



GSHS

Gippsland Southern Health Service

2015/16 Annual Report

Incorporating:
Leongatha Hospital
Korumburra Hospital
Tarwin Lower Community Health Centre
Korumburra Community Health Centre

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Gippsland Southern Health Service - Report of Operations

Responsible Bodies declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Gippsland Southern Health Service for the year ending 30 June 2016.



Mark Holmes

PRESIDENT, BOARD OF MANAGEMENT

LEONGATHA, 30th August 2016

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

The responsible Ministers during the reporting period were:

The Honourable Jill Hennessy MLA, Minister for Health, Minister for Ambulance Services

The Honourable Martin Foley MLA, Minister for Housing, Disability and Ageing, Minister for Mental Health

Disclosure Index

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

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The objects of the service empower GSHS to provide:

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

Freedom of Information Act

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

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

Chief Executive Officer
Private Bag 13
LEONGATHA VIC 3953

Carers Recognition Act 2012

As a care support organisation, Gippsland Southern Health Service:

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

Our Services

Acute

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

Residential Care

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

Outpatient Care

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

Community Services

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

Diagnostic Services

- Audiology
- Medical Imaging
- Pathology

Staff Services

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

Board Committee Representation

Board Membership: Mark Holmes (President), Alex Aeschlimann (Senior Vice President) 1st Jul 2015 – 27th Jan 2016, Jan Martin (Junior Vice President 1st Jul 2015 – 27th Jan 2016) (Senior Vice President 28th Jan 2016 – 30th Jun 2016), Susan Hanson (Junior Vice President) 28th Jan 2016 – 30th Jun 2016, Peter Siggins (Treasurer), Lindsay Powney, Garry Austin, Noelle Green – resigned 8th Sep 2015, Rajiv Dhar, Ian Drysdale, Nigel Broughton, Chris Trotman

GSHS Sub-Committee Membership

Finance & Audit Committee: Peter Siggins, Dean Cashin (Chair & independent member), Tim Bolge (independent member), Ian Drysdale (1st Jul 2015 – 27th Jan 2016), Chris Trotman (28th Jan 2016 – 30th Jun 2016)

Board Clinical Governance Committee: Garry Austin, Nigel Broughton

Medical Advisory Committee: Nigel Broughton

Corporate Governance Committee: Ian Drysdale, Garry Austin, Chris Trotman

Partnering with Consumers Committee: Jan Martin, Susan Hanson

Senior Office Holders

Chief Executive Officer: Mark Johnson

Executive Director of Nursing: Vicki Farthing

Director of Community Services: Judy Abbey

Manager Finance: Peter Van Hamond

Director of Ambulatory Care & Organisational Development: Daniel Smith

Director of Nursing Korumburra & Aged Care Services: Margaret Radmore

(Refer to organisation chart for responsibilities)

Financial Summary

Gippsland Southern Health Service has achieved a net surplus before capital & specific items of \$23,000 for 2015/16.

The budgetary objectives for 2015/16 were exceeded as the organisation achieved a small operating surplus compared to a projected deficit of \$508,000. The improved result can be largely attributed to increased revenue received for the organisation's residential aged care facilities. This was achieved from higher occupancy rates and improvements in Commonwealth revenue receipts per occupied bed day. Operating costs were also contained during 2015/16. Strategies that were developed to improve the result during 2015/16 have largely been completed. The few remaining items will be undertaken during 2016/17. Performance will continue to be monitored to ensure financial sustainability.

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

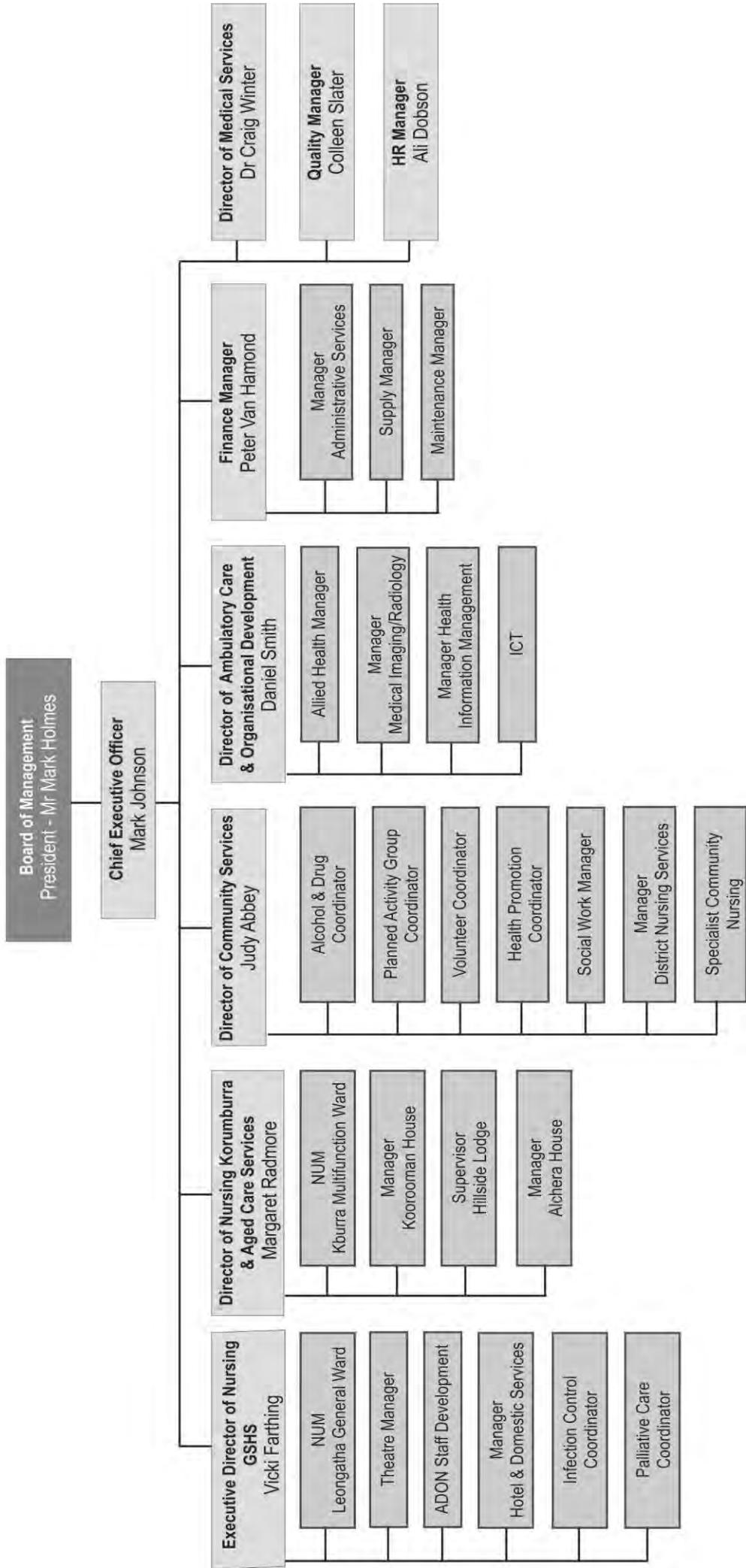
Major Contracts

Gippsland Southern Health Service did not enter into any major contracts during 2015/16 that require disclosure in accordance with FRD12A.

Employment & Conduct Principles

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

Gippsland Southern Health Service LEADERSHIP STRUCTURE



Pecuniary interests

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

Building & maintenance provisions

Gippsland Southern Health Service fully complies with the building and maintenance provisions of the Building Act 1993. All sites are subject to a Fire Safety Audit and Risk Assessment according to revised standards as directed by the Department of Health and Human Services.

Occupational health & safety

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

Merit and equity

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

Victorian industry participation policy

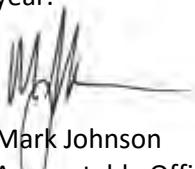
There were no contracts awarded during 2015/16 that required disclosure under the Victorian Industry Participation Policy.

National competition policy

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

Attestation on Data Integrity

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



Mark Johnson
Accountable Officer
Leongatha
30th August 2016

Disclosure of ex-gratia payments

There were no ex-gratia payments in 2015/16.

Application and Operation of Protected Disclosure Act 2012

The Protected Disclosure Act 2012 provides for the disclosure of improper conduct by public bodies and public officials and the protection for those who come forward with a disclosure. It also provides for the investigation of disclosures that meet legislative definition of a protected disclosure. The Health Service has an established policy that complies with the Protected Disclosure Act 2012. There were no complaints made under the Act against Gippsland Southern Health Service or its staff for 2015/16.

Standing Direction 4.5.5 – Risk Management Framework and Processes

I, Mark Johnson, certify that Gippsland Southern Health Service has complied with the Ministerial Direction 4.5.5 – Risk Management Framework and Processes. The Gippsland Southern Health Service Finance & Audit Committee has verified this.



Mark Johnson
Accountable Officer
Leongatha
30th August 2016

Attestation for Compliance with the Australian/New Zealand Risk Management Standard

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



Mark Johnson
Accountable Officer
Leongatha
30th August 2016

Financial Results - summary

	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Total Revenue	31,690	30,429	31,636	43,797	34,652
Total Expenses	33,497	33,788	32,334	29,782	29,246
Net Result for the Year (inc. Capital & Specific Items)	(1,807)	(3,359)	(698)	14,015	5,406
Retained Surplus	23,664	25,471	28,830	29,528	15,513
Contributed Capital	21,853	21,853	21,655	21,655	21,655
Asset Revaluation Reserve	19,507	19,507	19,507	11,400	11,400
Available for Sale Revaluation Reserve	0	0	235	166	89
Funds Held For Restricted Purposes	113	113	113	113	113
Total Equity	65,137	66,944	70,340	62,862	48,770
Total Assets	78,765	77,644	80,064	73,039	59,185
Total Liabilities	13,628	10,700	9,724	10,177	10,415
Net Assets	65,137	66,944	70,340	62,862	48,770

Staffing Profile

Labour Category	JUNE		JUNE	
	Current Month FTE	2016	YTD FTE	2015
Nursing	118.04	121.46	118.76	124.29
Administration and Clerical	27.64	15.86	27.80	16.31
Medical Support	9.28	10.06	9.27	10.16
Hotel and Allied Services	50.96	63.13	50.71	65.71
Medical Officers	0.05	0.05	0.05	0.05
Hospital Medical Officers	0.00	0.00	0.00	0.00
Ancillary Staff (Allied Health)	28.26	26.41	28.01	25.42
TOTALS	234.23	236.97	234.60	241.94

Details of individual consultancies

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

In 2015/16 the Health Service engaged five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015/16 in relation to these consultancies is \$122,517 (excl GST).

Consultant	Purpose of consultancy	Start Date	End Date	(\$ thousand)		
				Total approved project fee (excluding GST)	Expenditure 2015/16 (excluding GST)	Future commitments (excluding GST)
Smartfleet	Fleet management	1/07/2015	30/06/2016	\$ 12	\$ 12	\$ -
Davidson Trahair	Employee assistance program	1/07/2015	30/06/2016	\$ 13	\$ 13	\$ -
Gippsland Health Alliance	ICT Support	1/07/2015	30/06/2016	\$ 35	\$ 35	\$ 31
Studer Group	Evidence Based Learning	1/07/2015	30/06/2016	\$ 29	\$ 29	\$ 55
Provider Assist	Aged Care Funding Review	1/04/2016	31/05/2016	\$ 33	\$ 33	\$ -

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

In 2015/16 the Health Service engaged six consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$40,304 (excl GST).

Information and Communication Technology (ICT) expenditure

(\$ '000)

BAU ICT expenditure <i>Total</i>	Non-BAU ICT Expenditure <i>Total = A + B</i>	Operational Expenditure <i>A</i>	Capital Expenditure <i>B</i>
1346	31	0	31

BAU = Business as usual

Occupational Violence

Occupational Violence statistics	2015-16
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
3. Number of occupational violence incidents reported	13
4. Number of occupational violence incidents per 100 FTE	0.13
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	30.77%

Statement of Priorities (SOP) Progress Report - Strategic priorities – Part A

In 2015-16 Gippsland Southern Health Service contributed to the achievement of the government's commitments by:

Domain	Action	Deliverables	Progress
Patient experience and outcomes	Mandatory: Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	All clinical staff to complete the E3 Learning system's education on the concepts of person centred care. Review program to determine suitability for non-clinical staff.	Achieved: E3-Learning has been rolled out to all staff. Reports are currently being developed to enable Managers to track compliance with mandatory and recommended training modules.
	 Strengthen the response of health services to family violence. This includes implementing interventions, processes and systems to prevent, identify and respond appropriately to family violence at an individual and community level.	Develop and implement a policy and process that will provide guidance to staff on the identification and reporting of family violence.	In progress: Social Work team to develop work plan on Child Safe Standards compliance by GSHS. Work plan action to be documented in SW department 90 Action Plan. The Social Work team, led by the Social Work Manager have identified Family Violence and Child Safe standards within the Social Work 90 Day Action Plan. Social Work team have commenced work on identifying gaps in Child Safe Policies/Practices/Protocols which requires a whole of organisation (as an integrated health service) plan to be developed. GSHS response to family violence project plan has been developed in draft. An implementation working party will be

Domain	Action	Deliverables	Progress
	Standard: Implement an organisation-wide approach to advance care planning including a system for identifying, documenting and/or receiving advance care plans in partnership with patients, carers and substitute decision makers so that people's wishes for future care can be activated when medical decisions need to be made.	Participate in the Gippsland Palliative Care Consortia pilot to implement the Department of Health and Human Services Advanced Care Toolbox.	In progress: Funding amounting to \$20,000 has been provided by the GRPCC to appoint a project officer to assist in implementation of the Advanced Care Toolbox. Project officer appointed in May and action plan developed to support implementation.
	Demonstrate an organisational commitment to quality cancer services through engagement with the local Integrated Cancer Service and Implementation of the Optimal Care Pathways.	In partnership with the Gippsland Regional Integrated Cancer Service develop a plan to implement relevant Optimal Care Pathways.	In progress: Successful EOI for Stage 2 of the GRICS CDU Redesigning Care project. A project Officer has been appointed and is currently collecting information of patient journeys and flows on chemotherapy days to identify blocks and areas for improvement. Reviewing optimal care pathways and incorporating into current care pathways
Governance, leadership and culture	Mandatory: Demonstrate an organisational commitment to Occupational Health and Safety, including mental health and wellbeing in the workplace. Ensure accessible and affordable support services are available for employees experiencing mental ill health. Work collaboratively with the Department of Health and Human	Register for the Healthy Together Achievement Program and achieve recognition point 1 and commence progression to achieving recognition point 2.	In progress: GSHS has commenced implementation of strategies (stage 4). Plan submitted in February 2016. Small working group to be convened to implement health awareness days at GSHS with healthy food options. Two community gardens at each GSHS site – Leongatha and Korumburra - will

Domain	Action	Deliverables	Progress	
	Services and professional bodies to identify and address systemic issues of mental ill health amongst the medical professions.	<p>Planning for smoking cessation support for staff commenced Quarter 3 2015/16. Applying to Primary Health Network under small grants program</p> <p>“Smokerlyser” (measures carbon monoxide levels of smokers including foetus in pregnant women) has been purchased in Quarter 4. GP clinic support to be implemented from Quarter 2 2016/17.</p>	<p>Achieved: The Employee Assistance Program (EAP) is promoted regularly to all staff via a dedicated EAP section on the staff intranet site. In addition, brochures with program details, benefits and contact methods is available from the HR Manager and OH&S Officer as well as Department Managers. The EAP program brochures and contact cards are provided to all new staff with their Orientation packs. The EAP program details are also outlined at every staff orientation day.</p>	<p>Achieved: Policy “Notifiable events” update has been circulated to Clinical committee.</p> <p>Code Grey education has been provided to all Clinical areas.</p> <p>DEEP (De Escalation Engagement & Prevention) Formerly known as CARE (Clinical Aggression Response Education)</p>
			<p>Actively promote the availability of the Employee Assistance Program.</p>	<p>Educate all staff on the new Notifications Policy and Protocols.</p>
			<p>Monitor and publically report incidents of occupational violence. Work collaboratively with the Department of Health and Human Services to develop systems to prevent the occurrence of occupational violence.</p>	

Domain	Action	Deliverables	Progress
		<p>Report incidence of occupational violence in the Quality of Care report.</p>	<p>Achieved: Incidents of occupational violence are recorded via the Riskman incident reporting system, with all OH&S related incidents being recorded and investigated where appropriate. A report on the number of occupational violence incidents will be published in the 2015-16 Quality of Accounts and Annual Report.</p>
		<p>Promote a positive workplace culture and implement strategies to prevent bullying and harassment in the workplace. Monitor trends of complaints of bullying and harassment and identify and address organisational units exhibiting poor workplace culture and morale.</p>	<p>Achieved: The Employee Charter has been published on the Intranet and posters recording the charter have been distributed throughout the organisation. The CEO and/or Divisional Directors have attended staff meetings to explain the charter and its use. A copy of the charter is provided to all new staff at orientation and is noted in the CEO Welcome presentation.</p> <p>An introductory session on holding Difficult Conversations was held at the April 2016 Leaders Forum. Michele Dobe (Studer Coach) and Ali Dobson (HR Manager) will develop next steps in supporting leaders to undertake difficult conversations and further embedding the values.</p> <p>The Executive Staff and Department Heads have participated in an exercise that aims to demonstrate that whilst all</p>

Domain	Action	Deliverables	Progress
	Standard: Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities	Complete the Australian Centre for Healthcare Governance Board assessment process in the first quarter of 2016 and utilise results to identify development opportunities for board members.	Achieved: Board members completed the self-assessment in the week ending 9 March 2016. An interim Board development plan was adopted by the Board at the January Board meeting focusing on the Risk Management, and Quality Improvement modules of the Governance Evaluator.
	Mandatory: Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning	Complete a training needs analysis and develop a Learning and Development plan supported by an annual budget.	Achieved: Needs survey disseminated to all department heads in December 2015 and results have been collated with monthly education calendars produced
Safety and quality		Mandatory: Ensure management plans are in place to prevent, detect and contain Carbapenem Resistant Enterobacteriaceae as outlined in Hospital Circular 02/15 (issued 16 June 2015).	Develop and implement a Carbapenem Resistant Enterobacteriaceae prevention and detection plan.

Domain	Action	Deliverables	Progress
	Implement effective antimicrobial stewardship practices and increase awareness of antimicrobial resistance, its implications and actions to combat it, through effective communication, education, and training.	Communicate National Antibiotic Screening Program results collected in the first quarter of the study to Visiting Medical Staff and monitor changes in prescribing behaviour.	Achieved: Meetings with GP's at Leongatha and Korumburra held to discuss NAPS audit results and actions to be implemented.
Standard:	Ensure that emergency response management plans are in place, regularly exercised and updated, including trigger activation and communication arrangements.	Implement regular desk top scenarios to validate the Emergency Procedure Manual and improve understanding and response to adverse events.	Achieved: Emergency Procedures Manual updated and has been published on PROMPT. Staff education conducted on new manual and desk top scenarios to be scheduled. Desktop schedules developed for codes red and grey. Monthly desktop exercises held at both Leongatha and Korumburra. Exercise evaluations to be discussed at Emergency Management meeting.
Financial sustainability	Mandatory: Improve cash management processes to ensure that financial obligations are met as they are due.	Review accounts payable processing to ensure that creditors cash management target is achieved on a monthly basis.	Achieved: Accounts payable reviewed. Payments to creditors batched fortnightly or more frequently if required. Adequate cash reserves and the organisation achieves its creditors' payment target on a monthly basis.
	Standard: Work with Health Purchasing Victoria to implement procurement savings initiatives	Implement Health Purchasing Victoria contract for the waste management segregation and removal.	Achieved: Service level agreement completed and HPV waste management in place.

Domain	Action	Deliverables	Progress
	Invest in revenue optimisation initiatives to ensure maximisation of revenue from both public and private sources	Implement a private patient initiative to increase the value of private patient revenue.	Achieved: Initiative commenced February 2016.
Access	Mandatory: Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians	Utilise results of the Community Health Practice Indicators to improve access to primary care services.	<p>In progress: The following DHHS-Community Health Practice Indicators - are a focus of annual organisation goals and quality and action plans:</p> <ul style="list-style-type: none"> • Consumer involvement in decision making, • Evidence of care plan in consumer file • Consent <p>Results of the GSHS's participation in the Service Co-ordination Survey in October 2015 are being analysed. Analysis against external reports (HACC/C&WH Gippsland Benchmarking Activity) and internal benchmarking and survey work (Connecting with Consumers and Primary Health Consumer Survey and Community Based File Audits).</p> <p>Chronic Disease survey to take place in late 2016</p>

Domain	Action	Deliverables	Progress
	<p>Progress partnerships with other health services to ensure patients can access treatments as close to where they live when it is safe and effective to do so, making the most efficient use of available resources across the system.</p>	<p>As a member of the Gippsland South Health Alliance incorporating Bass Coast Health, South Gippsland Hospital and Kooweeup Regional Health Service identify priorities to jointly address to improve partnerships and efficiency of service delivery.</p>	<p>In progress: Members of the Alliance have met with representatives from The Alfred Health regarding local access to the services of an Infectious Diseases Physician.</p> <p>GSHS is actively participating in the Bass Coast – South Gippsland Clinical Services Plan in partnership with Bass Coast Health, South Gippsland Hospital and Latrobe Regional Hospital.</p> <p>In progress:</p> <p>GSHS is participating on the Regional Perinatal Morbidity and Mortality committee to be formed by LRH.</p> <p>In collaboration with South Gippsland Hospital and South Gippsland Shire Council, Healthcare International have been appointed to develop a report outlining options for the transition of the HACC program. The project will run over May – June 2016.</p> <p>GSHS participating in DHHS project to trial cognition and behaviour tools from the EBCAT. Project has commenced in Koorooman and Alchera using the support 4 change, change management process utilised in the skin matters project</p> <p>Participating in regional PSRACs meetings to discuss regional issues, progress with EBCAT project, report on PSRAC Leadership Committee meetings and identify areas of learning need within the aged care area</p>

Domain	Action	Deliverables	Progress
			EDON member of regional maternity services committee to improve maternity services across Gippsland and work together to meet maternity capability framework.

Part B: Performance Priorities

Safety and quality performance

Key Performance indicator	Target	2015 -16 Result
Compliance with NSQHS Standards accreditation	Full compliance	Full compliance
Compliance with Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Compliance with Hand Hygiene Australia program	80%	85%
Percentage of healthcare workers immunised for influenza	75%	78%
Submission of infection surveillance data to VICNISS	Full compliance	Full compliance

Cleaning standard measure	AQL Target	Outcome
Cleaning Standards	Full compliance	Partial Compliance
Very high risk (Category A)	90 points	99 points
High risk (Category B)	85 points	94 points
Moderate risk (Category C)	85 points	96 points

Patient experience and outcomes performance

Key Performance indicator	Target	2015 -16 Result
Victorian Healthcare Experience Survey - data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey - patient experience Quarter 1	95% positive experience	100% positive experience
Victorian Healthcare Experience Survey - patient experience Quarter 2	95% positive experience	Results - Sample size too small
Victorian Healthcare Experience Survey - patient experience Quarter 3	95% positive experience	97%
Maternity - Percentage of women with prearranged postnatal home care	100%	100%

Governance, leadership and culture

Key Performance indicator	Target	2015 -16 Result
People Matter Survey - percentage of staff with a positive response to safety culture questions	80%	74%

Financial sustainability performance

Key Performance indicator	Target	2015 -16 Result
Finance		
Operating result (\$m)	-0.5	0.02
Trade Creditors	< 60 days	52
Patient Fee Debtors	< 60 days	50
Public & private WIES performance to target	100	94
Asset Management		
Asset Management Plan	Full compliance	Full compliance
Adjusted current asset ratio	0.7	1.3
Days of available cash	14 days	191 days

Part C: Activity and Funding

Activity	2015-16
	Activity Achievement
Weighted Inlier Equivalent Separations (WIES)	
WIES Public	2284
WIES Private	45
Total WIES (Public & Private)	2329
WIES DVA	67
WIES TAC	3
WIES TOTAL	2399
Sub Acute and Non-acute Admitted	
Maintenance Public	1044
Maintenance DVA	40
Palliative Care Public	691
Palliative Care DVA	7
Aged Care	
Residential Aged Care	30159
HACC	50460
Primary Health	
Community Health/Primary Care Programs	3294
Community Health Other	1039

Environmental Performance

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

Energy consumption

Total energy consumption by energy type (GJ)	2013/14	2014/15	2015/16
Electricity	6941	6870	7112
Natural gas and LPG	7580	7385	6137
Total	14521	14255	13249

Normalised energy consumption	2013/14	2014/15	2015/16
Energy per unit of floor space (GJ/m2)	1.19	1.17	1.09
Energy per unit of activity (GJ/activity)	0.35	0.36	0.33

Note:

Total Floor space for GSHS is 12,184 m2 (Leongatha 8,350 m2 and Korumburra 3,834 m2).

Bed Days have been used as the unit of activity.

2013/14 - Bed Days (41,311) comprise 11,057 In-patient bed days and 30,254 Residential Aged Care bed days.

2014/15 - Bed Days (39,243) comprise 10,314 In-patient bed days and 28,929 Residential Aged Care bed days.

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

Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO2e)	2013/14	2014/15	2015/16
Scope 1	388	378	314
Scope 2	2256	2266	2331
Total	2644	2644	2645

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

Accounts Factors. Used conversion factors are: 1.18 kg CO2-e/kWh for electricity, and 51.2 kg CO2-e/GJ for natural gas.

Normalised greenhouse gas emissions	2013/14	2014/15	2015/16
Emissions per unit of floor space (kgCO2e/m2)	217	217	217
Emissions per unit of activity (kgCO2e/activity)	64	67	65

Water consumption

Total water consumption by water type (kL)	2013/14	2014/15	2015/16
Potable water	8441	8565	9737
Recycled water	0	0	0
Total	8441	8565	9737

Normalised water consumption	2013/14	2014/15	2015/16
Water per unit of floor space (kL/m2)	0.69	0.70	0.8
Water per unit of activity (kL/activity)	0.20	0.22	0.24

Water recycling	2013/14	2014/15	2015/16
Recycling rate (percentage)	N/A	N/A	N/A

Waste generation

Total waste generation by type (Tonnes)	2013/14	2014/15	2015/16
Clinical waste	4	3	3
General waste	245	238	252
Recycled waste	55	63	68
Total	304	304	323

Normalised waste generation	2013/14	2014/15	2015/16
Waste per activity (kg/activity)	7.37	7.76	7.95

Waste recycling	2013/14	2014/15	2015/16
Recycling rate (percentage)	18	21	21

INDEPENDENT AUDITOR'S REPORT**To the Board Members, Gippsland Southern Health Service***The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Gippsland Southern Health Service which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's & chief finance & accounting officer's declaration.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Gippsland Southern Health Service as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.



Dr Peter Frost
f Acting Auditor-General

MELBOURNE
31 August 2016

Gippsland Southern Health Service

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

The attached financial statements for Gippsland Southern Health Service have been prepared in accordance with Direction 4.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

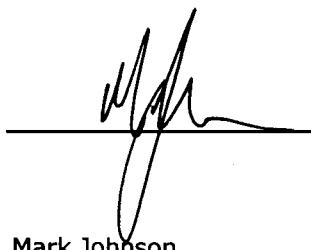
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and the financial position of Gippsland Southern Health Service at 30 June 2016.

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 30th August 2016.



Mark Holmes
President



Mark Johnson
Accountable Officer



Peter Van Hamond
Chief Finance &
Accounting Officer

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30/08/2016

30/08/2016

30/08/2016

**Gippsland Southern Health Service
Comprehensive Operating Statement
For the Year Ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Revenue from operating activities	2	30,151	28,960
Revenue from non-operating activities	2	199	211
Employee expenses	3	(21,286)	(21,356)
Non salary labour costs	3	(2,230)	(1,965)
Supplies and consumables	3	(2,068)	(2,097)
Other expenses	3	(4,743)	(5,116)
Net Result before capital and specific items		23	(1,363)
Capital purpose income	2	1,329	981
Available-for-sale revaluation surplus gain/(loss) recognised	15	-	265
Reversal of impairment of financial assets	2	11	12
Impairment of financial assets	3	(13)	-
Depreciation	4	(3,072)	(3,076)
Expenditure for Capital Purpose	3	(85)	(178)
NET RESULT FOR THE YEAR		(1,807)	(3,359)
Other economic flows included in net result			
Items that may be reclassified subsequently to net result			
Changes to financial assets available-for-sale revaluation surplus	15	-	(235)
Total other comprehensive income		-	(235)
Comprehensive result		(1,807)	(3,594)

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

Gippsland Southern Health Service
Balance Sheet
As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	5	15,766	5,267
Receivables	6	814	1,493
Investments and other financial assets	7	-	5,806
Inventories	8	113	117
Prepayments and Other assets	9	124	120
Total current assets		16,817	12,803
Non-current assets			
Receivables	6	576	723
Investments and other financial assets	7	-	13
Property, plant & equipment	10	61,372	64,105
Total non-current assets		61,948	64,841
TOTAL ASSETS		78,765	77,644
Current liabilities			
Payables	11	1,672	1,859
Provisions	12	5,218	4,899
Other current liabilities	14	6,095	3,228
Total current liabilities		12,985	9,986
Non-current liabilities			
Provisions	12	643	714
Total non-current liabilities		643	714
TOTAL LIABILITIES		13,628	10,700
NET ASSETS		65,137	66,944
EQUITY			
Property, plant & equipment revaluation surplus	15a	19,507	19,507
Restricted specific purpose surplus	15b	113	113
Contributed capital	15b	21,853	21,853
Accumulated surpluses/(deficits)	15c	23,664	25,471
TOTAL EQUITY		65,137	66,944
Commitments	18		
Contingent assets and contingent liabilities	19		

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

Gippsland Southern Health Service
Statement of Changes in Equity
For the Year Ended 30 June 2016

		Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/(Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014		19,507	235	113	21,655	28,830	70,340
Net result for the year		-	-	-	-	(3,359)	(3,359)
Other comprehensive income for the year	15a	-	(235)	-	-	-	(235)
Capital Contribution received from Victorian Government	15a,b	-	-	-	198	-	198
Balance at 30 June 2015		19,507	-	113	21,853	25,471	66,944
Net result for the year		-	-	-	-	(1,807)	(1,807)
Balance at 30 June 2016		19,507	-	113	21,853	23,664	65,137

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

Gippsland Southern Health Service
Cash Flow Statement
For the Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		26,053	25,570
Capital grants from government		592	265
Patient and resident fees received		2,465	3,138
Private practice fees received		763	1,164
Donations and bequests received		112	171
GST received from/(paid to) ATO		535	603
Recoupment from private practice for use of hospital facilities		82	74
Interest received		293	301
Dividend received		-	13
Other receipts		996	468
Total receipts		31,891	31,767
Employee expenses paid		(21,553)	(19,833)
Non salary labour costs		(1,690)	(1,646)
Payments for supplies & consumables		(2,526)	(2,355)
Other payments		(3,992)	(6,953)
Total payments		(29,761)	(30,787)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	16	2,130	980
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(367)	(1,920)
Proceeds from sale of non-financial assets		34	26
Proceeds from sale of investments		2,637	2,992
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		2,304	1,098
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed capital from government		-	198
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		-	198
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		4,434	2,276
Cash and cash equivalents at beginning of financial year		5,267	2,991
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	9,701	5,267

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

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Gippsland Southern Health Service for the period ending 30 June 2016. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Gippsland Southern Health Service on (30th August 2016).

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

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

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

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

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

- non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised. (i.e. other comprehensive income - items that may be reclassified subsequent to net result);
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1 (j));
- superannuation expense (refer to Note 1 (g));
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1 (k)); and
- equities and management investment schemes classified at level 3 of the fair value hierarchy.

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

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

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

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

In addition, Gippsland Southern Health Service determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

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

(c) Reporting entity

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

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

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

Objectives and funding

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

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

(d) Principles of consolidation

Associates and joint ventures

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

Jointly controlled assets or operations

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

(e) Scope and presentation of financial statements

Fund Accounting

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

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

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

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

Residential Aged Care Service

The Residential Aged Care Service operations are an integral part of the Health Service and shares its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 20 to the financial statements.

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

Comprehensive operating statement

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

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

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

Other economic flows; are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- remeasurement arising from defined benefit superannuation plans; and
- fair value changes of financial instruments.

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

Balance Sheet

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

Statement of changes in equity

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

Cash flow statement

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

Rounding

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

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

(f) Income from transactions

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

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

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

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

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

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2014-15).

Patient and Resident Fees

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

Private Practice Fees

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

(f) Income from transactions (cont'd)

Revenue from commercial activities

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

Donations and Other Bequests

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

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from Gippsland Southern Health Service's investments in financial assets.

Gippsland Southern Health Service does not recognise dividends received or receivable from its associates and joint ventures as income.

Interest Revenue

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

Sale of investments

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

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

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

Other Income

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

(g) Expense recognition

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

Cost of goods sold

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

Employee expenses

Employee expenses include:

- wages and salaries;
- fringe benefits tax;
- leave entitlements;
- termination payments;
- workcover premiums; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

(g) Expense recognition (cont'd)

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

The name and details of the major employee superannuation funds and contributions made by the Health Service are disclosed in Note 13: *Superannuation*.

Depreciation

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

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

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

	2016	2015
Buildings	5 to 50 years	5 to 50 years
Plant & Equipment	3 to 18 years	3 to 18 years
Medical Equipment	2 to 15 years	2 to 15 years
Computers & Communications	2 to 10 years	2 to 10 years
Furniture & Fittings	5 to 20 years	5 to 20 years
Motor Vehicles	4 to 5 years	4 to 5 years
Other	12 years	12 years

Other operating expenses

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

Supplies and consumables

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

Bad and doubtful debts

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

(h) Other comprehensive income

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

Net gain/(loss) on non-financial assets

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

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

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

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

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1(j)); and
- disposals of financial assets and derecognition of financial liabilities

Revaluations of financial instrument at fair value

Refer to Note 1 (i) *Financial instruments*

Share of net profits/(losses) of associates and jointly controlled entities, excluding dividends.

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

Other gains/(losses) from other comprehensive income

Other gains/(losses) include:

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

(i) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

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

(i) Financial instruments (cont'd)

Held-to-maturity investments

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

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

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

Financial Liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the interest-bearing liability, using the effective interest rate method.

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

(j) Assets

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

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

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

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

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

(j) Assets (cont'd)

Investments and Other Financial Assets

Hospital investments must be in accordance in Standing Direction 4.5.6 - Treasury Risk Management. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- loans and receivables

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

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

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

Inventories

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

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

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

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

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

Property, plant and equipment

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 *Property, plant and equipment*.

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

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

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

(j) Assets (cont'd)

Revaluations of non-current physical assets

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

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

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

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

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

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

Prepayments

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

Disposal of non-financial assets

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

Impairment of non-financial assets

All non-financial assets are assessed annually for indications of impairment, except for:

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

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

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

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

(j) Assets (cont'd)

Investments in joint operations

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

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

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

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

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

In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, the Health Service obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2016. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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

(j) Assets (cont'd)

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

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

Revaluations of financial instruments at fair value

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

(k) Liabilities

Payables

Payables consist of:

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

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

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

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

Provisions

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

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

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

Employee benefits

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

(k) Liabilities (cont'd)

Wages and salaries, annual leave and accrued days off

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

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

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

Long service leave (LSL)

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

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

The components of this current LSL liability are measured at:

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

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

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

Termination benefits

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

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

On-costs related to employee expense

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

Superannuation liabilities

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

(l) Equity

Contributed capital

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

Property, plant & equipment revaluation surplus

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

Specific restricted purpose surplus

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

(m) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 18) at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(n) 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.

(o) Goods and Services Tax ("GST")

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

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

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

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

(p) AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2016 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 2016, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Health Service has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value is used for financial liabilities the change in fair value is accounted for as follows: * The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and * Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI).
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

Gippsland Southern Health Service
Notes to the financial statements
30 June 2016

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

Standard / Interpretation¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity 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.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statement. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1-Jan-18	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.

Gippsland Southern Health Service
Notes to the financial statements
30 June 2016

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1-Jan-19	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of leased assets and interest on lease liabilities will be recognised in the income statement with marginal impact on operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented in the cash flow statement.</p> <p>No change for lessors.</p>
AASB 2015-6 <i>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]</i>	The Amendments extend the scope of <i>AASB 124 Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1-Jan-16	<p>The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.</p>

(q) Category Groups

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

Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

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

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

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

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

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

Note 2: Analysis of Revenue by Source

	Admitted Patients 2016 \$'000	Non- Admitted 2016 \$'000	RAC 2016 \$'000	Aged Care 2016 \$'000	Primary Health 2016 \$'000	Other 2016 \$'000	Total 2016 \$'000
Government Grant	12,890	3,476	6,282	2,466	434	498	26,046
Indirect contributions by Department of Health and Human Services	(57)	(16)	(28)	(11)	(2)	(2)	(116)
Patient & Resident Fees	86	113	1,682	192	-	-	2,073
Commercial Activities	82	-	-	-	-	1,001	1,083
Other Revenue from Operating Activities	697	44	221	67	8	28	1,065
Total Revenue from Operating Activities	13,698	3,617	8,157	2,714	440	1,525	30,151
Interest	199	-	-	-	-	-	199
Total Revenue from Non-Operating Activities	199	-	-	-	-	-	199
Capital Purpose Income (excluding Interest)	766	-	458	-	-	-	1,224
Capital Interest	-	-	105	-	-	-	105
Capital Dividends	-	-	-	-	-	-	-
Total Capital Purpose Income	766	-	563	-	-	-	1,329
Reversal of Impairment Loss on Financial Assets	11	-	-	-	-	-	11
Total Revenue	14,674	3,617	8,720	2,714	440	1,525	31,690

	Admitted Patients 2015 \$'000	Non- Admitted 2015 \$'000	RAC 2015 \$'000	Aged Care 2015 \$'000	Primary Health 2015 \$'000	Other 2015 \$'000	Total 2015 \$'000
Government Grant	12,801	3,424	5,360	2,430	422	396	24,833
Indirect contributions by Department of Health and Human Services	84	23	35	16	3	2	163
Patient & Resident Fees	56	99	1,524	150	-	-	1,829
Commercial Activities	73	-	-	-	-	1,349	1,422
Other Revenue from Operating Activities	713	-	-	-	-	-	713
Total Revenue from Operating Activities	13,727	3,546	6,919	2,596	425	1,747	28,960
Interest	211	-	-	-	-	-	211
Total Revenue from Non-Operating Activities	211	-	-	-	-	-	211
Capital Purpose Income (excluding Interest)	365	-	518	-	-	-	883
Capital Interest	-	-	85	-	-	-	85
Capital Dividends	13	-	-	-	-	-	13
Total Capital Purpose Income	378	-	603	-	-	-	981
Reversal of Impairment Loss on Financial Assets	12	-	-	-	-	-	12
Total Revenue	14,328	3,546	7,522	2,596	425	1,747	30,164

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

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

	2016 \$'000	2015 \$'000
Proceeds from Disposals of Non-Current Assets		
Plant and Equipment	7	-
Motor Vehicles	26	26
Total Proceeds from Disposal of Non-Current Assets	33	26
Less: Written Down Value of Non-Current Assets Sold		
Medical Equipment	1	32
Motor Vehicles	27	-
Total Written Down Value of Non-Current Assets Sold	28	32
Net gain/(loss) on Disposal of Non-Financial Assets	5	(6)

Note 2b: Assets Received Free of Charge or For Nominal Consideration

	2016 \$'000	2015 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Motor Vehicles	48	-
TOTAL	48	-

Note 3: Analysis of Expenses by Source

	Admitted Patients 2016 \$'000	Non-Admitted 2016 \$'000	RAC 2016 \$'000	Aged Care 2016 \$'000	Primary Health 2016 \$'000	Other 2016 \$'000	Total 2016 \$'000
Employee Expenses	9,278	1,535	6,868	2,396	245	964	21,286
Non Salary Labour Costs	1,836	-	322	-	4	68	2,230
Supplies & Consumables	1,292	99	499	101	2	75	2,068
Other Expenses	2,713	213	1,287	296	34	200	4,743
Total Expenditure from Operating Activities	15,119	1,847	8,976	2,793	285	1,307	30,327
Expenditure for Capital Purposes	42	4	33	4	1	1	85
Impairment of Financial Assets	13	-	-	-	-	-	13
Depreciation (refer note 4)	2,149	-	923	-	-	-	3,072
Total other expenses	2,204	4	956	4	1	1	3,170
Total Expenses	17,323	1,851	9,932	2,797	286	1,308	33,497

	Admitted Patients 2015 \$'000	Non-Admitted 2015 \$'000	RAC 2015 \$'000	Aged Care 2015 \$'000	Primary Health 2015 \$'000	Other 2015 \$'000	Total 2015 \$'000
Employee Expenses	9,375	1,430	6,799	2,476	237	1,039	21,356
Non Salary Labour Costs	1,812	49	102	-	2	-	1,965
Supplies & Consumables	1,405	60	466	99	2	65	2,097
Other Expenses	2,727	245	1,287	304	37	516	5,116
Total Expenditure from Operating Activities	15,319	1,784	8,654	2,879	278	1,620	30,534
Expenditure for Capital Purposes	101	8	55	8	2	4	178
Depreciation (refer note 4)	2,135	-	941	-	-	-	3,076
Total other expenses	2,236	8	996	8	2	4	3,254
Total Expenses	17,555	1,792	9,650	2,887	280	1,624	33,788

Note 3a: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	Expense		Revenue	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Commercial Activities				
Private Practice and Other Patient Activities				
Diagnostic Imaging	852	1,178	705	1,049
Catering	104	111	104	109
Cafeteria	13	10	12	15
Property Expense/Revenue	-	-	167	164
Other Activities				
Staff Salary Packaging Service	1	1	13	12
TOTAL	970	1,300	1,001	1,349

Note 4: Depreciation

	2016		2015	
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	2,357	2,356		
Plant & Equipment	108	111		
Medical Equipment	371	348		
Computers & Communication	49	43		
Furniture & Fittings	15	14		
Motor Vehicles	141	173		
Other - Land Improvements	31	31		
Total Depreciation	3,072	3,076		

Note 5: Cash and Cash Equivalents

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

	2016		2015	
	\$'000	\$'000	\$'000	\$'000
Cash on hand		1		1
Cash at bank		1,111		1,077
Deposits at call		14,654		4,189
Total Cash and Cash Equivalents	15,766		5,267	

Represented by:

Cash for Health Service Operations (as per Cash Flow Statement)	9,501	5,003
GHA Cash at Bank	200	264
Sub Total Cash for Health Service Operations	9,701	5,267
Accommodation Bonds (Refundable Entrance Fees)	6,065	-
Total Cash and Cash Equivalents	15,766	5,267

Note 6: Receivables

	2016 \$'000	2015 \$'000
CURRENT		
Contractual		
Inter Hospital Debtors	50	25
Trade Debtors	252	119
Patient Fees	306	256
Radiology Fees	-	59
Accrued Investment Income	30	19
GHA Receivables	69	60
Accrued Revenue Other	58	950
Less Allowance for Doubtful Debts		
Patient Fees	(34)	(34)
	731	1,454
Statutory		
GST Receivable	73	39
Accrued Revenue - Department of Health and Human Services	10	-
	83	39
TOTAL CURRENT RECEIVABLES	814	1,493
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	576	723
	576	723
TOTAL NON-CURRENT RECEIVABLES	576	723
TOTAL RECEIVABLES	1,390	2,216

(a) Movement in the Allowance for doubtful debts

	2016 \$'000	2015 \$'000
Balance at beginning of year	(34)	(34)
Amounts written off during the year	(33)	-
Amounts recovered during the year	33	-
Balance at end of year	(34)	(34)

(b) Ageing analysis of receivables

Please refer to note 17(c) for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables

Please refer to note 17(c) for the nature and extent of credit risk arising from contractual receivables

Note 7: Investments and other Financial Assets

	Specific Purpose Fund		Capital Fund		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
CURRENT						
<i>Loans and receivables</i>						
Term Deposit						
Aust. Dollar Term Deposits	-	-	-	2,624	-	2,624
Cash Deposit Accounts	-	3,182	-	-	-	3,182
Total Current	-	3,182	-	2,624	-	5,806
NON CURRENT						
<i>Loans and receivables</i>						
First Mortgage Investments	-	-	-	13	-	13
Total Non Current	-	-	-	13	-	13
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	3,182	-	2,637	-	5,819
Represented by:						
Health Service Investments	-	-	-	2,637	-	2,637
Monies Held in Trust	-	3,182	-	-	-	3,182
Accommodation Bonds (Refundable Entrance Fees)	-	3,182	-	-	-	3,182
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	3,182	-	2,637	-	5,819

(a) Ageing analysis of investments and other financial assets

Please refer to note 17(c) for the ageing analysis of investments and other financial assets

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

Please refer to note 17(c) for the nature and extent of credit risk arising from investments and other financial assets

Note 8: Inventories

	2016 \$'000	2015 \$'000
Pharmaceuticals		
At cost	82	82
Catering Supplies		
At cost	5	6
Housekeeping Supplies		
At cost	2	2
Medical and Surgical Lines		
At cost	19	21
Administration Stores		
At Cost	5	6
TOTAL INVENTORIES	113	117

Note 9: Prepayments and Other Assets

	2016 \$'000	2015 \$'000
CURRENT		
Prepayments	66	63
GHA Other Current Assets	58	57
TOTAL CURRENT OTHER ASSETS	124	120

Notes To and Forming Part of the Financial Statements
Gippsland Southern Health Service

Note 10: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

	2016 \$'000	2015 \$'000
Land		
Land at Fair Value	3,427	3,427
Less Impairment	-	-
Total Land	3,427	3,427
Buildings		
Buildings Under Construction at cost	252	212
Buildings at Fair Value	58,991	58,975
Less Acc'd Depreciation	5,326	2,969
Total Buildings	53,917	56,218
Plant and Equipment		
Plant and Equipment at Fair Value	1,861	1,856
Less Acc'd Depreciation	1,241	1,132
Total Plant and Equipment	620	724
Medical Equipment		
Medical Equipment at Fair Value	5,301	5,161
Less Acc'd Depreciation	2,870	2,500
Total Medical Equipment	2,431	2,661
Computers & Communication		
Computers & Communication at Fair Value	761	730
Less Acc'd Depreciation	621	573
Total Computers & Communication	140	157
Furniture & Fittings		
Furniture & Fittings at Fair Value	237	233
Less Acc'd Depreciation	82	67
Total Furniture & Fittings	155	166
Motor Vehicles		
Motor Vehicles at Fair Value	1,153	1,193
Less Acc'd Depreciation	815	816
Total Motor Vehicles	338	377
Other - Land Improvements		
Land Improvements at Fair Value	404	404
Less Acc'd Depreciation	62	31
Total Land Improvements	342	373
Other - GHA Property, Plant & Equipment		
GHA Property, Plant & Equipment at Fair value	2	2
Less Acc'd Depreciation	-	-
Total GHA Property, Plant & Equipment	2	2
TOTAL	61,372	64,105

Note 10: Property, plant & equipment (continued)

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

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers & Communic'n	Furniture & Fittings	Motor Vehicles	Land Improv'ts \$'000	GHA \$'000	PP&E \$'000	Total \$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000				
Balance at 1 July 2014	3,427	58,412	801	2,012	130	132	281	404	2	65,601	
Additions		166	30	1,029	70	48	269				1,612
Disposals		—	—	(32)	—	—	—				(32)
Net Transfers between Classes		(4)	4	—	—	—	—				—
Depreciation (note 4)		(2,356)	(111)	(348)	(43)	(14)	(173)	(31)			(3,076)
Balance at 1 July 2015	3,427	56,218	724	2,661	157	166	377	373	2	64,105	
Additions		56	4	142	32	4	129				367
Disposals		—	—	(1)	—	—	(27)				(28)
Depreciation (note 4)		(2,357)	(108)	(371)	(49)	(15)	(141)	(31)			(3,072)
Balance at 30 June 2016	3,427	53,917	620	2,431	140	155	338	342	2	61,372	

Land and buildings carried at valuation

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

Note 10: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-specialised land	875	-	875	-
Specialised land	2,552	-	-	2,552
Total of land at fair value	3,427	-	875	2,552
Buildings at fair value				
Non-specialised buildings	1,484	-	1,484	-
Specialised buildings	52,181	-	-	52,181
Total of building at fair value	53,665	-	1,484	52,181
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	338	-	338	-
- Plant and equipment	620	-	-	620
Total of plant, equipment and vehicles at fair value	958	-	338	620
Medical equipment at fair value				
Medical Equipment	2,431	-	-	2,431
Total medical equipment at fair value	2,431	-	-	2,431
Other Assets at fair value				
Computers & Communication equipment	140	-	-	140
Furniture & Fittings	155	-	-	155
Land Improvements	342	-	-	342
GHA Assets	2	-	-	2
Total Other Assets at fair value	639	-	-	639
Assets under construction at fair value				
Leongatha Integrated Primary Care Centre	252	-	-	252
Total assets under construction at fair value	252	-	-	252
	61,372	-	2,697	58,675

There have been no transfers between levels during the period.

Note 10: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-specialised land	875	-	875	-
Specialised land	2,552	-	-	2,552
Total of land at fair value	3,427	-	875	2,552
Buildings at fair value				
Non-specialised buildings	1,500	-	1,500	-
Specialised buildings	54,506	-	-	54,506
Total of building at fair value	56,006	-	1,500	54,506
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	377	-	377	-
- Plant and equipment	724	-	-	724
Total of plant, equipment and vehicles at fair value	1,101	-	377	724
Medical equipment at fair value				
Medical Equipment	2,661	-	-	2,661
Total medical equipment at fair value	2,661	-	-	2,661
Other Assets at fair value				
Computers & Communication equipment	157	-	-	157
Furniture & Fittings	166	-	-	166
Land Improvements	373	-	-	373
GHA Assets	-	-	-	-
Total Other Assets at fair value	696	-	-	696
Assets under construction at fair value				
Leongatha Integrated Primary Care Centre	212	-	-	212
Total assets under construction at fair value	212	-	-	212
	64,103	-	2,752	61,351

There have been no transfers between levels during the period.

Note 10: Property, plant & equipment (continued)

Non-specialised land, non-specialised buildings and artwork

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers (Westernport Property Valuers) to determine the fair value using the market approach.

Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

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

Specialised land and specialised buildings

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

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

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

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

Vehicles

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

Plant and equipment

Plant and equipment is held at carrying 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 2016.

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

Note 10: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value

30 June 2016	Land	Buildings	Plant and equipment	Medical equipment	Computers & Comm'n	Furniture & Fittings	Land Improv'ts	GHA Assets	Assets under construction
Opening Balance	2,552	54,506	724	2,661	157	166	373	2	212
Purchases (sales)	-	16	4	141	32	4	-	-	40
Transfers in (out) of Level 3	-	-	-	-	-	-	-	-	-
Gains or losses recognised in net result									
- Depreciation	-	(2,341)	(108)	(371)	(49)	(15)	(31)	-	-
Subtotal	2,552	52,181	620	2,431	140	155	342	2	252
Items recognised in other comprehensive income									
- Revaluation									
Subtotal	-	-	-	-	-	-	-	-	-
Closing Balance	2,552	52,181	620	2,431	140	155	342	2	252
30 June 2015	Land	Buildings	Plant and equipment	Medical equipment	Computers & Comm'n	Furniture & Fittings	Land Improv'ts	GHA Assets	Assets under construction
Opening Balance	2,552	24,743	801	2,012	130	132	404	2	50
Purchases (sales)	-	162	34	997	70	48	-	-	162
Transfers in (out) of Level 3	-	32,096	-	-	-	-	-	-	-
Gains or losses recognised in net result									
- Depreciation	-	(2,495)	(111)	(348)	(43)	(14)	(31)	-	-
Subtotal	2,552	54,506	724	2,661	157	166	373	2	212
Items recognised in other comprehensive income									
- Revaluation									
Subtotal	-	-	-	-	-	-	-	-	-
Closing Balance	2,552	54,506	724	2,661	157	166	373	2	212

Note 10: Property, plant & equipment (continued)

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land				
Leongatha & Korumburra Hospital Land	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised buildings				
Korumburra & Leongatha Hospital Site Buildings	Depreciated replacement cost	Direct cost per square metre	\$400 - \$6,003/m ² (\$2,482)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value
		Useful life of specialised buildings	5 - 45 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment at fair value				
Varied	Depreciated replacement cost	Cost per unit	\$9,000 - \$10,000 (\$9,500)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of PPE	3-18 years (10 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Medical equipment at fair value				
Varied	Depreciated replacement cost	Cost per unit	\$6,000 - \$7,000 (\$6,500)	Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value
		Useful life of medical equipment	2-15 years (9 years)	Increase (decrease) in useful life would result in a significantly higher (lower) fair value
Other Assets at fair value				
Varied	Depreciated replacement cost	Cost per unit	\$6000 - \$9000 (\$8000)	A significant increase or decrease in direct cost per unit meter adjustment would result in a significantly higher or lower fair value
		Useful life of other assets at fair value	2-20 years (12 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Assets under construction at fair value				
Leongatha Integrated Primary Care Centre	Depreciated replacement cost	Cost per unit	\$4,000.00	A significant increase or decrease in direct cost per unit adjustment would result in a significantly higher or lower fair value

The significant unobservable inputs have remain unchanged from 2015.

Note 11: Payables

	2016 \$'000	2015 \$'000
CURRENT		
Contractual		
Trade Creditors	627	966
GHA Payables	48	71
Accrued Expenses	288	245
	963	1,282
Statutory		
Department of Health and Human Services	663	560
Amounts payable to Government	46	17
	709	577
TOTAL CURRENT	1,672	1,859

(a) Maturity analysis of payables

Please refer to Note 17c for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables

Please refer to note 17c for the nature and extent of risks arising from contractual payables

Note 12: Provisions

	2016 \$'000	2015 \$'000
Current Provisions		
Employee Benefits		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months	1,546	1,462
- Unconditional and expected to be settled wholly after 12 months	259	243
Long service leave		
- Unconditional and expected to be settled wholly within 12 months	360	359
- Unconditional and expected to be settled wholly after 12 months	1,897	1,904
Accrued Days Off		
- Unconditional and expected to be settled within 12 months	50	46
Accrued Salaries & Wages		
- Unconditional and expected to be settled within 12 months	653	436
	<u>4,765</u>	<u>4,450</u>
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	212	208
- Unconditional and expected to be settled after 12 months	241	241
	<u>453</u>	<u>449</u>
Total Current Provisions	<u>5,218</u>	<u>4,899</u>
Non-Current Provisions		
Employee Benefits		
	578	642
Provisions related to Employee Benefit On-Costs		
	65	72
Total Non-Current Provisions	<u>643</u>	<u>714</u>
Total Provisions	<u>5,861</u>	<u>5,613</u>
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	2,511	2,518
Annual Leave Entitlements	1,998	1,899
Accrued Wages and Salaries	653	436
Accrued Days Off	56	46
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	643	714
Total Employee Benefits and Related On-Costs	<u>5,861</u>	<u>5,613</u>
(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	3,232	3,259
Provision made during the year		
- Expense recognising Employee Service	299	562
Settlement made during the year	(377)	(589)
Balance at end of year	<u>3,154</u>	<u>3,232</u>

Note 13: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(i) Defined benefit plans: State Superannuation Fund - revised and new	43	49	-	-
Defined contribution plans: First State Super	1,721	1,739	36	-
Total	1,764	1,788	36	-

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

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

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service. The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Service are disclosed in the table above.

Note 14: Other Liabilities

	2016 \$'000	2015 \$'000
CURRENT		
Monies Held in Trust		
- Accommodation Bonds		
(Refundable Entrance Fees)	6,065	3,182
GHA Other Current Liabilities	30	46
Total Current	6,095	3,228
Total Other Liabilities	6,095	3,228

*** Total Monies Held in Trust**

Represented by the following assets:

Investments and other Financial Assets (refer to Note 7)	-	3,182
Cash & Cash Equivalents (refer to Note 5)	6,065	-
TOTAL	6,065	3,182

Notes To and Forming Part of the Financial Statements
Gippsland Southern Health Service

Note 15: Equity

	2016 \$'000	2015 \$'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	19,507	19,507
Balance at the end of the reporting period*	19,507	19,507
* Represented by:		
- Land	2,075	2,075
- Buildings	16,099	16,099
- Plant and Equipment	1,333	1,333
	19,507	19,507
Financial Assets Available-for-Sale Revaluation Surplus		
Balance at the beginning of the reporting period	-	235
Valuation gain/(loss) recognised	-	30
Cumulative (gain)/loss transferred to Operating Statement on Sale of Financial Assets	-	(265)
Balance at end of the reporting period	-	-
(b) Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	113	113
Balance at the end of the reporting period	113	113
Total Surpluses	19,620	19,620
Contributed Capital		
Balance at the beginning of the reporting period	21,853	21,655
Capital Contribution received from Victorian Government	-	198
Balance at the end of the reporting period	21,853	21,853
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	25,471	28,830
Net Result for the Year	(1,807)	(3,359)
Balance at the end of the reporting period	23,664	25,471
Total Equity at end of financial year	65,137	66,944

**Note 16: Reconciliation of Net Result for the Year to
Net Cash Inflow/(Outflow) from Operating Activities**

	2016 \$'000	2015 \$'000
Net result for the period	(1,807)	(3,359)
Non-cash movements:		
Depreciation	3,072	3,076
Impairment of financial and non financial assets	13	-
Reversal of Impairment of Financial Assets	11	12
Resources/assets received free of charge	48	-
Movements included in investing and financing activities		
Net (gain)/loss from disposal of non financial physical assets	(5)	6
Net (gain)/loss from disposal of financial assets	-	(265)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	825	70
(Increase)/decrease in other assets	(4)	137
Increase/(decrease) in payables	(187)	608
Increase/(decrease) in provisions	247	(316)
Increase/(decrease) in other liabilities	(88)	984
Change in inventories	5	27
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>2,130</u>	<u>980</u>

Note 17: Financial Instruments

(a) Financial risk management objectives and policies

The Health Service's principal financial instruments comprise of:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- payables (excluding statutory payables)
- accommodation bonds

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

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

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

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

Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
2016	\$'000	\$'000	\$'000
Contractual Financial Assets			
Cash and cash equivalents	15,766	-	15,766
Receivables			
- Trade Debtors	252	-	252
- Other Receivables	479	-	479
Other Financial Assets			
- Term Deposit	-	-	-
Total Financial Assets	16,497	-	16,497
Financial Liabilities			
Payables	-	963	963
Other Financial Liabilities			
- Accommodation bonds	-	6,065	6,065
- Other	-	30	30
Total Financial Liabilities	-	7,058	7,058
2015	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
	\$'000	\$'000	\$'000
Contractual Financial Assets			
Cash and cash equivalents	5,267	-	5,267
Receivables			
- Trade Debtors	119	-	119
- Other Receivables	1,335	-	1,335
Other Financial Assets			
- Term Deposit	5,819	-	5,819
Total Financial Assets	12,540	-	12,540
Financial Liabilities			
Payables	-	1,282	1,282
Other Financial Liabilities			
- Accommodation bonds	-	3,182	3,182
- Other	-	46	46
Total Financial Liabilities	-	4,510	4,510

Note 17: Financial Instruments (Continued)

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

	Net holding gain/(loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment loss \$'000	Total \$'000
2016					
Financial Assets					
Cash and Cash Equivalents	-	13	-	-	13
Loans and Receivables	-	186	-	-	186
Total Financial Assets	-	199	-	-	199
2015					
Financial Assets					
Cash and Cash Equivalents	-	8	-	-	8
Loans and Receivables	-	203	-	-	203
Available for Sale	30	-	-	-	30
Total Financial Assets	30	211	-	-	241

Note 17: Financial Instruments (continued)

(c) Credit risk

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

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

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

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

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

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

	Financial institutions (AA credit rating) 2016 \$'000	Government agencies (AAA credit rating) \$'000	No Credit Rating \$'000	Other (min BBB credit rating) \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	11,410	4,356	-	-	15,766
Loans and Receivables					
- Trade Debtors	-	-	252	-	252
- Other Receivables	-	50	429	-	479
- Term Deposit	-	-	-	-	-
Total Financial Assets	11,410	4,406	681	-	16,497
2015					
Financial Assets					
Cash and Cash Equivalents	4,267	1,000	-	-	5,267
Loans and Receivables					
- Trade Debtors	-	-	119	-	119
- Other Receivables	-	25	1,310	-	1,335
- Term Deposit	2,306	3,500	-	13	5,819
Total Financial Assets	6,573	4,525	1,429	13	12,540

Ageing analysis of Financial Assets as at 30 June

	Carrying Amount 2016 \$'000	Not Past Due and Not Impaired \$'000	Less than 1 Month \$'000	Past Due But Not Impaired 1-3 Months 3 months - 1 Year \$'000	1-5 Years \$'000	Impaired Financial Assets \$'000
Financial Assets						
Cash and Cash Equivalents	15,766	15,766	-	-	-	-
Loans and Receivables						
- Trade Debtors	252	154	77	-	21	-
- Other Receivables	479	377	29	11	28	34
- Term Deposit	-	-	-	-	-	-
Available for sale						
- Shares in Other Entities	-	-	-	-	-	-
Total Financial Assets	16,497	16,297	106	11	49	- 34
2015						
Financial Assets						
Cash and Cash Equivalents	5,267	5,267	-	-	-	-
Loans and Receivables						
- Trade Debtors	119	62	33	22	2	-
- Other Receivables	1,335	1,063	142	86	10	34
- Term Deposit	5,819	5,819	-	-	-	-
Available for sale						
- Shares in Other Entities	-	-	-	-	-	-
Total Financial Assets	12,540	12,211	175	108	12	- 34

Note 17: Financial Instruments (continued)

(d) Liquidity risk

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

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

The Health Service does not consider that it has any significant exposure to credit risk. In the event that interest rates fall any further; the exposure is estimated at an amount of \$39,000 for every 0.25% reduction. There is no collateral held on any of the organisation's financial assets as it has no loans or leases. The credit quality of the organisation's financial assets is high considering approximately 96% of its deposits are held in accounts with the Treasury Corporation of Victoria and the Commonwealth Bank of Australia. The remaining 4% of cash deposits is held with GHA.

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

Maturity analysis of Financial Liabilities as at 30 June

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000
2016						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	963	963	944	12	7	-
Other Financial Liabilities						
- Accommodation Bonds	6,065	6,065	-	-	6,065	-
- Other	30	30	30	-	-	-
Total Financial Liabilities	7,058	7,058	974	12	6,072	-
 2015						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	1,282	1,282	1,282	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	3,182	3,182	-	-	3,182	-
- Other	46	46	46	-	-	-
Total Financial Liabilities	4,510	4,510	1,328	-	3,182	-

Note 17: Financial Instruments (continued)

(e) Market risk

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

Currency risk

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

Interest rate risk

Exposure to interest rate risk might arise primarily through the Health Service's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the health service mainly undertake financial liabilities with relatively even maturity profiles.

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

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

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

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
2016					
Financial Assets					
<i>Cash and Cash Equivalents</i>	1.93	15,766	3,572	12,193	1
<i>Loans and Receivables</i>					
- Trade Debtors		252	-	-	252
- Other Receivables		479	-	-	479
- Term Deposit		-	-	-	-
		16,497	3,572	12,193	732
Financial Liabilities					
<i>At amortised cost</i>					
Payables		963	-	-	963
Other Financial Liabilities					
- Accommodation Bonds	3.00	6,065	6,065	-	-
- Other		30	-	-	30
		7,058	6,065	-	993
2015					
Financial Assets					
<i>Cash and Cash Equivalents</i>	1.99	5,267	-	5,267	-
<i>Loans and Receivables</i>					
- Trade Debtors		119	-	-	119
- Other Receivables		1,335	-	-	1,335
- Term Deposit	2.28	5,819	5,819	-	-
		12,540	5,819	5,267	1,454
Financial Liabilities					
<i>At amortised cost</i>					
Payables		1,282	-	-	1,282
Other Financial Liabilities					
- Accommodation Bonds	3.05	3,182	3,182	-	-
- Other		46	-	-	46
		4,510	3,182	-	1,328

Note 17: Financial Instruments (continued)

(e) Market risk (continued)

Sensitivity disclosure analysis

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

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 1.75%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 1.5%
- A movement of 15% up and down (2015: 15 %) for the top ASX 200 index.

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

	Carrying Amount	Interest Rate Risk				
		-1%		+1%		
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
2016						
Financial Assets						
Cash and Cash Equivalents	15,766	(158)	(158)	158	158	
<i>Loans and Receivables</i>						
- Trade Debtors	252	-	-	-	-	
- Other Receivables	479	-	-	-	-	
- Term Deposit	-	-	-	-	-	
Financial Liabilities						
<i>At amortised cost</i>						
Payables	963	-	-	-	-	
Other Financial Liabilities	-	-	-	-	-	
- Accommodation Bonds	6,065	-	-	-	-	
- Other	30	-	-	-	-	
		(158)	(158)	158	158	
2015						
Financial Assets						
Cash and Cash Equivalents	5,267	(53)	(53)	53	53	
<i>Loans and Receivables</i>						
- Trade Debtors	119	-	-	-	-	
- Other Receivables	1,335	-	-	-	-	
- Term Deposit	5,819	(58)	(58)	58	58	
Financial Liabilities						
<i>At amortised cost</i>						
Payables	1,282	-	-	-	-	
Other Financial Liabilities	-	-	-	-	-	
- Accommodation Bonds	3,182	-	-	-	-	
- Other	46	-	-	-	-	
		(111)	(111)	111	111	

Note 17: Financial Instruments (continued)

(f) Fair value

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

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

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

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

Comparison between carrying amount and fair value

	Carrying Amount	Fair value	Carrying Amount	Fair value
	2016 \$'000	2016 \$'000	2015 \$'000	2015 \$'000
Financial Assets				
Cash and Cash Equivalents	15,766	15,766	5,267	5,267
Loans and Receivables				
- Trade Debtors	252	252	119	119
- Other Receivables	479	479	1,335	1,335
- Term Deposit	-	-	5,819	5,819
Total Financial Assets	16,497	16,497	12,540	12,540
Financial Liabilities				
At amortised cost				
Payables	963	963	1,282	1,282
Other Financial Liabilities				
- Accommodation Bonds	6,065	6,065	3,182	3,182
- Other	30	30	46	46
Total Financial Liabilities	7,058	7,058	4,510	4,510

Note 18: Commitments

The Health Service has no commitments (2014/15 \$Nil).

Note 19: Contingent Assets and Contingent Liabilities

The Health Service has no contingent assets or liabilities (2014/15 \$Nil)

Note 20: Operating Segments

	Hospital		Residential Aged Care (RAC)			
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
REVENUE						
External Segment Revenue						
- Commonwealth Subsidies	-	-	4,566	3,675	4,566	3,675
- State Gov't Grants	19,648	19,636	1,717	1,685	21,365	21,321
- Resident/client charges	391	302	1,682	1,527	2,073	1,829
- Bond Retentions	-	-	47	68	47	68
- Other Operating Revenue	2,151	2,499	587	482	2,738	2,981
- Capital Grants	576	265	16	-	592	265
- Profit/(loss) on sale of assets	5	(6)	-	-	5	(6)
Total Revenue	22,771	22,696	8,615	7,437	31,386	30,133
EXPENSES						
External Segment Expenses						
- Care Employee Entitlements	11,694	10,762	5,144	5,221	16,838	15,983
- Other Employee Entitlements	2,724	3,694	1,724	1,680	4,448	5,374
- Depreciation Expense	2,149	2,135	923	941	3,072	3,076
- Repairs & Maintenance	378	472	280	377	658	849
- Insurance	332	128	129	35	461	163
- Motor Vehicles	147	139	18	21	165	160
- Other	6,141	6,808	1,714	1,375	7,855	8,183
Total Expenses	23,565	24,138	9,932	9,650	33,497	33,788
Net Result from ordinary activities	(794)	(1,442)	(1,317)	(2,213)	(2,111)	(3,655)
Interest Income	199	211	105	85	304	296
Net Result for Year	(595)	(1,231)	(1,212)	(2,128)	(1,807)	(3,359)
OTHER INFORMATION						
Segment Assets						
- Cash	15,766	5,267	-	-	15,766	5,267
- Receivables	1,169	2,201	221	15	1,390	2,216
- Other Assets	237	237	-	-	237	237
- Investments	-	2,637	-	3,182	-	5,819
- Property, plant & equipment	44,832	46,712	16,540	17,393	61,372	64,105
Total Assets	62,004	57,054	16,761	20,590	78,765	77,644
Segment Liabilities						
- Bonds/Refundable Deposits	-	-	6,065	3,182	6,065	3,182
- Employee Provisions	4,746	4,452	1,115	1,161	5,861	5,613
- Payables	1,621	1,854	51	5	1,672	1,859
- Other Liabilities	30	46	-	-	30	46
Total Liabilities	6,397	6,352	7,231	4,348	13,628	10,700
Net Assets	55,607	50,702	9,530	16,242	65,137	66,944
Investments in Associates and Joint Venture Partnership	-	-	-	-	-	-
Acquisition of Property, Plant and Equipment and Intangible Assets	339	1,612	28	95	367	1,707
Depreciation Expense	2,149	2,135	923	941	3,072	3,076
Non Cash Expenses other than Depreciation	-	-	-	-	-	-
Impairment of Inventories	-	-	-	-	-	-

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

Business Segments

Residential Aged Care Services (RACS)
Hospital

Services

Provider of residential aged care beds
Provider of acute care beds

Geographical Segment

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

RAC Identification

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

The organisation's ABN is 55 344 811 591

Note 21a: Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/7/2015 - 30/6/2016
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/7/2015 - 30/6/2016
Governing Boards	
Mr. M. Holmes - President	1/7/2015 - 30/6/2016
Mr. A. Aeschlimann - Senior Vice President (1/7/15-27/1/16)	1/7/2015 - 30/6/2016
Ms. J. Martin - Junior Vice President (1/7/15-27/1/16). Senior Vice President 28/1/16 - 30/6/16)	1/7/2015 - 30/6/2016
Ms. S. Hanson - Junior Vice President 28/1/16 - 30/6/16	1/7/2015 - 30/6/2016
Mr. P. Siggins - Treasurer	1/7/2015 - 30/6/2016
Mr. L. Powney	1/7/2015 - 30/6/2016
Mr. G. Austin	1/7/2015 - 30/6/2016
Mrs. N. Green - Resigned 8/9/15	1/7/2015 - 8/9/15
Mr. R. Dhar	1/7/2015 - 30/6/2016
Mr. I. Drysdale	1/7/2015 - 30/6/2016
Ms. C. Trotman	1/7/2015 - 30/6/2016
Mr. N. Broughton	1/7/2015 - 30/6/2016
Accountable Officer	
Mr. M. Johnson (CEO)	1/7/2015 - 30/6/2016

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999	
\$170,000 - \$180,000	12
\$220,000 - \$230,000	1

Total Numbers

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

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from:
www.parliament.vic.gov.au/publications/register-of-interests.

2016	2015
No.	No.
12	12
-	1
1	-
13	13
\$220,874	\$179,858

Other Transactions of Responsible Persons and their Related Parties.

Board Member Expense Allowance

10 10

Note 21b: Executive Officer Disclosures

Executive Officers' Remuneration

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

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$100,000 - \$110,000	1	-	1	-
\$110,000 - \$120,000	-	-	-	-
\$120,000 - \$129,999	1	-	1	-
\$130,000 - \$139,999	1	-	1	-
\$140,000 - \$149,999	1	-	1	-
\$150,000 - \$159,999	-	2	-	2
\$160,000 - \$169,999	-	1	-	1
\$170,000 - \$179,999	1	-	1	-
Total	5	3	5	3
Total annualised employee equivalents (AEE) ⁽ⁱ⁾				
Total Remuneration	\$ 676,138	\$ 471,420	\$ 676,138	\$ 471,420

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

Note 22. Remuneration of auditors

	(\$ thousand)	2016	2015
Victorian Auditor-General's Office			
Audit or review of financial statement		41	40
		41	40

Note 23. Events occurring after the balance sheet date

There were no significant events occurring after balance date for the year ended 30th June 2016.

Note 24: Alternate Presentation of Comprehensive operating statement

	2016 \$'000	2015 \$'000
Interest	199	211
Dividends and income tax equivalent and rate equivalent revenue	-	13
Fair Value of assets and services received free of charge or for nominal consideration	48	-
Sales of goods and services	3,156	3,251
Grants	26,047	24,833
Other Income	2,235	1,863
Total revenue	31,685	30,171
Employee expenses	21,286	21,356
Fair Value of assets and services provided free of charge or for nominal consideration	-	-
Depreciation	3,072	3,076
Interest expense	-	-
Grants and other transfers	-	-
Other operating expenses	9,139	9,356
Total expenses	33,497	33,788
Net result from transactions - Net operating balance	(1,812)	(3,617)
Net gain/ (loss) on sale of non-financial assets	5	(7)
Net gain/(loss) on financial instruments	-	265
Share of net profit/(loss) from associates/ joint venture entities excluding dividends	-	-
Other gains / (losses) from other economic flows	-	-
Total other economic flows included in net result	5	258
Net result	(1,807)	(3,359)

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