



GSHS

Gippsland Southern Health Service

2014/15 Annual Report

Incorporating:

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

Gippsland Southern Health Service - Report of Operations

Responsible Bodies declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Gippsland Southern Health Service for the year ending 30 June 2015.



Mark Holmes

PRESIDENT, BOARD OF MANAGEMENT

LEONGATHA, 3 September 2015

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

From 1 July 2014 to 3 December 2014, the relevant ministers were:

The Honourable David Davis MLC, Minister for Health, Minister for Ageing

The Honourable Mary Wooldridge MLA, Minister for Mental Health

From 4 December 2014 to 30 June 2015, the relevant ministers were:

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

The Honourable Martin Foley MLA, 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

Community Services

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

Residential Care

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

Outpatient Care

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

Diagnostic Services

- Audiology
- Medical Imaging
- Pathology

Staff Services

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

Board Committee Representation

Board Membership: Mark Holmes (President), Alex Aeschlimann (Senior Vice President), Jan Martin (Junior Vice President), Peter Siggins (Treasurer), Lindsay Powney, Garry Austin, Noelle Green, Rajiv Dhar, Ian Drysdale, David Harvey, Susan Hanson, Sherene Devanesan (from 1st May 2014 to 31st May 2015).

GSHS Sub-Committee Membership

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

Board Clinical Governance Committee: Alex Aeschlimann, Garry Austin

Medical Advisory Committee: Rajiv Dhar

Corporate Governance Committee: Ian Drysdale, Peter Siggins, Susan Hanson

Partnering with Consumers Committee: Jan Martin, Garry Austin, Susan Hanson, Noelle Green

Senior Office Holders

Chief Executive Officer: Mark Johnson from 22nd September 2014

Acting CEO: Mark Petty from 12th May 2014 to 21st September 2014

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 on page 6 for responsibilities)

Financial Summary

Gippsland Southern Health Service has achieved a net deficit before capital & specific items of \$1,363,000 for 2014/15.

The budgetary objectives for 2014/15 were not attained as the organisation did not achieve its budgeted operating surplus by approximately \$1.4m. The organisation experienced increased salary expenditure coupled with reduced patient throughput and residential aged care occupancy. The Health Service has developed a Financial Management Improvement Plan that details strategies aimed at addressing the current financial situation. This plan is reviewed on a monthly basis by the Board and regional representatives of the Department of Health and Human Services. 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

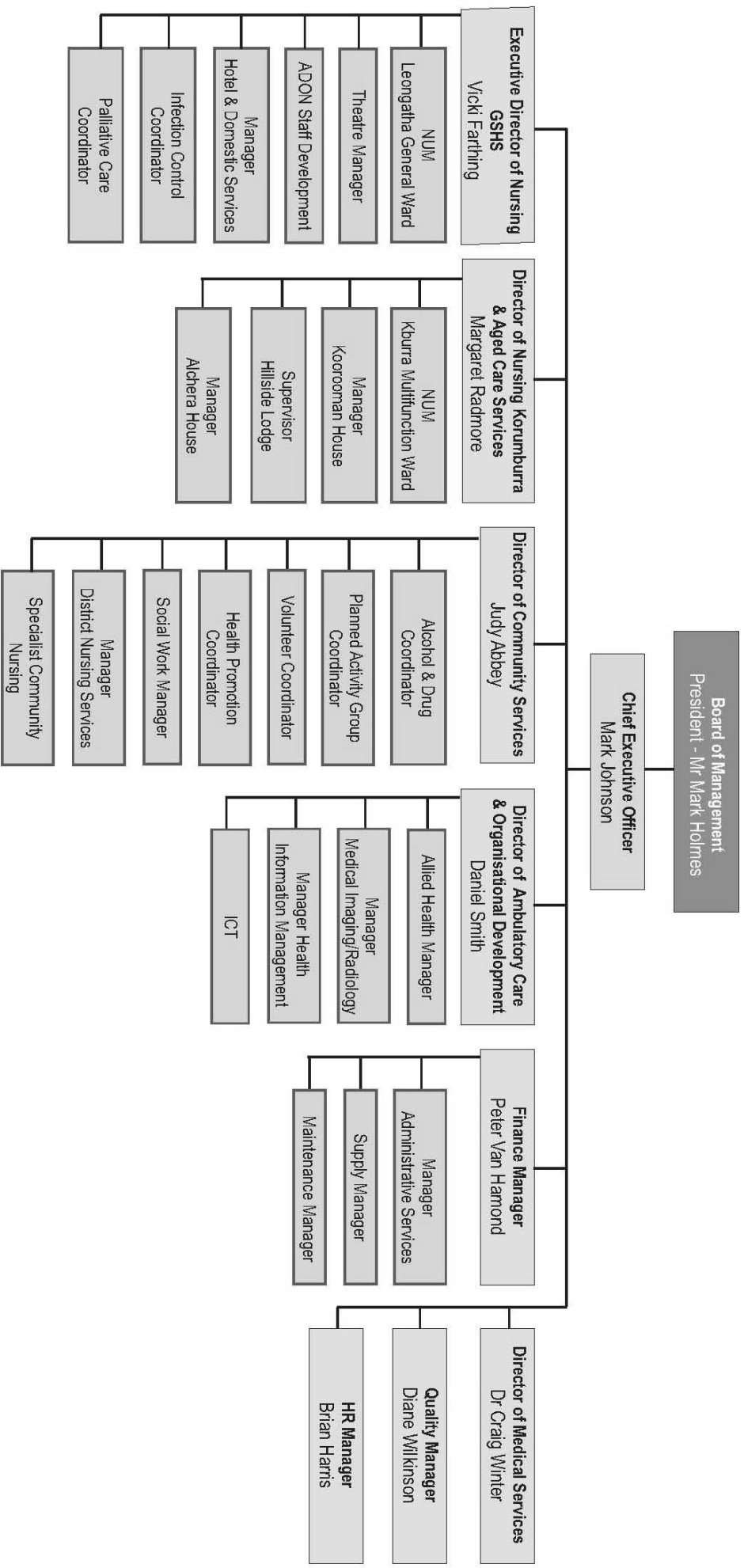
Gippsland Southern Health Service did not enter into any major contracts during 2014/15 that require disclosure in accordance with FRD12A.

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.

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 2014/15 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
3 September 2015

Disclosure of ex-gratia payments

There were no ex-gratia payments in 2014/15.

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.

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 verifies this.

A handwritten signature in black ink, appearing to read 'Mark Johnson', with a horizontal line extending to the right.

Mark Johnson
Accountable Officer
Leongatha
3 September 2015

Financial Results - summary

	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Total Revenue	30,429	31,636	43,797	34,652	28,019
Total Expenses	33,788	32,334	29,782	29,246	28,736
Net Result for the Year (inc. Capital & Specific Items)	(3,359)	(698)	14,015	5,406	(717)
Retained Surplus	25,471	28,830	29,528	15,513	10,107
Contributed Capital	21,853	21,655	21,655	21,655	21,655
Asset Revaluation Reserve	19,507	19,507	11,400	11,400	11,423
Available for Sale Revaluation Reserve	0	235	166	89	127
Funds Held For Restricted Purposes	113	113	113	113	113
Total Equity	66,944	70,340	62,862	48,770	43,425
Total Assets	77,644	80,064	73,039	59,185	51,789
Total Liabilities	10,700	9,724	10,177	10,415	8,364
Net Assets	66,944	70,340	62,862	48,770	43,425

Staffing Profile

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2015	2014	2015	2014
Nursing	121.46	124.57	124.29	118.83
Administration and Clerical	15.86	17.91	16.31	19.01
Medical Support	10.06	10.6	10.16	11.06
Hotel and Allied Services	63.13	65.29	65.71	62.68
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)	26.41	24.59	25.42	23.83

Details of individual consultancies

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

In 2014/15 the Health Service engaged 10 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2014/15 in relation to these consultancies is \$198,073 (excl GST).

				(\$ thousand)		
Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2013/14 (excluding GST)	Future commitments (excluding GST)
Smartfleet	Fleet management	1/07/2014	30/06/2015	\$ 12	\$ 12	\$ -
Davidson Trahaire	Employee assistance program	1/07/2014	30/06/2015	\$ 13	\$ 13	\$ -
Viatek P/L	ICT Support	1/07/2014	31/10/2014	\$ 25	\$ 25	\$ -
DPAR Consulting	Strategic Plan Development	1/07/2014	28/02/2015	\$ 16	\$ 16	\$ -
Mercury	Executive Recruitment	1/07/2014	31/10/2014	\$ 25	\$ 25	\$ -
Health Recruitment Specialists	Executive Recruitment	1/07/2014	31/07/2014	\$ 12	\$ 12	\$ -
Gippsland Health Alliance	ICT Support	1/11/2014	30/06/2015	\$ 21	\$ 21	\$ 31
Studer Group	Evidence Based Learning	5/02/2015	30/06/2015	\$ 17	\$ 17	\$ 84
JTA Consultants	Workcover premium recovery	5/03/2015	30/06/2015	\$ 43	\$ 43	\$ -
Dept of Planning & Transport	Land & Building Revaluation	1/02/2014	30/04/2014	\$ 14	\$ 14	\$ -

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

In 2014/15 the Health Service engaged 12 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$49,281 (excl GST).

Statement of Priorities (SOP)

Part A

No	Priority	Action	Deliverable	Outcome
1.	Developing a system that is responsive to people's needs.	Develop an organisational policy for the provision of safe, high quality end of life care in acute and subacute settings, with clear guidance about the role of, and access to, specialist palliative care.	Policy developed to meet key actions within budgetary and clinical frameworks.	In Progress. Information on the Department of Health Advanced Care planning received. Working party to be established to develop the policy, procedure and oversee roll out of the program.
1.	Developing a system that is responsive to people's needs.	Progress partnerships with other services to improve outcomes for regional and rural patients.	Enhance CEO South Coast Planning meetings and structures with new CEO's for Gippsland Southern Health Service (GSHS), Bass Coast Health (BCH) and South Gippsland Hospital (SGH). Formalise regular executive relationships with BCH, GSHS & SGH to focus on key partnership measures beginning with Sub Acute referral pathways for GEM delivery at BCH & Maintenance Care at GSHS. Actively participate in the Strengthening Gippsland projects related to aged care, maternity and newborn services planning, and clinical referral pathways.	In Progress. Memorandum of Understanding between GSHS, BCRH & SGH authorised Oct 2014. CEOs of the 3 Health services met in April to further discussions on opportunities for collaborative engagement and it was agreed that Kooweerup Regional Health be invited to join the Alliance. GSHS has been an active participant on the Strengthening Gippsland Health Services steering committee and the project working parties.

1.	Developing a system that is responsive to people's needs.	Support the effective implementation of reforms to alcohol and other drug treatment services.	Implement the new funding and services structure for Drug Treatment Services.	In Progress. Implementation phase commenced September 2014. Ongoing monitoring and evaluation of system required given separation of Intake and Assessment from Service Provision.
2.	Improving every Victorian's health status and experiences.	Use consumer feedback to improve person and family centred care, health service practice and patient experience.	Establishment of the Partnering with Consumers Committee, to engage consumers to provide feedback to improve care.	In Progress. Committee established. Commenced identification of meaningful and purposeful indicators, mechanisms /processes for feedback, ongoing engagement, partnership and succession planning of consumers to the PCC. A workplan has been completed that will set the direction for the committee's work over the next 2 years.
2.	Improving every Victorian's health status and experiences.	Apply existing capability frameworks and clinical guidelines to inform service system planning.	Utilise Health & Wellbeing Framework from the Health Innovation & Reform Council utilising assistance from HIRC.	In Progress. Participated in the Maternity and Newborn services Gippsland capability framework review. Currently establishing a working party for the implementation of the Rural and Isolated Practice Endorsed RN program.

3.	Expanding Service, workforce and system capacity.	Develop and implement a workforce immunisation plan that includes pre-employment screening and immunisation assessment for existing staff that work in high risk areas in order to align with Australian infection control and immunisation guidelines.	Develop plan that builds on GSHS existing immunisation workforce strategy (70% in 2014) to achieve 75% immunisation coverage in 2015.	In Progress. Recruitment of Infection prevention nurse at 0.4EFT has been completed and assisted in achieving target in 2015.
3.	Expanding Service, workforce and system capacity.	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Review and enhance GSHS education policy to reflect inter-professional learning for staff and students.	In Progress. Graduate Nurse programme staffing increased. Continued involvement in Best Practice Clinical Learning Environment. Review of organisation orientation and induction processes to improve new employee knowledge and information regarding processes, policies and performance requirements. Implemented the Excellence, every person, every time program in partnership with the Studer Group to improve employee engagement and development of leaders across the organisation.

4.	Increasing the system's financial sustainability and productivity.	Identify and Implement practice change to enhance asset management.	Develop strategic asset management framework that identifies capital replacement plan for critical infrastructure and equipment.	In progress. The organisation is using the Department of Health & Human Services basic asset management plan (BAMP) for asset management purposes.
5.	Implementing continuous improvements and innovation.	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.	Implement new Person Centred Goal Directed Care Plans across GSHS care streams.	In progress Commencement of Goal Directed Care Planning in Primary Health.
6.	Increasing accountability and transparency.	Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.	Undertake Board assessment structure & process.	In progress. Subscription to the ACHG Board development program completed in Nov 2014. Representative from the ACHG engaged to facilitate the program in February. Board members commenced the assessment process in February and interviews with Board members to review responses completed in March. An action plan has been developed to strengthen Board member skills through on-going education and professional development and implementation has commenced.

6.	Increasing accountability and transparency.	Demonstrate a strategic focus and commitment to aged care by responding to community need as well as the Commonwealth Living Longer Living Better reforms (applicable to health services administering aged care services).	Review role, functionality, capacity & capability of GSHS residential care facilities particularly Hillside Lodge and advise Board on future plan & capacity.	<p>In progress.</p> <p>Application and approval for respite beds in Koorooman House to meet increasing respite need commenced on the 1st November.</p> <p>Business case to November board meeting for the implementation of a residential care pain management program. Implemented, January 2015.</p> <p>Ongoing review at Hillside to standardise services and care to residents.</p>
7.	Improving utilisation of e-health and communications technology.	Ensure local ICT strategic plans are in place.	Implement Business Intelligence & Information Management Committee and a specific ICT strategy for GSHS.	<p>Completed</p> <p>Committee & ICT strategy reviewed & approved through Board.</p>

Part B: Performance Priorities

Safety and quality performance

Key Performance indicator	Target	2014 - 15 actuals
Patient experience and outcomes		
Victorian Healthcare Experience Survey	Full compliance	Full compliance
Maternity - Percentage of women with prearranged postnatal home care	100	90
Governance, leadership and culture		
Patient safety culture	80	78
Safety and quality		
Health service accreditation	Full compliance	Full compliance
Residential aged care accreditation	Full compliance	Full compliance
Cleaning standards (Overall)	Full compliance	Achieved
Cleaning standards (AQL-A)	90	Achieved
Cleaning standards (AQL-B)	85	Achieved
Cleaning standards (AQL-C)	85	Achieved
Submission of data to VICNISS	Full compliance	Full compliance
Hand hygiene (rate) - quarter 2	75	78
Hand hygiene (rate) - quarter 3	77	76
Hand hygiene (rate) - quarter 4	80	84
Health care worker immunisation - influenza	75	78

Financial sustainability performance		
Key Performance indicator	Target	2014 - 15 actuals
Finance		
Annual Operating result (\$m)	0.11	-1.36
Creditors	< 60 days	28
Debtors	< 60 days	41
Percentage of WIES (public & private) performance to target	100	95.44
Asset Management		
Basic asset management plan	Full compliance	Full compliance

Part C: Activity and Funding

Activity	2014-15
Weighted Inlier Equivalent Separations (WIES)	Activity Achievement
WIES Public	2291
WIES Private	53
Total WIES (Public & Private)	2344
WIES DVA	91
WIES TAC	4
WIES TOTAL	2439
Sub Acute and Non-acute Admitted	
Maintenance Public	1136
Maintenance DVA	132
Palliative Care Public	348
Palliative Care DVA	36
Aged Care	
Residential Aged Care	28558
HACC	43728
Mental Health and Drug Services	
Drug Services	75
Primary Health	
Community Health/Primary Care Programs	3604
Community Health Other	424

Environmental Performance

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

Energy consumption

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

Normalised energy consumption	2013/14	2014/15
Energy per unit of floor space (GJ/m ²)	1.19	1.17
Energy per unit of activity (GJ/activity)	0.35	0.36

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.

Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO ₂ e)	2013/14	2014/15
Scope 1	388	378
Scope 2	2256	2266
Total	2644	2644

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
Emissions per unit of floor space (kgCO ₂ e/m ²)	217	217
Emissions per unit of activity (kgCO ₂ e/activity)	64	67

Water consumption

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

Normalised water consumption	2013/14	2014/15
Water per unit of floor space (kL/m ²)	0.69	0.70
Water per unit of activity (kL/activity)	0.20	0.22

Water recycling	2013/14	2014/15
Recycling rate (percentage)	na	na

Waste generation

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Gippsland Southern Health Service

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Gippsland Southern Health Service which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance & accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)


Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Gippsland Southern Health Service as at 30 June 2015 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*.

MELBOURNE
3 September 2015


John Doyle
Auditor-General

Gippsland Southern Health Service

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2015 and the financial position of Gippsland Southern Health Service at 30 June 2015.

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

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



Mark Holmes
President

LEONGATHA

3/09/2015



Mark Johnson
Accountable Officer

LEONGATHA

3/09/2015



Peter Van Hamond
Chief Finance &
Accounting Officer

LEONGATHA

3/09/2015

Gippsland Southern Health Service

Comprehensive Operating Statement

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenue from operating activities	2	28,960	28,880
Revenue from non-operating activities	2	211	354
Employee expenses	3	(21,356)	(20,323)
Non salary labour costs	3	(1,965)	(1,741)
Supplies and consumables	3	(2,097)	(1,916)
Other expenses	3	(5,116)	(4,866)
Net result before capital and specific items		(1,363)	388
Capital purpose income	2	981	2,398
Available-for-sale revaluation surplus			
gain/(loss) recognised	15	265	-
Reversal of impairment of financial assets	2	12	4
Depreciation	4	(3,076)	(2,948)
Specific Expenses	3(b)	-	(336)
Expenditure for Capital Purpose	3	(178)	(204)
NET RESULT FOR THE YEAR		(3,359)	(698)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	15	-	8,107
Items that may be reclassified subsequently to net result			
Changes to financial assets available-for-sale revaluation surplus	15	(235)	69
Total other comprehensive income		(235)	8,176
Comprehensive result		(3,594)	7,478

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

Gippsland Southern Health Service

Balance Sheet

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	5	5,267	2,991
Receivables	6	1,493	1,072
Investments and other financial assets	7	5,806	8,795
Inventories	8	117	144
Other assets	9	120	258
Total current assets		12,803	13,260
Non-current assets			
Receivables	6	723	598
Investments and other financial assets	7	13	605
Property, plant & equipment	10	64,105	65,601
Total non-current assets		64,841	66,804
TOTAL ASSETS		77,644	80,064
Current liabilities			
Payables	11	1,859	1,550
Provisions	12	4,899	5,377
Other current liabilities	14	3,228	2,244
Total current liabilities		9,986	9,171
Non-current liabilities			
Provisions	12	714	553
Total non-current liabilities		714	553
TOTAL LIABILITIES		10,700	9,724
NET ASSETS		66,944	70,340
EQUITY			
Property, plant & equipment revaluation surplus	15a	19,507	19,507
Financial asset available for sale revaluation surplus	15a	-	235
Restricted specific purpose surplus	15a	113	113
Contributed capital	15b	21,853	21,655
Accumulated surpluses/(deficits)	15c	25,471	28,830
TOTAL EQUITY	15c	66,944	70,340
Contingent assets and contingent liabilities	18		
Commitments	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 2015

		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 2013		11,400	166	113	21,655	29,528	62,862
Net result for the year		-	-	-	-	(698)	(698)
Other comprehensive income for the year	15a	8,107	69	-	-	-	8,176
Balance as at 30 June 2014		19,507	235	113	21,655	28,830	70,340
Net result for the year		-	-	-	-	(3,359)	(3,359)
Transfer to Contributed Capital	15b	-	-	-	198	-	198
Other comprehensive income for the year	15a	-	(235)	-	-	-	(235)
Balance at 30 June 2015		19,507	-	113	21,853	25,471	66,944

This Statement should be read in conjunction with the accompanying notes

Gippsland Southern Health Service

Cash Flow Statement

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		25,570	24,797
Patient and resident fees received		3,138	2,188
Private practice fees received		1,164	1,186
GST received from/(paid to) ATO		603	598
Recoupment from private practice for use of hospital facilities		74	74
Interest received		301	483
Dividend received		13	16
Other receipts		468	389
Total receipts		31,331	29,731
Employee expenses paid		(19,833)	(19,918)
Non salary labour costs		(1,646)	(1,806)
Payments for supplies & consumables		(2,355)	(1,947)
Other payments		(6,953)	(4,947)
Total payments		(30,787)	(28,618)
Cash generated from operations		544	1,113
Capital grants from government		265	1,629
Capital donations and bequests received		171	80
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	16	980	2,822
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(1,920)	(9,183)
Proceeds from sale of non-financial assets		26	647
Proceeds from sale of investments		2,992	1,068
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		1,098	(7,468)
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		2,276	(4,646)
Cash and cash equivalents at beginning of financial year		2,991	7,637
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	5,267	2,991

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 2015. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Gippsland Southern Health Service on (3 Sep 2015).

(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 2015, and the comparative information presented in these financial statements for the year ended 30 June 2014.

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

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

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

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

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

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

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

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

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

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

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

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.

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

(c) Reporting Entity

The financial statements include all the controlled activities of 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(f) changes in accounting policy, and 1(k) Financial Assets.

Jointly controlled assets or operations

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

(e) Scope and presentation of financial statements

Fund Accounting

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

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

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

Activities classified as *Services Supported By Health Services Agreement* (HSA) are substantially funded by the Department of Health and 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. 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 (k)
- Depreciation as described in note 1 (h); 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.

(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.

The net result is equivalent to profit or loss derived in accordance with AASs.

Statement of changes in equity

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

Cash flow statement

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

Rounding

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

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

(f) Change in accounting policies

Subsequent to the 2013-14 reporting period, the following new and revised Standards have been adopted for the first time in the current period with their financial impacts disclosed.

AASB 11 Joint Arrangements

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

Gippsland Southern Health Service has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11.

(g) Income from transactions

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

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

(g) Income from transactions (cont'd)

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 2013-14).

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from commercial activities

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

Donations and Other Bequests

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

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established. 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. Instead, dividends from associates and joint ventures are adjusted directly against the carrying amount of the investments using the equity method.

Interest Revenue

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

Sale of investments

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

Other Income

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

(h) Expense recognition

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

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.

(h) Expense recognition (cont'd)

Employee expenses

Employee expenses include:

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

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

	2015	2014
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

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

(h) Expense recognition (cont'd)

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 (k) *Impairment of financial assets*.

(i) Other comprehensive income

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

Net gain/(loss) on non-financial assets

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

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

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

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

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

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

Revaluations of financial instrument at fair value

Refer to Note 1 (j) *Financial instruments*

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.

(j) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

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

Held-to-maturity investments

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

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

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

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in 'other comprehensive income' until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 17.

(k) Assets

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

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

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

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

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

Investments and Other Financial Assets

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

Investments are classified in the following categories:

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

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

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.

(k) Assets (cont'd)

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 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.

Non-financial physical assets classified as held for sale

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

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

Property, Plant and Equipment

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 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 impairment.

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

(k) 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 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(i) - 'comprehensive income'.

Impairment of Non-Financial Assets

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

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

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

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.

(k) Assets (cont'd)

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

Investments accounted for using the equity method

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. **Joint ventures** are joint arrangements whereby the Health Service, via its joint control of the arrangement, has rights to the net assets of the arrangements.

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

Investments in joint operations

In respect of any interest in joint operations, 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.

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.

(k) Assets (cont'd)

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 2015 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 2015. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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

Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes:

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

(l) Liabilities

Payables

Payables consist of:

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

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

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

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

Provisions

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

(I) Liabilities (cont'd)

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

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

Employee Benefits

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

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

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

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

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

Long Service Leave (LSL)

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Health Service does not expect to settle the liability within 12 months because it will not have 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.

(l) Liabilities (cont'd)

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

Employee benefit on-costs

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

Superannuation liabilities

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

(m) Equity

Contributed Capital

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

Property, Plant & Equipment Revaluation Surplus

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

Financial Asset Available-for-Sale Revaluation Surplus

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

Specific Restricted Purpose Surplus

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

(n) 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) Commitments

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

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

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

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

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

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

(q) AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2015 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 2015, 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 or ending on	Impact on Financial Statements
<i>AASB 9 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>

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

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on or ending on	Impact on Public Sector entity financial statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principal 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-17 (Exposure Draft 263 - potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. This Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licences that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> [Part E <i>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 2018-19 reporting period in accordance with the transition requirements.

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

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on or ending on	Impact on Public Sector entity financial statements
AASB 2014-4 <i>Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends <i>AASB 116 Property, Plant and Equipment</i> and <i>AASB 138 Intangible Assets</i> to: * establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; * prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1-Jan-16	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-9 <i>Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements</i> [AASB 1, 127 & 128]	Amends <i>AASB 127 Separate Financial Statements</i> to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1-Jan-16	The assessment indicates that there is no expected impact as the entity will continue to account for the investment in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.

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

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on or ending on	Impact on Public Sector entity financial statements
AASB 2015-6 <i>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	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	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2014-15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010)*.
- AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-1 *Amendments to Australian Accounting Standards [PART D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Only]#*
- AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB15*
- AASB 2014-6 *Amendments to Australian Accounting Standards - Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014)*
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014) - Application of AASB 9 (Dec 2009) and AASB 9 (Dec 2010) [AASB 9 (2009 & 2010)]*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*
- AASB 2015-4 *Amendments to Australian Accounting Standards - Financial Reporting Requirements for Australian Groups with a Foreign Parent [AASB 127, AASB 128]#*
- AASB 2015-5 *Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128]#*

Note:

This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

(r) Category Groups

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

Admitted Patient Services (Admitted Patients) comprises all 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 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

	Admitted Patients 2014 \$'000	Non- Admitted 2014 \$'000	RAC 2014 \$'000	Aged Care 2014 \$'000	Primary Health 2014 \$'000	Other 2014 \$'000	Total 2014 \$'000
Government Grant	12,822	3,367	5,346	2,395	438	476	24,844
Indirect contributions by Department of Health and Human Services	59	15	25	11	2	2	114
Patient & Resident Fees	68	84	1,520	154	-	-	1,826
Commercial Activities	73	-	-	-	-	1,373	1,446
Other Revenue from Operating Activities	650	-	-	-	-	-	650
Total Revenue from Operating Activities	13,672	3,466	6,891	2,560	440	1,851	28,880
Interest	354	-	-	-	-	-	354
Total Revenue from Non-Operating Activities	354	-	-	-	-	-	354
Capital Purpose Income (excluding Interest)	1,770	-	511	-	-	-	2,281
Capital Interest	-	-	100	-	-	-	100
Capital Dividends	17	-	-	-	-	-	17
Total Capital Purpose Income	1,787	-	611	-	-	-	2,398
Reversal of Impairment Loss on Financial Assets	4	-	-	-	-	-	4
Total Revenue	15,817	3,466	7,502	2,560	440	1,851	31,636

Indirect contributions by Department of Health (1 July 2014 - 31 Dec 2014) / Department of Health and Human Services (1 Jan 2015 - 30 June 2015)
Department of Health / 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

	2015 \$'000	2014 \$'000
Proceeds from Disposals of Non-Current Assets		
Land	-	600
Motor Vehicles	26	47
Total Proceeds from Disposal of Non-Current Assets	26	647
Less: Written Down Value of Non-Current Assets Sold		
Land	-	205
Buildings	-	361
Motor Vehicles	-	13
Medical Equipment	32	3
Plant & Equipment	-	3
Total Written Down Value of Non-Current Assets Sold	32	585
Net gain/(loss) on Disposal of Non-Financial Assets	(6)	62

Note 3: Analysis of Expenses by Source

	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

	Admitted Patients 2014 \$'000	Non- Admitted 2014 \$'000	RAC 2014 \$'000	Aged Care 2014 \$'000	Primary Health 2014 \$'000	Other 2014 \$'000	Total 2014 \$'000
Employee Expenses	9,198	1,393	6,089	2,297	233	1,113	20,323
Non Salary Labour Costs	1,708	28	-	-	4	1	1,741
Supplies & Consumables	1,257	51	442	105	3	58	1,916
Other Expenses	2,205	262	1,345	365	45	644	4,866
Total Expenditure from Operating Activities	14,368	1,734	7,876	2,767	285	1,816	28,846
Expenditure for Capital Purposes	204	-	-	-	-	-	204
Depreciation (refer note 4)	2,051	-	897	-	-	-	2,948
Specific Expenses (refer note 3b)	336	-	-	-	-	-	336
Total other expenses	2,591	-	897	-	-	-	3,488
Total Expenses	16,959	1,734	8,773	2,767	285	1,816	32,334

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Commercial Activities				
Private Practice and Other Patient Activities				
Diagnostic Imaging	1,178	1,199	1,049	1,067
Catering	111	128	110	123
Cafeteria	10	8	15	11
Property Expense/Revenue	-	-	164	161
Other Activities				
Staff Salary Packaging Service	1	1	12	11
TOTAL	1,300	1,336	1,350	1,373

Note 3b: Specific Expenses

	2015 \$'000	2014 \$'000
Specific Expenses		
Voluntary Departure Packages	-	336
Total Specific Expenses	-	336

Note 4: Depreciation

	2015 \$'000	2014 \$'000
Depreciation		
Buildings	2,356	2,333
Plant & Equipment	111	129
Medical Equipment	348	244
Computers & Communication	43	41
Furniture & Fittings	14	9
Motor Vehicles	173	126
Other - Land Improvements	31	66
Other - GHA Property, Plant & Equipment	-	-
Total Depreciation	3,076	2,948

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.

	2015	2014
	\$'000	\$'000
Cash on hand	1	1
Cash at bank	1,077	2,990
Deposits at call	4,189	-
Total Cash and Cash Equivalents	5,267	2,991

Represented by:

Cash for Health Service Operations (as
per Cash Flow Statement)

	5,003	2,699
GHA Cash at Bank	264	292
Total Cash and Cash Equivalents	5,267	2,991

Note 6: Receivables

	2015	2014
	\$'000	\$'000
CURRENT		
Contractual		
Inter Hospital Debtors	25	42
Trade Debtors	119	183
Patient Fees	256	253
Radiology Fees	59	175
Accrued Investment Income	19	22
GHA Receivables	60	20
Accrued Revenue - Other	950	113
Less Allowance for Doubtful Debts		
Radiology Fees	-	(18)
Patient Fees	(34)	(16)
	1,454	774
Statutory		
GST Receivable	39	91
Accrued Revenue - Department of Health / Department of Health and Human Services	-	207
	39	298
TOTAL CURRENT RECEIVABLES	1,493	1,072
NON CURRENT		
Statutory		
Long Service Leave - Department of Health / Department of Health and Human Services	723	598
	723	598
TOTAL NON-CURRENT RECEIVABLES	723	598
TOTAL RECEIVABLES	2,216	1,670

(a) Movement in the Allowance for doubtful debts

	2015	2014
	\$'000	\$'000
Balance at beginning of year	(34)	(34)
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CURRENT						
Loans and receivables						
Term Deposit						
Aust. Dollar Term Deposits > 3 months	-	-	2,624	6,594	2,624	6,594
Cash Deposit Accounts	3,182	2,201	-	-	3,182	2,201
Total Current	3,182	2,201	2,624	6,594	5,806	8,795
NON CURRENT						
Loans and receivables						
Term Deposit						
First Mortgage Investments	-	-	13	13	13	13
Available for sale						
Equities and Managed Investment Schemes						
Australian Listed Equity Securities	-	-	-	592	-	592
Total Non Current	-	-	13	605	13	605
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	3,182	2,201	2,637	7,199	5,819	9,400
Represented by:						
Health Service Investments	-	-	2,637	7,199	2,637	7,199
Accommodation Bonds (Refundable Entrance Fees)	3,182	2,201	-	-	3,182	2,201
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	3,182	2,201	2,637	7,199	5,819	9,400

(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

Gippsland Southern Health Service has not been fully compliant with one of the Standing Directions of the Minister of Finance which are issued pursuant to section 8 of the Financial Management Act 1994. Specifically, the Health Service has not fully complied with Standing Direction 4.5.6: Treasury Risk Management, which requires all public sector entities to undertake investments (in excess of \$2 million) with a financial institution that is either a State owned entity or has a credit rating, assigned by a reputable rating agency, that is the same as or better than the State of Victoria.

As at 30 June 2015, the Health Service had \$11,086,441 of cash and investments invested with an approved deposit taking financial institution, of which at least \$4,826,047 should have been invested with a financial institution that was either State owned or had a credit rating assigned by a reputable rating agency that is the same as or better than the State of Victoria. At 30 June 2015, the Health Service held \$4,500,000 with Treasury Corporation Victoria (TCV), and should have held an additional \$326,047 in TCV investments. This amount is considered to be non-compliant, and will be addressed during 2015/16 to ensure the ongoing compliance of the Health Service.

Note 8: Inventories

	2015 \$'000	2014 \$'000
Pharmaceuticals		
At cost	82	104
Catering Supplies		
At cost	6	6
Housekeeping Supplies		
At cost	2	3
Medical and Surgical Lines		
At cost	21	24
Administration Stores		
At Cost	6	7
TOTAL INVENTORIES	117	144

Note 9: Other Assets

	2015 \$'000	2014 \$'000
CURRENT		
Prepayments	63	233
GHA Other Current Assets	57	25
TOTAL CURRENT OTHER ASSETS	120	258

Note 10: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

	2015 \$'000	2014 \$'000
Land		
Land at Fair Value	3,427	3,427
Less Impairment	-	-
Total Land	3,427	3,427
Buildings		
Buildings Under Construction at cost	212	50
Buildings at Fair Value	58,975	58,975
Less Acc'd Depreciation	2,969	613
Total Buildings	56,218	58,412
Plant and Equipment		
Plant and Equipment at Fair Value	1,856	1,828
Less Acc'd Depreciation	1,132	1,027
Total Plant and Equipment	724	801
Medical Equipment		
Medical Equipment at Fair Value	5,161	4,289
Less Acc'd Depreciation	2,500	2,277
Total Medical Equipment	2,661	2,012
Computers & Communication		
Computers & Communication at Fair Value	730	670
Less Acc'd Depreciation	573	540
Total Computers & Communication	157	130
Furniture & Fittings		
Furniture & Fittings at Fair Value	233	185
Less Acc'd Depreciation	67	53
Total Furniture & Fittings	166	132
Motor Vehicles		
Motor Vehicles at Fair Value	1,193	1,131
Less Acc'd Depreciation	816	850
Total Motor Vehicles	377	281
Other - Land Improvements		
Land Improvements at Fair Value	404	404
Less Acc'd Depreciation	31	-
Total Land Improvements	373	404
Other - GHA Property, Plant & Equipment		
Other - GHA Property, Plant & Equipment at Fair Value	2	2
Less Acc'd Depreciation	-	-
Total GHA Property, Plant & Equip't	2	2
TOTAL	64,105	65,601

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	GHA PP&E	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	2,866	46,678	756	1,113	75	35	277	743	2	52,545
Additions	315	6,057	177	1,148	96	106	143	-	-	8,042
Disposals	(90)	(181)	(3)	(5)	-	-	(13)	(409)	-	(701)
Revaluation Increments/(Decrements)	336	8,185	-	-	-	-	-	142	-	8,663
Net Transfers between Classes	-	6	-	-	-	-	-	(6)	-	-
Depreciation (note 4)	-	(2,333)	(129)	(244)	(41)	(9)	(126)	(66)	-	(2,948)
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 30 June 2015	3,427	56,218	724	2,661	157	166	377	373	2	64,105

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 as at 30 June 2015

	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	2	-	-	2
Total Other Assets at fair value	698	-	-	698
Assets under construction at fair value				
Leongatha Integrated Primary Care Centre	212	-	-	212
Total assets under construction at fair value	212	-	-	212
	64,105	-	2,752	61,353

There have been no transfers between levels during the period.

Note 10: Property, plant & equipment (continued)

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

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

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

There were no changes in valuation techniques throughout the period to 30 June 2015.

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 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

There have been no transfers between levels during the period.

Note 10: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value

2014

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

There have been no transfers between levels during the period.

Note 10: Property, plant & equipment (continued)

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

	Valuation technique ⁽ⁱ⁾	Significant unobservable inputs ⁽ⁱ⁾	Range (weighted average) ⁽ⁱ⁾	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land				
Leongatha & Korumburra Hospital Land	Market approach	Community Service Obligation (CSO) adjustment		A significant increase or decrease in the CSO adjustment would result in a significantly 20% lower (higher) fair value
Specialised buildings				
Korumburra & Leongatha Hospital Site Buildings	Depreciated replacement cost	Direct cost per square metre	\$400 - \$6,003/m2 (\$2,482)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value
		Useful life of specialised buildings	5 - 45 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
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	A significant increase or decrease in direct cost per unit adjustment would result in a significantly higher or lower fair value

Note 11: Payables

	2015 \$'000	2014 \$'000
CURRENT		
Contractual		
Trade Creditors	966	1,232
GHA Payables	71	43
Accrued Expenses	245	241
	1,282	1,516
Statutory		
Department of Health and Human Services	560	-
Amounts payable to Government	17	34
	577	34
TOTAL CURRENT	1,859	1,550

(a) Maturity analysis of payables

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

(b) Nature and extent of risk arising from payables

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

Note 12: Provisions

	2015 \$'000	2014 \$'000
Current Provisions		
Employee Benefits		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months	1,462	1,457
- Unconditional and expected to be settled wholly after 12 months	243	238
Long service leave		
- Unconditional and expected to be settled wholly within 12 months	359	302
- Unconditional and expected to be settled wholly after 12 months	1,904	2,136
Accrued Days Off		
- Unconditional and expected to be settled within 12 months	46	36
Accrued Salaries & Wages		
- Unconditional and expected to be settled within 12 months	436	746
	4,450	4,915
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	208	201
- Unconditional and expected to be settled after 12 months	241	261
	449	462
Total Current Provisions	4,899	5,377
Non-Current Provisions		
Employee Benefits	642	498
Provisions related to Employee Benefit On-Costs	72	55
Total Non-Current Provisions	714	553
Total Provisions	5,613	5,930
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	2,518	2,706
Annual Leave Entitlements	1,899	1,886
Accrued Wages and Salaries	436	746
Accrued Days Off	46	40
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	714	553
Total Employee Benefits and Related On-Costs	5,613	5,931
(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	3,259	3,093
Provision made during the year		
- Expense recognising Employee Service	562	548
Settlement made during the year	(589)	(382)
Balance at end of year	3,232	3,259

Note 13: Superannuation

	Paid contribution for the Year		Contribution Outstanding at Year End	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(i) Defined benefit plans:				
State Superannuation Fund - revised and new				
Other	49	33	-	-
Defined contribution plans:				
First State Super	1,739	1,596	41	36
Total	1,788	1,629	41	36

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

Note 14: Other Liabilities

	2015 \$'000	2014 \$'000
CURRENT		
Monies Held in Trust *		
- Accommodation Bonds (Refundable Entrance Fees)	3,182	2,201
GHA Other Current Liabilities	46	43
Total Current	3,228	2,244
 * Total Monies Held in Trust		
Represented by the following assets:		
Investment and other Financial Assets (refer to Note 7)	3,182	2,201
TOTAL	3,182	2,201

Note 15: Equity

	2015 \$'000	2014 \$'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	19,507	11,400
Revaluation Increment/(Decrements)		
- Land	-	336
- Building Revaluation Increment	-	8,185
- Building Write off Decrement	-	(150)
- Land Improvements Revaluation Increment	-	142
- Land Improvements Write off Decrement	-	(406)
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	166
Valuation gain/(loss) recognised	30	69
Cumulative (gain)/loss transferred to Operating Statement on Sale of Financial Assets	(265)	-
Balance at end of the reporting period	-	235
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	19,855
(b) Contributed Capital		
Balance at the beginning of the reporting period	21,655	21,655
Capital Contribution received from Victorian Government	198	-
Balance at the end of the reporting period	21,853	21,655
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	28,830	29,528
Net Result for the Year	(3,359)	(698)
Balance at the end of the reporting period	25,471	28,830
Total Equity at end of financial year	66,944	70,340

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

	2015 \$'000	2014 \$'000
Net result for the period	(3,359)	(698)
Non-cash movements:		
Depreciation	3,076	2,948
Reversal of Impairment of Financial Assets	12	4
Movements included in investing and financing activities		
Net (gain)/loss from disposal of non financial physical assets	6	(62)
Net (gain)/loss from disposal of financial assets	(265)	-
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	70	117
(Increase)/decrease in other assets	137	(210)
Increase/(decrease) in payables	608	295
Increase/(decrease) in provisions	(316)	742
Increase/(decrease) in other liabilities	984	(282)
Change in inventories	27	(32)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	980	2,822

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)
- investment in equities and managed investment schemes
- payables (excluding statutory payables)
- accommodation bonds

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

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

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

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

Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
2015	\$'000	\$'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				
Other Financial Liabilities				
- Accommodation bonds	-	-	3,182	3,182
- Other	-	-	1,328	1,328
Total Financial Liabilities	-	-	4,510	4,510

Note 17: Financial Instruments (cont'd)

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

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

	Net holding gain/(loss)	Total interest income / (expense)	Total
	\$'000	\$'000	\$'000
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
2014			
Financial Assets			
Cash and Cash Equivalents	-	14	14
Loans and Receivables	-	340	340
Available for Sale	69	-	69
Total Financial Assets	69	354	423

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)	Government agencies (AAA credit rating)	No Credit Rating	Other (min BBB credit rating)	Total
2015	\$'000	\$'000	\$'000	\$'000	\$'000
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
Available for sale					
- Shares in Other Entities	-	-	-	-	-
Total Financial Assets	6,573	4,525	1,429	13	12,540
2014					
Financial Assets					
Cash and Cash Equivalents	2,991	-	-	-	2,991
Loans and Receivables					
- Trade Debtors	-	-	183	-	183
- Other Receivables	-	42	549	-	591
- Term Deposit	8,795	-	-	13	8,808
Available for sale					
- Shares in Other Entities	-	-	-	592	592
Total Financial Assets	11,786	42	732	605	13,165

Note 17: Financial Instruments (continued)

Ageing analysis of Financial Assets as at 30 June

	Consol'd Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	Past Due But Not Impaired 1-3 Months	3 months - 1 Year	1-5 Years	Impaired Financial Assets
2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
<i>Cash and Cash Equivalents</i>	5,267	5,267	-	-	-	-	-
<i>Loans and Receivables</i>							
- Trade Debtors	119	62	33	22	2	-	-
- Other Receivables	1,335	1,063	142	86	10	-	34
- Term Deposit	5,819	5,819	-	-	-	-	-
<i>Available for sale</i>							
- Shares in Other Entities	-	-	-	-	-	-	-
Total Financial Assets	12,540	12,211	175	108	12	-	34
2014							
Financial Assets							
<i>Cash and Cash Equivalents</i>	2,991	2,991	-	-	-	-	-
<i>Loans and Receivables</i>							
- Trade Debtors	183	136	28	5	14	-	-
- Other Receivables	591	359	83	49	66	-	34
- Term Deposit	8,808	8,808	-	-	-	-	-
<i>Available for sale</i>							
- Shares in Other Entities	592	592	-	-	-	-	-
Total Financial Assets	13,165	12,886	111	54	80	-	34

Contractual financial assets that are either past due or impaired

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

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

Note 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 \$38,000 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 95% of its deposits are held in accounts with the Treasury Corporation of Victoria and the Commonwealth Bank of Australia. The remaining 5% 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
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	-
2014						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	1,516	1,516	1,516	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	2,201	2,201	-	-	2,201	-
- Other	43	43	43	-	-	-
Total Financial Liabilities	3,760	3,760	1,559	-	2,201	-

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
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		-
<i>Available for sale</i>					
- Shares in Other Entities		-	-	-	
		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
2014					
Financial Assets					
<i>Cash and Cash Equivalents</i>	2.25	2,991	-	2,991	-
<i>Loans and Receivables</i>					
- Trade Debtors		183	-	-	183
- Other Receivables		591	-	-	591
- Term Deposit	3.25	8,808	8,808	-	-
<i>Available for sale</i>					
- Shares in Other Entities		592	-	-	592
		13,165	8,808	2,991	1,366
Financial Liabilities					
<i>At amortised cost</i>					
Payables		1,516	-	-	1,516
Other Financial Liabilities					
- Accommodation Bonds	3.30	2,201	2,201	-	-
- Other		43	-	-	43
		3,760	2,201	-	1,559

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 2.0%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 1.5%
- A movement of 15% up and down (2014: 15 %) for the top ASX 200 index.

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

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		1%		-15%		15%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2015									
Financial Assets									
<i>Cash and Cash Equivalents</i>	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	-	-	-	-
<i>Available for sale</i>									
- Shares in Other Entities	-	-	-	-	-	-	-	-	-
Financial Liabilities									
<i>At amortised cost</i>									
Payables	1,282	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-	-	-	-
- Accommodation Bonds	3,182	-	-	-	-	-	-	-	-
- Other	46	-	-	-	-	-	-	-	-
		(111)	(111)	111	111	-	-	-	-
2014									
Financial Assets									
<i>Cash and Cash Equivalents</i>	2,991	(30)	(30)	30	30	-	-	-	-
<i>Loans and Receivables</i>									
- Trade Debtors	183	-	-	-	-	-	-	-	-
- Other Receivables	591	-	-	-	-	-	-	-	-
- Term Deposit	8,808	(88)	(88)	88	88	-	-	-	-
<i>Available for sale</i>									
- Shares in Other Entities	592	-	-	-	-	(89)	(89)	89	89
Financial Liabilities									
<i>At amortised cost</i>									
Payables	1,516	-	-	-	-	-	-	-	-
Other Financial Liabilities									
- Accommodation Bonds	2,201	-	-	-	-	-	-	-	-
- Other	43	-	-	-	-	-	-	-	-
		(118)	(118)	118	118	(89)	(89)	89	89

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 Service 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

	Consol'd Carrying Amount	Fair value	Consol'd Carrying Amount	Fair value
	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
Financial Assets				
<i>Cash and Cash Equivalents</i>	5,267	5,267	2,991	2,991
<i>Loans and Receivables</i>				
- Trade Debtors	119	119	183	183
- Other Receivables	1,335	1,335	591	591
- Term Deposit	5,819	5,819	8,808	8,808
<i>Available for sale</i>				
- Shares in Other Entities	-	-	592	592
Total Financial Assets	12,540	12,540	13,165	13,165
Financial Liabilities				
<i>At amortised cost</i>				
Payables	1,282	1,282	1,516	1,516
Other Financial Liabilities				
- Accommodation Bonds	3,182	3,182	2,201	2,201
- Other	46	46	43	43
Total Financial Liabilities	4,510	4,510	3,760	3,760

Financial assets measured at fair value

	Carrying Amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1*	Level 2*	Level 3
2015	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit & loss				
Available for sale securities				
Listed securities	-	-	-	-
Total Financial Assets	-	-	-	-
2014				
Financial assets at fair value through profit & loss				
Available for sale securities				
Listed securities	592	592	-	-
Total Financial Assets	592	592	-	-

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

There have been no transfers between levels during the period.

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

Listed Securities

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

Note 18: Contingent Assets and Contingent Liabilities

The Health Service has no contingent assets or liabilities (2013/14 \$Nil).

Note 19: Commitments

The Health Service has no commitments (2013/14 \$Nil).

Note 20: Operating Segments

	RAC		Hospital		TOTAL	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
REVENUE						
External Segment Revenue						
- Commonwealth Subsidies	3,675	3,685	-	-	3,675	3,685
- State Gov't Grants	1,685	1,686	19,636	19,586	21,321	21,272
- Resident/client charges	1,527	1,520	302	306	1,829	1,826
- Bond Retentions	68	68	-	-	68	68
- Other Operating Revenue	482	443	2,499	2,197	2,981	2,640
- Capital Grants	-	-	265	1,629	265	1,629
- Profit/(loss) on sale of assets	-	-	(6)	62	(6)	62
Total Revenue	7,437	7,402	22,696	23,780	30,133	31,182
EXPENSES						
External Segment Expenses						
- Care Employee Entitlements	5,221	4,422	10,762	10,520	15,983	14,942
- Other Employee Entitlements	1,680	1,667	3,694	3,714	5,374	5,381
- Depreciation Expense	941	897	2,135	2,051	3,076	2,948
- Repairs & Maintenance	377	304	472	283	849	587
- Insurance	35	25	128	419	163	444
- Motor Vehicles	21	22	139	184	160	206
- Other	1,375	1,436	6,808	6,390	8,183	7,826
Total Expenses	9,650	8,773	24,138	23,561	33,788	32,334
Net Result from ordinary activities	(2,213)	(1,371)	(1,442)	219	(3,655)	(1,152)
Interest Expense	-	-	-	-	-	-
Interest Income	85	100	211	354	296	454
Net Result for Year	(2,128)	(1,271)	(1,231)	573	(3,359)	(698)
OTHER INFORMATION						
Segment Assets						
- Cash	-	-	5,267	2,991	5,267	2,991
- Receivables	15	185	2,201	1,485	2,216	1,670
- Other Assets	-	10	237	392	237	402
- Investments	3,182	2,201	2,637	7,199	5,819	9,400
- Property, plant & equipment	17,393	17,557	46,712	48,044	64,105	65,601
Total Assets	20,590	19,953	57,054	60,111	77,644	80,064
Segment Liabilities						
- Accommodation Bonds	3,182	2,201	-	-	3,182	2,201
- Employee Provisions	1,161	1,185	4,452	4,745	5,613	5,930
- Payables	5	37	1,854	1,513	1,859	1,550
- Other Liabilities	-	-	46	43	46	43
Total Liabilities	4,348	3,423	6,352	6,301	10,700	9,724
Net Assets	16,242	16,530	50,702	53,810	66,944	70,340
Investments in Associates and Joint Venture Partnership	-	-	-	-	-	-
Acquisition of Property, Plant and Equipment	95	80	1,612	7,962	1,707	8,042
Depreciation Expense	941	897	2,135	2,050	3,076	2,947
Non Cash Expenses other than Depreciation	-	-	-	-	-	-

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

Business Segments

Residential Aged Care Services (RACS)
Hospital

Services

Provider of residential aged care beds
Provider of acute care beds

Geographical Segment

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

RAC Identification

The RAC information above relates to the Commonwealth
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.

Responsible Ministers:

	Period
The Honourable David Davis MLC, Minister for Health and Minister for Ageing	1/7/2014 - 3/12/2014
The Honourable Mary Wooldridge MP, Minister for Mental Health	1/7/2014 - 3/12/2014
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	4/12/2014 - 30/6/2015
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	4/12/2014 - 30/6/2015

Governing Boards

Mr. D. Harvey - President (1/7/14-28/1/15)	1/7/2014 - 30/6/2015
Mr. M. Holmes - Senior Vice President. President (29/1/15-30/6/15)	1/7/2014 - 30/6/2015
Mr. A. Aeschlimann - Junior Vice President. Senior Vice President (29/1/15-30/6/15)	1/7/2014 - 30/6/2015
Ms. J. Martin - Junior Vice President (29/1/15 - 30/6/15)	1/7/2014 - 30/6/2015
Mr. P. Siggins - Treasurer	1/7/2014 - 30/6/2015
Ms. S. Hanson	1/7/2014 - 30/6/2015
Mr. L. Powney	1/7/2014 - 30/6/2015
Mr. G. Austin	1/7/2014 - 30/6/2015
Mrs. N. Green	1/7/2014 - 30/6/2015
Mr. R. Dhar	1/7/2014 - 30/6/2015
Mr. I. Drysdale	1/7/2014 - 30/6/2015
Ms. S. Devanesen (delegate appointed for 12 month term by Minister for Health and Ageing)	1/7/2014 - 31/5/2015

Accountable Officers

Mr. M. Petty (Acting CEO) to 21/9/14	1/7/14 - 21/9/14
Mr. M. Johnson (CEO) from 22/9/14	22/9/2014 - 30/6/2015
Mr. P. Van Hamond (CFAO)	1/7/2014 - 30/6/2015

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
\$710,000 - \$720,000

Total Numbers

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

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

Other Transactions of Responsible Persons and their Related Parties.

Board Member Expense Allowance

2015 No.	2014 No.
12	12
1	-
-	1
13	13
\$179,858	\$718,828
\$'000	\$'000
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.

\$120,000 - \$129,999
\$130,000 - \$139,999
\$140,000 - \$149,999
\$150,000 - \$159,999
\$160,000 - \$169,999

Total

Total annualised employee equivalents (AEE)

Total Remuneration

Total Remuneration		Base Remuneration	
2015	2014	2015	2014
No.	No.	No.	No.
-	-	-	-
-	-	-	-
-	-	-	-
2	1	2	3
1	2	1	-
3	3	3	3
3	3	3	3
\$ 471,420	\$ 485,005	\$ 471,420	\$ 464,599

Note 22. Remuneration of auditors

(\$ thousand)	2015	2014
Victorian Auditor-General's Office		
Audit or review of financial statement	40	39
	40	39

Note 23: Events Occurring after the Balance Sheet Date

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

Note 24: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2015 %	2014 %
Health Service Computer Alliance	Information Systems	7.66	7.55

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

	2015 \$'000	2014 \$'000
Current Assets		
Cash and Cash Equivalents	264	291
Receivables	60	20
Other Assets	57	25
Total Current Assets	381	336
Non Current Assets		
Property, Plant and Equipment	2	2
Total Non Current Assets	2	2
Total Assets	383	338
Current Liabilities		
Trade Creditors	1	1
Accrued Expenses	70	42
Other Current Liabilities	45	43
Total Liabilities	116	86
NET ASSETS	267	252

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

	2015 \$'000	2014 \$'000
Revenues		
Shared Services Income	195	207
Interest Income	9	10
Capital Income	21	-
Total Revenue	225	217
Expenses		
Information Technology and Administrative Expenses	738	700
Depreciation	-	-
Total Expenses	738	700
Net result	(513)	(483)

Appendix A - Alternative presentation of comprehensive operating statement

Note: The below information does not form part of the audited financial statements and have not therefore been part of the audit conducted by the Victorian Auditor General's Office.

	2015	2014
	\$'000	\$'000
Interest	211	354
Dividends and income tax equivalent and rate equivalent revenue	13	17
Fair Value of assets and services received free of charge or for nominal consideration	-	-
Sales of goods and services	3,251	3,272
Grants	24,833	24,844
Other Income	1,856	3,149
Total Revenue	30,164	31,636
Employee expenses	21,356	20,323
Fair Value of assets and services provided free of charge or for nominal consideration	-	-
Depreciation	3,076	2,948
Interest Expense	-	-
Grants and other transfers	-	-
Other operating expenses	9,356	9,063
Total Expenses	33,788	32,334
Net result from transactions - Net operating balance	(3,624)	(698)
Net gain/(loss) on sale of non-financial assets	-	-
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	-	8,107
Total other economic flows included in net result	265	8,107
Items that may be reclassified subsequently to net result		
Changes to financial assets available-for-sale revaluation surplus	(235)	69
Total other economic flows included in net result	(235)	69
Net result	(3,594)	7,478

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