital | | 4,610,700 | 4,610,700 |
| Accumulated Surpluses/(Deficits) | | 4,894,390 | 4,853,414 |
| TOTAL EQUITY | | 16,228,877 | 16,146,815 |
| Commitments | 6.3 | | |
| Contingent Assets and Contingent Liabilities | 7.2 | | |

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 2019**

| | Property, Plant and Equipment Revaluation Surplus \$ | Contributed Capital \$ | Accumulated Surpluses/ (Deficits) \$ | Total \$ |
|---|--|------------------------------|---|-------------------|
| Balance at 1 July 2017 | 5,500,097 | 4,610,700 | 4,938,788 | 15,049,585 |
| Net result for the year | 0 | 0 | (85,374) | (85,374) |
| Other comprehensive income for the year | 1,182,604 | 0 | 0 | 1,182,604 |
| Balance at 30 June 2018 | 6,682,701 | 4,610,700 | 4,853,414 | 16,146,815 |
| Net result for the year | 0 | 0 | 40,976 | 40,976 |
| Other comprehensive income for the year | 41,086 | 0 | 0 | 41,086 |
| Balance at 30 June 2019 | 6,723,787 | 4,610,700 | 4,894,390 | 16,228,877 |

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 2019

| | Note | 2019 \$ | 2018 \$ |
|--|------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating Grants from Government | | 6,054,653 | 5,843,588 |
| Capital Grants from Government | | 154,608 | 113,044 |
| Patient and Resident Fees Received | | 615,206 | 756,697 |
| Donations and Bequests Received | | 73,028 | 13,025 |
| Interest Received | | 96,208 | 81,824 |
| Other Receipts | | 603,833 | 1,248,405 |
| Total Receipts | | 7,597,536 | 8,056,583 |
| Employee Expenses Paid | | (4,715,765) | (4,668,230) |
| Non Salary Labour Costs | | (476,846) | (502,190) |
| Payments for Supplies and Consumables | | (365,554) | (373,354) |
| Finance Costs | | (8,761) | (4,748) |
| GST (Paid to)/Received from ATO | | (9,643) | (7,200) |
| Other Payments | | (1,313,008) | (1,948,505) |
| Total Payments | | (6,889,577) | (7,504,227) |
| NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES | 8.1 | 707,959 | 552,356 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Purchase of)/Proceeds from Investments | | 2,353,138 | (517,572) |
| Purchase of Non-Financial Assets | | (799,378) | (233,250) |
| Proceeds from Sale of Non-Financial Assets | | 50,186 | 34,960 |
| NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES | | 1,603,946 | (715,862) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of Borrowings | | (4,859) | (133,010) |
| Proceeds from Borrowings | | 63,994 | 0 |
| NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES | | 59,135 | (133,010) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | 2,371,040 | (296,516) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | | 630,821 | 927,337 |
| CASH AND CASH EQUIVALENTS AT END OF OF FINANCIAL YEAR | 6.2 | 3,001,861 | 630,821 |

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

BASIS OF PREPARATION

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

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

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

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 year ended 30 June 2019. The report provides users with information about Timboon and District Healthcare Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

Timboon and District Healthcare Service is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

(b) Reporting Entity

The financial statements include 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.

(c) Basis of accounting preparation and measurement

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer note 8.9 Economic Dependency).

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

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

Timboon and District Healthcare Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of accounting preparation and measurement (Continued)

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 underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3 Employee Benefits in the Balance Sheet);

Goods and Services Tax (GST)

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

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

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

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

(d) Jointly Controlled Operation

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

In respect of any interest in joint operations, 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.

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

(e) 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.

(f) Equity

Contributed Capital

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

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

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

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

Timboon and District Healthcare Service's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians. Timboon and District Healthcare Service is predominantly funded by accrual based grant funding for the provision of outputs. Timboon and District Healthcare Service also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1: INCOME FROM TRANSACTIONS

| | TOTAL 2019 | TOTAL 2018 |
|---|------------------|------------------|
| | \$ | \$ |
| Government Grants - Operating | 6,156,991 | 5,842,397 |
| Government Grants - Capital | 154,608 | 113,044 |
| Other Capital Purpose Income (including capital donations) | 113,992 | 35,286 |
| Indirect Contributions by Department of Health and Human Services | 73,780 | (8,267) |
| Patient and Resident Fees | 586,866 | 723,048 |
| Private Practice Fees | 23,201 | 28,537 |
| Commercial Activities | 67,261 | 89,366 |
| Other Revenue from Operating Activities (including non-capital donations) | 496,452 | 496,433 |
| Total Income from Operating Activities | 7,673,151 | 7,319,844 |
| Capital Interest | 87,956 | 82,325 |
| Interest | 0 | 912 |
| Total Income from Non-Operating Activities | 87,956 | 83,237 |
| Total Income from Transactions | 7,761,107 | 7,403,081 |

Revenue Recognition

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, 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 Timboon and District Healthcare Service gains control of the underlying assets irrespective of whether conditions are imposed on Timboon and District Healthcare Service's use of the contributions.

The Department of Health and Human Services makes certain payments on behalf of Timboon and District Healthcare Service.

These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue.

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

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are 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 long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular

Patient Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

Revenue from commercial activities such as provision of meals to external users is recognised on an accrual basis.

Donations and Other Bequests

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

Interest Revenue

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

Other Income

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

NOTE 3: THE COST OF DELIVERING SERVICES

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

Structure

3.1 Expenses from Transactions

3.2 Other Economic Flows

3.3 Analysis of expenses and revenue by internally managed and restricted specific purpose funds

3.4 Employee benefits in the Balance Sheet

3.5 Superannuation

| Note 3.1: EXPENSES FROM TRANSACTIONS | TOTAL 2019 \$ | TOTAL 2018 \$ |
|--|---------------------|---------------------|
| Salaries and Wages | 4,469,584 | 4,140,981 |
| On-costs | 395,289 | 374,526 |
| Agency Expenses | 225,919 | 238,207 |
| Fee for Service Medical Officer Expenses | 250,927 | 263,983 |
| Workcover Premium | 42,813 | 49,313 |
| Total Employee Expenses | 5,384,532 | 5,067,010 |
| Drug Supplies | 21,113 | 32,143 |
| Medical & Surgical Supplies (including Prosthesis) | 91,507 | 92,283 |
| Diagnostic and Radiology Supplies | 29,788 | 33,249 |
| Other Supplies and Consumables | 223,146 | 212,571 |
| Total Supplies and Consumables | 365,554 | 370,246 |
| Finance Costs | 8,761 | 3,382 |
| Total Finance Costs | 8,761 | 3,382 |
| Fuel, Light, Power and Water | 114,643 | 120,780 |
| Repairs and Maintenance | 139,511 | 216,675 |
| Maintenance Contracts | 57,058 | 67,038 |
| Medical Indemnity Insurance | 45,702 | 49,118 |
| Other Administration Expenses | 921,942 | 938,701 |
| Expenditure for Capital Purposes | 3,525 | 5,703 |
| Total Other Operating Expenses | 1,282,381 | 1,398,015 |
| Depreciation and Amortisation (refer note 4.3) | 737,277 | 718,540 |
| Total Other Non-Operating Expenses | 737,277 | 718,540 |
| Total Expenses from Transactions | 7,778,505 | 7,557,193 |

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

Employee Expenses

Employee expenses include:

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

Supplies and consumables

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

Finance costs

Finance costs include:

- finance charges in respect of finance leases which are recognised in accordance with AASB 117 Leases.

Other operating expenses

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

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

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

Non-operating expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

| | 2019 | 2018 |
|---|-----------------|---------------|
| | \$ | \$ |
| <u>Net gain/(loss) on sale of non-financial assets</u> | | |
| Net gain on disposal of property plant and equipment | 27,507 | 18,967 |
| Total net gain/(loss) on non-financial assets | 27,507 | 18,967 |
| <u>Net gain/(loss) on financial instruments at fair value</u> | | |
| Gain on discount from present value of Borrowings | 1,050 | 0 |
| Total net gain/(loss) on financial instruments at fair value | 1,050 | 0 |
| <u>Share of other economic flows from Joint Operations</u> | | |
| Share of net profits/(losses) of associates and joint ventures | 57,274 | 49,686 |
| Total Share of other economic flows from Joint Operations | 57,274 | 49,686 |
| <u>Other gains/(losses) from other economic flows</u> | | |
| Net gain/(loss) arising from revaluation of long service liability | (27,457) | 85 |
| Total other gains/(losses) from other economic flows | (27,457) | 85 |
| Total other gains/(losses) from economic flows | 58,374 | 68,738 |

Net Gain / (Loss) on Non-Financial Assets

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

- Revaluation gain/ (losses) of non-financial physical assets (Refer to Note 4.2 Property, Plant and Equipment)
- Net gain/(loss) on disposal of Non-Financial Assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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

Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities

Other gains/(losses) from other economic flows

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

**NOTE 3.3: ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY
MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS**

Commercial Activities

Catering Services
Opportunity Shop
Other Commercial Activities

TOTAL

| Expense | | Revenue | |
|---------------|----------------|---------------|---------------|
| 2019 | 2018 | 2019 | 2018 |
| \$ | \$ | \$ | \$ |
| 12,482 | 11,356 | 11,232 | 11,409 |
| 0 | 5,104 | 0 | 13,025 |
| 33,656 | 225,042 | 56,029 | 64,932 |
| 46,138 | 241,502 | 67,261 | 89,366 |

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET

| | 2019 \$ | 2018 \$ |
|---|------------------|------------------|
| Current Provisions | | |
| Employee Benefits (i) | | |
| Annual Leave | | |
| - unconditional and expected to be settled wholly within 12 months (ii) | 313,017 | 295,746 |
| - unconditional and expected to be settled wholly after 12 months (iii) | 0 | 7,697 |
| Long Service Leave | | |
| - unconditional and expected to be settled wholly within 12 months (ii) | 60,000 | 94,740 |
| - unconditional and expected to be settled wholly after 12 months (iii) | 527,025 | 401,822 |
| Other | | |
| - Accrued Days Off | 6,190 | 2,667 |
| | 906,232 | 802,672 |
| Provisions related to Employee Benefit On-Costs | | |
| - unconditional and expected to be settled wholly within 12 months (ii) | 36,182 | 55,043 |
| - unconditional and expected to be settled wholly after 12 months (iii) | 69,997 | 40,069 |
| | 106,179 | 95,112 |
| Total Current Provisions | 1,012,411 | 897,784 |
| Non-Current Provisions | | |
| Employee Benefits (i) | 175,627 | 134,303 |
| Provisions related to Employee Benefit On-Costs | 21,468 | 10,381 |
| Total Non-Current Provisions | 197,095 | 144,684 |
| Total Provisions | 1,209,506 | 1,042,468 |

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

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs

| | | |
|-------------------------------|---------|---------|
| Annual Leave Entitlements | 349,199 | 339,625 |
| Accrued Days Off | 6,190 | 2,667 |
| Unconditional LSL Entitlement | 629,969 | 530,372 |
| Other - SWARH | 27,053 | 25,120 |

Non-Current Employee Benefits and related on-costs

| | | |
|---|------------------|------------------|
| Conditional Long Service Leave Entitlements (iii) | 1,012,411 | 897,784 |
| Other - SWARH | 193,213 | 134,865 |
| | 3,882 | 9,819 |
| Total Employee Benefits | 1,209,506 | 1,042,468 |

(b) Movements in Provisions

Movement in Long Service Leave

| | | |
|--|----------------|----------------|
| Balance at start of year | 665,237 | 683,794 |
| Provision made during the year | | |
| - Revaluations | 27,457 | (85) |
| - Expense Recognising Employee Service | 189,822 | 82,274 |
| Settlement made during the year | (59,334) | (100,746) |
| Balance at end of year | 823,182 | 665,237 |

Employee Benefit Recognition

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

Provisions

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

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

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

Annual Leave and Accrued Days Off

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

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

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

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

- Undiscounted value – if Timboon and District Healthcare Service expects to wholly settle within 12 months; or
- Present value – if Timboon and District Healthcare Service does not expect to wholly settle within 12 months.

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

Termination benefits

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

On-Costs related to employee expense

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

NOTE 3.5: SUPERANNUATION

| Fund | Paid Contributions for the year | | Outstanding Contributions at Year End | |
|------------------------------------|------------------------------------|----------------|--|------------|
| | 2019 \$ | 2018 \$ | 2019 \$ | 2018 \$ |
| Defined Contribution Plans: | | | | |
| Health Super | 343,789 | 313,081 | - | - |
| HESTA | 51,500 | 61,445 | - | - |
| Total | 395,289 | 374,526 | - | - |

Employees of the Health Service are entitled to receive superannuation benefits and the Health Service currently contributes to defined contribution plans only.

Defined contribution superannuation plans

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

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

NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

Structure

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Depreciation and amortisation

NOTE 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS

| | 2019 \$ | 2018 \$ |
|---|------------------|------------------|
| CURRENT | | |
| <i>Financial Assets at Amortised Cost</i> | | |
| Term Deposits > 3 months | 1,000,000 | 3,353,138 |
| TOTAL CURRENT OTHER FINANCIAL ASSETS | <u>1,000,000</u> | <u>3,353,138</u> |
| Represented by: | | |
| Health Service Investments | 1,000,000 | 3,353,138 |
| TOTAL | <u>1,000,000</u> | <u>3,353,138</u> |

Investment Recognition

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

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

Timboon and District Healthcare Service investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

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

Derecognition of financial assets

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

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

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

Impairment of Financial Assets

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

30 June 2019

| NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT | 2019 | 2018 |
|--|-------------------|-------------------|
| (a) Gross carrying amount and accumulated depreciation | \$ | \$ |
| Land | | |
| - Land at Fair Value | 1,522,000 | 1,687,195 |
| Total Land | 1,522,000 | 1,687,195 |
| Buildings | | |
| - Buildings Under Construction at Cost | 92,373 | 0 |
| - Property Improvements at Fair Value | 390,000 | 0 |
| | 390,000 | 0 |
| - Buildings at Fair Value | 10,102,000 | 10,740,104 |
| | 10,102,000 | 10,740,104 |
| Total Buildings | 10,584,373 | 10,740,104 |
| Plant and Equipment | | |
| South West Alliance of Rural Health (WDV) | 42,009 | 8,159 |
| - Plant and Equipment at Fair Value | 2,581,323 | 2,164,154 |
| Less Accumulated Depreciation | 1,592,477 | 1,505,366 |
| Total Plant and Equipment | 1,030,855 | 666,947 |
| Furniture and Fittings | | |
| - Furniture and Fittings at fair value | 289,587 | 266,843 |
| Less Accumulated Depreciation | 220,401 | 201,525 |
| Total Furniture and Fittings | 69,186 | 65,318 |
| Motor Vehicles | | |
| - Motor Vehicles at fair value | 378,368 | 369,484 |
| Less Accumulated Depreciation | 180,382 | 207,769 |
| Total Motor Vehicles | 197,986 | 161,715 |
| Leased Assets | | |
| - Computers and Communication (SWARH at WDV) | 51,836 | 54,449 |
| Total Leased Assets | 51,836 | 54,449 |
| TOTAL | 13,456,236 | 13,375,728 |

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

| | Land | Buildings & Improvements | Plant & Equipment | Motor Vehicles | Furniture & Fittings | Leased Assets | Total |
|--|-----------|--------------------------|-------------------|----------------|----------------------|---------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | 1,495,000 | 10,204,080 | 583,537 | 175,622 | 55,668 | 180,500 | 12,694,407 |
| Additions | 0 | 0 | 239,229 | 59,808 | 26,285 | 0 | 325,322 |
| Revaluation Increments | 192,195 | 990,409 | 0 | 0 | 0 | 0 | 1,182,604 |
| Disposals | 0 | 0 | (1,918) | (14,075) | 0 | 0 | (15,993) |
| SWARH Alliance | 0 | 0 | (9,078) | 0 | 0 | (82,994) | (92,072) |
| Depreciation and Amortisation (note 4.3) | 0 | (454,385) | (144,823) | (59,640) | (16,635) | (43,057) | (718,540) |
| Balance at 1 July 2018 | 1,687,195 | 10,740,104 | 666,947 | 161,715 | 65,318 | 54,449 | 13,375,728 |
| Additions | 0 | 92,373 | 490,170 | 118,071 | 22,743 | 0 | 723,357 |
| South West Alliance of Rural Health | 0 | 0 | 33,850 | 0 | 0 | 42,171 | 76,021 |
| Transfers between classes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation Increments/(Decrements) | (165,195) | 206,281 | 0 | 0 | 0 | 0 | 41,086 |
| Disposals | 0 | 0 | (1,531) | (21,148) | 0 | 0 | (22,679) |
| Depreciation and Amortisation (note 4.3) | 0 | (454,385) | (158,581) | (60,652) | (18,875) | (44,784) | (737,277) |
| Balance at 30 June 2019 | 1,522,000 | 10,584,373 | 1,030,855 | 197,986 | 69,186 | 51,836 | 13,456,236 |

Land and buildings carried at valuation

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

| Carrying amount as at 30 June 2019 | Fair value measurement at end of reporting period using: | | |
|--|---|-------------|-------------|
| | Level 1 (i) | Level 2 (i) | Level 3 (i) |
| \$ | \$ | \$ | \$ |
| 1,076,000 | 0 | 1,076,000 | 0 |
| 446,000 | 0 | 0 | 446,000 |
| 1,522,000 | 0 | 1,076,000 | 446,000 |
| 729,000 | 0 | 729,000 | 0 |
| 9,763,000 | 0 | 0 | 9,763,000 |
| 10,492,000 | 0 | 729,000 | 9,763,000 |
| 1,030,855 | 0 | 0 | 1,030,855 |
| 197,986 | 0 | 0 | 197,986 |
| 69,186 | 0 | 0 | 69,186 |
| 1,298,027 | 0 | 0 | 1,298,027 |
| 13,312,027 | 0 | 1,805,000 | 11,507,027 |

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

| Fair value measurement at end of reporting period using: | | | |
|--|-------------|-------------|-------------|
| Carrying amount as at 30 June 2018 | Level 1 (i) | Level 2 (i) | Level 3 (i) |
| \$ | \$ | \$ | \$ |
| 800,000 | 0 | 800,000 | 0 |
| 887,195 | 0 | 0 | 887,195 |
| 1,687,195 | 0 | 800,000 | 887,195 |
| 698,125 | 0 | 698,125 | 0 |
| 10,041,979 | 0 | 0 | 10,041,979 |
| 10,740,104 | 0 | 698,125 | 10,041,979 |
| 666,947 | 0 | 0 | 666,947 |
| 161,715 | 0 | 0 | 161,715 |
| 65,318 | 0 | 0 | 65,318 |
| 893,980 | 0 | 0 | 893,980 |
| 13,321,279 | 0 | 1,498,125 | 11,823,154 |

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Reconciliation of Level 3 fair value

| | Land | Buildings | Plant and Equipment | Motor Vehicles | Furniture & Fittings |
|--|------------------|-------------------|---------------------|----------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 30-Jun-19 | | | | | |
| Opening Balance | 887,195 | 10,041,979 | 666,947 | 161,715 | 65,318 |
| Purchases (sales) | 0 | 92,373 | 522,489 | 96,923 | 22,743 |
| Transfers in (out) of Level 3 | 0 | 0 | 0 | 0 | 0 |
| Gains or losses recognised in net result | | | | | |
| - Depreciation | 0 | (454,385) | (158,581) | (60,652) | (18,875) |
| Subtotal | 887,195 | 9,679,967 | 1,030,855 | 197,986 | 69,186 |
| Items recognised in other comprehensive income | | | | | |
| - Revaluation | (441,195) | 83,033 | 0 | 0 | 0 |
| Subtotal | (441,195) | 83,033 | 0 | 0 | 0 |
| Closing Balance | 446,000 | 9,763,000 | 1,030,855 | 197,986 | 69,186 |
| 30-Jun-18 | | | | | |
| Opening Balance | 695,000 | 9,505,955 | 583,537 | 175,622 | 55,668 |
| Purchases (sales) | 0 | 0 | 228,233 | 45,733 | 26,285 |
| Transfers in (out) of Level 3 | 0 | 0 | 0 | 0 | 0 |
| Gains or losses recognised in net result | | | | | |
| - Depreciation | 0 | (454,385) | (144,823) | (59,640) | (16,635) |
| Subtotal | 695,000 | 9,051,570 | 666,947 | 161,715 | 65,318 |
| Items recognised in other comprehensive income | | | | | |
| - Revaluation | 192,195 | 990,409 | 0 | 0 | 0 |
| Subtotal | 192,195 | 990,409 | 0 | 0 | 0 |
| Closing Balance | 887,195 | 10,041,979 | 666,947 | 161,715 | 65,318 |

(e) Fair Value Determination

| Asset Class | Examples of types assets | Expected fair value level | Likely valuation approach | Significant inputs (Level 3 only) |
|-----------------------------------|--|---------------------------|---------------------------------------|--|
| Non-specialised land | Land in residential zones | Level 2 | Market approach | n.a. |
| Specialised land (Crown/Freehold) | - Land subject to restriction as to use and/or sale - Land in areas where there is not an active market | Level 3 | Market approach | Community Service Obligation Adjustments |
| Non-specialised buildings | Residential property | Level 2 | Market approach | n.a. |
| Specialised Buildings (a) | Specialised buildings with limited alternative uses and/or substantial customisation eg. Hospitals | 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. |
| Plant and equipment | Specialised items with limited alternative uses and/or substantial customisation | Level 3 | Depreciated replacement cost approach | - Cost per unit - Useful life |

(f) Property, Plant and Equipment Revaluation Surplus

| | 2019 \$ | 2018 \$ |
|--|------------------|------------------|
| Property, Plant and Equipment Revaluation Surplus | | |
| Balance at the beginning of the reporting period | 6,682,701 | 5,500,097 |
| Revaluation Increment | | |
| - Land | (165,195) | 192,195 |
| - Buildings | 206,281 | 990,409 |
| Balance at the end of the reporting period* | 6,723,787 | 6,682,701 |
| *Represented by: | | |
| - Land | 578,035 | 743,230 |
| - Buildings | 6,145,752 | 5,939,471 |
| | 6,723,787 | 6,682,701 |

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)**Initial Recognition**

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

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

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

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

Revaluations of Non-current Physical Assets

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

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

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

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

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

In accordance with FRD 103H Timboon and District Healthcare Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

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.

For the purpose of fair value disclosures, Timboon and District Healthcare Services has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of fair value hierarchy as explained above.

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

The Valuer-General Victoria (VGV) is Timboon and District Healthcare Services independent valuation agency.

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

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)**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.

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

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

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

Specialised land and specialised buildings

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

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

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

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

Vehicles

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2019.

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

NOTE 4.3: DEPRECIATION AND AMORTISATION

| | 2019 \$ | 2018 \$ |
|---------------------------|----------------|----------------|
| Depreciation | | |
| Buildings | 454,385 | 454,385 |
| Plant and Equipment | | |
| - Plant | 158,581 | 144,823 |
| - Motor Vehicles | 60,652 | 59,640 |
| - Furniture & Fittings | 18,875 | 16,635 |
| - Leased Assets | 44,784 | 43,057 |
| Total Depreciation | 737,277 | 718,540 |

Depreciation

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

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

| | 2019 | 2018 |
|---|----------------|----------------|
| 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 Payables

NOTE 5.1: RECEIVABLES

| | 2019 \$ | 2018 \$ |
|--|----------------|----------------|
| CURRENT | | |
| Contractual | | |
| Trade Debtors | 16,978 | 5,606 |
| Patient Fees and Resident Debtors | 81,330 | 109,670 |
| Accrued Investment Income | 32,007 | 40,259 |
| SWARH Receivables | 98,859 | 30,032 |
| Accrued Revenue - Other | 0 | 56,153 |
| | <u>229,174</u> | <u>241,720</u> |
| Statutory | | |
| Accrued Revenue - Department of Health & Human Services | 39,111 | 0 |
| GST Receivable - Health Service | 40,019 | 27,018 |
| | <u>79,130</u> | <u>27,018</u> |
| TOTAL CURRENT RECEIVABLES | <u>308,304</u> | <u>268,738</u> |
| NON CURRENT | | |
| Statutory | | |
| Long Service Leave - Department of Health and Human Services | 281,070 | 213,328 |
| TOTAL NON-CURRENT RECEIVABLES | <u>281,070</u> | <u>213,328</u> |
| TOTAL RECEIVABLES | <u>589,374</u> | <u>482,066</u> |

Receivables consist of:

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

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual receivables at amortised costs for the Health Service's contractual impairment losses.

NOTE 5.2: PAYABLES

| | 2019 \$ | 2018 \$ |
|---|----------------|----------------|
| CURRENT | | |
| Contractual | | |
| Trade Creditors | 119,048 | 143,479 |
| Accrued Expenses | 176,252 | 145,769 |
| Accrued Salaries and Wages | 227,937 | 174,310 |
| Other Payables | 80,588 | 95,922 |
| | <u>603,825</u> | <u>559,480</u> |
| Statutory | | |
| GST Payable | 3,358 | 0 |
| ATO - PAYG Payable | 64,931 | 66,218 |
| Department of Health and Human Services | 1,823 | 68,637 |
| Department of Health & Ageing | 3,587 | 0 |
| | <u>73,699</u> | <u>134,855</u> |
| TOTAL | <u>677,524</u> | <u>694,335</u> |

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to Timboon and District Healthcare Service prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Maturity analysis of payables

Please refer to Note 7.1(b) for the maturity analysis of payables

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

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

30 June 2019

| NOTE 6.1: BORROWINGS | 2019 \$ | 2018 \$ |
|--|---------------|---------------|
| Current Borrowings | | |
| Australian Dollar Borrowings | | |
| Department of Health and Human Services | 21,332 | 0 |
| Finance Lease Liability | 21,744 | 59,676 |
| Total Australian Dollars Borrowings | 43,076 | 59,676 |
| Total Current Borrowings | 43,076 | 59,676 |
| Non-Current Borrowings | | |
| Australian Dollar Borrowings | | |
| Department of Health and Human Services | 41,612 | 0 |
| Finance Lease Liability | 33,073 | 0 |
| Total Australian Dollars Borrowings | 74,685 | 0 |
| Total Non-Current Borrowings | 74,685 | 0 |

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.

Maturity analysis of borrowings

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

Defaults and breaches

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

Borrowing Recognition

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 transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases, in the manner described in Note 6.3 Commitments.

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.

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.

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 Timboon and District Healthcare has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

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

NOTE 6.2: CASH AND CASH EQUIVALENTS

| | 2019 \$ | 2018 \$ |
|---|------------------|----------------|
| Cash on Hand | 200 | 200 |
| Cash at Bank | 2,978,939 | 513,320 |
| Cash at Bank - Southwest Alliance of Rural Health | 22,722 | 117,301 |
| TOTAL CASH AND CASH EQUIVALENTS | 3,001,861 | 630,821 |
| Represented by: | | |
| Cash for Health Service Operations (as per cash flow statement) | 3,001,861 | 630,821 |
| TOTAL CASH AND CASH EQUIVALENTS | 3,001,861 | 630,821 |

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. The cash flow statement includes monies held in trust.

NOTE 6.3: COMMITMENTS FOR EXPENDITURE

There are no capital or operating commitments as at 30 June 2019 (2018 \$Nil). Finance lease commitments are detailed at Note 6.1 Borrowings.

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 Contingent Assets and Contingent Liabilities

NOTE 7.1: FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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*.

(a) Categorisation of financial instruments

| | Financial Assets at Amortised Cost | Contractual financial assets - loans and receivables | Contractual financial liabilities at amortised cost | Total |
|--|---|---|--|------------------|
| | \$ | \$ | \$ | \$ |
| 2019 | | | | |
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 3,001,861 | 0 | 0 | 3,001,861 |
| Receivables | | | | |
| - Trade Debtors | 98,308 | 0 | 0 | 98,308 |
| - Other Receivables | 130,866 | 0 | 0 | 130,866 |
| Investments and Other Financial Assets | | | | |
| - Term and Short Term Deposits | 1,000,000 | 0 | 0 | 1,000,000 |
| Total Financial Assets (i) | 4,231,035 | 0 | 0 | 4,231,035 |
| Financial Liabilities | | | | |
| Payables | 0 | 0 | 603,825 | 603,825 |
| Borrowings | 0 | 0 | 117,761 | 117,761 |
| Total Financial Liabilities(ii) | 0 | 0 | 721,586 | 721,586 |
| 2018 | | | | |
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 0 | 630,821 | 0 | 630,821 |
| Receivables | | | | |
| - Trade Debtors | 0 | 115,276 | 0 | 115,276 |
| - Other Receivables | 0 | 126,444 | 0 | 126,444 |
| Investments and Other Financial Assets | | | | |
| - Term Deposits | 0 | 3,353,138 | 0 | 3,353,138 |
| Total Financial Assets (i) | 0 | 4,225,679 | 0 | 4,225,679 |
| Financial Liabilities | | | | |
| Payables | 0 | 0 | 559,480 | 559,480 |
| Borrowings | 0 | 0 | 59,676 | 59,676 |
| Total Financial Liabilities(ii) | 0 | 0 | 619,156 | 619,156 |

(i) The carrying amount excludes statutory receivables (i.e. GST Receivable and DHHS Receivable) and statutory payables (i.e. Revenue in advance and DHHS payable).

From 1 July 2018, the Health Service applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

- the assets are held by the Health Service to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

The Department recognises the following assets in this category:

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

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)

Categories of financial assets previously under AASB 139

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

Timboon and District Healthcare Service recognises the following assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they are originated.

They are initially measured at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Timboon and District Healthcare Service recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

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.

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

Impairment of financial assets

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

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Note 7.1 (b): Maturity analysis of Financial Liabilities as at 30 June

The following table discloses the contractual maturity analysis for the Health Service's financial liabilities.

| Note | Total Carrying Amount \$ | Nominal Amount \$ | Maturity Dates | | | |
|------------------------------------|-----------------------------------|-------------------------|----------------------------|-----------------------|----------------------------|----------------------|
| | | | Less than 1 Month \$ | 1 - 3 Months \$ | 3 Months - 1 Year \$ | 1 - 5 Years \$ |
| 2019 | | | | | | |
| Financial Liabilities | | | | | | |
| <i>At amortised cost</i> | | | | | | |
| Payables (i) | 5.2 | 603,825 | 603,825 | 0 | 0 | 0 |
| Borrowings | 6.1 | 117,761 | 0 | 0 | 43,076 | 74,685 |
| Total Financial Liabilities | | 721,586 | 603,825 | 0 | 43,076 | 74,685 |
| 2018 | | | | | | |
| Financial Liabilities | | | | | | |
| <i>At amortised cost</i> | | | | | | |
| Payables (i) | 5.2 | 559,480 | 559,480 | 0 | 0 | 0 |
| Borrowings | 6.1 | 59,676 | 0 | 0 | 59,676 | 0 |
| Total Financial Liabilities | | 619,156 | 559,480 | 0 | 59,676 | 0 |

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

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)

Note 7.1 (c): Contractual receivables at amortised costs

Contractual receivables at amortised cost

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

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

In prior years, 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. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables and debt investments at amortised cost [AASB2016-8.4]

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

The Health Service also has investments in:

- Term Deposits

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

NOTE 7.2: 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 assets or contingent liabilities for Timboon and District Healthcare Service at the date of this report (2018 Nil).

NOTE 8: OTHER DISCLOSURES

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible persons disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of auditors
- 8.6 Events occurring after the balance sheet date
- 8.7 Jointly Controlled Operations
- 8.8 Investments Accounted for using Equity Method
- 8.9 Economic Dependency
- 8.10 AASBs issued that are not yet effective

| NOTE 8.1: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES | | |
|---|----------------|----------------|
| | 2019 \$ | 2018 \$ |
| NET RESULT FOR THE YEAR | 40,976 | (85,374) |
| Non-cash movements | | |
| Depreciation and Amortisation | 737,277 | 718,540 |
| Loan Discount Recognised | (1,050) | 0 |
| Movements included in investing and financing activities | | |
| Net (gain)/loss from disposal of non financial physical assets | (27,507) | (18,967) |
| Movements in assets and liabilities | | |
| Change in Operating Assets & Liabilities | | |
| (Increase)/Decrease in Receivables | (164,581) | 618,130 |
| (Increase)/Decrease in Other Assets | (27,383) | (25,510) |
| Increase/(Decrease) in Payables | (72,509) | (588,962) |
| Increase/(Decrease) in Provisions | 222,736 | (65,501) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 707,959 | 552,356 |

NOTE 8.2: RESPONSIBLE PERSON DISCLOSURES

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

| | Period |
|--|-------------------------|
| Responsible Ministers: | |
| The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services | 01/07/2018 - 29/11/2018 |
| The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services | 29/11/2018 - 30/06/2019 |
| The Honourable Martin Foley, Minister for Mental Health | 01/07/2018 - 30/06/2019 |
| The Honourable Martin Foley, Minister for Housing, Disability and Ageing | 01/07/2018 - 29/11/2018 |
| The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers | 29/11/2018 - 30/06/2019 |
| Governing Boards | |
| Ms M. Puli Vogels | 01/07/2018 - 30/06/2019 |
| Mr. J. McKenzie | 01/07/2018 - 30/06/2019 |
| Ms A. Skordis | 01/07/2018 - 30/06/2019 |
| Mr B. Morden | 01/07/2018 - 30/06/2019 |
| Ms C. Murphy | 01/07/2018 - 30/06/2019 |
| Mr C. Stewart | 01/07/2018 - 30/06/2019 |
| Ms G. Keely | 01/07/2018 - 30/06/2019 |
| Ms T. Hutchins | 01/07/2018 - 30/06/2019 |
| Accountable Officers | |
| Mr G. Sheehan | 01/07/2018 - 11/08/2018 |
| Ms J Creely | 12/08/2018 - 21/10/2018 |
| Mr G. Sheehan | 22/10/2018 - 04/03/2019 |
| Ms R Van Wollingen | 04/03/2019 - 30/06/2019 |

Remuneration of Responsible Persons

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

| | 2019 \$ | 2018 \$ |
|--|------------------|------------------|
| Income Band | | |
| \$0 - \$9,999 | 8 | 9 |
| \$10,000 - \$19,999 | 1 | 0 |
| \$50,000 - \$59,999 | 1 | 0 |
| \$140,000 - \$149,999 | 1 | 0 |
| \$190,000 - \$199,999 | 0 | 1 |
| Total Numbers | 11 | 10 |
| Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to: | \$242,401 | \$193,070 |

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

NOTE 8.3: REMUNERATION OF EXECUTIVES

Remuneration of executives

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

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

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

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

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

Share-based payments are cash or other assets paid or payable as agreed between the health service and the employee, provided specific vesting conditions, if any, are met.

| Remuneration of executive officers | Total Remuneration | |
|---|--------------------|----------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Short-term employee benefits | 226,345 | 237,597 |
| Post-employment benefits | 23,390 | 20,361 |
| Other long-term benefits | 6,650 | 8,089 |
| Total Remuneration (b) | 256,385 | 266,047 |
| Total Number of executives (c) | 6 | 2 |
| Total annualised employee equivalent (AEE) (d) | 1.65 | 2.00 |

Notes:

- (i) 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 8.4).
- (ii) 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 8.4: RELATED PARTIES

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- Jointly Controlled Operation - A member of the Loddon Mallee Health Alliance; 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 of the agency include:

| Key Management Personnel | Position Title | Period |
|--------------------------|-------------------------------|-------------------------|
| | | |
| Ms M. Puli Vogels | Chair of the Board | 01/07/2018 - 30/06/2019 |
| Mr. J. McKenzie | Board Member | 01/07/2018 - 30/06/2019 |
| Ms A. Skordis | Board Member | 01/07/2018 - 30/06/2019 |
| Mr B. Morden | Board Member | 01/07/2018 - 30/06/2019 |
| Ms C. Murphy | Board Member | 01/07/2018 - 30/06/2019 |
| Mr C. Stewart | Board Member | 01/07/2018 - 30/06/2019 |
| Ms G. Keely | Board Member | 01/07/2018 - 30/06/2019 |
| Ms T. Hutchins | Board Member | 01/07/2018 - 30/06/2019 |
| Mr G. Sheehan | Accountable Officer | 01/07/2018 - 11/08/2018 |
| Ms J Creely | Accountable Officer | 12/08/2018 - 21/10/2018 |
| Mr G. Sheehan | Accountable Officer | 22/10/2018 - 04/03/2019 |
| Ms R Van Wollingen | Accountable Officer | 04/03/2019 - 30/06/2019 |
| Ms K. Charman | Director of Clinical Services | 01/07/2018 - 28/09/2018 |
| Ms S. Sellers | Director of Clinical Services | 28/09/2018 - 30/11/2018 |
| Ms M. Selten | Director of Clinical Services | 03/12/2018 - 04/02/2019 |
| Ms R Van Wollingen | Director of Clinical Services | 05/02/2019 - 03/03/2019 |
| Ms N. Johnson | Chief Operating Officer | 01/07/2018 - 11/01/2019 |
| Ms S. Rees | Chief Operating Officer | 14/01/2018 - 30/06/2019 |

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.

| | 2019 | 2018 |
|------------------------------|----------------|----------------|
| COMPENSATION | \$ | \$ |
| Short term employee benefits | 443,947 | 172,510 |
| Post-employment benefits | 41,812 | 15,296 |
| Other long-term benefits | 13,027 | 5,264 |
| Total | 498,786 | 193,070 |

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

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

NOTE 8.4: RELATED PARTIES (Continued)

Significant transactions with government-related entities

Timboon and District Healthcare Service received funding from the Department of Health and Human Services of \$4.81M (2018: \$4.53M).

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

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

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

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

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for Timboon and District Healthcare Service Board of Directors and Executive Directors in 2019.

NOTE 8.5: REMUNERATION OF AUDITORS

Victorian Auditor-General's Office

Audit or review of financial statement

| | 2019 | 2018 |
|--|---------------|--------------|
| | \$ | \$ |
| | 10,250 | 9,000 |
| | <u>10,250</u> | <u>9,000</u> |

NOTE 8.6: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no events occurring after the Balance Sheet Date.

NOTE 8.7: JOINTLY CONTROLLED OPERATIONS AND ASSETS

| Name of Entity | Ownership Interest | |
|---|--------------------|------|
| | 2019 | 2018 |
| | % | % |
| South West Alliance of Rural Health (SWARH) | 1.58 | 1.59 |

Timboon and 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 categories:

| | 2019 | 2018 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Current Assets | | |
| Cash and Cash Equivalents | 22,722 | 117,301 |
| Receivables | 98,859 | 30,032 |
| Inventory | 1,076 | 1,321 |
| Prepayments | 7,415 | 1,322 |
| Total Current Assets | 130,072 | 149,976 |
| Non Current Assets | | |
| Property Plant and Equipment | 93,844 | 62,608 |
| Total Non Current Assets | 93,844 | 62,608 |
| Total Assets | 223,916 | 212,584 |
| Current Liabilities | | |
| Payables | 78,588 | 95,922 |
| Borrowings | 54,817 | 59,676 |
| Employee Provisions | 27,053 | 25,120 |
| Total Current Liabilities | 160,458 | 180,718 |
| Non Current Liabilities | | |
| Employee Provisions | 3,884 | 4,639 |
| Total Non Current Liabilities | 3,884 | 4,639 |
| Total Liabilities | 164,342 | 185,357 |
| Net Assets | 59,574 | 27,227 |

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

| | | |
|---|----------------|----------------|
| Revenues | | |
| Revenue from Operating Activities | 367,217 | 361,373 |
| Non Operating Activities | 27,723 | 2,346 |
| Total Revenue | 394,940 | 363,719 |
| Expenses | | |
| Employee Benefits | 131,706 | 125,767 |
| Maintenance Contract and IT Support | 76,971 | 80,939 |
| Operating Lease Costs | 0 | 2,570 |
| Other Expenses from Ordinary Activities | 101,370 | 114,599 |
| Total Expenses | 310,047 | 323,875 |
| Net Result Before Capital and Specific Items | 84,893 | 39,844 |
| Capital Purpose Income | 0 | 9,700 |
| Finance Costs | (8,761) | (3,382) |
| Depreciation | (44,784) | (43,057) |
| | 31,348 | 3,105 |
| Other Economic Flows included in the result | | |
| Revaluation of Long Service Leave | 999 | 85 |
| Net Result | 32,347 | 3,190 |

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.

NOTE 8.8: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| Name of Entity | Principal Activity | Country of Incorp'n | Ownership Interest | | Published Fair Value | |
|------------------------|--------------------|---------------------|--------------------|--------|----------------------|---------|
| | | | 2019 % | 2018 % | 2019 \$ | 2018 \$ |
| Associates | | | | | | |
| Timboon Medical Clinic | Medical Services | Australia | 50% | 50% | 58.333 | 1.060 |

For the purposes of applying the equity method of accounting, the audited financial statements of Timboon Medical Clinic have been used.

NOTE 8.9: ECONOMIC DEPENDENCY

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

The financial statements have been prepared on a going concern basis. The State Government and the Department of Health and Human Services have confirmed financial support to settle Timboon and District Healthcare Service's financial obligations when they fall due.

NOTE 8.10: AASBs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2019 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 2019, 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.

| Topic | Key Requirements | Effective date | Impact on financial statements |
|---|--|----------------|---|
| AASB 15 Revenue from Contracts with Customers | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. | 01-Jan-19 | 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. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects are commenced. |
| AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors | AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities. | 01-Jan-19 | AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: <ul style="list-style-type: none"> • Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; • IP licenses to be accounted for under AASB 15; and • Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16. There is no material financial impact expected. |

NOTE 8.10: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (Continued)

| Topic | Key Requirements | Effective date | Impact on financial statements |
|--|---|----------------|--|
| AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities | AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. | 01-Jan-19 | <p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> • Statutory receivables are recognised and measured similarly to financial assets. <p>AASB 15</p> <ul style="list-style-type: none"> • The ‘customer’ does not need to be the recipient of goods and/or services; • The “contract” could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or ‘equivalent means’; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be ‘sufficiently specific’ to be able to apply AASB 15 to these transactions. <p>The impact on reporting capital funding has potential to result in material change, however this is not able to be quantified prior to receipt of capital grants and commencement of projects.</p> |
| 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. | 01-Jan-19 | <p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p> <p>There is no material impact from implementation of this standard due to the lack of existing operating leases.</p> |
| AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities | This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option. | 01-Jan-19 | <p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p> <p>No material impact during the period applicable under the election.</p> |

NOTE 8.10: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (Continued)

| Topic | Key Requirements | Effective date | Impact on financial statements |
|--|--|----------------|--|
| AASB 1058 Income of Not-for-Profit Entities | AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 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 objective | 01-Jan-19 | Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. Impact is not able to be quantified until such time as capital grants are received and projects commence. |
| AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material | This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. | 01-Jan-20 | The standard is not expected to have a significant impact on the public sector. No material impact is expected. |

The following accounting pronouncements are also issued but not effective for the 2018-19 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements



Nurses Station

AFTER HOURS
RECEPTION

← Please press
Nurse Call Button.

Enrolled Nurse Vickie Stevens, Nurse Unit Manager
Michelle Selden and Associate Nurse Unit Manager
Ingrid Rial

Right photo: "The Road Home" by Elliot Watts

Back Cover: Social Support Group Manager Ann Maree Moloney with client Rita Rundle





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