



Gippsland Southern Health Service

2018/19 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 2019.



Alex Aeschlimann
CHAIR, BOARD OF MANAGEMENT
LEONGATHA, 11th September 2019

CEO's Report

Our vision

Excellence in healthcare

Our mission

Building a healthier community together

Our values: Individuality, Respect, Accountability, Empowerment, Excellence, Collaboration

On behalf of the Board of Management and dedicated staff of Gippsland Southern Health Service we are pleased to present this year's annual report. The achievements over the last 12 months include a significant increase in NDIS activity and the ongoing collaboration with Bass Coast Health and South Gippsland Hospital in the implementation of the Gippsland South Coast Clinical Services Plan. The plan provides a roadmap to significantly transform and enhance the health access and outcomes of communities within the South Gippsland and Bass Coast Shires.

I would also like to make note of the several financial challenges faced during the year which eventually led to a net operating deficit of \$1.1m. Over the past few years Gippsland Southern Health Service emergency admissions have been trending downwards which is reducing income received from acute activity-based funding. Going forward however this creates an opportunity for Gippsland Southern Health Services to consider utilising other services to fill this gap such as increasing our surgical capacity and reducing the need for local patients to travel outside the region. Gippsland Southern Health Service also experienced significant salary increases during the year after changes to the Safe Patient Care Act 2015. Gippsland Southern Health Services has commenced discussions with the department through the development of a financial management improvement plan to ensure the challenges faced by the health services can be embedded into practice while continuing to remain financially sustainable.

We commend this annual report and the separate quality account as documents that provide a review of the achievements of Gippsland Southern Health Service for the 2018/19 financial year.



Mark Johnson
Chief Executive Officer (CEO)
LEONGATHA, 11th September 2019

Purpose and functions

Gippsland Southern Health Service was established in 1992 as a result of the amalgamation of the Korumburra District and Woorayl District Memorial Hospitals. The organisation provides a comprehensive range of Health Services to the community within the South Gippsland Shire. The health related activities that the organisation provides includes:

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

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

The responsible Ministers during the reporting period were:

The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services – 1/7/18 to 29/11/18

Jenny Mikakos, Minister for Health and Minister for Ambulance Services – 29/11/18 to 30/6/19

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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Our Services

Acute

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

Community Services

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

Community Services (cont'd)

- Home Care Packages
- NDIS

Residential Care

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

Outpatient Care

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

Diagnostic Services

- Audiology
- Medical Imaging
- Pathology

Staff Services

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

Board Committee Representation

Board Membership: Alex Aeschlimann (Chair), Susan Hanson (Vice Chair) – July to November 2018, Nigel Broughton (Vice Chair), Justin Wightman (Treasurer) – July to November 2018, Rajiv Dhar, Ian Drysdale, Athina Georgiou, Catherine Pickett, Sue Fleming, Tom McQualter, Belinda Brennan

GSHS Sub-Committee Membership

Audit & Finance Committee: Justin Wightman (Treasurer) – July to November 2018, Dean Cashin (Chair & independent member), Tim Bolge (independent member), Susan Hanson – July to November 2018, Sue Fleming

Clinical Governance & Quality Improvement Committee: Nigel Broughton, Alex Aeschlimann, Athina Georgiou

Medical Advisory Committee: Nigel Broughton, Alex Aeschlimann

Corporate Governance Committee: Tom McQualter, Catherine Pickett, Susan Hanson – July to November 2018, Belinda Brennan from March 2019.

Partnering with Consumers Committee: Susan Hanson – July to November 2018, Catherine Pickett, Ian Drysdale, Sue Fleming

Senior Office Holders – administrative structure

Chief Executive Officer: Mark Johnson

Executive Director of Nursing: Vicki Farthing (Jul 18 – Apr 19)

Director of Nursing Leongatha: Vivienne Low (Jun 19)

Director of Primary Healthcare: Selina Northover

Manager Finance: Peter Van Hamond

Director of Nursing Korumburra: Steven Doyle

(Refer to organisation chart for responsibilities)

Financial Summary

Gippsland Southern Health Service recorded a net operating deficit of \$1.1m. This is the measure that the Victorian Government uses to monitor an organisation's financial performance. The budget was a break even result.

The budgetary objectives for 2018-19 were not met as outlined below.

Gippsland Southern Health Service experienced a 4.0% increase in income from operating activities compared to an increase in expenditure of 11.1% excluding depreciation. As mentioned within the CEO's report the key contributing factors to the deficit at Gippsland Southern Health Services are the large increase to salaries following a review to support the implementation of the Safe Patient Care Act 2015. The additional salaries will amount to an approximate annual expenditure of \$1.1m in the 2019-20 financial year. The reduction in activity-based funding (estimated at \$0.8m) due to reducing emergency admissions as fixed costs remaining present. It is also worth mentioning that while presentations to our Urgent Care Centre increased during 2018-19 compared to the prior year, the patients presenting were able to be treated in the Urgent Care Centre and not require a hospital admission. This provides an opportunity to look at current funding and how we can utilise to support the health needs of our community.

Other notable items include:

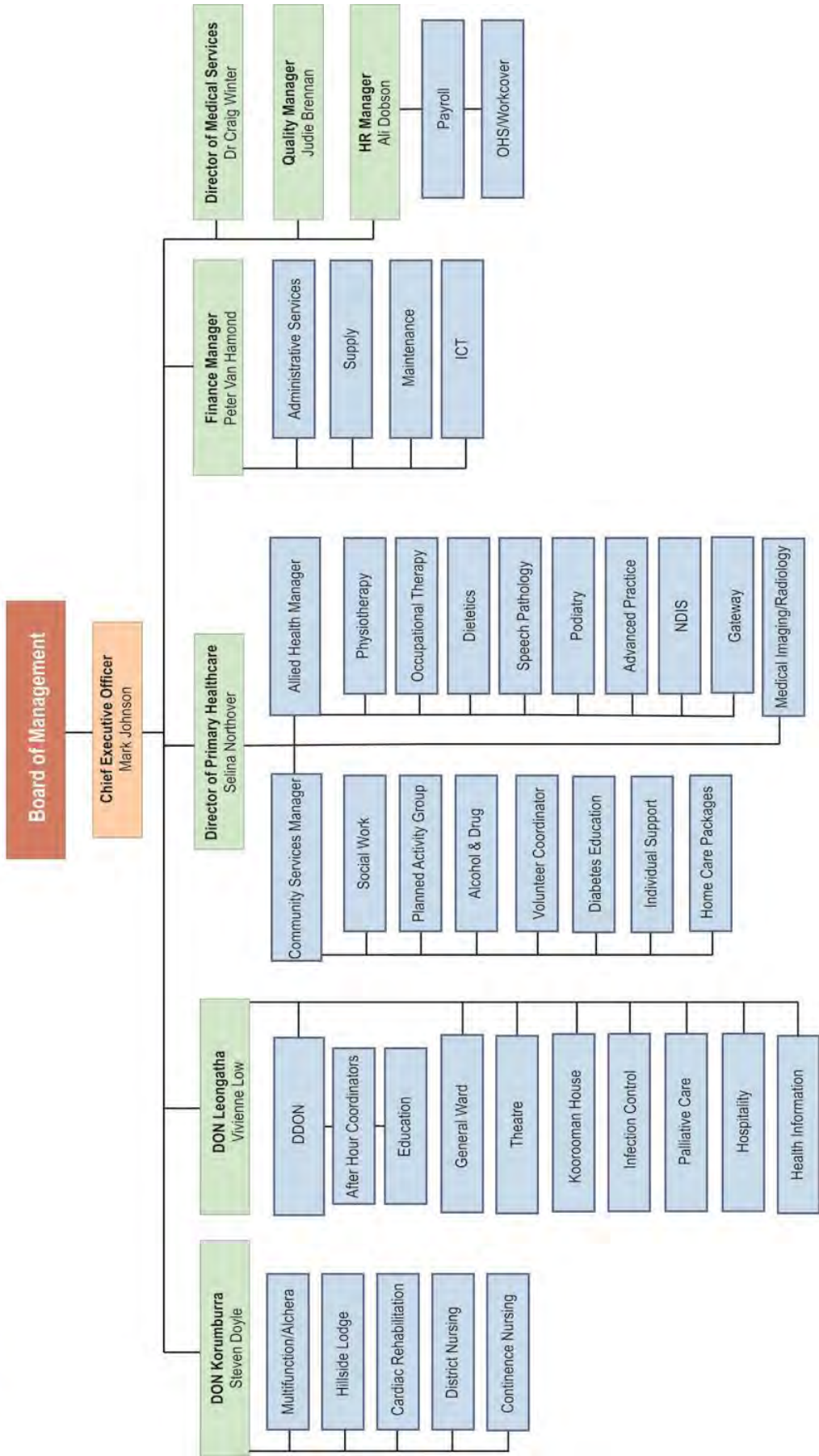
- a 15% reduction in the number of births at GSHS (31 births).
- lower than expected aged care occupancy.

On the other hand, the Gippsland Southern Health Service balance sheet remains in a strong position with \$22.9m of current assets and \$18.7m of current liabilities including provisions. This position and our continued collaboration with relevant stakeholders provide the organisation with a sound footing to address the operating result over the ensuing financial year/s.

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

Organisation Chart

Gippsland Southern Health Service LEADERSHIP STRUCTURE



Building & Maintenance Provisions

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

Local Jobs First

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Job first policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects values at \$20 million or more.

The Health Service did not commence or complete any contracts during 2018/19 that require disclosure under the Local Jobs First Act 2003.

National Competition Policy

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

Disclosure of ex-gratia Payments

There were no ex-gratia payments in 2018/19.

Application and Operation of Protected Disclosure Act 2012

The Protected Disclosure Act 2012 provides for the disclosure of improper conduct by public bodies and public officials and the protection for those who come forward with a disclosure. It also provides for the investigation of disclosures that meet legislative definition of a protected disclosure. The Health Service has an established policy that complies with the Protected Disclosure Act 2012. There were no complaints made under the Act against Gippsland Southern Health Service or its staff for 2018/19.

Additional information on Request

Details in respect of the items listed below have been retained by the Health Service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;

- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

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.

Freedom of Information Act

Requests under the Freedom of Information (FOI) 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

Requests will be subject to charges based on Section 22 of the FOI Act 1982 and the Freedom of Information (Access Charges) Regulations 2014.

Employment & Conduct Principles

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

Attestations

Data Integrity

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



Mark Johnson
Accountable Officer
Leongatha, 11th September 2019

Conflict of Interest

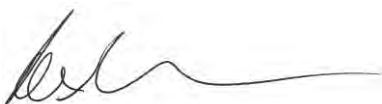
I, Mark Johnson, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of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



Mark Johnson
Accountable Officer
Leongatha, 11th September 2019

Financial Management Compliance attestation

I, Alex Aeschlimann, on behalf of the Responsible Body, certify that Gippsland Southern Health Service has complied with the applicable Standing Directions 2018 under the Financial Management Act 1994 and instructions.



Alex Aeschlimann
Board Chair
Leongatha, 11th September 2019

Integrity, Fraud and Corruption

I, Mark Johnson, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Gippsland Southern Health Service during the year.



Mark Johnson
Accountable Officer
Leongatha, 11th September 2019

Other Reporting Requirements

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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



Mark Johnson
Accountable Officer
Leongatha, 11th September 2019

Safe Patient Care Act 2015

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

Financial Results - summary

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
OPERATING RESULT	(3,260)	(873)	(1,178)	(1,807)	(3,624)
Total Revenue	38,781	37,234	34,104	31,690	30,164
Total Expenses	42,041	38,107	35,282	33,497	33,788
Net Result from Transactions	(3,260)	(873)	(1,178)	(1,807)	(3,624)
Total other economic flows	(15)	1	18	-	265
Net Result	(3,275)	(872)	(1,160)	(1,807)	(3,359)
Total Assets	103,321	85,098	82,215	78,765	77,644
Total Liabilities	19,577	17,758	14,773	13,628	10,700
Net Assets/Total Equity	83,744	67,340	67,442	65,137	66,944

Reconciliation between the Net Result from transactions reported in the model to the Operating result in the Statement of Priorities

	2019 \$'000
Net Operating Result *	(1,120)
<u>Capital and specific items</u>	
Capital Purpose income	1,264
Specific Income	-
Assets provided free of charge	-
Assets received free of charge	23
Expenditure for capital purpose	(132)
Depreciation	(3,295)
Impairment of non-financial assets	-
Finance costs (other)	-
Net Result from transactions	(3,260)

* The Net operating result is the result which the health service is monitored against in its Statement of Priorities

Staffing Profile

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2019	2018	2019	2018
Nursing	131.08	128.18	129.03	124.44
Administration and Clerical	30.15	18.81	30.97	30.14
Medical Support	24.89	12.02	20.83	10.63
Hotel and Allied Services	52.81	54.81	51.91	52.95
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)	41.74	45.48	38.83	32.49
TOTALS	280.72	259.35	271.62	250.70

Details of individual consultancies

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

In 2018/19 the Health Service engaged eight consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018/19 in relation to these consultancies is \$177,928 (excl GST). Details of individual consultancies can be viewed at www.gshs.com.au

(\$ thousand)						
Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2018/19 (excluding GST)	Future expenditure (excluding GST)
Smartfleet	Fleet management	1/07/2018	30/06/2019	\$ 11,136	\$ 11,136	\$ -
Gippsland Health Alliance	ICT Support	1/07/2019	30/06/2019	\$ 34,385	\$ 34,385	\$ -
Studer Group	Evidence Based Learning	1/07/2019	30/06/2019	\$ 35,749	\$ 35,749	\$ 42,750
3M Australia	Clinical coding review	1/05/2019	30/06/2019	\$ 34,400	\$ 34,400	\$ 16,500
Health Recruitment Specialists	Recruitment of EDON	1/04/2019	30/06/2019	\$ 16,000	\$ 16,000	\$ -
JTA Corporation	Workcover remuneration review	1/02/2019	30/06/2019	\$ 14,828	\$ 14,828	\$ -
Integrated Living	Software implementation	1/10/2018	30/06/2019	\$ 21,030	\$ 21,030	\$ -
Dep't Environment, Land, Water & Planning	Land & building revaluation	1/02/2019	30/06/2019	\$ 10,400	\$ 10,400	\$ -

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

In 2018/19 the Health Service engaged four consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$24,988 (excl GST).

Information and Communication Technology (ICT) expenditure

- a. ICT expenditure - represents an entity's costs in providing business-enabling ICT services and consists of the following cost elements:
- Operating and capital expenditure (including depreciation);
 - ICT services – internally and externally sourced;
 - Cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets; and
 - Cost in providing ICT services to other organisations
- b. Non-Business As Usual (Non-BAU) expenditure – is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects.
- c. Business As Usual (BAU) expenditure – includes all remaining ICT expenditure other than Non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2018/19 is \$1,834,169 (excluding GST) with the details shown below.

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non-BAU) ICT Expenditure		
	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational Expenditure (excluding GST) (a)	Capital Expenditure (excluding GST) (b)
Total (excluding GST)	\$285,422	\$285,422	\$0
\$1,548,747			

Occupational Violence

Occupational Violence statistics	2018-19
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	83
Number of occupational violence incidents per 100 FTE	31
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.00%

The following definitions apply:

Occupational violence - any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

Incident - an event or circumstance that could have resulted in, or did result in, harm to an employee.

Accepted Workcover claims - Accepted Workcover claims that were lodged in 2018-19.

Lost time - is defined as greater than one day.

Injury, illness or condition - This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Occupational Health and Safety (OH&S)

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

Statistics	2016/17	2017/18	2018/19
No. of reported hazards/incidents for the year per 100 FTE	46.97	71.03	29.57
No. of 'lost time' standard claims for the year per 100 FTE	2	8	13
Average cost per claim for the year (including payments to date and an estimate of outstanding claims as advised by WorkSafe)	\$ 17,129.00	\$ 11,264.05	\$ 4,152.62

Gippsland Southern Health Service Statement of Priorities (SoP) Report – Part A

Goals	Strategies	Health Service Deliverables	Outcome
<p>Better Health A system geared to prevention as much as treatment</p> <p>Everyone understands their own health and risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p>	<p>Better Health</p> <p>Reduce state-wide risks</p> <p>Build healthy neighbourhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p>	<p>Implement the Department's Action Plan on Strengthening Hospital's Response to Family Violence, including delivering training to staff on how to recognise signs a patient, client or resident may be experiencing family violence and what to do if this is disclosed.</p> <p>Actively contribute to the development and implementation of the 2018–19 Municipal Public Health and Wellbeing plan action plan.</p> <p>Contribute senior level leadership in the governance and oversight of the Municipal Public Health and Wellbeing Plan.</p>	<p>Achieved Action plan implemented and training provided to staff.</p> <p>Achieved GSHS actions on municipal public health and wellbeing plan achieved.</p> <p>In progress Senior management has been working with both Local Governments (Bass Coast and South Gippsland) on the oversight of the Municipal Public Health and Wellbeing Plan.</p>
		<p>Facilitate integration of Health Promotion Resources across the sub-region (including the Health Promotion resources of the PCP) to develop an integrated Prevention Partnership.</p> <p>Build on and strengthen current initiatives that address sugar sweetened beverages (SSB) consumption including SSB consumption in sporting, early learning, schools and health service settings. Implementation of a collaborative community based social marketing prevention effort across the South Coast catchment.</p>	<p>Achieved GSHS Health promotion officer transitioned to Southcoast Prevention team.</p> <p>In progress SSB education campaign completed with post surveys to determine effectiveness. Focus groups in place in local schools across the south coast.</p>
		<p>Continue to implement changes in cafeteria and vending machines to work towards achieving healthy choices compliance.</p>	<p>In progress Vending Machine has been reorientated to support purchasing of water and sugar reduced beverages. Cafeteria engaged in the Making the Healthy Choice the Easy Choice Project. Initial traffic light classification of their menu has occurred, with further work to occur to support compliance with healthy choices guidelines.</p>

Goals	Strategies	Health Service Deliverables	Progress
<p>Better Access Care is always there when people need it</p> <p>More access to care in the home and community</p> <p>People are connected to the full range of care and support they need</p> <p>There is equal access to care</p>	<p>Better Access Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>Medical & sub-acute In line with the clinical services plan (CSP) Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will collaboratively develop a CSP implementation plan for medical and sub-acute services. This will see the establishment of a sub-regional medical & sub-acute steering committee, and facilitate discussion regarding sub-regional models of care, service delineation and a sub-regional capability framework.</p> <p>Surgery & anaesthetics In line with the clinical services plan (CSP) Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will progress the endorsed surgery and anaesthetics CSP implementation plan actions for year one. This will see ongoing meetings of a sub-regional surgery and anaesthetics steering committee and progression of actions regarding models of care, service delineation and a sub-regional capability framework.</p> <p>Maternity In line with the clinical services plan (CSP) Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will progress the endorsed maternity CSP implementation plan actions for year one. This will see ongoing meetings of a sub-regional maternity steering committee and progression of actions regarding models of care, service delineation and a sub-regional capability framework.</p> <p>Primary & community In line with the clinical services plan and in collaboration with partner agencies, Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will progress the endorsed primary and community CSP implementation plan actions for year one. This will see ongoing meetings of the primary and community steering committee, the establishment of the South Coast Prevention Partnership and progression of actions regarding models of care, service delineation and a sub-regional capability framework.</p>	<p>In progress Meetings of the parties involved in the development of the CSP implementation plan are in place and convening on a regular basis. Priorities for action have been identified to enable focus for next steps.</p> <p>In progress A consultant health economist has been appointed to review financial and patient episode data to identify opportunities to improve efficiency and self sufficiency. The draft statewide capability framework has been reviewed and a response on the implications to the South Coast region provided to DHHS.</p> <p>In progress A Maternity Clinical Capability framework and framework guidelines have been developed with an implementation plan for 2019-2020</p> <p>In progress Executive officer & prevention manager recruited and appointed. Transition of staff to the South Coast Prevention team has occurred.</p>

Goals	Strategies	Health Service Deliverables	Progress
<p>Better Care Target zero avoidable harm</p> <p>Healthcare that focusses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p>Better Care Put quality first</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p>	<p>Utilise learnings from the cardiac pathway development to continue to work with the Gippsland region health services to develop and implement care pathways across the region</p> <p>Develop and refine processes to risk assess patients for obstetric and surgical management ensuring patients remain within GSHS capability.</p> <p>Implement the Care Plan for the Dying person.</p> <p>Explore avenues for the recruitment and sharing of staff with other health services within the sub-region. Participate in the SCV delirium project to improve recognition and care of patients with delirium. Identify and promote training opportunities for staff to improve clinical skills, particularly in the management of urgent care patients.</p>	<p>In progress Gippsland Cardiac completed and presented to Regional DON's group. Monash led cardiac South East Cardiac Services Partnership formed and first meeting held in January. Survey completed for Cardiac Services available in GSHS. Senior management participate in the steering committee.</p> <p>In progress Fortnightly traffic light meeting established, attended by GPO's and John Regan (Monash Consultant Obstetrician) where women booking in to birth at GSHS are discussed and risk level determined to ensure all women are within GSHS capability.</p> <p>In progress Inpatient care plans currently being implemented.</p> <p>In progress Subregional DON's and HR Managers have established a meeting to discuss staffing opportunities to share staff and recruitment to specialist positions.</p>

Goals	Strategies	Health Service Deliverables	Progress
<p>Specific 2018-19 priorities (mandatory)</p>	<p>Disability Action Plans Draft disability action plans are completed in 2018-19.</p>	<p>Submit a draft disability action plan to the department by 30 June 2019. The draft plan will outline the approach to full implementation within three years of publication.</p>	<p>Achieved GSHS Disability Action Plan completed</p>
<p>Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.</p>	<p>Executive staff will participate in the annual Volunteer week morning tea and Christmas functions encompassing the presentation of recognition and service awards.</p>	<p>The GSHS Employee Charter details expected standards of behaviour, and forms part of all contracts of employment, being included in offers of employment and position descriptions.</p>	<p>Achieved Executive team and board members attended the Volunteer Christmas lunch. Volunteer morning tea held, representatives from executive team and board present</p>
<p>Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p>	<p>GSHS will deliver workshops to all staff on how to have "peer-to-peer" conversations as a means of enabling staff to speak to each other about perceived inappropriate behaviour. These workshops also include the bullying & harassment policy and procedure ensuring that staff are aware of how to report bullying and the process for dealing with it.</p>	<p>The GSHS Employee Charter details expected standards of behaviour, and forms part of all contracts of employment, being included in offers of employment and position descriptions.</p>	<p>Achieved All contracts of employment include GSHS Employee Charter as standard clause within their contract of employment; this is explained to all new staff at the organisational orientation day. All position descriptions contain the Employee Charter.</p>
<p>Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>Statistics for all incidents will be reported at OHS meetings and to the Board through the corporate governance Committee.</p>	<p>GSHS will deliver workshops to all staff on how to have "peer-to-peer" conversations as a means of enabling staff to speak to each other about perceived inappropriate behaviour. These workshops also include the bullying & harassment policy and procedure ensuring that staff are aware of how to report bullying and the process for dealing with it.</p>	<p>In progress A high percentage of staff at Korumburra attended a workshop during 2018. Workshops were delivered in Leongatha during 2019 and will be ongoing.</p>
<p>Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>The GSHS OVA Working Party which includes staff and union representatives will be responsible for the implementation and monitoring of the recently established OVA action plan. All staff who deal with patients, clients, residents are required to complete DEEP training bi-annually.</p>	<p>Statistics for all incidents will be reported at OHS meetings and to the Board through the corporate governance Committee.</p>	<p>Achieved OHS incident statistics are reported at every OHS Committee Meeting and Corporate Governance.</p>
			<p>Achieved An Action Plan that addresses the requirements of the DHHS Framework, the ANMF's 10-point plan and Work Safe's OVA Guidelines in Healthcare has been developed. OVA Working Party, with employee and union representatives established working through plan. All staff who deal with patients, clients, residents are required to complete DEEP bi-annually.</p>

Goals	Strategies	Health Service Deliverables	Progress
<p>Environmental Sustainability Actively contribute to the development of the Victorian Government's:</p> <ul style="list-style-type: none"> • policy to be net zero carbon by 2050 and improve environmental • sustainability by identifying and implementing projects, including • workforce education, to reduce material environmental impacts with • particular consideration of procurement and waste management, and • publicly reporting environmental performance data, including • measurable targets related to reduction of clinical, sharps and landfill • waste, water and energy use and improved recycling. 	<p>LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.</p>	<p>Progress to tender for the installation of solar power generation at the newly constructed Leongatha Integrated Primary Care Centre aimed at reducing reliance on power from the grid by at least 50%.</p>	<p>In progress Demand data sourced to determine the size of the installation required. Tender & installation to occur during 2019/20.</p>
		<p>The health service has enrolled in the GLHV HOW2 program as a means of meeting the Rainbow Tick accreditation program for LGBTI inclusive health service practice.</p>	<p>In progress Training completed, staff members working on Rainbow tick audit.</p>

Part B: Performance Priorities**High Quality and Safe Care**

Key Performance indicator	Target	2018-19 Result
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Accredited
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Accredited
Infection prevention and control		
Compliance with Hand Hygiene Australia program	80%	91%
Percentage of healthcare workers immunised for influenza	80%	94%
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey - percentage of positive patient experience - Quarter 1	95%	96%
Victorian Healthcare Experience Survey - percentage of positive patient experience - Quarter 2	95%	97%
Victorian Healthcare Experience Survey - percentage of positive patient experience - Quarter 3	95%	100%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 1	75%	93%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 2	75%	83%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 3	75%	96%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 1	70%	98%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 2	70%	95%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 3	70%	90%
Adverse Events		
Sentinel events - root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	N/A
Maternity and newborn		
Rate of singleton term infants without birth anomalies with AGPAR score <7 at 5 minutes	< 1.4%	3.2%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	< 28.6%	N/A *

* Less than 10 cases of sever fetal growth restriction in singleton pregnancy recorded

Strong Governance, Leadership and Culture

Key Performance indicator	Target	2018-19 Result
Organisational culture		
People Matter Survey - percentage of staff with an overall positive response to safety and culture questions	80%	90%
People Matter Survey - percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	97%
People Matter Survey - percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	95%
People Matter Survey - percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	94%
People Matter Survey - percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	88%
People Matter Survey - percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	91%
People Matter Survey - percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	79%
People Matter Survey - percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	80%
People Matter Survey - percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	91%

Timely access to care

Key Performance indicator	Target	2018-19 Result
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	76%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	100%

Effective Financial Management

Key Performance Indicator	Target	2018-19 Result
Finance		
Operating result (\$m)	0.00	(1,120)
Average number of days to paying trade creditors	60 days	34
Average number of days to receiving patient fee debtors	60 days	62
Public and Private WIES* activity performance to target	100%	88%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.4
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast).	14 days	121
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance < \$250,000	Not Achieved

* WIES is a Weighted Inlier Equivalent Separation

Part C: Activity and Funding

Funding Type	2018-19 Activity Achievement
Acute Admitted	
WIES Public	2012
WIES Private	261
Total WIES (Public & Private)	2273
WIES DVA	38
WIES TAC	8
WIES TOTAL	2319
Acute Non-Admitted	
Home Enteral Nutrition	24
Specialist Clinics - Public	5793
Sub Acute and Non-acute Admitted	
Maintenance Public	41
Subacute WIES - Palliative Care Public	36
Subacute WIES - DVA	6
Aged Care	
Residential Aged Care	29821
HACC	7012
Primary Health	
Community Health/Primary Care Programs	2247
Other	
Health Workforce	12

Environmental Performance

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

Energy consumption

Total energy consumption by energy type (GJ)	2016/17	2017/18	2018/19
Electricity	7254	6669	6501
Natural gas and LPG	7611	7024	7013
Total	14865	13693	13514

Normalised energy consumption	2016/17	2017/18	2018/19
Energy per unit of floor space (GJ/m ²)	1.22	1.05	1.04
Energy per unit of activity (GJ/activity)	0.37	0.35	0.34

Note:

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

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

Bed Days have been used as the unit of activity.

2016/17 - Bed Days (40,724) comprise 10,477 In-patient bed days and 30,247 Residential Aged Care bed days.

2017/18 - Bed Days (39,079) comprise 9,963 In-patient bed days and 29,116 Residential Aged Care bed days.

2018/19 - Bed Days (39,986) comprise 10,165 In-patient bed days and 29,821 Residential Aged Care bed days.

Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO ₂ e)	2016/17	2017/18	2018/19
Scope 1	390	360	359
Scope 2	2378	2186	2131
Total	2768	2546	2490

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

Normalised greenhouse gas emissions	2016/17	2017/18	2018/19
Emissions per unit of floor space (kgCO ₂ e/m ²)	227	196	191
Emissions per unit of activity (kgCO ₂ e/activity)	68	65	62

Water consumption

Total water consumption by water type (kL)	2016/17	2017/18	2018/19
Potable water	11596	13032	12241
Recycled water	0	0	0
Total	11596	13032	12241

Normalised water consumption	2016/17	2017/18	2018/19
Water per unit of floor space (kL/m ²)	0.95	1.00	0.94
Water per unit of activity (kL/activity)	0.28	0.33	0.31

Water recycling	2016/17	2017/18	2018/19
Recycling rate (percentage)	N/A	N/A	N/A

Waste generation

Total waste generation by type (Tonnes)	2016/17	2017/18	2018/19
Clinical waste	3	3	3
General waste	293	262	308
Recycled waste	58	52	63
Total	354	317	374

Normalised waste generation	2016/17	2017/18	2018/19
Waste per activity (kg/activity)	8.7	8.12	9.36

Waste recycling	2016/17	2017/18	2018/19
Recycling rate (percentage)	16	16	17

Independent Auditor's Report

To the Board of Gippsland Southern Health Service

Opinion	<p>I have audited the financial report of Gippsland Southern Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
11 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

Gippsland Southern Health Service

**Board Member's, Accountable Officer's and
Chief Finance & Accounting Officer's Declaration**

The attached financial statements for Gippsland Southern Health Service have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

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

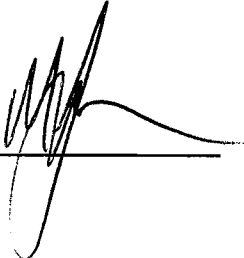
We authorise the attached financial statements for issue on 5th September 2019.



Alex Aeschlimann
President

LEONGATHA

6/09/2019



Mark Johnson
Chief Executive Officer

LEONGATHA

6/09/2019



Peter Van Hamond
Chief Finance &
Accounting Officer

LEONGATHA

6/09/2019

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Gippsland Southern Health Service Comprehensive Operating Statement

		2019	2018
		\$'000	\$'000
Income from Transactions			
Operating Activities	2.1	38,382	36,890
Non-operating Activities	2.1	399	344
Total Income from Transactions		38,781	37,234
Expenses from Transactions			
Employee Expenses	3.1	(30,713)	(27,163)
Supplies and consumables	3.1	(3,110)	(3,066)
Depreciation	4.3	(3,295)	(3,236)
Other Operating Expenses	3.1	(4,923)	(4,642)
Total Expenses from Transactions		(42,041)	(38,107)
Net Result from Transactions - Net Operating Balance		(3,260)	(873)
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	37	-
Other Gain/(Loss) from Other Economic Flows	3.2	(52)	1
Total Other Economic Flows included in Net Result		(15)	1
Net Result for the year		(3,275)	(872)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	19,679	-
Total Other Comprehensive Income		19,679	-
Comprehensive result for the year		16,404	(872)

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

Gippsland Southern Health Service Balance Sheet as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and Cash Equivalents	6.1	21,102	7,338
Receivables	5.1	1,453	1,118
Investments and Other Financial Assets	4.1	-	13,664
Inventories		99	98
Other Assets		243	300
Total Current Assets		22,897	22,518
Non-Current Assets			
Receivables	5.1	1,258	835
Property, Plant and Equipment	4.2 (a)	79,166	61,745
Total Non-Current Assets		80,424	62,580
TOTAL ASSETS		103,321	85,098
Current Liabilities			
Payables	5.2	2,993	2,316
Provisions	3.4	6,215	5,438
Other Liabilities	5.3	9,459	9,281
Total Current Liabilities		18,667	17,035
Non-Current Liabilities			
Provisions	3.4	910	723
Total Non-Current Liabilities		910	723
TOTAL LIABILITIES		19,577	17,758
NET ASSETS		83,744	67,340
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	40,487	20,808
Restricted Specific Purpose Surplus		113	113
Contributed Capital		24,787	24,787
Accumulated Surplus'		18,357	21,632
TOTAL EQUITY		83,744	67,340

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

Gippsland Southern Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2019

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Deficits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	20,808	113	24,017	22,504	67,442
Net result for the year	-	-	-	(872)	(872)
Transfer from/(to) contributed capital	-	-	770	-	770
Balance at 30 June 2018	20,808	113	24,787	21,632	67,340
Net result for the year	-	-	-	(3,275)	(3,275)
Valuation gain / (loss) recognised	19,679	-	-	-	19,679
Balance at 30 June 2019	40,487	113	24,787	18,357	83,744

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

Gippsland Southern Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Operating Grants from Government		32,311	29,599
Capital Grants from Government		552	1,497
Patient Fees Received		3,165	3,655
Donations and Bequests Received		81	131
GST Received from/(paid to) ATO		441	392
Interest and Investment Income Received		476	149
Receipt of Refundable Deposits		-	2,594
Other Receipts		1,969	1,900
Total Receipts		38,995	39,917
Employee Expenses Paid		(30,029)	(26,337)
Payments for Supplies and Consumables		(3,680)	(3,166)
Payments for Medical Indemnity Insurance		(467)	(464)
Payments for Repairs and Maintenance		(876)	(160)
Payment for share of Rural Health Alliance			
Other Payments		(3,022)	(4,108)
Total Payments		(38,074)	(34,235)
Net Cash Flows from/(used in) Operating Activities	8.1	921	5,682
Cash Flows from Investing Activities			
Purchase of Investments		(2,073)	(4,416)
Purchase of Non-Financial Assets		(1,037)	(2,485)
Proceeds from Disposal of Non-Financial Assets		37	22
Proceeds from Disposal of Investments		15,737	2,192
Net Cash Flows from/(used in) Investing Activities		12,664	(4,687)
Cash Flows from Financing Activities			
Repayment of Accommodation Deposits		(5,603)	-
Contributed capital from Government		-	770
Receipt of Accommodation Deposits		5,782	-
Net Cash Flows from /(used in) Financing Activities		179	770
Net Increase/(Decrease) in Cash and Cash Equivalents Held		13,764	1,765
Cash and Cash Equivalents at Beginning of Year		7,338	5,573
Cash and Cash Equivalents at End of Year	6.1	21,102	7,338

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

Notes to the Financial Statements
Gippsland Southern Health Service for the financial year ended 30 June 2019

Basis of presentation

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

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

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Gippsland Southern Health Service for the period ended 30 June 2019. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

(b) Reporting entity

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

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

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

(c) Basis of accounting preparation and measurement

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

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

The financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependence).

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

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

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

Notes to the Financial Statements
Gippsland Southern Health Service for the financial year ended 30 June 2019

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

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

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet)

Goods and Services Tax (GST)

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

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

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

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

(d) Jointly Controlled Operation

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

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

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

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

Notes to the Financial Statements
Gippsland Southern Health Service for the financial year ended 30 June 2019

(e) Principles of consolidation

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

Intersegment transactions

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

(f) Equity

Contributed Capital

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

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

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

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(g) Comparatives

Where applicable, the comparative figures have been restated to align with presentation in the current year. Figures have been restated at Notes 2.1 and 3.1.

Note 2: Funding delivery of our services

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

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

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

	Total 2019 \$'000	Total 2018 \$'000
Government Grants - Operating	31,699	29,632
Government Grants - Capital	552	1,354
Patient and Resident Fees	3,447	2,961
Private Practice Fees	65	73
Commercial Activities ¹	1,085	988
Other Revenue from Operating Activities (including non-capital donations)	1,534	1,882
Total Income from Operating Activities	38,382	36,890
Capital Interest	399	160
Other Interest	-	184
Total Income from Non-Operating Activities	399	344
Total Income from Transactions	38,781	37,234

¹ Commercial activities represent business activities which health service enter into to support their operations.

Revenue Recognition

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

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

Government Grants and Other Transfers of Income (other than Contributions by Owners)

In accordance with AASB 1004 *Contributions*, Government Grants and Other Transfers of Income (other than Contributions by Owners) are recognised as income when the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

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

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

Note 2.1: Income from Transactions (cont'd)

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

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

- The Victorian Managed Insurance Authority non-medical insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.

Patient and Resident Fees

Patient fees are recognised as revenue on an accrual basis.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

Revenue from commercial activities

Revenue from commercial activities such as property rental income are recognised on an accrual basis.

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

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

Other Income

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

Interest Revenue

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

Note 3: The cost of delivering our services

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

Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expense and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the balance sheet
- 3.5 Superannuation

Note 3.1: Expenses from Transactions

	Total 2019 \$'000	Total 2018 \$'000
Salaries and Wages	21,993	19,867
On-costs	5,572	4,576
Agency Expenses	758	640
Fee for Service Medical Officer Expenses	2,080	1,846
Workcover Premium	310	234
Total Employee Expenses	30,713	27,163
Drug Supplies	283	243
Medical and Surgical Supplies (including Prostheses)	1,334	1,291
Diagnostic and Radiology Supplies	195	272
Other Supplies and Consumables	1,298	1,260
Total Supplies and Consumables	3,110	3,066
Fuel, Light, Power and Water	574	594
Repairs and Maintenance	619	606
Maintenance Contracts	190	161
Medical Indemnity Insurance	467	464
Other Administrative Expenses	2,941	2,625
Expenditure for Capital Purposes	132	192
Total Other Operating Expenses	4,923	4,642
Depreciation (refer Note 4.3)	3,295	3,236
Total Other Non-Operating Expenses	3,295	3,236
Total Expenses from Transactions	42,041	38,107

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Note 3.1: Expenses from Transactions (cont'd)**Other operating expenses**

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

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

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

Non-operating expenses

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

Note 3.2: Other economic flows

	2019	2018
	\$'000	\$'000
<i>Net gain/(loss) on sale of non-financial assets</i>		
Net gain on disposal of property plant and equipment	37	-
Total net gain/(loss) on non-financial assets	37	-
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability	(52)	1
Total other gains/(losses) from other economic flows	(52)	1
Total other gains/(losses) from economic flows	(15)	1

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- . The revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and

Net gain/(loss) on non-financial assets

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

- . Revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.2 Property plant & equipment.)
- . Net gain/(loss) on disposal of non-financial assets
- . Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Note 3.2: Other economic flows (cont'd)

Other gains/(losses) from other economic flows

Other gains/(losses) include:

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

Inventories

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

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

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

The basis 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.

Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Commercial Activities				
Diagnostic Imaging	1,126	1,106	731	698
Catering	79	93	93	98
Cafeteria	13	10	12	10
Property	-	-	196	182
Leongatha Integrated Primary Care Centre	31	25	53	-
Total Commercial Activities	1,249	1,234	1,085	988
Other Activities				
Staff Salary Packaging Service	1	1	-	-
Total Other Activities	1	1	-	-
TOTAL	1,250	1,235	1,085	988

Note 3.4: Employee Benefits in the Balance Sheet

	2019	2018
	\$'000	\$'000
CURRENT PROVISIONS		
Employee Benefits (i)		
<i>Accrued Days Off</i>		
- unconditional and expected to be settled wholly within 12 months (ii)	69	54
<i>Annual leave</i>		
- unconditional and expected to be settled wholly within 12 months (ii)	1,978	1,809
- unconditional and expected to be settled wholly after 12 months (iii)	330	308
<i>Long Service Leave</i>		
- unconditional and expected to be settled wholly within 12 months (ii)	315	315
- unconditional and expected to be settled wholly after 12 months (iii)	2,890	2,407
	5,582	4,893
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months (ii)	270	240
Unconditional and expected to be settled after 12 months (iii)	363	305
	633	545
TOTAL CURRENT PROVISIONS	6,215	5,438
NON-CURRENT PROVISIONS		
Conditional Long Service Leave	818	650
Provisions related to Employee Benefit On-Costs	92	73
TOTAL NON-CURRENT PROVISIONS	910	723
TOTAL PROVISIONS	7,125	6,161
(i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.		
(ii) The amounts disclosed are nominal amounts.		
(iii) The amounts disclosed are discounted to present values.		
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	3,565	3,028
Annual leave entitlements	2,573	2,350
Accrued days off	77	60
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	910	723
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	7,125	6,161
(b) Movement in On-Costs Provision		
	2019	2018
	\$'000	\$'000
Balance at start of year	618	547
Additional provisions recognised	55	72
Unwinding of discount and effect of changes in the discount rate	52	(1)
Balance at end of year	725	618

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

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

Provisions

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

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

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are 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 annual leave and accrued days off are measured at:

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

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

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

Termination Benefits

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

On-costs related to employee expense

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

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Defined Benefit Plans:¹				
First State Super	31	37	-	-
Defined Contribution Plans:				
First State Super	2,226	1,981	192	164
Total	2,257	2,018	192	164

¹ The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

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

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.

The Health Service does not recognise any unfunded defined benefit liability in respect of the plan(s) 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. The Department of Treasury & Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service.

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

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.

Note 4: Key Assets to Support Service Delivery

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

Structure

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

Note 4.1: Investments and Other Financial Assets

	Capital Fund		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
CURRENT				
Loans and Receivables				
Term Deposits > 3 Months	-	13,664	-	13,664
TOTAL CURRENT	-	13,664	-	13,664
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	13,664	-	13,664
Represented by:				
Health Service Investments	-	4,390	-	4,390
Accommodation Bonds (Refundable Entrance Fees)	-	9,274	-	9,274
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	13,664	-	13,664

Investment Recognition

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

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

The Health Service's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

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

Derecognition of financial assets

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

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

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

Note 4.2: Property, plant and equipment

Initial Recognition

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

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability.

Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Note 4.2: Property, plant and equipment (cont'd)**Consideration of highest and best use (HBU) for non-financial physical assets**

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

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

Non-Specialised Land, Non-Specialised Buildings and Cultural Assets

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised Land and Specialised Buildings

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

During the reporting period, the Health Service did not hold Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

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

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

Vehicles

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

Plant and Equipment

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

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

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

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Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	2019 \$'000	2018 \$'000
Land		
- Land at Fair Value		
Freehold	4,620	4,978
Total Land	4,620	4,978
Buildings		
- Buildings at Fair Value	70,018	62,773
Less Accumulated Depreciation	-	10,108
Total Buildings	70,018	52,665
Plant and Equipment		
- Plant and Equipment at Fair Value	2,403	2,135
Less Accumulated Depreciation	1,580	1,464
Total Plant and Equipment	823	671
Motor Vehicles		
- Motor Vehicles at Fair Value	1,198	1,205
Less Accumulated Depreciation	809	785
Total Motor Vehicles	389	420
Medical Equipment		
- Medical Equipment at Fair Value	6,378	5,866
Less Accumulated Depreciation	4,021	3,638
Total Medical Equipment	2,357	2,228
Computers and Communication Equipment		
- Computers and Communication Equipment at Fair Value	755	720
Less Accumulated Depreciation	469	365
Total Computers and Communication Equipment	286	355
Furniture and Fittings		
- Furniture and Fittings at Fair Value	258	252
Less Accumulated Depreciation	129	114
Total Furniture and Fittings	129	138
Other - Land Improvements		
- Land improvements at Fair Value	538	404
Less Accumulated Depreciation	-	123
Total Land Improvements	538	281
Other - GHA Property, Plant & Equipment		
- GHA Property Plant & Equipment at Fair Value	6	9
Less Accumulated Depreciation	-	-
Total GHA Property, Plant & Equipment	6	9
TOTAL PROPERTY, PLANT AND EQUIPMENT	79,166	61,745

Note 4.2: Property, Plant and Equipment (Continued)

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Medical Equipment	Computers & Comm Equipment	Furniture & Fittings	Land Improv'ts	GHA PP&E	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	4,978	53,970	731	342	2,337	259	145	311	5	63,078
Additions	-	1,120	57	244	282	190	9	-	5	1,907
Disposals	-	-	-	-	-	(4)	-	-	-	(4)
Depreciation (refer Note 4.3)	-	(2,425)	(117)	(166)	(391)	(90)	(16)	(30)	(1)	(3,236)
Balance at 1 July 2018	4,978	52,665	671	420	2,228	355	138	281	9	61,745
Additions	-	-	268	130	540	36	6	58	-	1,038
Disposals	-	-	-	-	-	-	-	-	(1)	(1)
Revaluation increments/(decrements)	(358)	19,805	-	-	-	-	-	232	-	19,679
Depreciation (refer Note 4.3)	-	(2,452)	(116)	(161)	(411)	(105)	(15)	(33)	(2)	(3,295)
Balance at 30 June 2019	4,620	70,018	823	389	2,357	286	129	538	6	79,166

Land and Buildings and Leased Assets Carried at Valuation

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

Note 4.2: Property, Plant and Equipment (Continued)**(c) Fair value measurement hierarchy for assets**

	Consolidated Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Balance at 30 June 2019				
Land at Fair Value				
- Non-Specialised Land	1,240	-	1,240	-
- Specialised Land	3,380	-	-	3,380
Total Land at Fair Value	4,620	-	1,240	3,380
Buildings at Fair Value				
- Non-Specialised Buildings	1,375	-	1,375	-
- Specialised Buildings	68,643	-	-	68,643
Total Buildings at Fair Value	70,018	-	1,375	68,643
Plant and Equipment at Fair Value	823	-	-	823
Motor Vehicles at Fair Value	389	-	389	-
Medical Equipment at Fair Value	2,357	-	-	2,357
Computers and Communication Equipment at Fair Value	286	-	-	286
Furniture and Fittings at Fair Value	129	-	-	129
Land Improvements at Fair Value	538	-	-	538
GHA Assets at Fair Value	6	-	-	6
Total Property, Plant and Equipment	79,166	-	3,004	76,162
	Consolidated Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Balance at 30 June 2018				
Land at Fair Value				
- Non-Specialised Land	1,293	-	1,293	-
- Specialised Land	3,685	-	-	3,685
Total Land at Fair Value	4,978	-	1,293	3,685
Buildings at Fair Value				
- Non-Specialised Buildings	1,392	-	1,392	-
- Specialised Buildings	51,273	-	-	51,273
Total Buildings at Fair Value	52,665	-	1,392	51,273
Plant and Equipment at Fair Value	671	-	-	671
Motor Vehicles at Fair Value	420	-	420	-
Medical Equipment at Fair Value	2,228	-	-	2,228
Computers and Communication Equipment at Fair Value	355	-	-	355
Furniture and Fittings at Fair Value	138	-	-	138
Land Improvements at Fair Value	281	-	-	281
GHA Assets at Fair Value	9	-	-	9
Total Property, Plant and Equipment	61,745	-	3,105	58,640

There have been no transfers between levels during the period.

Note 4.2: Property, Plant and Equipment (Continued)**(d) Reconciliation of Level 3 Fair Value ¹**

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000	Land Improv't \$'000	GHA Assets \$'000
Balance at 1 July 2018	3,685	51,273	671	2,228	355	138	281	9
Additions/(Disposals)	-	-	268	540	36	6	58	(1)
Gains/(Losses) recognised in Net Result - Depreciation	-	(2,406)	(116)	(411)	(105)	(15)	(33)	(2)
Items recognised in Other Comprehensive Income - Revaluation	(305)	19,776	-	-	-	-	232	-
Balance at 30 June 2019	3,380	68,643	823	2,357	286	129	538	6

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

¹ Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

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

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	n.a.
Specialised Land (Crown / Freehold)	Market approach	* Community Service Obligations Adjustments
Non-specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Dwellings (included in Buildings class)	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
	Depreciated replacement cost approach	- Cost per square metre - Useful life

* Community Service Obligation Adjustments were 20% for Hospital land & 15% for land held in Leongatha that adjoins residential property.

Note 4.2 (f): Property, Plant and Equipment Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Revaluation Increment/(Decrement)

- Land (refer Note 4.2)

- Buildings

- Land Improvements

Balance at the end of the reporting period*

* Represented by:

- Land

- Buildings

- Land Improvements

	2019 \$'000	2018 \$'000
	20,808	20,808
	(358)	-
	19,805	-
	232	-
	40,487	20,808
	3,019	3,376
	35,904	16,099
	1,564	1,333
	40,487	20,808

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Note 4.3: Depreciation

	2019 \$'000	2018 \$'000
Depreciation		
Buildings	2,452	2,425
Plant and Equipment	116	117
Medical Equipment	411	391
Computers and Communication Equipment	105	90
Furniture and Fittings	15	16
Motor Vehicles	161	166
Other - Land Improvements	33	30
Other - GHA Depreciation Expense	2	1
TOTAL DEPRECIATION	3,295	3,236

Depreciation

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

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	15 to 50 years	15 to 50 years
- Site Engineering Services and Central Plant	15 to 21 years	15 to 21 years
Central Plant		
- Fit Out	10 to 25 years	10 to 25 years
- Trunk Reticulated Building System	11 to 30 years	11 to 30 years
Plant and equipment	3 to 18 years	3 to 18 years
Medical Equipment	2 to 15 years	2 to 15 years
Computers and Communication	2 to 10 years	2 to 10 years
Furniture and Fittings	5 to 20 years	5 to 20 years
Motor Vehicles	4 to 5 years	4 to 5 years

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

Note 5: Other Assets and Liabilities

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

- Structure
5.1 Receivables
5.2 Payables
5.3 Other Liabilities
5.4 Other provisions

Note 5.1: Receivables

	2019	2018
	\$'000	\$'000
CURRENT		
Contractual		
Inter Hospital Debtors	37	60
Trade Debtors	273	79
Patient Fees	955	395
Accrued Investment Income	22	99
GHA Receivables	81	65
Accrued Revenue	5	364
Less: Allowance for impairment losses of contractual receivables		
Patient Fees	(34)	(34)
	1,339	1,028
Statutory		
Accrued Revenue - Department of Health	24	-
GST Receivable	90	90
	114	90
TOTAL CURRENT RECEIVABLES	1,453	1,118
NON-CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	1,258	835
	1,258	835
TOTAL NON-CURRENT RECEIVABLES	1,258	835
TOTAL RECEIVABLES	2,711	1,953

(a) Movement in the Allowance for impairment losses of contractual receivables

	2019	2018
	\$'000	\$'000
Balance at beginning of year	(34)	(34)
Amounts written off during the year	(6)	(4)
Increase in allowance recognised in the net result	6	4
Balance at end of year	(34)	(34)

Note 5.1: Receivables (cont'd)**Receivables recognition**

Receivables consist of:

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

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

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

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

Note 5.2: Payables

	2019	2018
	\$'000	\$'000
CURRENT		
Contractual		
Trade Creditors	473	468
Accrued Expenses	186	397
Accrued Salaries and Wages	986	761
GHA Payables	66	41
Inter- hospital creditors	21	-
Amounts Payable to Governments and Agencies	40	-
Revenue in Advance	-	160
	1,772	1,827
Statutory		
Department of Health and Human Services	805	464
Amounts Payable to Government	416	25
	1,221	489
TOTAL CURRENT PAYABLES	2,993	2,316

Payables Recognition

Payables consist of:

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

The normal credit terms for accounts payable are usually Nett 60 days.

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Note 5.3: Other liabilities

	2019 \$'000	2018 \$'000
CURRENT		
Monies Held in Trust*		
- Accommodation Deposits (Refundable Entrance Fees)*	9,453	9,274
- Other Monies Held in Trust*	6	7
GHA Other Current Liabilities		
Total Current	9,459	9,281
Total Other Liabilities	9,459	9,281
* Total Monies Held in Trust		
Represented by the following assets:		
Cash Assets	9,453	-
Investment and other Financial Assets	-	9,274
TOTAL	9,453	9,274

Note 6: How we finance our operations

This section provides information on the sources of finance utilised by the Health Service during its operations and other information related to financing activities of the Health Service.

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

Structure

- 6.1 Cash and cash equivalents
- 6.2 Commitments for expenditure

Note 6.1: Cash and Cash Equivalents

	Total 2019 \$'000	Total 2018 \$'000
Cash on Hand (excluding Monies held in trust)	1	1
Cash at Bank (excluding Monies held in trust)	1,539	1,677
Deposits at Call (excluding Monies held in trust)	10,109	5,660
Deposits at Call (Monies held in trust)	9,453	-
TOTAL CASH AND CASH EQUIVALENTS	21,102	7,338

Cash and Cash Equivalents

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

The cash flow statement includes monies held in trust.

Unused Facility

The Health Service utilises an operating bank account with the Commonwealth Bank. The bank has made provision for the Health Service to overdraw its account by an amount of \$500,000 if it inadvertently has deductions that exceed the account balance on any particular day. This facility was unused during 2018/19.

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Note 6.2 : Commitments for expenditure

	2019	2018
	\$'000	\$'000
Operating Expenditure Commitments		
Less than 1 year	1,615	1,148
Longer than 1 year but not longer than 5 years	2,237	-
Total Operating Expenditure Commitments	3,852	1,148
Total Commitments for Expenditure (inclusive of GST)	3,852	1,148
Less GST recoverable from the Australian Tax Office	(350)	(104)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	3,502	1,044

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed 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 projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial instruments

7.2 Contingent assets and contingent liabilities

Note 7.1 (a): Financial Instruments

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

(a) Categorisation of financial instruments

	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
2019	\$'000	\$'000	\$'000
Contractual Financial Assets			
Cash and Cash Equivalents	21,102	-	21,102
<i>Receivables</i>			
- Trade Debtors	273	-	273
- Other Receivables	1,066	-	1,066
Total Financial Assets¹	22,441	-	22,441
Financial Liabilities			
Payables	-	1,772	1,772
Other Financial Liabilities			
- Accommodation bonds	-	9,453	9,453
- Other	-	6	6
Total Financial Liabilities¹	-	11,231	11,231
	Contractual Financial Assets Loans and Receivables and Cash	Contractual Financial Liabilities at Amortised Cost	Total
2018	\$'000	\$'000	\$'000
Contractual Financial Assets			
Cash and Cash Equivalents	7,338	-	7,338
<i>Receivables</i>			
- Trade Debtors	79	-	79
- Other Receivables	949	-	949
<i>Investments and Other Financial Assets</i>			
- Term Deposits	13,664	-	13,664
Total Financial Assets¹	22,030	-	22,030
Financial Liabilities			
Payables	-	1,827	1,827
Other Financial Liabilities			
- Accommodation bonds	-	9,274	9,274
- Other	-	7	7
Total Financial Liabilities¹	-	11,108	11,108

¹ The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

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

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

Categories of financial assets under AASB 9**Financial assets at amortised cost**

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

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

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

The Health Service recognises the following assets in this category:

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

Categories of financial assets previously under AASB 139

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

- cash and deposits
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

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

- payables (excluding statutory payables); and

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

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

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

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

Note 7.1 (b): Payables and Borrowings Maturity Analysis

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

Maturity analysis of Financial Liabilities as at 30 June

	Note	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
2019							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	1,772	1,772	1,772	-	-	-
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	9,453	9,453	-	-	9,453	-
- Other	5.3	6	6	6	-	-	-
Total Financial Liabilities		11,231	11,231	1,778	-	9,453	-
2018							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	1,827	1,827	1,827	-	-	-
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	9,274	9,274	-	-	9,274	-
- Other	5.3	7	7	7	-	-	-
Total Financial Liabilities		11,108	11,108	1,834	-	9,274	-

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

Note 7.1 (c): Contractual Receivables at amortised costs

	1-Jul-18	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Expected loss rate		0%	0%	25%	54%	0%	
Gross carrying amount of contractual receivables		872	94	62	34	0	1062
Loss allowance		0	0	16	18	0	34

	30-Jun-19	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Expected loss rate		0%	0%	1%	53%	0%	
Gross carrying amount of contractual receivables		1123	132	54	63	0	1372
Loss allowance		0	0	1	33	0	34

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, the Health Service has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

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

On this basis, the Health Service determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	2019	2018
Balance at beginning of the year	34	34
Opening retained earnings adjustment on adoption of AASB 9	0	
Opening Loss Allowance	34	34
Modification of contractual cash flows on financial assets	0	0
Increase in provision recognised in the net result	0	0
Reversal of provision of receivables written off during the year as uncollectible	0	0
Reversal of unused provision recognised in the net result	0	0
Balance at end of the year	34	34

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

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

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

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

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

Note 7.2: Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities as at 30th June 2019 (2018: Nil)

Note 8: Other Disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities.

8.2 Responsible persons

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after balance sheet date

8.7 Jointly controlled operations

8.8 Economic dependence

8.9 AASBs Issued that are not yet effective

8.10 Glossary of terms and style conventions

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	2019	2018
	\$'000	\$'000
Net Result for the Year	(3,275)	(872)
Non-Cash Movements:		
Depreciation	3,295	3,236
Movements included in Investing and Financing Activities:		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	(37)	(18)
Movements in Assets and Liabilities:		
<i>Change in Operating Assets and Liabilities</i>		
(Increase)/Decrease in Receivables	(758)	(179)
(Increase)/Decrease in Other Assets	57	(51)
Increase/(Decrease) in Payables	452	187
Increase/(Decrease) in Provisions	1,189	783
(Increase)/Decrease in Inventories	(1)	3
(Increase)/Decrease in Other Liabilities	(1)	2,594
NET CASH INFLOW FROM OPERATING ACTIVITIES	921	5,682

Note 8.2: Responsible Persons

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	01/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	01/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019
Governing Boards	
Mr. A. Aeschlimann - President	01/07/2018 - 30/06/2019
Ms. S. Hanson - Vice President	01/07/2018 - 29/11/2018
Mr. N. Broughton - Vice President	01/07/2018 - 30/06/2019
Mr. J. Wightman - Treasurer	01/07/2018 - 29/11/2018
Ms. B. Brennan	01/07/2018 - 30/06/2019
Mr. R. Dhar	01/07/2018 - 30/06/2019
Mr. I. Drysdale	01/07/2018 - 30/06/2019
Ms. C. Pickett	01/07/2018 - 30/06/2019
Ms. S. Fleming	01/07/2018 - 30/06/2019
Ms. A. Georgiou	01/07/2018 - 30/06/2019
Mr. T. McQualter	01/07/2018 - 30/06/2019

Accountable Officers

Mr. M. Johnson (Chief Executive Officer)	01/07/2018 - 30/06/2019
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Remuneration of Responsible Persons

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

Income Band	2019	2018
	No.	No.
\$0 - \$9,999	11	11
\$290,000 - \$299,999	1	1
Total Numbers	12	12
	2019	2018
	\$'000	\$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$320	\$292

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

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

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)

Short-term Benefits
Post-employment Benefits
Other Long-term Benefits
Total Remunerationⁱ

Total Remuneration	
2019	2018
\$'000	\$'000
568	580
48	51
-	6
616	637
5	4
4.0	4.0

Total Number of Executives

Total Annualised Employee Equivalentⁱⁱ

ⁱThe total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Health Service under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

ⁱⁱAnnualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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

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

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Other factors

During the year an Executive member of staff left the organisation and a replacement appointed during June 2019.

Note 8.4: Related Parties

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

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

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

The Board of Directors, Chief Executive Officer and the Executive Directors of the Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Gippsland Southern Health Service	Mr A. Aeschlimann	President
Gippsland Southern Health Service	Ms. S. Hanson	Vice President
Gippsland Southern Health Service	Mr. N. Broughton	Vice President
Gippsland Southern Health Service	Mr. J. Wightman	Treasurer
Gippsland Southern Health Service	Ms. B. Brennan	Board Member
Gippsland Southern Health Service	Mr. R. Dhar	Board Member
Gippsland Southern Health Service	Mr. I. Drysdale	Board Member
Gippsland Southern Health Service	Ms. C. Pickett	Board Member
Gippsland Southern Health Service	Ms. S. Fleming	Board Member
Gippsland Southern Health Service	Ms. A. Georgiou	Board Member
Gippsland Southern Health Service	Mr. T. McQualter	Board Member
Gippsland Southern Health Service	Mr. M. Johnson	Chief Executive Officer
Gippsland Southern Health Service	Ms. V. Low	Executive Director of Nursing (June 2019)
Gippsland Southern Health Service	Ms. S. Northover	Director of Primary Healthcare
Gippsland Southern Health Service	Mr. S. Doyle	Assistant Director Of Nursing
Gippsland Southern Health Service	Mr. P. Van Hamond	Manager Finance
Gippsland Southern Health Service	Ms. V. Farthing	Executive Director of Nursing (July 2018 to May 2019)

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

	2019 \$'000	2018 \$'000
Compensation - KMPs		
Short-term Employee Benefits ¹	854	837
Post-employment Benefits	70	71
Other Long-term Benefits	12	21
Total¹¹	936	929

¹ Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

¹¹ KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant Transactions with Government Related Entities

The Health Service received funding from the Department of Health and Human Services of \$25m (2018: \$24m) and indirect contributions of \$0.45m (2018: \$0.068m).

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

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

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

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with the Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for the Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2019.

Notes to the Financial Statements
Gippsland Southern Health Service Annual Report 2018/19

Note 8.5: Remuneration of Auditors

	2019	2018
	\$'000	\$'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	40	40
TOTAL REMUNERATION OF AUDITORS	40	40

Note 8.6: Events Occurring after the Balance Sheet Date

There are no events occurring after the Balance Sheet Date.

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2019 %	2018 %
Gippsland Health Alliance	Information Systems	7.40	7.38

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

	2019 \$'000 *	2018 \$'000 *
CURRENT ASSETS		
Cash and Cash Equivalents	518	624
Other current assets	261	248
TOTAL CURRENT ASSETS	779	872
NON-CURRENT ASSETS		
Investments and Other Financial Assets		
Property, Plant and Equipment	6	9
TOTAL NON-CURRENT ASSETS	6	9
TOTAL ASSETS	785	881
CURRENT LIABILITIES		
Payables	-	1
Accrued Expenses	65	41
Other current liabilities	6	7
TOTAL CURRENT LIABILITIES	71	49
NON-CURRENT LIABILITIES		
Provisions	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	71	49
NET ASSETS	714	832
EQUITY		
Accumulated Surpluses/(Deficits)	714	832
TOTAL EQUITY	714	832

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

	2019 \$'000 *	2018 \$'000 *
REVENUE		
Grants	864	1,238
Interest Income	14	13
TOTAL REVENUE	878	1,251
EXPENSES		
Core Services	555	499
Other Expenses from Continuing Operations	430	445
Depreciation	2	1
TOTAL EXPENSES	987	945
NET RESULT	(109)	306

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Notes to the Financial Statements
Gippsland Southern Health Service Annual Report 2018/19

Note 8.8: Economic Dependence

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

Note 8.9: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Health Services of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Health Service has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. As at balance date the impact to revenue as a result of this amendment is immaterial.
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 <ul style="list-style-type: none"> • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 <ul style="list-style-type: none"> • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.

Notes to the Financial Statements
Gippsland Southern Health Service Annual Report 2018/19

Note 8.9: AASBs Issued that are not yet Effective (cont'd)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p> <p>As at balance date the organisation did not have any leases. Commencing from 2019/20 the Health Service will be required to lease motor vehicles through VicFleet. The estimated financial impact during 2019/20 is immaterial.</p>
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1-Jan-19	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p>
AASB 1058 Income of Not-for-Profit Entities	<p>AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions .</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context,</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1-Jan-19	<p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions .</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>Whilst there were no capital or operating grants at balance date that would require phasing or deferral, this may impact on revenue recorded in the operating statement in future years.</p>

Notes to the Financial Statements
Gippsland Southern Health Service Annual Report 2018/19

Note 8.9: AASBs Issued that are not yet Effective (cont'd)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 Insurance Contracts	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard currently does not apply to the not-for-profit public sector entities.</p>	1-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes In Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	The standard is not expected to have a significant impact on the public sector.
AASB 1059 Service Concession Arrangements: Grantor	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1-Jan-20 (The State Is Intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	<p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> • Operator is providing public services using a service concession asset; • Operator manages at least some of public services under its own discretion; • The State controls / regulates: <ul style="list-style-type: none"> - what services are to be provided; - to whom; and - at what price • State controls any significant residual interest in the asset. <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.</p>
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1-Jan-20 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.

Note 8.10: Glossary of terms and style conventions**Actuarial gains or losses on superannuation defined benefit plans**

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
 - a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- A contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - A contract that will or may be settled in the entity's own equity instruments and is:

Note 8.10: Glossary of terms and style conventions (cont'd)

- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- Balance sheet as at the end of the period;
- Comprehensive operating statement for the period;
- A statement of changes in equity for the period;
- Cash flow statement for the period;
- Notes, comprising a summary of significant accounting policies and other explanatory information;
- Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement

A joint arrangement is either a joint operation or a joint venture.

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Note 8.10: Glossary of terms and style conventions (cont'd)***Net acquisition of non-financial assets (from transactions)***

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the startup costs associated with capital projects).

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Note 8.10: Glossary of terms and style conventions (cont'd)

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx.x) negative numbers
- 201x year period
- 201x-1x year period