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ANNUAL
REPORT

WWHS

# WEST WIMMERA HEALTH SERVICE

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WEST WIMMERA HEALTH SERVICE

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# A MESSAGE FROM THE BOARD CHAIR

Welcome to our 2017/18 Annual Report which aims to provide a full and frank account of how West Wimmera Health Service performed across all key areas over the 2017/18 financial year.

A key role of our Board of Directors is to appoint an appropriately qualified and experienced Chief Executive Officer (CEO) and it was with great pleasure that in March 2018 we announced Ritchie Dodds as our new CEO. Ritchie acted in the role for some 12 months prior to his appointment and continues to provide strong, positive and clear leadership through a period of significant change for the Service.

We know that a healthy workplace culture is a key element of safe and high quality healthcare. In November, our Board and Executive staff issued a joint Statement of Intent in relation to workplace behaviour and in particular our aim for a workplace completely free of bullying, harassment and any other form of unacceptable behaviour. Through various workshops, education sessions and also our newly formed People and Culture Working Group, we continue to emphasise the importance of our employees treating each other and our patients, residents and clients with appropriate consideration and respect, always.

During the year we appointed our first People and Culture Manager, Stuart Bone, to provide a further avenue of support to our employees and managers, in addition to continuing to offer all employees access to our Employee Assistance Program.

The safety of our patients is our number one priority. This was evidenced in the past year by our regrettable but necessary decision to temporarily cease our Nhill Hospital surgical service. Our review of the theatre area indicated a number of issues that increased the risk of infection to a level that was considered unacceptable. The decision was therefore taken to proceed with all necessary rectification works to ensure this important service can be provided safely and sustainably into the long term.

Another vital component of quality service provision is that of food preparation and delivery. Our successful application for a $2m grant from the Department of Health and Human Services under the Regional Health Infrastructure Fund (RHIF) to redevelop the ageing Nhill Hospital kitchen will underwrite the quality of meals and related services for many years to come.

Construction work continued on the Nhill Community Gymnasium and Rehabilitation Centre with the commissioning of this facility expected in the coming financial year. This project has proven to be more complex and costly than what was originally planned and has required various revisions to ensure all regulatory compliance imperatives will be met by the time of completion. Nevertheless, the outcome will enhance our capacity to provide more, and better, health services closer to home.

We were assessed as meeting three of the National Safety and Quality Health Service Standards during a periodic survey conducted during the year. Our ongoing compliance with the National Standards was confirmed with the review of Standard 1: Governance for Safety and Quality in Health Service Organisations, Standard 2: Partnering with Consumers and Standard 3: Preventing and Controlling Healthcare Associated Infections. The success of this review and the absence of any recommendations indicates our people are appropriately engaged and our systems calibrated to provide high quality care on a sustainable basis.

We continued to strengthen our ties with a number of partners, including with our fellow members of the Wimmera Southern Mallee Health Alliance: Wimmera Health Care Group, Edenhope and District Memorial Hospital, and Rural Northwest Health. We also formalised collaborative relationships with Ambulance Victoria and the Harrow Bush Nursing Centre. Building and maintaining open and mutually supportive connections with fellow service providers plays a critical role in providing our communities a seamless and easy access to the services they require.

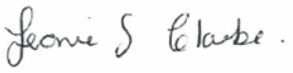
We acknowledge and embrace the diversity of both our workforce and the communities we serve. As we move in to 2018/19 we will continue to review and adjust our systems and processes to accommodate inclusivity, as evidenced by our commencement on the journey to obtain Rainbow Tick accreditation and registration as an LGBTI accredited organisation.

The Department of Health and Human Services is a key stakeholder in our success and we are grateful for their ongoing support. We also continue to benefit from the work of Safer Care Victoria and acknowledge the significant increase of relevant and timely information and support now available through them.

We say farewell and thank you to three long serving board directors: Naomi Zanker, Harvey Champness and Delwyn Tyler. Naomi, Harvey and Del all fulfilled their roles with distinction for many years and will be appropriately recognised at our upcoming annual general meeting.

Finally, thank you to our employees and volunteers – our people. It is a cliché but no less true that we could not do what we do without the many employees and volunteers that contribute to our Service, day in, day out. Safe, accessible and responsive healthcare does not just happen – it is a direct result of our people working together and applying their skills and experience with care and compassion, always.

In accordance with the financial management Act 1994, I am pleased to present the report of operations for West Wimmera Health Service for the year ending 30 June 2018.



Leonie Clarke | **Board President**
Nhill, 3 September 2018

# MANNER OF ESTABLISHMENT & THE RELEVANT MINISTERS

West Wimmera Health Service is established as a public health service under the Health Services Act 1988 (The Act) and subsequent amendments and delivers health services to nine communities in the Grampians Region of the Victorian Department of Health and Human Services.

The relevant Ministers are The Hon. Jill Hennessy MP, Minister for Health, Minister for Ambulance Services and The Hon. Martin Foley MP, Minister for Housing, Disability and Ageing, Minister for Mental Health.

## OUR VISION

To establish and maintain a high quality and responsive health service through the pursuit of excellence and effective use of innovation and technology.

## OUR MISSION

West Wimmera Health Service is committed to the delivery of health, welfare and disability services which are compassionate, responsive, accessible and accountable to individual and community needs, and which result in quality outcomes for the people of the West and Southern Wimmera and the Southern Mallee.

## OUR VALUES

- A Safe Environment
- Strong Leadership and Management
- A Culture of Continuing Improvement
- Effective Management of the Environment
- Responsive Partnerships with our Consumers

# OUR COMMUNITY

West Wimmera Health Service provides health and community care services to people within the following four local government areas:

- Hindmarsh
- West Wimmera
- Yarriambiack
- Horsham Rural City

The population in our catchment area can be largely characterised by the decreasing population growth, a very high proportion of the population being 40 years and over, and a very low proportion of Indigenous population.

Although traditionally, persons born in other countries have made up a very low percentage of the population in our catchment area, Nhill in particular has seen a substantial increase in this demographic cohort in recent times. This has been largely due to the settlement of Karen refugees, who now make up some 10% of the population in Nhill.

# OUR FACILITIES

| | |
|---|---|
| **GOROKE** | Goroke Community Health Centre |
| **NHILL** | Nhill Hospital<br>Iona Residential Aged Care<br>Cooinda Disability Service<br>Nhill Dental Clinic<br>Mira - Allied and Community Health |
| **KANIVA** | Kaniva Hospital<br>Kaniva Residential Aged Care |
| **JEPARIT** | Jeparit Hospital<br>Jeparit Residential Aged Care |
| **RUPANYUP** | Rupanyup Hospital<br>Rupanyup Residential Aged Care |
| **NATIMUK** | Natimuk Residential Aged Care |
| **MINYIP** | Minyip Community Health Centre |
| **RAINBOW** | Rainbow Hospital<br>Rainbow Residential Aged Care |
| **MURTOA** | Murtoa Community Health Centre |

# OUR SERVICES

## AGED CARE

- Aged care assessment
- Aged residential homes
- Commonwealth Home Support Program
- Home care packages

## CLINICAL

- Acute hospital care
- Audiology
- Central sterilising services
- Dialysis
- Domiciliary
- Midwifery
- Ear, nose and throat surgery
- General surgery
- Geriatrician
- Immunisations
- Infection control
- Medical imaging (CT scanning, X-ray, ultrasound, dental orthopantomogram)
- Ophthalmic surgery
- Optometry
- Oral surgery
- Orthopaedic surgery
- Palliative care
- Pathology
- Pharmacy Physician
- Urgent care
- Visiting cardiac specialist

## PRIMARY AND PREVENTATIVE HEALTH

- Asthma education
- Cancer Resource Nurse
- Cancer support group
- Cardiac rehabilitation
- Community Health Nurse
- Continence education
- Diabetes education
- Diabetes support group
- Dietetics
- District Nursing
- Endocrinology telehealth clinics
- Falls and balance groups
- Gentle exercise groups
- Healthy eating and cooking groups
- Health education and promotion
- Initial needs coordination
- Interpreting services (Karen)
- Massage therapy
- Maternal and child health
- Occupational Therapy
- Physiotherapy
- Podiatry
- Planned activity groups
- Pregnant and new mothers exercise group
- Quit smoking education
- Refugee Health Nurse
- Social work and welfare
- Speech Pathology
- Well women's health clinic
- Youth mental health first aid

# OUR SERVICES [Continued]

## COMMUNITY CARE

- Centrelink
- Community catering
- Meals on wheels

## DISABILITY

- Community access
- Community inclusion
- Exercise programs
- Respite
- Supported employment
- Vocational training

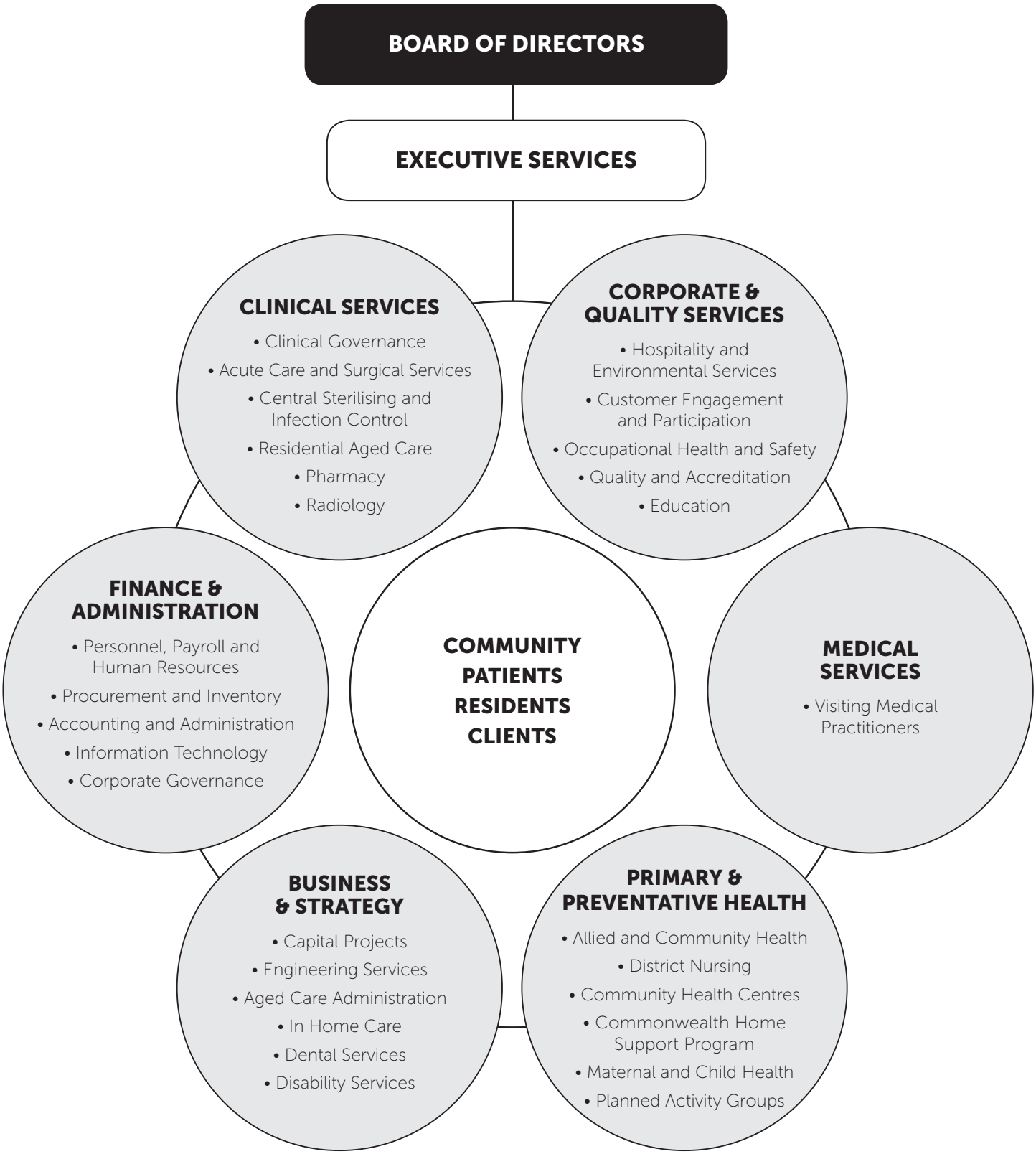
## DENTAL SERVICES

- General dentistry
- Mobile clinic
- Oral health education and promotion
- Oral health and hygiene therapy
- Oral surgery

## COMMUNITY PROGRAMS

- Hospital in the Home (HITH)
- National Respite for Carers Program (NRCP)
- Post Acute Care (PAC)
- Home and Community Care (HACC)
- Community and Women's Health Program (C&WH)
- Enhanced Primary Care Program (EPC)
- Commonwealth Home Support Program (CHSP)
- National Disability Insurance Scheme (NDIS)

# ORGANISATIONAL STRUCTURE



# CORPORATE GOVERNANCE

## BOARD OF DIRECTORS

The Board of Directors ("the Board") of West Wimmera Health Service is responsible to the Minister for Health, who in turn is accountable to Parliament for our performance as a health service. Boards are appointed and may be removed by the Governor in Council.

As at 30 June 2018, the Service's Board was comprised of the following members:

Ms Leonie Clarke *President*

Mr Lloyd Milgate *Vice President*

Mrs Therese Allen

Mrs Katherine Colbert

Mrs Alex Hall

Mr Harvey Champness

My John Millington

Mrs Anne Rogers

Mrs Delwyn Tyler

Mrs Naomi Zanker

Mr Jim Fletcher *Delegate of the Minister for Health*

## AUDIT AND GOVERNANCE COMMITTEE

Mrs Anne Rogers *Committee Chair*

Ms Leonie Clarke *President*

Mr Lloyd Milgate *Vice President*

Mrs Naomi Zanker

Mrs Janine Grover *External Independent Member*

## CHIEF EXECUTIVE OFFICER

Mr Ritchie Dodds

*BCom CA FFin MBA GAICD*

Appointed to the role in March 2018, Mr Dodds is responsible for the overall management of the operations of the health service. For the prior part of the financial year, Mr Dodds acted in this role.

## EXECUTIVE DIRECTORS

*BUSINESS AND STRATEGY*

Mrs Melanie Albrecht

*LLB, BIS, MHA, MBA, GAICD*

Responsible for management of Dental and Disability Services, Aged Care Administration, Engineering and Capital Projects, Legal Compliance and In Home Support programs.

*FINANCE AND ADMINISTRATION*

Mr Ritchie Dodds, Acting

*BCom CA FFin MBA GAICD*

Responsible for Finance, Payroll, Procurement, Information Technology and Administration functions across all areas of the Service.

*CORPORATE AND QUALITY SERVICES*

Mr Darren Welsh

*RN, BN, GDip (Admin. Mgt), GCertOHS, GDipOHS*

Responsible for Hospitality and Environmental Services, Education, Quality Systems, Accreditation, Occupational Health and Safety, Security and Customer Engagement and Participation across the organisation.

*CLINICAL SERVICES*

Mrs Jan Fisher

*RN, Adv. Dip Bus. Mgt*

Responsible for Clinical Services including Acute Care, Residential Aged Services, Surgical Services, Pharmacy, Radiology, Infection Control and Aged Care Assessment Services for all sites.

## EXECUTIVE DIRECTORS [Continued]

*MEDICAL SERVICES*

**Dr Ian Graham**

*MB, BS, M. Health Planning, FRACMA,*

*Cert. Essential Skills in Medical Education (AMME)*

Responsible for credentialing, appointment, scope of practice and performance management of Visiting Medical Practitioners.

*PRIMARY AND PREVENTATIVE HEALTH*

**Tracey Chenoweth**, Acting

*RN, MACN*

Responsible for Allied and Community Health, Maternal and Child Health, District Nursing, Planned Activity Groups and Health Promotion activities across all areas of the Service.

# PROJECTS & INITIATIVES

## INTRODUCTION OF 'HEALTHY COMMUNITIES, HEALTHY LIVES' STRATEGIC PLAN 2017/18 – 2021/22

In late 2017, West Wimmera Health Service launched its 2017/18 – 2021/22 Strategic Plan, 'Healthy Communities, Healthy Lives'.

The new Strategic Plan is the result of significant collaboration with the Service's Board, Executive team, senior leaders, the Department of Health and Human Services, key stakeholders and the community.

The plan sets out the Service's vision for improving the health and wellbeing of its communities, with a goal of working in partnerships to strive towards healthy communities, healthy lives.

It acknowledges some of the day-to-day challenges the Service faces being a rural health service, and the need to build on regional and sub-regional partnerships in order to address the reality of providing health services to a diverse population across a large catchment area.

West Wimmera Health Service's ability to provide relevant health services into the future centres on having the community's healthcare needs at the front of mind and at the centre of the Service's business.

Patient centred care, new technology, greater health literacy and productive partnerships are just some of the factors that are driving the reshaping of the health service.

The challenge is to ensure that the Service understands the changing demographics and evolving needs of the community. Without this knowledge, it becomes difficult to design services that meet the needs and expectations of people and most importantly, be proactive in the Service's evidence-based approach to health and wellness.

Through the new plan, the Service will ensure the communities and people it serves have every opportunity to live their best life possible.

The five strategies outlined in the plan are:

> ***Empower our community to live their best life***

*We will work with our community to embed a proactive approach to healthcare through enabling more informed decision making and encouraging positive health and lifestyle choices.*

> ***Invest in population health***

*We will deliver patient-centred healthcare based on the key attributes of our community's health profile.*

# PROJECTS & INITIATIVES [Continued]

> ***Build partnerships for healthier communities***

*We will foster existing and establish new partnerships to support an interconnected approach to delivering healthcare services across our vast region and the diverse needs of our community.*

> ***Harness technology and innovation***

*We will explore opportunities to maximise the use of technology and innovation to support and enhance our ability to deliver the best possible healthcare.*

> ***Strengthen our workforce capacity***

*We will build the local capacity of our staff ensuring our team is engaged and aligned with the pursuit of our new vision.*

## EMPOWER OUR COMMUNITIES TO LIVE THEIR BEST LIVES

> ***Cancer health literacy project***

West Wimmera Health Service partnered with Wimmera Primary Care Partnership, Rural Northwest Health and the Grampians Integrated Cancer Service to deliver a Cancer Health Literacy Project, with the aim of improving the information, support and prevention for people who are affected by cancer.

The first stage of the project sought input via a community survey (advertised on the Service's Facebook page and promoted by the Wimmera PCP at meetings with community groups), along with interviews with community members. 91 people completed the survey for West Wimmera Health Service.

A workshop held in December 2017 discussed the survey findings and put forward suggestions for strategies for prevention and support. Community members with a lived experience of cancer, local council representatives, the Wimmera PCP and West Wimmera Health Service, attended the workshop.

Priority projects to stem from the community's input and the workshop include: developing information resources about transport options and companion programs to assist people when travelling to specialist appointments; a Skin Cancer Check Clinic offered locally; and a Men's Health Night, which was delivered in collaboration with the local CFA to reach a new audience of male participants. In 2018/19, the project group will facilitate the delivery of a six week health and fitness program as a flow-on from the Men's Health Night.

> ***Iona Montessori Project***

Over the past 12 months, West Wimmera Health Service has engaged Dementia Australia to assist in the development and implementation of a Montessori approach to the Iona Digby Harris Nursing Home's model of care.

The role of Dementia Australia in the partnership is to facilitate 'on the ground' coaching sessions with the nursing home employees, the residents and their families, to support implementation of the approach and improvement activities.

The Montessori model of care focuses on enhancing the day-to-day wellbeing of residents living with dementia and their relationships with others, by establishing and sustaining positive, person-centred communities of care.

The approach suggests that effective leadership is required to challenge the status quo, and improve the everyday life of residents, their families and staff within aged care facilities. With this in mind, the project established a leadership group comprised of representatives from all disciplines working in the home.

To date, the leadership group, in collaboration with staff, residents and their families, have achieved the following:

1. Developed a set of values and a philosophy to support a model of care designed to promote a safe, homely environment where all people are supported, respected and able to participate.
2. Acquired new nametags for all health service staff that are clear and easy for residents to read.
3. Introduced self-serve breakfasts and afternoon teas to enhance residents' food choices.
4. Rolled out the use of dignity scarves in place of bibs.
5. Collated a resources and activities box for communal areas to help broaden the scope of activities available to residents and their families.
6. Added photos of meals on menus to assist residents' decision making when selecting their meal options.
7. Commenced a review of the current admissions process to identify areas for improvement.
8. Commenced a review of performance appraisal tools for staff, which will result in recommendations to improve the tools so they can better measure employees' performance against the principles of the Montessori model of care.

The leadership group is nearing the end of the planning phase of the project and will soon begin moving into the implementation and embedding phase.

### > *NDIS Readiness Project*

The National Disability Insurance Scheme (NDIS) roll out began in the West Wimmera Health Service catchment in September 2017. The NDIS represents a major change to funding and delivery models of disability services, placing emphasis on participant choice and control by allocating funds to individuals in personalised plans, rather than directly to the organisation.

Under the NDIS Readiness Project, major changes to business processes have been adopted to accommodate the implementation of the NDIS.

Improving inter-departmental communication has been a key focus for the Service, to ensure participants have a seamless experience when accessing a wide range of disability and health services across different departments.

An ongoing commitment to upskill staff has been assisted by attending multiple provider engagement forums, and through the development of the Service's NDIS Services Handbook.

The roll out of NDIS in the region is ongoing, as is the Service's commitment to continually improving its services and processes to achieve the best outcomes for participants.

## INVEST IN POPULATION HEALTH

### > *Focus on Health Promotion*

Over the past 12 months, West Wimmera Health Service has committed to increasing its focus on Health Promotion through the development of a one year Health Promotion Plan.

The one year plan forms part of a broader integrated Health Promotion Plan for the catchment, which was developed in consultation with partners from local councils, other local health services through the Wimmera Southern Mallee Health Alliance, neighbourhood houses, local welfare organisations and community members.

The plan focuses on three priority areas:

*Healthy Eating*

Improving the nutrition of the local population and workforce is essential to enhancing the overall health and wellbeing of individuals and decreasing the instances of chronic disease amongst the community.

The Service's objectives are to increase the consumption of fruit and vegetables, increase the profile of water as the beverage of choice, and to increase the understanding of the opportunities for healthy eating.

# PROJECTS & INITIATIVES [Continued]

The Service has:

1. Continued to support opportunities to promote the region's locally grown food under the healthy eating banner;
2. Begun advocating and implementing healthy eating initiatives internally in relation to the Service's food and catering services;
3. Undertaken healthy eating and drinking initiatives in local kindergartens; and
4. Continued to support the Healthy Food Basket data collection activities through local primary and secondary schools.

*Physical Activity*

Physical inactivity has been identified as one of the major risk factors leading to poor health in the West Wimmera Health Service catchment area.

The Service's objectives in relation to physical activity are to increase levels of physical activity overall, along with opportunities for participation in physical activity across the catchment.

The Service has:

1. Supported and facilitated a number of community based exercise groups;
2. Collaborated with local kindergartens and schools to promote a variety of physical activities; and
3. Continued to develop processes to deliver consistent messaging about physical activity.

*Social Connection*

The need to belong, connect and feel engaged in a group or activity are intrinsic to an individual's mental health and wellbeing.

A large number of people in the West Wimmera Health Service catchment are socially isolated or lack the opportunity to participate in activities that promote social connectedness.

The Service's objectives under the Health Promotion Plan are to increase social connection through improved choices and access for people in the community.

The Service has:

1. Begun mapping current social connection opportunities;
2. Supported local schools in the delivery of education around bullying and self-esteem;
3. Engaged in a partnership with Arts Minyip to pilot an arts program built on the principles of social connection; and
4. Delivered a number of mental health first aid workshops in the community.

## BUILD PARTNERSHIPS FOR HEALTHIER COMMUNITIES

> ***Rural Outreach Program***

In early 2018, West Wimmera Health Service began discussions with Hindmarsh Shire Council, West Wimmera Shire Council, Yarriambiack Shire Council, and Edenhope and District Memorial Hospital to reintroduce the Rural Outreach Program through a shared partnership.

The Rural Outreach Program aims to reduce the stigma associated with mental health and to increase access to early intervention services by providing people the ability to meet with a trained professional in their own home or in a neutral space.

All parties collaborated over a number of workshops to put forward a funding proposal to enable the program to recommence operation.

> ***Partnership Brokerage Training***

In 2017, the Service Improvement Coordinator attended a four-day 'Partnership Brokerage' workshop, offered by the internationally recognised Partnership Brokers Association as an initiative by the Wimmera Southern Mallee Health Alliance and Department of Health and Human Services.

A further 16 members of the Service's Executive team and staff, attended a one-day introduction workshop in June 2018, to help build internal capacity and embed the concept of partnership brokerage across the Service.

Partnership Brokerage skills assist the Service to facilitate the scoping, building and maintenance of successful partnerships (either internally or externally), with the aim of achieving a common goal to creatively solve complex problems across the region by working in collaboration with shared resources and initiatives.

> ***Wimpak Project***

In early 2018, Wimpak, a locally based organisation, approached West Wimmera Health Service to collaborate to assist the company to improve the health and wellbeing of its staff and board members.

The project has a two tiered approach:

1. Increasing the availability of healthy lunch options for employees at Wimpak through the provision of healthy options from a local café. The menu supplied by the café aligns to the Healthy Choices Guidelines.
2. Improving the understanding of health and wellbeing strategies, such as opportunities for physical activity, among employees and board members through an employee education program.

Prior to commencement of the above-mentioned activities, West Wimmera Health Service provided a free health assessment to all employees and board members. The data from these health assessments will be a baseline for measuring success of the project, and tracking employee progress on a monthly basis throughout the life of the project.

> ***Wimmera Smiles Mobile Dental Clinic***

West Wimmera Health Service's mobile dental clinic, 'Wimmera Smiles', has continued to provide dental care to children across the catchment, with very positive feedback received from school staff, parents and students.

The ongoing project ensures that the Service's dental team are able to return to schools where dental services are greatly needed and appreciated. The mobile clinic provides regular dental check-ups to school students and notes any improvements or changes in the school's overall oral hygiene comparative to previous years.

Some schools have shown significant improvement in the oral health of their students since the mobile clinic's first visit.

The Service has received a continuation of funding from local Rotary Clubs to provide every student with an oral health pack, which ensures children have all the resources they need for good oral hygiene at home.

In February 2018, the Service's dental team introduced into the program the offering of oral health education talks to each classroom. These have proven to be beneficial to not only the students, but the school staff also.

Over the year, the mobile clinic screened 723 students across the catchment, which equates to 47.38% of all students. Of these 723 students, 447 (61.83%) were referred on for further treatment. Moving forward, the project aims to increase the total number of students screened, and to lower the percentage of those needing treatment.

## HARNESS TECHNOLOGY AND INNOVATION

> ***New CT Scanner***

In 2017, the Department of Health and Human Services awarded West Wimmera Health Service with a grant of $300,000 under the Department of Health and Human Service's Medical Equipment Replacement Program to replace its ageing CT Scanner.

# PROJECTS & INITIATIVES [Continued]

The Service has welcomed the addition of the new machine, which is an upgrade to the previous machine and will see a vast improvement to ultrasound imaging for patients.

The new ultrasound machine has the latest imaging software algorithms for superior imaging of all areas of the body, improving the ability to see anatomy and pathology on a wide range of patients and examinations.

As well as being an excellent all round ultrasound imaging machine, it is especially suited to musculoskeletal examinations (shoulders, wrists, tendons etc.) and comes with a built-in gel warmer that heats the gel to a comfortable temperature before it is applied to the patient's skin.

The machine also incorporates the latest in ergonomic design, with light and ergonomically designed probes and fully independently adjustable keyboard, monitor and operator height controls to minimise Occupational Health and Safety injuries that are common amongst sonographers using equipment on a daily basis.

Since the installation of the new CT Scanner, examination numbers have increased, due to the reduction in examination times, and the ability to perform a wider range of examinations, such as CT Pulmonary Angiography and examinations of patients with metal implants that would have previously been referred elsewhere.

> ***Intergenerational Activity Group Trials***

During the reporting period, staff at our Natimuk Residential Aged Care facility trialled an intergenerational activity program.

The program facilitates interactions between children and mothers who are part of the local playgroup, with residents of the nursing home.

There has been an overwhelmingly positive response to the trial with both residents, and members of the playgroup having reported the enjoyment they get form the program. The impact of things as simple as the sound of the children's laughter and enthusiasm for life is uplifting for the residents.

Following the successful trial, there are now plans to integrate the program formally into the facilities activities schedule, and trials are being planned for a number of the Service's other aged care facilities. In addition to this, funding is being sought to provide outdoor play equipment and other resources for the Natimuk group to ensure the children and the residents remain engaged.

> ***Ray and Violet Marshman Community Rehabilitation Centre***

There has been significant construction work on the Ray and Violet Marshman Community Rehabilitation Centre over the past 12 months with external walls, roofing and windows installed to the rehabilitation centre, construction of internal walls commenced, electrical wiring installed and the plumbing fit-out of the facility.

Concrete has been poured for the first stage of the hydrotherapy pool, and it is now covered to allow construction of the roofing over the pool area. A final pour and tiling of the pool will take place in the first 2 weeks of 2018/19 financial year.

The project team has also seen the added skillset of a mechanical engineer and pool contractor appointed, to bring the additional experience and expertise required for a project of this specialised nature.

There has been a minimal impact to the project's timelines, allowing for the appointment and scheduling of contractors. The projected completion for construction

and final commissioning is on course for completion by the end of the 2018.

In 2017, members of the Service's Board of Directors endorsed the proposal to name the new centre the Ray and Violet Marshman Community Rehabilitation Centre, in memory the late Ray and Violet Marshman, who generously committed to donate $450,000 to the project through the V. V. Marshman Charitable Trust and trustee, Ray and Violet's son, Ian Marshman.

This generous commitment to project will help to provide people with access to high quality rehabilitation facilities at their doorstep.

> ***Nhill Hospital Generator and Switchboard Funding***

West Wimmera Health Service has been successful in obtaining $360,000 from the Department's 2017/18 High Value State-wide Replacement Fund – Engineering Infrastructure, provided by the Victorian Health and Human Services Building Authority.

The funds will replace two generators that provide electricity in the event of power failure to the Nhill Hospital and the Iona Digby Harris Nursing Home. The overall capacity of the generators will increase by 40%.

A new electrical switchboard will be installed at the same time, replacing a switchboard that is also at the end of its operational life.

Both elements of the project will upgrade electricity management at the Nhill Hospital to current standards and ensures the safety of all staff, patients, and visitors to the facility.

> ***Nhill Hospital Kitchen Redevelopment***

In February 2018, West Wimmera Health Service was advised by the Victorian Health and Human Services Building Authority that it had been successful in its application for $2.0 million dollars under the 2017/18 Regional Health Infrastructure Fund – Round 2, for the redevelopment of the Nhill Hospital Kitchen.

This essential redevelopment will provide first class food preparation for patients, residents and community members of the Nhill community in a facility specifically designed for food and environmental safety, while also meeting the chef training requirements of the organisation.

The current kitchen is currently 40+ years old and is at the end of its operational life.

West Wimmera Health Service has commenced the planning phase for the project, working with the Victorian Health and Human Services Building Authority. The redevelopment works will commence in the 2018/19 financial year following a tendering process. The project is expected to take approximately 12 months to deliver.

## STRENGTHEN OUR WORKFORCE CAPACITY

> ***Board Statement of Intent***

Following an organisational culture review conducted in early 2017, the Board of Directors resolved to bring about positive cultural change.  As part of this commitment the Board issued the following Statement of Intent:

"The West Wimmera Health Service Board of Directors and Executive Directors are committed to the following elements of what are considered necessary for West Wimmera Health Service to maintain an engaged workforce, a safe workplace and an overall positive organisational culture at all times:

1. Fair and respectful treatment of all employees and volunteers.
2. An uncompromising approach to the safety and general wellbeing of all employees, volunteers, patients, residents and clients.
3. The complete absence from the workplace of bullying and harassment in any form.
4. The encouragement and promotion of learning and continuous improvement at all levels of the organisation.
5. A culture that fosters employee engagement, equity, teamwork and accountability.

# PROJECTS & INITIATIVES [Continued]

6. Pursuit of the objectives and expected outcomes contained in the Department of Health and Human Services' document titled: *Our pathway to change: eliminating bullying and harassment in healthcare - creating a culture and environment that supports both patient and staff safety in healthcare settings (2016)*.

In summary, and in conjunction with the Department of Health and Human Services, we will strive for a culture of person centred care where the safety and care of our patients, residents and clients is paramount and in the knowledge that a critical element of this vision is a healthy, engaged and well-supported workforce."

In forming the Statement of Intent, the Board has shown its steadfast commitment to creating a positive cultural shift across the organisation, whilst also recognising that its leadership is integral to enabling such a change.

The Board and senior management will continue to strive to deliver actions that will support the successful achievement of these goals. Regular People and Culture reporting to the Board will ensure the change process is monitored and successfully implemented.

### > *Appointment of a People and Culture Manager*

As part of its response to the organisational culture review, West Wimmera Health Service appointed a Manager of People and Culture in February 2018. This newly established role has a core commitment to improving the organisational culture, and in particular the wellbeing of the Service's workforce, through a collaborative and transparent approach.

The Manager of People and Culture provides direct support to staff as an impartial initial contact, whilst also ensuring there is a consistent application of human resources processes across the Service. The Manager plays a key role in workforce planning to help strengthen the capacity of Service's staff, and in turn the care it can continue to offer the community.

The People and Culture Manager works in partnership with the Board, members, of the Executive, managers and staff to identify and implement improvements for a positive change to the Service's organisational culture.

One initiative of the People and Culture role has been to lead the newly formed People and Culture Working Group, as it builds its capacity into a robust forum of a cross-section of the Service's staff to meet and discuss workforce issues and initiatives, including an increased response rate to the People Matter Survey. This independently conducted survey is a key tool used by management to identify employee related opportunities improvement.

# FINANCIAL RESULTS

## Significant changes in financial position during the 2017/18 financial year and factors affecting performance

Over the course of the 2017/18 financial year the Service's total Cash and Short Term Investments held reduced by $181,000. Cash and investments held for the Service's own purposes increased by $816,000 to $6,275,000 while monies held in relation to Residential Aged Care Refundable Accommodation Deposits decreased by $1,007,000 to $8,902,000.

The Service's own cash increased due to the positive cash flow result recorded for operating activities ($1,994,000) more than offsetting the net cash flows used for capital type purposes such as capital expenditure (-$1,178,000).

Residential Aged Care monies held fell as a result of lower refundable accommodation deposits being received for new aged care residents compared to those held by former residents.

The temporary closure of the Nhill Hospital operating theatre during the year resulted in a much lower than budgeted result for private inpatient revenue. However, this was substantially offset by much lower than budgeted results for operating theatre wage costs and associated medical supplies meaning the net financial effect of the temporary closure was not significant.

## Operational and budgetary objectives of the Health Service for the 2017/18 financial year and performance against those objectives including significant activities and achievements during the year

The Service's operational objectives for the year were met to a satisfactory extent (refer separate section related to Statement of Priorities).

The Service recorded a net result before capital and specific items of surplus $128,000 which was a significant increase over the prior year result of surplus $4,000. This year's result was $28,000 greater than the outcome that was budgeted for at the beginning of the financial year ($100,000) and which the Service was required to at least achieve as part of the Statement of Priorities.

Provision of services associated with the Service's Transport Accident Commission (TAC) program grew significantly over the year resulting in an increase in this funding stream of $382,000 compared to 2016/17.

Substantial progress was made toward the completion of the Nhill Hospital Mira Rehabilitation Centre such that this $2.2m project is expected to be completed early in the next financial year.

## Events subsequent to balance date which may have a significant effect on the operations of the Health Service in subsequent years

Nil.

# INCOME STATEMENT

**Financial Year Ending 30 June**

| | 2018 $'000s | 2017 $'000s | 2016 $'000s | 2015 $'000s | 2014 $'000s |
|---|---|---|---|---|---|
| Total Revenue | 43,941 | 44,788 | 38,552 | 36,048 | 34,473 |
| Total Expenses | (47,400) | (46,092) | (39,633) | (38,078) | (38,298) |
| Other Economic Flows Included in the Net Result | (1) | 223 | - | - | - |
| ***Net Result for the Year*** | **(3,460)** | **(1,081)** | **(1,081)** | **(2,030)** | **(3,825)** |
| ***Operating Result for the Year*** | **128** | **4** | **518** | **103** | **14** |

# BALANCE SHEET

**Financial Year Ending 30 June**

| | 2018 $'000s | 2017 $'000s | 2016 $'000s | 2015 $'000s | 2014 $'000s |
|---|---|---|---|---|---|
| Current Assets | 16,564 | 18,883 | 13,664 | 10,333 | 8,761 |
| Non-Current Assets | 63,578 | 64,944 | 62,089 | 63,647 | 65,783 |
| Current Liabilities | (20,937) | (21,221) | (16,468) | (13,614) | (12,170) |
| Non-Current Liabilities | (1,021) | (1,022) | (1,104) | (1,104) | (1,082) |
| ***Net Assets (Equity)*** | **58,184** | **61,584** | **58,181** | **59,262** | **61,292** |

# CONSULTANCIES INFORMATION

### Details of consultancies (under $10,000)

In 2017/18, there were two consultancies where the total fees payable to the consultants were less than $10,000, which were Mentor Professional Pty Ltd for services relating to Cooinda Management Review, and The Trustee for FMC Trust for services relating to Board Support.

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

In 2017/18, there were 4 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2017/18 in relation to these consultancies was $143,346 (refer below).

| Consultant | Purpose of consultancy | Start date | End date | Total approved project fee (excluding GST) $'000 | Expenditure 2017/18 (excluding GST) $'000 | Future expenditure (ex. GST) $'000 |
|---|---|---|---|---|---|---|
| Health Metrics Pty Ltd | ACFI | 1 July 2017 | 30 June 2018 | 24 | 24 | 0 |
| Hotel Services Management | Olivers Review | 1 July 2017 | 30 June 2018 | 14 | 14 | 0 |
| Larter Consulting | Primary Health Programs Review | 1 July 2017 | 30 June 2018 | 56 | 33 | 23 |
| Mentor Professional Pty Ltd | Cooinda Management Review | 1 July 2017 | 30 June 2018 | 2 | 2 | 0 |
| The Trustee for FMC Trust | Board Support | 1 July 2017 | 30 June 2018 | 12 | 5 | 7 |
| Zed Business Management | NDIS and Strategic Plan | 1 July 2017 | 30 June 2018 | 73 | 73 | 0 |

# INFORMATION & COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The Service's total Information and Communication Technology (ICT) "Business As Usual" expenditure (excluding GST) for the reporting period was $1,241,559. The Service incurred no "Non-Business As Usual" expenditure for the period.

| Business As Usual ICT Expenditure $ | Non-Business As Usual ICT Expenditure $ |
|---|---|
| 1,241,559 | 0 |

# WORKFORCE INFORMATION

| | June Current Month FTE | | June YTD FTE | |
|---|---|---|---|---|
| **Labour Category** | **2017** | **2018** | **2017** | **2018** |
| Nursing | 160.0 | 166.4 | 161.5 | 168.4 |
| Administration and Clerical | 53.0 | 58.2 | 53.9 | 56.7 |
| Medical Support | 1.4 | 1.9 | 1.9 | 1.6 |
| Hotel and Allied Services | 144.4 | 144.4 | 138.7 | 144.2 |
| Medical Officers | 0.2 | 0.4 | 0.2 | 0.4 |
| Ancillary Staff (Allied Health) | 33.0 | 31.2 | 31.7 | 30.7 |
| **Totals** | **392.0** | **402.5** | **387.9** | **402.0** |

Note: FTE = Full Time Equivalent

There were two main reasons for the increase in FTE in 2018 compared to the prior year. Firstly, the Service's Transport Accident Commission (TAC) service grew significantly over the year. Secondly, higher levels of sick leave were recorded in 2018.

# OCCUPATIONAL VIOLENCE

Occupational Violence in the workforce is defined as *any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.*

West Wimmera Health Service has on average, slightly more than one such event per month. In the main, such events occur in residential aged care facilities, and often involve a resident with dementia or other cognitive impairment.

The Service accepted one (1) claim where the injury was caused by occupational violence.

The following table provides an overview of the Occupational Violence experience with the service for the 2017/18 financial year.

| **Occupational violence statistics** | **2017/18** |
|---|---|
| 1. Workcover accepted claims with an occupational violence cause per 100 FTE | 0.25 |
| 2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked. | 1.31 |
| 3. Number of occupational violence incidents reported | 19 |
| 4. Number of occupational violence incidents reported per 100 FTE | 4.7 |
| 5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 5.26% |

An Occupational Violence and Aggression action plan has been developed to reduce the number and severity of such incidents.

# OCCUPATIONAL HEALTH AND SAFETY

Monitoring of the Occupational Health and Safety of staff within the Service also occurs through incident analysis and investigation. In addition the rate of incidents is examined.

(a) the number of reported hazards/incidents for the year per 100 full-time equivalent staff members:

| Year | Hazards / Incidents | Hazards / Incidents per 100 FTE employees |
|---|---|---|
| 2017/18 | 212 | 52.73 |
| 2016/17 | 202 | 52.06 |
| 2015/16 | 161 | 47.49 |
| 2014/15 | 134 | 41.05 |
| 2013/14 | 179 | 52.47 |

(b) the number of 'lost time' standard claims for the year per 100 full-time equivalent staff members:

| Year | Lost time claims | Lost time claims per 100 FTE employees | Days lost |
|---|---|---|---|
| 2017/18 | 8 | 1.99 | 467 |
| 2016/17 | 8 | 2.06 | 638 |
| 2015/16 | 7 | 2.06 | 333 |
| 2014/15 | 3 | 0.92 | 129 |
| 2013/14 | 4 | 1.17 | 76 |

Eight lost time claims occurred within the reporting period. Of note, three staff successfully returned to duty in this time. At the end of reporting period there were five lost time claims as confirmed by Worksafe data.

Days lost within the reporting period has decreased significantly compared with the previous year. This can be attributed to the early intervention, engagement and a collaborative team approach with all treating medical professionals supporting workers in their recovery and rehabilitation from injury.

(c) the average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe);

| Year | Average cost per claim $ | Estimated outstanding costs $ |
|---|---|---|
| 2017/18 | 20,822 | 366,840 |
| 2016/17 | 23,498 | 187,984 |
| 2015/16 | 9,132 | 322,243 |
| 2014/15 | 16,049 | 72,146 |
| 201314 | 11,130 | 35,013 |

The average cost per claim has decreased from the previous year, however projected estimated costs has significantly increased. This can be attributed to the injury type of accepted claims, nature of requirements of the claim and that also three of the five standard claims are considered long term.

No workplace fatalities have been recorded in the last five years.

# COMPLIANCE WITH LEGISLATION

## VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003

West Wimmera Health Service has no matters to disclose in relation to its obligations under the Victorian Industry Participation Policy (VIPP) Act 2003.

## FREEDOM OF INFORMATION ACT 1982

As the Freedom of Information Officer of West Wimmera Health Service, the Chief Executive Officer received 14 requests for information under the *Freedom of Information Act (1982)* during the 2017/18 financial year, an increase of 1 from the previous financial year.

14 requests were received:

- 11 cases where access was granted in full
- 3 cases where requests were not proceeded with by the applicant
- 0 cases where no documents/medical records were available.

All applications were received on or behalf of members of the public.

Members of the public may telephone the Service on 53914222, in the first instance to obtain information on the application process. Applications must be in writing and the required FOI Application form completed and sent to:

The Freedom of Information Officer
West Wimmera Health Service
PO Box 231
NHILL VIC 3418

Applications must clearly describe the documents that are being requesting. If seeking an exemption of the application fee evidence must also be provided by the applicant as to the reasons why.

The following fees apply:

- Application Fee - $28.40 (non-refundable unless the fee is waived);
- Search Fee - $20.00 per hour or part thereof;
- Photocopying - 20 cents per black and white A4 page.

It is important that applicants provide photo identification as to their identity at the time of application

***Further information on where members of the public can obtain information about FOI are available at:***

FOI Information: *http://www.foi.vic.gov.au/home/*

FOI Costs: *http://www.foi.vic.gov.au/home/costs/*

For detailed requirements of the Freedom of Information Act (1982) please visit: *http://www.foi.vic.gov.au/find/legislation/freedom+of+information+act+1982*

## PROTECTED DISCLOSURE ACT 2012

West Wimmera Health Service is committed to the objectives of the *Protected Disclosure Act 2012* (the Act) and addresses this through the application of its Protected Disclosure Policy.

We recognise the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a Substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

During 2017/18 the Service was not advised of any Public Disclosures under the Act.

## CARERS RECOGNITION ACT 2012

West Wimmera Health Service recognises, promotes and values the role of people in care relationships.

We understand the varying needs of those in care relationships and that developing these

relationships benefits individual patients, carers and the community as a whole.

All practical measures are taken to ensure that our employees, agents and carers have a clear awareness and understanding of the principles of care relationships as reflected by our commitment to the patient and family centred model of care that encourages carer involvement in the development of care plans, the provision of care and the evaluation of support and assistance for people in care relationships.

## BUILDING ACT 1993

In accordance with the Building Regulations 2006, made under the *Building Act 1993*, all buildings within the Service are classified according to their functions.

West Wimmera Health Service undertakes an extensive Essential Services Maintenance Program to ensure that all regulatory requirements and safety standards in regard to plant and equipment, buildings and Fire Management systems are maintained.

A comprehensive preventative maintenance program ensures that key infrastructure equipment such as generators, lifting equipment, heating ventilation and cooling systems and fire detection and management systems are maintained at the highest level and available 365 days a year.

Building Permits are obtained for all construction projects where required and Certificates of Occupancy are issued and displayed accordingly.

All builders and contractors involved in building construction are registered practitioners.

In 2017/18 there were no projects that were completed with a certificate of occupancy issued.

## SAFE PATIENT CARE ACT 2015

West Wimmera Health Service has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

## NATIONAL COMPETITION POLICY

All requirements under the National Competition Policy were met, including compliance with the Governments policy statement 'Competitive Neutrality Policy Victoria' and subsequent reforms.

# ENVIRONMENTAL PERFORMANCE AND SUSTAINABILITY

West Wimmera Health Service aims to efficiently use the scare energy resources that it has available to it whilst meeting the needs of the community it serves.

## ELECTRICITY

West Wimmera Health Service made a modest improvement on electricity consumption during 2017/18 of 175,206 kWh (5.69%).

This improvement has been brought about through the installation of a more efficient heating ventilation and cooling system at the Nhill and Kaniva Hospitals.

A full year of having idle computers forced into sleep mode after 90 minutes has also contributed to energy savings.

The Service will install new solar panels to Kaniva, Nhill, Jeparit and Rainbow Hospitals in 2018/19 as part of the Victorian Health and Human Services Building Authority, Regional Health Solar Program. This project will produce substantial electricity savings.

## WATER

Over the last 12 months, the Service has increased its water consumption by 19%. One contributing factor for this result is a reduction of harvested roof water whilst a construction project has been underway at the Nhill Hospital. In addition an increase in water use was associated with a drier summer period.

An environmental audit is being planned across the Service with particular emphasis on water use and savings that can be established.

## LPG

Liquid Petroleum Gas use has decreased in the last 12 months by 22% (or 61,923 Litres) – a reversal of the increase 2 years prior. The Health Service has turned off gas fired boilers following the installation of a new VRV (variable refrigerant volume) system at the Nhill Hospital. The system has allowed for better zoned thermal control of the Hospital and thus greater efficiencies in the management of heating ventilation and cooling.

# ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Consistent with FRD 22H (Section 5.19) the report of operations confirms that details in respect of the items listed below have been retained by West Wimmera 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):

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

(b) Details of shares held by senior officers as nominee or held beneficially;

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

(d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;

(e) Details of any major external reviews carried out on the Health Service;

(f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;

(g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

(h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;

(i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;

(j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;

(k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;

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

# STATEMENT OF PRIORITIES PART A

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| **Better Health**<br><br>A system geared to prevention as much as treatment<br><br>Everyone understands their own health and risks<br><br>Illness is detected and managed early<br><br>Healthy neighbourhoods and communities encourage healthy lifestyles | **Better Health**<br><br>Reduce state-wide risks<br><br>Build healthy neighbourhoods<br><br>Help people to stay healthy<br><br>Target health gaps | Work with Ballarat Health Services and Wimmera Health Care Group to roll out and embed a whole of hospital model to identify and respond to family violence including implementation of the model, training and education of staff and screening of patients for early identification, assessment and referral in relation to family violence. | **Family Violence Working Group**<br><br>In October 2017, an organisational Family Violence Working Group was formed. The working group is comprised of a number of key frontline staff, as well as a member of the Service's Executive team. The group meets on a monthly basis.<br><br>The Working Group's Executive representative also attends the regional Family Violence Group, along with Ballarat Health Services and Wimmera Health Care Group. To date, the region has appointed a project manager who will facilitate the implementation of the agreed sub-regional approach, using the allocated funding, over a 6 to 12 month period.<br><br>The Service's Family Violence Working Group successfully implemented changes to a number of key policies including the 'Personal Leave Policy'. The group also introduced an organisational 'Family Violence Policy' inclusive of clear pathways for staff to follow in the event of a disclosure.<br><br>In March 2018, staff resources were developed and made available on the Service's intranet site to enable staff to access information about Family Violence easily. The resources include: definitions, statistical information and a comprehensive list of support services.<br><br>**Employee Training**<br><br>In late 2017, eighteen of the Service's Allied Health staff, and a number of clinical staff trialled an 18 hour Lifeline course in relation to responding to Family Violence. All staff reported feeling more confident in identifying and referring incidents of family violence following completion of the course.<br><br>Following on from the initial training, it was decided that an internal training program would be developed and rolled out to all Service staff. The Service's Return to Work Coordinator and the Refugee Health Nurse attended the Royal Women's Hospital Response to Family Violence training and participated in the Lifeline Family Violence training to gain an in depth understanding of what would be required when developing the internal training program.<br><br>Delivery of the training program will begin in July 2018. |

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| | | Review clinical pathways to ensure that appropriate support is provided at all levels of care for members of the Lesbian, Gay, Bisexual, Transgender and Intersex community. This will be supported by provision of appropriate education for all clinical and allied health staff.<br>Ensure both training effectiveness and patient experience are measured with a survey designed to capture qualitative feedback. | Over the past 18 months, West Wimmera Health Service has been working towards becoming a Rainbow Tick accredited organisation.<br><br>In 2017/18, the focus of working towards this was centred on reviewing the Service's clinical pathways to ensure equality of access for the LGBTI community and identifying gaps in staff training. In the 2017/18 financial year, the following was achieved:<br><br>An LGBTI working group was established. The working group conducted preliminary staff surveys to help obtain an understanding of base levels of staff knowledge.<br><br>The working group developed a training session specifically related to ensuring equality and access to services for the LGBTI community, which will form part of a new mandatory education day. The training sessions have been tailored specifically to both clinical and non-clinical staff and will cover different aspects depending on the staff group undertaking the training.<br><br>Staff will be required to attend this mandatory education day every two years and outcomes of the training will be measured through both staff effectiveness and customer experience perspectives. Roll out of the training is planned to begin in the next financial year.<br><br>Discussions have commenced with the provider of the Service's electronic medical record system in relation to the use of LGBTI friendly language throughout the system.<br><br>The West Wimmera Health Service diversity policy has been updated to include provisions for the LGBTI community and the Service is currently in the process of drafting an LGBTI policy itself. |
| | | Ensure that West Wimmera Health Service provides healthy food and drink options for staff and patients at each site by collaborating with other Small Rural Health Services to eliminate soft drink and vending machines.<br>Research, develop and implement an easy to follow health rating system on saleable items, empowering both staff and patients to make informed choices about their dietary intake. | In late 2017, a project team was established. The project team collaborated with the Healthy Eating Advisory Service, Alfred Health and neighbouring health services to implement the Department of Health and Human Services Healthy Choices Framework, using point of sale traffic light labelling resources.<br><br>The project team developed a comprehensive project plan, action register and communication strategy and completed an initial audit of the food and drink available at Oliver's Kiosk situated in the Nhill Hospital. The audit found that 27% of items available were green, 27% were amber and 46% were red. The overall aim of the project was to comply with the healthy choices guidelines of less than 20% red, and more that 50% green. It was determined that project progress would be measured by completing regular six monthly audits.<br><br>A customer survey was also undertaken at Oliver's Kiosk in conjunction with analysis of sales data, to determine food and drink items that were popular among customers, and to determine what they would like to see changed or introduced at the kiosk.<br><br>On 20 March 2018 the traffic light labelling system was launched at Oliver's Kiosk, Nhill Hospital.<br><br>Items for sale at the Kiosk were rearranged so that green items were placed in the most visible areas and red items were placed in the least visible areas.<br><br>At the time this report was prepared, some categories of food and drink had been updated, for example the sandwiches and packaged drinks. *[Continued]* |

# STATEMENT OF PRIORITIES PART A [Continued]

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| | | | *[From previous page]* However, the project team will continue to update other food categories (such as packaged snacks), which have not yet been reviewed due primarily to a lack of availability of products through existing suppliers.<br><br>A number of strategies have been developed to help overcome these barriers such as requesting certain items through the Health Purchasing Victoria tender process and sourcing items elsewhere such as from local supermarkets.<br><br>Contact was made with the supplier of the Service's two vending machines and removal of both has machines was scheduled.<br><br>The project team also began review and design of the Service's internal catering menu, catering policy and healthy eating policy, with a draft of each being completed.<br><br>An initiative to provide free fresh fruit in all health service staff rooms has also commenced after a successful trial was conducted during the year |
| | | Improve early detection of skin cancers and increase referrals for preventable skin cancers for local males aged 45 – 60 years of age through engagement and partnership development with a skin screening medical specialist / organisation to conduct a series of skin cancer education and screening clinics. | West Wimmera Health Service designed and began implementation of a three tiered approach to detecting skin cancers early among local males aged 45-60 years of age.<br><br>The three tiered approach includes: skin screening from a nurse practitioner, UV screening and community education through a combination of men's health nights, social media posts, and use of Sun Smart resources at all health service sites, and access to a surgeon for follow up checks and treatment as appropriate.<br><br>Following an extensive process of making contact with a number of medical specialists and screening organisations, an agreement was reached with Western District Health Service to utilise the services of one of their Men's Health Nurse Practitioners.<br><br>The first screening day was held on Thursday 21 June 2018 and was fully booked. The first men's health workshop was held on the same evening at the local Country Fire Association rooms in Nhill. |

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| | | Increase the capacity for our patients to utilise West Wimmera Health Service Telehealth facilities for appointments from each site and research the capabilities required to enable patients to access appointments through the use of Telehealth technology from their own homes. | West Wimmera Health Service commenced participation in an emergency department telehealth trial with Wimmera Health Care Group which enables staff to seek advice from health care professionals in Horsham. The aim of the trial is to better manage transfers between the two services in relation to the delivery of urgent type care.<br><br>The Service also commenced participation in the Cancer Telehealth Project being driven by the Wimmera Primary Care Partnership.<br><br>Internally, a representative from the Service's information technology department together with a representative from the Service's Allied Health team, were engaged to conduct a review of the current telehealth facilities and platforms utilised by the Service.<br><br>Following the review, an action plan was developed to simplify access to the various telehealth platforms across the service, both for staff and customers, including the development of an online portal via the Service's website for which scoping work has commenced. |
| **Better Access**<br><br>Care is always there when people need it<br><br>More access to care in the home and community<br><br>People are connected to the full range of care and support they need<br><br>There is equal access to care | **Better Access**<br><br>Plan and invest<br><br>Unlock innovation<br><br>Provide easier access<br><br>Ensure fair access | In collaboration with other Small Rural Health Services, use patient feedback to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of discharge planning (to the home).<br>The focus will be on staff education of "teach-back" and health literacy principles to ensure that the patient has access to appropriate information to enable a more proactive role in their own health choices. | A multi-disciplinary approach has been taken to identify and action areas of improvement for the patient discharge experience.<br><br>An analysis of the Victorian Health Experience Survey Quarter One results identified areas for improving experiences and health outcomes through discharge planning, with communication and health literacy principles being two key activities.<br><br>Improvement actions have included the update of discharge forms to be more patient friendly and increasing staff's awareness of communication and health literacy, to ensure that patients and families understand their discharge information and post-acute care.<br><br>Teach-back methods have been introduced via a range of mechanisms, including: undertaking discharge planning at the patient's bedside to ensure patients and families feel involved in decisions about their discharge from hospital; encouraging staff to ask questions so they can take the patient's family or home situation into account when planning their discharge and to make adequate arrangements for services once they are at home; and to ensure that staff talk through the discharge plan together with patients and families to make sure everything is understood.<br><br>Using practical teach-back tools, staff also check if a patient and their family have adequately understood their discharge information before they go home.<br><br>Patient notepads and pens have been designed for introduction into all patient rooms, allowing patients and relatives to write down questions and concerns as they think of them, and encourage people to raise these with staff.<br><br>A practical teach-back education session was delivered to clinical and frontline staff in July 2017, in partnership with the Wimmera Primary Care Partnership. Health literacy online learning modules from the Victorian Primary Care Partnerships are also available to all staff via the Service's e-learning system, to build knowledge and skills in health literacy responsiveness. *[Continued]* |

# STATEMENT OF PRIORITIES PART A [Continued]

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| | | | *[From previous page]* In March 2018, the Service Improvement Coordinator attended a Deakin University Ophelia approach to health literacy masterclass ('Using Health Literacy for health service improvement and community development') from which the learnings have been reflected in better enabling customers and the community to have access to appropriate information and to encourage a more proactive role in their own health choices.<br><br>West Wimmera Health Service has partnered with the Wimmera Primary Care Partnership, Grampians Integrated Cancer Service and Rural Northwest Health to deliver a Cancer Health Literacy Project, with the aim of improving the information, support and prevention for people who are affected by cancer. The project has utilised Deakin University's Ophelia health literacy project principles to include the community in better understanding cancer health literacy needs, and to give input into project priorities. |
| | | Develop innovative access to health information and increase awareness of service accessibility throughout West Wimmera Health Service's catchment areas by developing a targeted marketing plan and social media strategy and undertaking a review of the channels in which our patients/ consumers/community members can use to effectively engage with us to seek health information. | A marketing strategy has been developed which provides an overarching analysis of West Wimmera Health Service's current and potential future customers, the needs of those customers and their behaviours, and aligns them to the Service's strategic plan, health promotion plan and overall business goals.<br><br>The strategy also recognises the importance of understanding the impact of health literacy on our customers' ability to access, understand, appraise, retrieve and use health information and services to make decisions about their health.<br><br>In March 2018, the Service Improvement Coordinator attended a Deakin University health literacy masterclass ('Using Health Literacy for health service improvement and community development') from which the learnings have been reflected in the marketing strategy.<br><br>A template has been designed to assist each division to develop program specific marketing plans that align with the overall marketing strategy and incorporate key recommendations relating to access to health information by exploring new channels of engagement.<br><br>A review of the Service's social media presence was conducted in January 2018 and a Facebook trial took place between January and March 2018. An evaluation of the trial was then completed and has been used to inform a larger social media strategy.<br><br>A review of the Service's media processes and templates was also conducted and a standardised approach was subsequently developed and implemented. |

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| | | Develop a specialised intake model targeting the refugee community in our catchment areas specifically aimed at ensuring fair and equitable access to services and decreasing any gaps in access. | In the 2017/18 financial year, West Wimmera Health Service's Refugee Health Nurse undertook a review of the refugee intake model.<br><br>Following the review, four areas were identified as requiring improvement including greater collaboration between the points of initial needs identification and the Refugee Health Nurse, and better identification of initial needs through the hospital admissions and discharge process.<br><br>Subsequently, nursing assessment forms used at the point of discharge have been updated, and discussions have commenced between the Refugee Health Nurse and the dental team around how initial needs can be identified through dental appointments and referred on to other services through the Refugee Health Nurse.<br><br>In relation to access, the Refugee Health Nurse now visits the Nhill Learning Centre each Wednesday between 11:00am – 1:00pm during the school term to act as a point of access for the Nhill Karen community in a space that is both familiar and comfortable for them. This service is now ongoing following its successful trial earlier in the reporting period. |
| **Better Care**<br><br>Target zero avoidable harm<br><br>Healthcare that focusses on outcomes<br><br>Patients and carers are active partners in care<br><br>Care fits together around people's needs | **Better Care**<br><br>Put quality first<br><br>Join up care<br><br>Partner with Patients<br><br>Strengthen the workforce<br><br>Embed evidence<br><br>Ensure equal care<br><br>Mandatory actions against the 'Target zero avoidable harm' goal. | Establish partnerships with other local health services in relation to the development of a collaborative approach for the provision of National Disability Insurance Scheme services across the local areas ensuring that both patients and carers are actively involved in all aspects of care. | The roll out of National Disability Insurance Scheme (NDIS) commenced in the Service's region on 1 September 2017.<br><br>The Service's NDIS Readiness Team developed and implemented the use of an NDIS Handbook for staff, which clearly outlines the intake process, and other general processes. As part of its collaboration with other local health services and providers, the Service has shared the handbook for use as a reference tool.<br><br>The project team have also designed and implemented a new service agreement template, financial systems, rostering processes, reporting guidelines and strategies for communication with participants and their families. Improving inter-departmental communication within the Service was a key focus to ensure participants experience seamless access to a variety of services.<br><br>Whilst the systems and processes have been updated, further gaps have been identified, particularly in relation to staff knowledge of the NDIS. To rectify this, an upskilling process has commenced. |
| | Develop and implement a plan to educate staff about obligations to report patient safety concerns. | Develop and implement a plan to educate staff on reporting patient safety concerns by utilising a simple decision support algorithm that ensures flagged concerns are referred in the appropriate manner and actioned.<br><br>Develop and implement a plan to educate staff about obligations to report patient safety concerns specifically in relation to occupational violence. This will include internally appointing a Manager of Clinical Aggression (MOCA) Coordinator who will subsequently facilitate all clinical staff to undertake at least one education session with the MOCA Coordinator. | In the second half of 2017, a Management of Clinical Aggression (MOCA) Coordinator was interviewed and appointed internally. The MOCA Coordinator then attended the MOCA training in Ballarat along with the Service's Education Coordinator, both of whom became qualified MOCA trainers.<br><br>Planning and development of an education program in relation to occupational violence and aggression was completed.<br><br>Training modules were created specific to differing work designations within the health service and the different issues that may present within those work designations and areas.<br><br>These training modules will make up part of a new mandatory education day and will aim to:<br><br>1. Provide staff with additional skills and abilities to recognise safety concerns that present a risk to both the patient, client, resident and staff.<br><br>2. Enhance staff skills in identification and de-escalation of situation.<br><br>Staff will also be educated on planned Code Grey situations, where there is an identified risk of potential violence and aggression and planned actions are implemented prior to them becoming an actual Code Grey. *[Continued]* |

# STATEMENT OF PRIORITIES PART A [Continued]

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| | | | *[From previous page]* Following further training and credentialing of the MOCA trainers, the mandatory education sessions will be rolled out to all staff. Targets for the roll out are outlined in the 2018/19 Statement of Priorities.<br><br>The mandatory education days will also include components in relation to the Service's response to family violence.<br><br>Further to the education sessions, both planned Code Grey and actual Code Grey events entered into the Service's incident management system RiskMan, will be collected and analysed for trends on a regular basis through the Service's Clinical Quality Governance Committee.<br><br>Alongside the new mandatory education sessions, the Service has rolled out a 'feeling worse, call the nurse' campaign at all sites.<br><br>The campaign encourages patients and their families to report to their nurse any changes in their condition, no matter how large or small it may seem. Campaign posters have been placed on the back of all toilet doors, on notice boards, and a mini social media campaign has been run on the Service's Facebook page, using the familiar faces of West Wimmera Health Service nurses to explain to customers the importance of this initiative. |
| | Establish agreements to involve external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review). | Establish an agreement, in partnership with Ballarat Health Services, to ensure clinical governance processes include external specialist input across all major activities (including mortality and morbidity review). Key areas of focus include surgical, medical and aged care. | Ballarat Health Services has drafted a Memorandum of Understanding in consultation with West Wimmera Health Service in relation to the provision of clinical governance support for the Service. The final Memorandum of Understanding was received by West Wimmera Health Service in mid-June 2018 for review.<br><br>West Wimmera Health Service is also contributing to the development of a regional Clinical Governance model through the Wimmera Southern Mallee Health Alliance. |
| | | Undertake a medical services review focusing specifically on service delivery and examining the appropriateness of care prescribed in relation to cardiac and stroke transfers, to effectively audit against best practice models. | In early 2018, members of the West Wimmera Health Service Executive team met with representatives from Ballarat Health Services to discuss the possibility of Ballarat Health Services assisting in a medical review, specifically in relation to the appropriateness of care provided and cardiac and stroke transfers.<br><br>The discussion determined that it would be appropriate for West Wimmera Health Service to incorporate the medical services review within the scope of the Wimmera Southern Mallee Health Alliance's regional approach to clinical governance audit process scheduled to commence at the beginning of the 2018/19 financial year.<br><br>The regional approach aims to identify opportunities for improvement in relation to the provision of medical services across the region including care pathways and patient transfers between health services. |

| Goals | Strategies | Health Service Deliverables | Outcomes |
|---|---|---|---|
| | In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience. | Using a quality improvement approach and utilising consumer feedback from the Victorian Healthcare Experience Survey and other internal surveys drive improved health outcomes and experiences through a strong focus on discharge planning particularly in the area of medications, communication between Doctors and Nurses in hospital and consideration of all client health care needs in the community. | A multi-disciplinary approach has been taken to identify and action areas of improvement in relation to the patient discharge experience.<br><br>An analysis of the Victorian Health Experience Survey Quarter One results identified areas for improving experiences and health outcomes through discharge planning by: Ensuring patients feel involved in decisions about their discharge from hospital; Providing sufficient information for patients to manage their healthcare at home; Taking the patient's family or home situation into account when planning their discharge and Helping to make adequate arrangements for any services the patient needs once they are at home.<br><br>Discharge forms were reviewed and updated to help simplify and to ensure they included all of the information patients and their families potentially need to know when leaving hospital. This includes information about medications, post-acute care and support, and follow-up appointments.<br><br>There has been a change of focus for the discharge process to make sure the patient is consulted and understands their discharge instructions before going home, and more time is spent ensuring discharge questions from patients and families are answered.<br><br>Patient notepads and pens have been designed for introduction into all patient rooms, allowing patients and relatives to write down questions and concerns as they think of them, and encourage people to raise these with staff.<br><br>Health literacy online learning modules from the Victorian Primary Care Partnerships are available to all staff via the Service's e-learning system, to build knowledge and skills in health literacy responsiveness. A practical teach-back education session was also delivered to clinical and frontline staff in July 2017, in partnership with the Wimmera Primary Care Partnership.<br><br>Discharge results from the Victorian Health Experience Survey and areas for improvement have been shared on the Service's Facebook page and patient noticeboards, encouraging people to share their own experiences and suggestions for improvement.<br><br>In June 2018, clinical managers and staff attended a joint workshop, facilitated by the Wimmera Southern Mallee Health Alliance and Partnership Brokers Association, focusing on developing a regional approach to improve transfer of care processes and experiences for patients. |

# STATEMENT OF PRIORITIES PART B

## HIGH QUALITY AND SAFE CARE

| Key performance indicator | Target | 2017/18 results |
|---|---|---|
| **Accreditation** | | |
| Accreditation against the National Safety and Quality Health Service Standards | Full compliance | Achieved |
| Compliance with the Commonwealth's Aged Care Accreditation Standards | Full compliance | Achieved |
| **Infection prevention and control** | | |
| Compliance with the Hand Hygiene Australia program | 80% | 84.6% |
| Percentage of healthcare workers immunised for influenza | 75% | 88% |
| **Patient experience** | | |
| Victorian Healthcare Experience Survey – data submission | Full compliance | Achieved |
| Victorian Healthcare Experience Survey – positive patient experience – Quarter 1 | 95% positive experience | 100% |
| Victorian Healthcare Experience Survey – positive patient experience – Quarter 2 | 95% positive experience | 97% |
| Victorian Healthcare Experience Survey – positive patient experience – Quarter 3 | 95% positive experience | Full Compliance* |
| Victorian Healthcare Experience Survey – discharge care. Quarter 1 | 75% very positive experience | 84.6% |
| Victorian Healthcare Experience Survey – discharge care. Quarter 2 | 75% very positive experience | 86.4% |
| Victorian Healthcare Experience Survey – discharge care. Quarter 3 | 75% very positive experience | Full Compliance* |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1 | 70% | 91.5% |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2 | 70% | 87.4% |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3 | 70% | Full Compliance* |
| **Adverse events** | | |
| Number of sentinel events | Nil | Achieved |
| Mortality – number of deaths in low mortality DRGs [1] | Nil | 0 |

[1] DRG is Diagnosis Related Group

* Less than 42 responses were received for the period due to the relative size of the Health Service

# STRONG GOVERNANCE, LEADERSHIP AND CULTURE

| Key performance indicator | Target | 2017/18 results |
|---|---|---|
| **Organisational culture** | | |
| People matter survey - percentage of staff with an overall positive response to safety and culture questions | 80% | 92% |
| 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% | 95% |
| People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area" | 80% | 93% |
| 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% | 91% |
| 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% | 90% |
| People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation" | 80% | 95% |
| 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% | 88% |
| People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised" | 80% | 90% |
| 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% | 92% |

# EFFECTIVE FINANCIAL MANAGEMENT

| Key performance indicator | Target | 2017/18 results |
|---|---|---|
| **Finance** | | |
| Operating result ($m) | 0.10 | 0.12 |
| Average number of days to paying trade creditors | 60 days | 41 |
| Average number of days to receiving patient fee debtors | 60 days | 25 |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | Achieved |
| Number of days of available cash | 14 days | 55.4 |

# STATEMENT OF PRIORITIES PART C

| FUNDING TYPE | ACTIVITY |
|---|---|
| **SMALL RURAL** | |
| **Small Rural Acute** | |
| • Mental Health | WIES equivalents (Psychogeriatric Nursing) – 2,192 |
| • Other | 101 |
| **Small Rural Primary Health** | |
| • Allied Health | Allied Health Hours – 10,106 |
| • Counselling | Contact hours – 984 |
| • Nursing | Service hours – 3,850 |
| **Small Rural HACC** | |
| • Occupational Therapy | Service hours – 530 |
| • Podiatry | Service hours – 56 |
| • Nursing | Service hours – 666 |
| • Planned Activity Group | Service hours – 1,144 |
| • HACC Allied Health – Counselling | Service hours – 416 |
| • HACC Allied Health – Dietetics | Service hours – 195 |
| • HACC Allied Health – Speech Therapy | Service hours – 175 |
| **Small Rural Residential Care** | 47,587 |
| **Health Workforce** | Number of students (T&D graduate) – 6 |

# ATTESTATIONS

## DATA INTEGRITY

I, Ritchie Dodds certify that West Wimmera Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance.

West Wimmera Health Service has critically reviewed these controls and processes during the year.

Ritchie Dodds | **Chief Executive Officer**
**West Wimmera Health Service**
3 September 2018

## CONFLICT OF INTEREST

I, Ritchie Dodds, certify that West Wimmera 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 West Wimmera Health Service and members of the Board, and all declared conflicts have been addresses and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Ritchie Dodds | **Chief Executive Officer**
**West Wimmera Health Service**
3 September 2018

# ATTESTATIONS [Continued]

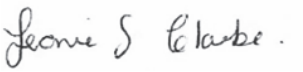
## COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

I, Ritchie Dodds certify that West Wimmera 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 ad processes during the year.

Ritchie Dodds | **Chief Executive Officer**
**West Wimmera Health Service**
3 September 2018

## FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Leonie Clarke, on behalf of the Responsible Body, certify that West Wimmera Health Service has complied with the application Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.



Leonie Clarke | **Board President**
**West Wimmera Health Service**
3 September 2018

# DISCLOSURE INDEX

The annual report of West Wimmera 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.

## GOVERNANCE AND LEADERSHIP

| Legislation | Requirement | Page Reference |
|---|---|---|
| **MINISTERIAL DIRECTIONS** | | |
| **Report of Operations** | | |
| **Charter and Purpose** | | |
| FRD 22H | Manner of establishment and the relevant Ministers | 3 |
| FRD 22H | Purpose, functions, powers and duties | 3 |
| FRD 22H | Initiatives and key achievements | 9 |
| FRD 22H | Nature and range of services provided | 5 |
| **Management and Structure** | | |
| FRD 22H | Organisational Structure | 7 |
| **Financial and other Information** | | |
| FRD 10A | Disclosure index | 39 |
| FRD 11A | Disclosure of ex-gratia expenses | NA |
| FRD 21C | Responsible person and executive officer disclosures | 8 |
| FRD 22H | Application and operation of *Protected Disclosures 2012* | 22 |
| FRD 22H | Application and operation of *Carers Recognition Act 2012* | 22 |
| FRD 22H | Application and operation of *Freedom of Information Act 1982* | 22 |
| FRD 22H | Compliance with building and maintenance provisions of *Building Act 1993* | 23 |
| FRD 22H | Details of consultancies over $10,000 | 19 |
| FRD 22H | Details of consultancies under $10,000 | 19 |
| FRD 22H | Employment and conduct principles | 20 |
| FRD 22H | Information and Communication Technology Expenditure | 19 |
| FRD 22H | Major changes or factors affecting performance | 17 |
| FRD 22H | Occupational Violence | 20 |
| FRD 22H | Operational and budgetary objectives and performance against objectives | 17 |
| FRD 22H | Summary of the entity's environmental performance | 24 |

# DISCLOSURE INDEX [Continued]

| Legislation | Requirement | Page Reference |
|---|---|---|
| FRD 22H | Significant changes in financial position during the year | 17 |
| FRD 22H | Statement on national competition policy | 23 |
| FRD 22H | Subsequent events | 17 |
| FRD 22H | Summary of the financial results for the year | 18 |
| FRD 22H | Additional information available on request | 25 |
| FRD 22H | Workforce Data Disclosures including a statement on the application of employment and conduct principles | 20 |
| FRD 25C | Victorian Industry Participation Policy disclosures | 22 |
| FRD 103F | Non-Financial Physical Assets | 55 |
| FRD 110A | Cash flow Statements | 45 |
| FRD 112D | Defined Benefit Superannuation Obligations | 50 |
| SD 5.2.3 | Declaration in report of operations | 3 |
| SD 5.1.4 | Financial Management Compliance Attestation | 38 |
| **Other requirements under Standing Directions 5.2** | | |
| SD 5.2.2 | Declaration in financial statements | 43 |
| SD 5.2.1(a) | Compliance with Australian accounting standards and other authoritative pronouncements | 46 |
| SD 5.2.1(a) | Compliance with Ministerial Directions | 38 |
| **Legislation** | | |
| *Freedom of Information Act 1982* | | 22 |
| *Protected Disclosures Act 2012* | | 22 |
| *Carers Recognition Act 2012* | | 22 |
| *Victorian Industry Participation Policy Act 2003* | | 22 |
| *Building Act 1993* | | 23 |
| *Financial Management Act 1994* | | 38 |
| *Safe Patient Care Act 2015* | | 23 |
| *Disability Act 2006* | | *NA* |

WWHS

WEST WIMMERA HEALTH SERVICE

# AUDITED FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

# West Wimmera Health Service

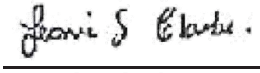
## Board director's, accountable officer's and chief finance & accounting officer's declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of West Wimmera Health Service at 30 June 2018.

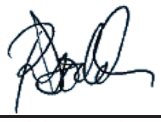
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 3 September 2018.



**Leonie Clarke**
**Board President**

**3 September 2018**



**Ritchie Dodds**
**Accountable Officer and Chief Finance & Accounting Officer**
**3 September 2018**

## West Wimmera Health Service

### Comprehensive Operating Statement
### For the Financial Year Ended 30 June 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| Revenue from operating activities | 2.1 | 42,591 | 41,277 |
| Revenue from non-operating activities | 2.1 | 394 | 422 |
| Employee expenses | 3.1 | (33,059) | (31,289) |
| Non salary labour costs | 3.1 | (1,608) | (2,113) |
| Supplies and consumables | 3.1 | (2,213) | (2,571) |
| Other expenses | 3.1 | (5,977) | (5,722) |
| **Net result before capital and specific items** | | **128** | **4** |
| Capital purpose income | 2.1 | 956 | 3,089 |
| Depreciation | 4.4 | (4,522) | (4,361) |
| Finance costs | 3.2 | (21) | (36) |
| **Net Result after capital and specific items** | | **(3,459)** | **(1,304)** |
| **Other economic flows included in net result** | | | |
| Net gain/(loss) on disposal of non-financial assets | 2.1 | (10) | **-** |
| Revaluation of leave entitlements | | 42 | 223 |
| Effect of change in share of joint venture | | (23) | - |
| Adjustments arising from bad and doubtful debts | | (10) | - |
| **Total other economic flows included in net result** | | **(1)** | **223** |
| **NET RESULT FOR THE YEAR** | | **(3,460)** | **(1,081)** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to net result** | | | |
| Changes in physical asset revaluation surplus | 8.1 | 60 | - |
| **Total other comprehensive income** | | **60** | **-** |
| **Comprehensive result** | | **(3,400)** | **(1,081)** |

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

### Balance Sheet
### As at 30 June 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 6.1 | 15,451 | 15,632 |
| Receivables | 5.1 | 776 | 1,050 |
| Investments | 4.1 | - | 2,000 |
| Inventories | 5.2 | 87 | 83 |
| Prepayments and Other assets | 5.4 | 250 | 118 |
| **Total current assets** | | **16,564** | **18,883** |
| **Non-current assets** | | | |
| Receivables | 5.1 | 2,423 | 2,430 |
| Property, plant & equipment | 4.3 | 61,155 | 62,514 |
| **Total non-current assets** | | **63,578** | **64,944** |
| **TOTAL ASSETS** | | **80,142** | **83,827** |
| **Current liabilities** | | | |
| Payables | 5.5 | 1,748 | 994 |
| Borrowings | 6.3 | - | 65 |
| Provisions | 3.3 | 9,677 | 9,632 |
| Other current liabilities | 5.3 | 9,512 | 10,530 |
| **Total current liabilities** | | **20,937** | **21,221** |
| **Non-current liabilities** | | | |
| Provisions | 3.3 | 1,021 | 1,022 |
| **Total non-current liabilities** | | **1,021** | **1,022** |
| **TOTAL LIABILITIES** | | **21,958** | **22,243** |
| **NET ASSETS** | | **58,184** | **61,584** |
| **EQUITY** | | | |
| Property, plant & equipment revaluation surplus | 8.1a | 35,951 | 35,891 |
| Contributed capital | 8.1b | 27,808 | 27,808 |
| Accumulated deficits | 8.1c | (5,575) | (2,115) |
| **TOTAL EQUITY** | 8.1c | **58,184** | **61,584** |
| Contingent assets and contingent liabilities | 7.3 | | |
| Commitments for expenditure | 6.2 | | |

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

## West Wimmera Health Service

### Statement of Changes in Equity
### For the Financial Year Ended 30 June 2018

| | Property, Plant & Equipment Revaluation Surplus | Contributions by owners | Accumulated Deficits | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 July 2016** | **31,993** | **25,924** | **264** | **58,181** |
| Effect of amalgamation with Dunmunkle Health Services | 3,898 | 1,884 | (1,298) | 4,484 |
| Net result for the year | - | - | (1,081) | (1,081) |
| **Balance at 30 June 2017** | **35,891** | **27,808** | **(2,115)** | **61,584** |
| Revaluation of land and buildings | 60 | - | - | 60 |
| Net result for the year | - | - | (3,460) | (3,460) |
| **Balance at 30 June 2018** | **35,951** | **27,808** | **(5,575)** | **58,184** |

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

### Cash Flow Statement
### For the Financial Year Ended 30 June 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Operating grants from government | | 24,236 | 23,274 |
| Capital grants from government | | 779 | 1,995 |
| Patient and resident fees received | | 16,944 | 16,031 |
| Donations and bequests received | | 155 | 520 |
| GST received from/(paid to) ATO | | 979 | 850 |
| Interest received | | 332 | 322 |
| Other capital receipts | | - | 343 |
| Other receipts | | 2,034 | 2,471 |
| **Total receipts** | | **45,459** | **45,806** |
| Employee expenses paid | | (32,893) | (30,776) |
| Non salary labour costs | | (1,424) | (1,902) |
| Payments for supplies & consumables | | (9,127) | (9,701) |
| Finance costs | | (21) | (36) |
| **Total payments** | | **(43,465)** | **(42,415)** |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | 8.2 | **1,994** | **3,391** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of investments | | - | (2,000) |
| Sale of Investments | | 2,000 | - |
| Payments for non-financial assets | | (3,506) | (2,212) |
| Proceeds from sale of non-financial assets | | 393 | 208 |
| **NET CASH FLOW USED IN INVESTING ACTIVITIES** | | **(1,113)** | **(4,004)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of borrowings | | **(65)** | (130) |
| **NET CASH FLOW USED IN FINANCING ACTIVITIES** | | **(65)** | **(130)** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD** | | **816** | **(743)** |
| Cash and cash equivalents at beginning of financial year | | **5,459** | **6,202** |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | 6.1 | **6,275** | **5,459** |

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

**Basis of presentation**

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

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

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

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

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASBs that have a significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgements or estimates'.

## Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for West Wimmera Health Service "the Service" for the year ending 30 June 2018. The report provides users with information about the Service's 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 AASB's, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements.*

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

The Service is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to “not-for-profit” health services under the AASB's.

These annual financial statements were authorised for issue by the Board of West Wimmera Health Service on 3 September 2018.

### (b) Reporting entity

The principal address of West Wimmera Health Service is:
47 Nelson Street
Nhill
Victoria 3418

A description of the nature of the 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 set out below have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for the fair value of assets other than land non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values.

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

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

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 4.3);
- superannuation expense (refer to Note 3.4); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3).

## Note: 2 Funding the delivery of our services

To enable the Service to fulfil its objectives it receives income based on parliamentary appropriations. The Service also receives income from the supply of services.

### Structure of Note 2

2.1 Analysis of revenue by source

### Note 2.1: Analysis of Revenue by Source

| | Admitted Patients 2018 $'000 | Non-Admitted Patients 2018 $'000 | RAC incl. Mental Health 2018 $'000 | Aged Care Other 2018 $'000 | Primary Health 2018 $'000 | Other 2018 $'000 | Total 2018 $'000 |
|---|---|---|---|---|---|---|---|
| Government Grants | 13,921 | 2,144 | 3,182 | 1,194 | 2,516 | 978 | 23,935 |
| Indirect contributions by Department of Health and Human Services | - | - | - | - | - | 35 | 35 |
| Patient and Resident Fees | 671 | 1,605 | 13,548 | 69 | 101 | 504 | 16,498 |
| Donations and Bequests | - | - | - | - | - | 178 | 178 |
| Other Revenue from Operating Activities | 206 | 97 | 307 | 29 | 52 | 1,254 | 1,945 |
| **Total Revenue from Operating Activities** | **14,798** | **3,846** | **17,037** | **1,292** | **2,669** | **2,949** | **42,591** |
| Interest | - | - | - | - | - | 332 | 332 |
| Property Rental | - | - | - | - | - | 62 | 62 |
| **Total Revenue from Non-Operating Activities** | **-** | **-** | **-** | **-** | **-** | **394** | **394** |
| Capital Purpose Income | - | - | - | - | - | 956 | 956 |
| **Total Capital Purpose Income** | **-** | **-** | **-** | **-** | **-** | **956** | **956** |
| **Total Revenue** | **14,798** | **3,846** | **17,037** | **1,292** | **2,669** | **4,299** | **43,941** |

| | Admitted Patients 2017 $'000 | Non-Admitted Patients 2017 $'000 | RAC incl. Mental Health 2017 $'000 | Aged Care Other 2017 $'000 | Primary Health 2017 $'000 | Other 2017 $'000 | Total 2017 $'000 |
|---|---|---|---|---|---|---|---|
| Government Grants | 13,431 | 1,343 | 3,171 | 1,188 | 2,983 | 1,152 | 23,268 |
| Indirect contributions by Department of Health and Human Services | - | - | - | - | - | (225) | (225) |
| Patient and Resident Fees | 1,348 | 1,227 | 12,961 | 72 | 98 | 422 | 16,128 |
| Donations and Bequests | - | - | - | - | - | 520 | 520 |
| Other Revenue from Operating Activities | 159 | 140 | 162 | 27 | 16 | 1,082 | 1,586 |
| **Total Revenue from Operating Activities** | **14,938** | **2,710** | **16,294** | **1,287** | **3,097** | **2,951** | **41,277** |
| Interest | - | - | - | - | - | 322 | 322 |
| Property Rental | - | - | - | - | - | 100 | 100 |
| **Total Revenue from Non-Operating Activities** | **-** | **-** | **-** | **-** | **-** | **422** | **422** |
| Capital Purpose Income* | - | - | - | - | - | 3,089 | 3,089 |
| **Total Capital Purpose Income** | **-** | **-** | **-** | **-** | **-** | **3,089** | **3,089** |
| **Total Revenue** | **14,938** | **2,710** | **16,294** | **1,287** | **3,097** | **6,462** | **44,788** |

*Prior year income previously included the net gain/(loss) on sale of non-financial assets which now form part of Other Economic Flows Included in Net Result (refer to Note 8.9).

The Department of Health and Human Services makes long service leave and insurance contributions on behalf of the Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

Income is recognised in accordance with AASB 118 *Revenue* and is recognised to the extent that it is probable that the economic benefits will flow to the 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 Service gains control of the underlying assets irrespective of whether conditions are imposed on the Service's use of the contributions.

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

**Indirect Contributions from the Department of Health and Human Services**

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.

- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in the LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017.

**Patient and Resident Fees**

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

## Note 2.1: Analysis of Revenue by Source (cont.)

**Donations and Other Bequests**

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

**Interest Revenue**

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

**Other income**

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

**Category groups**

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

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

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

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

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

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

Other Services not reported elsewhere - (Other) comprises services not separately classified above, including: Public Health Services including immunisation and screening services, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls into this category group.

## Note 3: The cost of delivering our services

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

### Structure of Note 3

3.1 Analysis of expenses by source
3.2 Finance costs
3.3 Provisions
3.4 Superannuation

## Note 3.1: Analysis of Expenses by Source

| | Admitted Patients 2018 $'000 | Non-Admitted Patients 2018 $'000 | RAC incl. Mental Health 2018 $'000 | Aged Care Other 2018 $'000 | Primary Health 2018 $'000 | Other 2018 $'000 | Total 2018 $'000 |
|---|---|---|---|---|---|---|---|
| Employee Expenses | 8,765 | 2,804 | 15,214 | 1,205 | 3,300 | 1,771 | 33,059 |
| Non Salary Labour Costs | 928 | 5 | 166 | - | - | 509 | 1,608 |
| Supplies and Consumables | 913 | 98 | 472 | 20 | 87 | 623 | 2,213 |
| Other Expenses | 2,293 | 466 | 1,778 | 376 | 401 | 663 | 5,977 |
| **Total Expenditure from Operating Activities** | **12,899** | **3,373** | **17,630** | **1,601** | **3,788** | **3,566** | **42,857** |
| Finance Costs (refer note 3.2) | - | - | - | - | - | 21 | 21 |
| Depreciation (refer note 4.4) | - | - | - | - | - | 4,522 | 4,522 |
| **Total other expenses** | **-** | **-** | **-** | **-** | **-** | **4,543** | **4,543** |
| **Total Expenses** | **12,899** | **3,373** | **17,630** | **1,601** | **3,788** | **8,109** | **47,400** |

**Note 3.1: Analysis of Expenses by Source (cont.)**

| | Admitted Patients 2017 $'000 | Non-Admitted Patients 2017 $'000 | RAC incl. Mental Health 2017 $'000 | Aged Care Other 2017 $'000 | Primary Health 2017 $'000 | Other 2017 $'000 | Total 2017 $'000 |
|---|---|---|---|---|---|---|---|
| Employee Expenses | 8,389 | 2,494 | 14,445 | 1,207 | 2,950 | 1,804 | 31,289 |
| Non Salary Labour Costs | 1,327 | 9 | 131 | - | - | 646 | 2,113 |
| Supplies and Consumables | 1,414 | 57 | 473 | 38 | 67 | 522 | 2,571 |
| Other Expenses | 2,204 | 413 | 1,560 | 416 | 371 | 758 | 5,722 |
| **Total Expenditure from Operating Activities** | **13,334** | **2,973** | **16,609** | **1,661** | **3,388** | **3,730** | **41,695** |
| Finance Costs (refer note 3.2) | - | - | - | - | - | 36 | 36 |
| Depreciation (refer note 4.4) | - | - | - | - | - | 4,361 | 4,361 |
| **Total other expenses** | **-** | **-** | **-** | **-** | **-** | **4,397** | **4,397** |
| **Total Expenses** | **13,334** | **2,973** | **16,609** | **1,661** | **3,388** | **8,127** | **46,092** |

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

*Employee expenses*
Employee expenses include wages and salaries, fringe benefits tax, leave entitlements, WorkCover premiums and superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

*Non salary labour costs*
Non salary labour costs primarily relate to contracted visiting medical officers

*Other operating expenses*
Other operating expenses generally represent the day-to-day running costs incurred in normal operations that are not included in Employee Expenses, Non Salary Labour Costs or 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.

*Bad and doubtful debts*
Refer to Note 4.1 *Investments and other financial assets.*

*Revaluation gains / (losses) of non-financial physical assets*
Refer to Note 4.3 *Property plant and equipment.*

*Borrowing costs*
In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, the Service continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

*Net gain/ (loss) on disposal of non-financial assets*
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying amount of the asset at the time.

*Other gains/ (losses) from other economic flows*
Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions. 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.

**Note 3.2: Finance Costs**

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Interest on Unpaid Refundable Residential Aged Care Deposits | 19 | 36 |
| Share of GRHA interest | 2 | - |
| **Total Finance Costs** | **21** | **36** |

Finance costs are recognised as expenses in the period in which they are incurred and relate to interest on residential aged care accommodation bonds and deposits payable.

## Note 3.3: Provisions (employee benefits in the balance sheet)

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Current Provisions** | | |
| Employee Benefits | | |
| Annual leave | | |
| - Unconditional and expected to be settled wholly within 12 months | 2,141 | 2,240 |
| - Unconditional and expected to be settled wholly after 12 months | 365 | 376 |
| Long service leave | | |
| - Unconditional and expected to be settled wholly within 12 months | 463 | 456 |
| - Unconditional and expected to be settled wholly after 12 months | 4,059 | 3,995 |
| Accrued Wages, Superannuation & Accrued Days Off | | |
| - Unconditional and expected to be settled within 12 months | 1,360 | 1,251 |
| Provisions related to Employee Benefit On-Costs | | |
| - Unconditional and expected to be settled within 12 months (ii) | 687 | 716 |
| - Unconditional and expected to be settled after 12 months (iii) | 602 | 598 |
| **Total Current Provisions** | **9,677** | **9,632** |
| | | |
| **Non-Current Provisions** | | |
| Long Service Leave | 1,021 | 1,022 |
| **Total Non-Current Provisions** | **1,021** | **1,022** |
| | | |
| **Total Provisions** | **10,698** | **10,654** |
| | | |
| **(a) Employee Benefits** | | |
| | | |
| **Current Employee Benefits** | | |
| Annual Leave Entitlements | 3,244 | 3,386 |
| Accrued Wages and Salaries | 908 | 815 |
| Superannuation Entitlements | 355 | 342 |
| Accrued Days Off | 97 | 94 |
| Unconditional LSL Entitlement | 5,073 | 4,995 |
| **Non-Current Employee Benefits** | | |
| Conditional Long Service Leave Entitlements | 1,021 | 1,022 |
| **Total Employee Benefits** | **10,698** | **10,654** |
| | | |
| **(b) Movements in provisions** | | |
| | | |
| **Movement in Long Service Leave Provision:** | | |
| **Balance at start of year*** | **6,017** | **5,431** |
| Provision made during the year | | |
| - Expense recognising Employee Service | 834 | 1,336 |
| - Provision Revaluations | 42 | (220) |
| Settlement made during the year | (799) | (530) |
| **Balance at end of year*** | **6,094** | **6,017** |

**Employee Benefit Recognition**

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

**Provisions**

Provisions are recognised when the 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.

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

**Employee benefits**

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

***Wages and salaries, annual leave and accrued days off***

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

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

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

## Note 3.3: Provisions (employee benefits in the balance sheet) (cont.)

***Long service leave (LSL)***

Liability for LSL is recognised in the provision for employee benefits. Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the 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 the current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

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

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

***Termination benefits***

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

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

**On-costs related to employee expense**

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

## Note 3.4: Superannuation

| | Paid Contributions for the Year | | Contributions Outstanding at Year End | |
|---|---|---|---|---|
| | **2018 $'000** | **2017 $'000** | **2018 $'000** | **2017 $'000** |
| **Defined benefit plans (i) :** | | | | |
| First State Superannuation Fund | 100 | 91 | 7 | 5 |
| Total defined benefit plans | **100** | **91** | **7** | **5** |
| **Defined contribution plans:** | | | | |
| First State Superannuation Fund | 2,835 | 2,622 | 213 | 216 |
| HESTA Superannuation Fund | 174 | 147 | 14 | 12 |
| Other | 282 | 250 | 25 | 21 |
| Total defined contribution plans | **3,291** | **3,019** | **252** | **249** |
| **Total** | 3,391 | 3,110 | 259 | 254 |

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

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

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

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

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

*Defined benefit superannuation plans*
The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Service to the superannuation plans in respect of the services of current 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.

## Note 4: Key Assets to support service delivery

The 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 Service to be utilised for delivery of those outputs.

### Structure of Note 4

4.1 Investments and other financial assets
4.2 Investments in joint ventures
4.3 Property, plant & equipment
4.4 Depreciation

## Note 4.1: Investments

| | Operating Fund | |
|---|---|---|
| | 2018 $'000 | 2017 $'000 |
| **CURRENT** | | |
| ***Loans and receivables*** | | |
| *Term Deposits* | | |
| Aust. Dollar Term Deposits > 3 months | - | 2,000 |
| **TOTAL INVESTMENTS** | **-** | **2,000** |
| | | |
| **Represented by:** | | |
| Service Investments | - | 1,000 |
| Monies Held in Trust | | |
| Residential Aged Care Bonds and Deposits | - | 1,000 |
| **TOTAL INVESTMENTS** | **-** | **2,000** |

**Investments**

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

Depending on their nature investments are classified in the following categories:
- financial assets at fair value through profit or loss;
- held-to-maturity;
- loans and receivables; or
- available-for-sale financial assets.

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

**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 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 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 its control.

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

**Impairment of financial assets**

At the end of each reporting period, the 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 4.2: Interest in GRHA Joint Operation

| Name of Entity | Principal Activity | Country of Incorp'n | Ownership Interest 2018 % | Ownership Interest 2017 % | Published Fair Value 2018 $'000 | Published Fair Value 2017 $'000 |
|---|---|---|---|---|---|---|
| **Jointly Controlled Entities** | | | | | | |
| *Grampians Regional Health Alliance IT JVA* | Info. Tech. Services | Australia | 7.80 | 8.14 | 597 | 557 |

The Service's interest in the above jointly controlled operations and assets is detailed below. The amounts are included in each relevant category of the financial statements and notes thereto.

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Summarised balance sheet:** | | |
| **Current assets** | | |
| Cash and cash equivalents | 274 | 264 |
| Receivables | 23 | 35 |
| Other current assets | 14 | 3 |
| **Total current assets** | 311 | 302 |
| **Non-Current Assets** | | |
| Property, Plant & Equipment | 330 | 302 |
| **Total Non-Current Assets** | 330 | 302 |
| **Total Assets** | **641** | **604** |
| **Current Liabilities** | | |
| Payables | 44 | 47 |
| **Total current liabilities** | **44** | **47** |
| **Equity** | | |
| Accumulated Surpluses | **597** | **557** |
| **Total Equity** | **597** | **557** |
| **Summarised operating statement:** | | |
| **Revenue** | | |
| Revenue from operating activities | 455 | 446 |
| Capital revenue | 67 | 197 |
| **Total Revenue** | **522** | **643** |
| **Expenses** | | |
| Info. Tech. and Administrative Expenses | 300 | 308 |
| Employee Expenses | 125 | 124 |
| Effect of Change in Share of JVA | 23 | - |
| Depreciation | 34 | 36 |
| **Total Expenses** | **482** | **468** |
| **Net Result** | **40** | **175** |

**Joint ventures**

*Jointly controlled assets or operations*

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

**Investments in joint operations**

In respect of any interest in joint operations, the Service recognises in the financial statements:
- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

## Note 4.3: Property, plant & equipment

### (a) Gross carrying amount and accumulated depreciation

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Land** | | |
| Land at Fair Value | 939 | 886 |
| **Total Land** | **939** | **886** |
| | | |
| **Buildings** | | |
| Buildings at Fair Value | 52,344 | 65,457 |
| Less Acc'd Depreciation | - | (9,819) |
| **Total Buildings** | **52,344** | **55,638** |
| | | |
| **Plant and Equipment** | | |
| Plant and Equipment at Fair Value | 5,680 | 5,207 |
| Less Acc'd Depreciation | (3,852) | (3,502) |
| **Total Plant and Equipment** | **1,828** | **1,705** |
| | | |
| **Medical Equipment** | | |
| Medical Equipment at Fair Value | 4,618 | 4,082 |
| Less Acc'd Depreciation | (3,227) | (3,017) |
| **Total Medical Equipment** | **1,391** | **1,065** |
| | | |
| **Computers & Communication Equipment** | | |
| Computers & Communication at Fair Value | 1,969 | 1,752 |
| Less Acc'd Depreciation | (1,228) | (980) |
| **Total Computers & Communication Equipment** | **741** | **772** |
| | | |
| **Motor Vehicles** | | |
| Motor Vehicles at Fair Value | 2,015 | 1,750 |
| Less Acc'd Depreciation | (783) | (675) |
| **Total Motor Vehicles** | **1,232** | **1,075** |
| | | |
| **Assets under Construction** | | |
| Assets Under Construction at Cost | 2,680 | 1,373 |
| **Total Assets under Construction** | **2,680** | **1,373** |
| | | |
| **TOTAL** | **61,155** | **62,514** |

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

| | Land $'000 | Buildings $'000 | Plant, Equipment & Furniture $'000 | Medical Equipment $'000 | Computers & Comms $'000 | Motor Vehicles $'000 | Assets Under Construction $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2016** | **721** | **53,785** | **1,063** | **1,203** | **714** | **1,094** | **868** | **59,448** |
| Additions | 25 | 56 | 197 | 86 | 284 | 377 | 927 | 1,952 |
| Additions from amalgamation with Dunmunkle | 140 | 5,096 | 271 | 10 | 6 | 40 | 45 | 5,608 |
| Additions / (Disposals) - GRHA | - | - | 40 | - | - | 1 | - | 41 |
| Transfer to / from Assets Under Construction | - | - | 467 | - | - | - | (467) | - |
| Disposals | - | - | - | - | (3) | (171) | - | (174) |
| Depreciation (Note 4.4) | - | (3,299) | (333) | (234) | (229) | (266) | - | (4,361) |
| **Balance at 1 July 2017** | **886** | **55,638** | **1,705** | **1,065** | **772** | **1,075** | **1,373** | **62,514** |
| Additions | - | - | 347 | 506 | 216 | 910 | 1,472 | 3,451 |
| Additions / (Disposals) - GRHA | - | - | 8 | - | - | (3) | 50 | 55 |
| Transfer to / from Assets Under Construction | - | - | 134 | 81 | - | - | (215) | - |
| Disposals | - | - | (7) | (21) | - | (375) | - | (403) |
| Revaluation Increments/(Decrements) | 53 | 7 | - | - | - | - | - | 60 |
| Depreciation (Note 4.4) | - | (3,301) | (359) | (240) | (247) | (375) | - | (4,522) |
| **Balance at 30 June 2018** | **939** | **52,344** | **1,828** | **1,391** | **741** | **1,232** | **2,680** | **61,155** |

**Land and buildings carried at valuation**

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

A managerial revaluation of the Service's land and buildings was undertaken in accordance with the Department of Treasury & Finance's Financial Reporting Direction FRD103F - Non-financial physical assets. The effective date of the revaluation is 30 June 2018.

**Note 4.3: Property, plant & equipment (cont.)**
**(c) Fair value measurement hierarchy for assets**

| | Carrying amount as at 30 June 2018 | Fair value measurement at end of reporting period using: | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | $'000 | $'000 | $'000 | $'000 |
| **Land at fair value** | | | | |
| Non-specialised land | 381 | - | 381 | - |
| Specialised land | 558 | - | - | 558 |
| Total of land at fair value | 939 | - | 381 | 558 |
| **Buildings at fair value** | | | | |
| Non-specialised buildings | 1,332 | - | 1,332 | - |
| Specialised buildings | 51,012 | - | - | 51,012 |
| Total of building at fair value | 52,344 | - | 1,332 | 51,012 |
| **Plant and equipment at fair value** | | | | |
| Plant and equipment | 1,419 | - | - | 1,419 |
| Total of plant and equipment at fair value | 1,419 | - | - | 1,419 |
| **Furniture and Fittings at fair value** | | | | |
| Furniture and fittings | 409 | - | - | 409 |
| Total furniture and fittings at fair value | 409 | - | - | 409 |
| **Computers and communications at fair value** | | | | |
| Computers and communications equipment | 741 | - | - | 741 |
| Total computers and communications equipment at fair value | 741 | - | - | 741 |
| **Medical equipment at fair value** | | | | |
| General medical equipment | 1,391 | - | - | 1,391 |
| Total medical equipment at fair value | 1,391 | - | - | 1,391 |
| **Motor vehicles at fair value** | | | | |
| Motor vehicles | 1,232 | - | - | 1,232 |
| Total motor vehicles at fair value | 1,232 | - | - | 1,232 |
| | **58,475** | **-** | **1,713** | **56,762** |

There have been no transfers between levels during the period.

| | Carrying amount as at 30 June 2017 | Fair value measurement at end of reporting period using: | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | $'000 | $'000 | $'000 | $'000 |
| **Land at fair value** | | | | |
| Non-specialised land | 355 | - | 355 | - |
| Specialised land | 531 | - | - | 531 |
| Total of land at fair value | 886 | - | 355 | 531 |
| **Buildings at fair value** | | | | |
| Non-specialised buildings | 1,335 | - | 1,335 | - |
| Specialised buildings | 54,303 | - | - | 54,303 |
| Total of building at fair value | 55,638 | - | 1,335 | 54,303 |
| **Plant and equipment at fair value** | | | | |
| Plant and equipment | 1,357 | - | - | 1,357 |
| Total of plant and equipment at fair value | 1,357 | - | - | 1,357 |
| **Furniture and Fittings at fair value** | | | | |
| Furniture and fittings | 348 | - | - | 348 |
| Total furniture and fittings at fair value | 348 | - | - | 348 |
| **Computers and communications at fair value** | | | | |
| Computers and communications equipment | 772 | - | - | 772 |
| Total computers and communications equipment at fair value | 772 | - | - | 772 |
| **Medical equipment at fair value** | | | | |
| General medical equipment | 1,065 | - | - | 1,065 |
| Total medical equipment at fair value | 1,065 | - | - | 1,065 |
| **Motor vehicles at fair value** | | | | |
| Motor vehicles | 1,075 | - | - | 1,075 |
| Total motor vehicles at fair value | 1,075 | - | - | 1,075 |
| | **61,141** | **-** | **1,690** | **59,451** |

There have been no transfers between levels during the period.

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

**Note 4.3: Property, plant & equipment (cont.)**
**(d) Reconciliation of Level 3 fair value**

| 30 June 2018 | Land $'000 | Buildings $'000 | Plant & equipment $'000 | Medical equipment $'000 | Comps & Commns. $'000 | Motor Vehicles $'000 | Totals $'000 |
|---|---|---|---|---|---|---|---|
| **Opening Balance** | **531** | **54,303** | **1,705** | **1,065** | **772** | **1,075** | **59,451** |
| Purchases (sales) | - | - | 482 | 566 | 216 | 531 | 1,795 |
| Depreciation | - | (3,298) | (359) | (240) | (247) | (374) | (4,518) |
| Revaluations | 27 | 7 | | | | | 34 |
| **Closing Balance at 30 June 2018** | **558** | **51,012** | **1,828** | **1,391** | **741** | **1,232** | **56,762** |

| 30 June 2017 | Land $'000 | Buildings $'000 | Plant & equipment $'000 | Medical equipment $'000 | Comps & Commns $'000 | Motor Vehicles $'000 | Totals $'000 |
|---|---|---|---|---|---|---|---|
| **Opening Balance** | **406** | **52,614** | **1,063** | **1,203** | **714** | **1,108** | **57,108** |
| Purchases (sales) | - | - | 704 | 86 | 283 | 7 | 1,080 |
| Effect of Amalgamation with Dunmunkle Health Svcs. | 125 | 4,927 | 236 | 10 | 4 | - | 5,302 |
| Depreciation | - | (3,238) | (298) | (234) | (229) | (40) | (4,039) |
| **Closing Balance at 30 June 2017** | **531** | **54,303** | **1,705** | **1,065** | **772** | **1,075** | **59,451** |

There have been no transfers between levels during the periods.

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

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability.

A health service shall develop unobservable inputs using the best information available in the circumstances, which might include the Health Service's own data. In developing unobservable inputs, a health service may begin with its own data, but it shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to the health service that is not available to other market participants. A health service need not undertake exhaustive efforts to obtain information about other market participant assumptions. However, a health service shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

**Non-specialised land and non-specialised buildings**

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Victorian Valuer Generalto determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

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

**Specialised land and specialised buildings**

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

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

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

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

**Note 4.3: Property, plant & equipment (cont.)**
**(d) Reconciliation of Level 3 fair value (cont.)**

**Vehicles**

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

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

**(e) Property, plant and equipment fair value determination**

| Asset class | Examples of types of assets | Expected fair value level | Likely valuation approach | Significant inputs (Level 3 only) |
|---|---|---|---|---|
| Non-specialised land | In areas where there is an active market:<br>- vacant land<br>- land not subject to restrictions as to use or sale | Level 2 | Market approach | N/A |
| Specialised land | Land subject to restrictions as to use and/or sale<br><br>Land in areas where there is not an active market | Level 3 | Market approach | CSO adjustment |
| Non-specialised buildings | For general/commercial buildings that are just built | Level 2 | Market approach | N/A |
| Specialised buildings | Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals, and schools | Level 3 | Depreciated replacement cost approach | Cost per square metre<br><br>Useful life |
| Dwellings | Social/public housing/employee housing | Level 2, where there is an active market in the area | Market approach | N/A |
| | | Level 3, where there is no active market in the area | Depreciated replacement cost approach | Cost per square metre<br><br>Useful life |
| Infrastructure | Any type | Level 3 | Depreciated replacement cost approach | Cost per square metre<br><br>Useful life |
| Plant and equipment | Specialised items with limited alternative uses and/or substantial customisation | Level 3 | Depreciated replacement cost approach | Useful life |
| Vehicles | If there is an active resale market available; | Level 2 | Market approach | N/A |
| | If there is no active resale market available | Level 3 | Depreciated replacement cost approach | Useful life |

**Property, plant and equipment**

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

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

The initial cost for non-financial physical assets under finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

## Note 4.3: Property, plant & equipment (cont.)

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

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

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

**Leasehold improvements**

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

**Revaluations of non-current physical assets**

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

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

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

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

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

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

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

## Note 4.4: Depreciation

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Depreciation** | | |
| Buildings | 3,301 | 3,299 |
| Plant & Equipment | 359 | 333 |
| Medical Equipment | 240 | 234 |
| Computers & Communication | 247 | 229 |
| Motor Vehicles | 375 | 266 |
| **Total Depreciation** | **4,522** | **4,361** |

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

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services. Assets with a cost in excess of $1000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

| | 2018 | 2017 |
|---|---|---|
| Buildings | 5 to 47 years | 5 to 47 years |
| Plant & Equipment | 5 to 10 years | 5 to 10 years |
| Medical Equipment | 5 to 10 years | 5 to 10 years |
| Computers and Communication | 4 to 10 years | 4 to 10 years |
| Motor Vehicles | 5 to 10 years | 5 to 10 years |

## Note 5: Other assets and liabilities

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

### Structure of Note 5

5.1 Receivables
5.2 Inventories
5.3 Other liabilities
5.4 Prepayments and other non-financial assets
5.5 Payables

### Note 5.1: Receivables

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **CURRENT** | | |
| **Contractual** | | |
| Trade Debtors | 274 | 253 |
| Sundry Debtors - GRHA | 23 | 35 |
| Patient Fees | 268 | 539 |
| Tenant Bond Monies Held | 1 | 1 |
| Accrued Revenue - Other | 177 | 166 |
| *Less* Allowance for Doubtful Debts | | |
| - Trade Debtors | (5) | (5) |
| - Patient Fees | (10) | (5) |
| Total Contractual | **728** | **984** |
| **Statutory** | | |
| GST Receivable | 48 | 66 |
| Total Stututory | **48** | **66** |
| **TOTAL CURRENT RECEIVABLES** | **776** | **1,050** |
| | | |
| **NON CURRENT** | | |
| **Statutory** | | |
| Long Service Leave - Department of Health and Human Services | 2,423 | 2,430 |
| **TOTAL NON-CURRENT RECEIVABLES** | **2,423** | **2,430** |
| **TOTAL RECEIVABLES** | **3,199** | **3,480** |

**(a) Movement in the allowance for doubtful debts**

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Balance at beginning of year | 10 | 10 |
| Increase due to amalgamation | - | 20 |
| Increase/(decrease) in allowance recognised in net result | 5 | - |
| Amount recovered during the year | - | (20) |
| **Balance at end of year** | **15** | **10** |

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and

- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

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

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

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

### Note 5.2: Inventories

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Pharmaceutical supplies at cost | 27 | 30 |
| Catering supplies at cost | 9 | 7 |
| Housekeeping supplies at cost | 5 | 4 |
| Medical and surgical supplies at cost | 40 | 37 |
| Administration supplies at cost | 6 | 5 |
| **TOTAL INVENTORIES** | **87** | **83** |

**Note 5.2: Inventories (cont.)**

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

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

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

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

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

**Note 5.3: Other liabilities**

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **CURRENT** | | |
| Monies Held in Trust* | | |
| - Accommodation Bonds and Refundable Accommodation Deposits | 9,505 | 10,514 |
| Other | | |
| - PAYG Tax | 2 | 11 |
| - Residential Tenancy Bonds | 5 | 5 |
| **Total Current Other Liabilities** | **9,512** | **10,530** |
| | | |
| *** Total Monies Held in Trust Represented by the following assets:** | | |
| Cash Assets (refer to Note 6.1) | 8,900 | 9,909 |
| Land & Buildings | 605 | 605 |
| **TOTAL** | **9,505** | **10,514** |

**Note 5.4: Prepayments and other non-financial assets**

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **CURRENT** | | |
| Prepayments | 250 | 118 |
| **TOTAL OTHER ASSETS** | **250** | **118** |

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

**Note 5.5: Payables**

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **CURRENT** | | |
| **Contractual** | | |
| Trade Creditors (i) | 690 | 533 |
| Trade Creditors - GRHA | 44 | 47 |
| Accrued Expenses | 448 | 269 |
| Unearned Revenue | 566 | 145 |
| **TOTAL PAYABLES** | **1,748** | **994** |

(i) The average credit period is 30 days. Interest is not changed on outstanding invoices.

Payables consist of:

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

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

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

## Note 5.5: Payables (cont.)

### (a) Maturity analysis of payables

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

**Maturity analysis of Financial Liabilities as at 30 June**

| | | | Maturity Dates | |
|---|---|---|---|---|
| 2018 | Carrying Amount $'000 | Nominal Amount $'000 | 1-3 Months $'000 | 3 months - 1 Year $'000 |
| **Financial Liabilities** | | | | |
| Payables | 1,748 | 1,748 | 1,694 | 54 |
| Accommodation Bonds / RADs | 9,505 | 9,505 | - | 9,505 |
| **Total Financial Liabilities** | **11,253** | **11,253** | **1,694** | **9,559** |
| | | | | |
| **2017** | | | | |
| **Financial Liabilities** | | | | |
| Payables | 994 | 994 | 994 | - |
| Accommodation Bonds / RADs | 10,514 | 10,514 | - | 10,514 |
| **Total Financial Liabilities** | **11,508** | **11,508** | **994** | **10,514** |

## Note 6: How we finance our operations

This section provides information on the sources of finance utilised by the Service during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Service.

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

**Structure of Note 6**
6.1 Cash and cash equivalents
6.2 Commitments for expenditure
6.3 Borrowings

## Note 6.1: Cash and Cash Equivalents

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Cash on hand | 5 | 5 |
| Cash at bank | 1,270 | 1,454 |
| Cash - GRHA | 274 | 264 |
| Deposits at call | 13,902 | 13,909 |
| **Total Cash and Cash Equivalents** | **15,451** | **15,632** |
| | | |
| **Represented by:** | | |
| Cash for Health Service Operations (as per Cash Flow Statement) | 6,275 | 5,459 |
| Cash - GRHA | 274 | 264 |
| Cash for Monies Held in Trust | | |
| - Deposits at Call | 8,902 | 9,909 |
| **Total Cash and Cash Equivalents** | **15,451** | **15,632** |

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

For Cash Flow Statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the Balance Sheet.

## Note 6.2: Commitments for expenditure

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Lease commitments** | | |
| Commitments in relation to leases contracted for at the reporting date: | | |
| Operating leases | | |
| Motor vehicle | 15 | 23 |
| **Total lease commitments** | **15** | **23** |
| | | |
| ***Operating leases*** | | |
| *Cancellable* | | |
| Not later than one year | 8 | 8 |
| Later than 1 year and not later than 5 years | 7 | 15 |
| **Total lease commitments** | **15** | **23** |
| | | |
| **Total Commitments (inclusive of GST)** | **15** | **23** |
| less GST recoverable from the Australian Tax Office | (1) | (2) |
| **Total Commitments (exclusive of GST)** | **14** | **21** |

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Operating lease payments, including any contingent rentals, are recognised as an expense in the Comprehensive Operating Statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased assets are not recognised in the Balance Sheet.

## Note 6.3: Borrowings

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **CURRENT** | | |
| Department of Health and Human Services* | - | 65 |
| **Total Borrowings** | **-** | **65** |

* this item relates to monies owed by Dunmunkle Health Services to the Department of Health and Human Services. A total borrowing of $195k was assumed by the Service upon amalgamating with DKHS on 1 July 2016. During the year, and in accordance with the DKHS's original agreement with the Department, the Service repaid the remaining amount of $65k

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

**(b) Defaults and breaches**
During the current and prior year, there were no defaults and breaches of any of the borrowings.

## Note 7: Risks, contingencies & valuation uncertainties

The 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 Service is related mainly to fair value determination.

### Structure of Note 7

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

## Note 7.1: 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 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.

## Note 7.1: Financial Instruments (cont.)
### (a) Financial risk management objectives and policies (cont.)

**Categorisation of financial instruments**

| 2018 | Contractual financial assets - loans and receivables $'000 | Contractual financial liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|
| **Contractual Financial Assets** | | | |
| Cash and cash equivalents | 15,451 | | 15,451 |
| Receivables | | | |
| - Trade Debtors | 292 | | 292 |
| - Patient Fees | 258 | | 258 |
| **Total Financial Assets** | **16,001** | | **16,001** |
| | | | |
| **Financial Liabilities** | | | |
| Payables | | 1,748 | 1,748 |
| Other Financial Liabilities (accommodation deposits) | | 9,505 | 9,505 |
| **Total Financial Liabilities** | | **11,253** | **11,253** |

| 2017 | Contractual financial assets - loans and receivables $'000 | Contractual financial liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|
| **Contractual Financial Assets** | | | |
| Cash and cash equivalents | 15,632 | | 15,632 |
| Receivables | | | |
| - Trade Debtors | 283 | | 283 |
| - Patient Fees | 534 | | 534 |
| Other Financial Assets | | | |
| - Term Deposits | 2,000 | | 2,000 |
| **Total Financial Assets** | **18,449** | | **18,449** |
| | | | |
| **Financial Liabilities** | | | |
| Payables | | 994 | 994 |
| Other Financial Liabilities (accommodation deposits) | | 10,514 | 10,514 |
| **Total Financial Liabilities** | | **11,508** | **11,508** |

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

| | Total interest income / (expense) $'000 |
|---|---|
| **2018** | |
| **Financial Assets** | |
| Cash and Cash Equivalents | 332 |
| **Total Financial Assets** | **332** |
| | |
| **2017** | |
| **Financial Assets** | |
| Cash and Cash Equivalents | 322 |
| **Total Financial Assets** | **322** |

**Categories of financial instruments**

**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 Service recognises the following assets in this category:

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

**Held to maturity financial assets:** If the Service has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. The Service makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The held to maturity category includes certain term deposits and debt securities for which the Service intends to hold to maturity.

**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 Service recognises the following liabilities in this category

- payables (excluding statutory payables);
- borrowings (including finance lease liabilities); and
- residential aged care accommodation bonds and refundable accommodation deposits

## Note 7.2: Net gain/(loss) on disposal of non-financial assets

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Proceeds from Disposals of Non-Current Assets** | | |
| Plant and Equipment | - | 28 |
| Motor Vehicles | 393 | 180 |
| **Total Proceeds from Disposal of Non-Current Assets** | **393** | **208** |
| | | |
| **Less: Written Down Value of Non-Current Assets Sold** | | |
| Plant and Equipment | - | 4 |
| Medical Equipment | 27 | - |
| Motor Vehicles | 376 | 159 |
| **Total Written Down Value of Non-Current Assets Sold** | **403** | **163** |
| | | |
| **Net gain/(loss) on Disposal of Non-Financial Assets** | **(10)** | **45** |

**Disposal of non-financial assets**

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement.

**Impairment of non-financial assets**

With the exception of inventories, non-financial assets are assessed annually for indications of impairment and whenever there is an indication that the asset may be impaired.

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

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

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

## Note 7.3: Contingent assets and contingent liabilities

Details of estimates of maximum amounts of Contingent Assets or Contingent Liabilities are as follows:

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Contingent Liabilities** | | |
| **Quantifiable** | | |
| Caveat over Property - Kaniva Hostel Units | 200 | 200 |
| **Total Quantifiable Contingent Liabilities** | **200** | **200** |

The above amounts are nominal amounts inclusive of GST.

**Non-Quantifiable**
Dispute of salary sacrifice entitlement*

* this item relates to unpaid leave entitlements of a former Service employee whose employment terminated in July 2017. The former employee contends that they may salary sacrifice 30% of their unpaid leave entitlements. The Service is not in agreement with this claim but has agreed to abide by a private ruling on the matter by the Australian Taxation Office (ATO) which has been sought by the former employee. The ATO initially ruled that no part of the former employee's leave entitlements could be salary sacrificed. The former employee has sought a review by the ATO of this decision which remains outstanding at balance date. Extra Fringe Benefits Tax would be payable by the Service to the extent that the former employee's claim is successful.

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

## Note 8: Other disclosures

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

### Structure of Note 8

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

### Note 8.1: Equity

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **(a) Surpluses** | | |
| **Property, Plant & Equipment Revaluation Surplus** | | |
| Balance at the beginning of the reporting period | 35,891 | 31,993 |
| Revaluation Increment/(Decrements) | | |
| - Land | 52 | - |
| - Buildings | 8 | - |
| Increase due to amalgamation with Dunmunkle Health Services | - | 3,898 |
| **Balance at the end of the reporting period*** | **35,951** | **35,891** |
| * Represented by: | | |
| - Land | 359 | 307 |
| - Buildings | 35,440 | 35,432 |
| - Motor Vehicles | 152 | 152 |
| | **35,951** | **35,891** |
| **Total Surpluses** | **35,951** | **35,891** |

The Property, Plant & Equipment Revaluation Surplus is used to record increments and decrements on the revaluation of non-current physical assets.

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **(b) Contributed Capital** | | |
| Balance at the beginning of the reporting period | 27,808 | 25,924 |
| Increase due to amalgamation with Dunmunkle Health Services | - | 1,884 |
| Balance at the end of the reporting period | **27,808** | **27,808** |

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

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

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **(c) Accumulated Surpluses/(Deficits)** | | |
| Balance at the beginning of the reporting period | (2,672) | (118) |
| Balance at the beginning of the reporting period - GRHA | 557 | 382 |
| Net Result for the Year | (3,500) | (1,256) |
| Net Result for the Year - GRHA | 40 | 175 |
| Decrease due to amalgamation with Dunmunkle Health Services | - | (1,298) |
| **Balance at the end of the reporting period** | **(5,575)** | **(2,115)** |
| **Total Equity at end of financial year** | **58,184** | **61,584** |

## Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Net result for the period** | (3,460) | (1,081) |
| **Non-cash movements:** | | |
| Depreciation | 4,522 | 4,361 |
| DHHS Non-Cash LSL Revenue | (7) | - |
| Provision for doubtful debts | (10) | (20) |
| Net Result for the Year - GRHA | 40 | - |
| **Movements included in investing and financing activities** | | |
| Net (gain)/loss from disposal of non financial physical assets | 10 | (45) |
| **Movements in assets and liabilities:** | | |
| Change in operating assets and liabilities | | |
| (Increase)/decrease in receivables | 274 | (78) |
| (Increase)/decrease in prepayments | (132) | 162 |
| Increase/(decrease) in payables | 754 | (365) |
| Increase/(decrease) in provisions | 45 | 1,291 |
| Increase/(decrease) in other liabilities | (38) | 8 |
| (Increase) due to amalgamation | - | (851) |
| (Increase)/decrease in inventories | (4) | 9 |
| **NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** | **1,994** | **3,391** |

## Note 8.3: Responsible persons disclosures

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

| | Period |
|---|---|
| **Responsible Ministers:** | |
| The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services | 1/7/2017 - 30/6/2018 |
| The Honourable Martin Foley, Minister for Mental Health, Minister for Housing, Disability and Ageing, Minister for Creative Inustries, Minister for Equality | 1/7/2017 - 30/6/2018 |
| **Governing Board Directors:** | |
| T. Allen | 1/7/2017 - 30/6/2018 |
| H. Champness | 1/7/2017 - 30/6/2018 |
| L. Clarke | 1/7/2017 - 30/6/2018 |
| K. Colbert | 1/7/2017 - 30/6/2018 |
| A. Hall | 1/7/2017 - 30/6/2018 |
| L. Milgate | 1/7/2017 - 30/6/2018 |
| J. Millington | 1/7/2017 - 30/6/2018 |
| A. Rogers | 1/7/2017 - 30/6/2018 |
| D. Tyler | 1/7/2017 - 30/6/2018 |
| N. Zanker | 1/7/2017 - 30/6/2018 |
| **Accountable Officers** | |
| R Dodds - Chief Executive Officer (Acting 22/07/2017 - 18/03/2018) | 22/7/2017 - 30/6/2018 |
| J Smith - Chief Executive Officer | 1/7/2017 - 21/7/2017 |

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

| **Income Band** | 2018 $'000 | 2017 $'000 |
|---|---|---|
| $0 | 10 | 10 |
| $160,000 - $169,999 | 1 | - |
| $210,000 - $219,999 | 1 | - |
| $320,000 - $329,999 | - | 1 |
| **Total Numbers** | 12 | 11 |
| **Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:** | **$ 372,002** | **$ 322,409** |

**Other transactions of Responsbile Persons and their Related Parties**
There were no material other transactions of Responsible Persons and their Related Parties.

## Note 8.4: Remuneration of executives

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

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

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

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

A factor that affected total remuneration payable to executives over the year was that a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts which provide for bonuses on an annual basis.

**Remuneration of executive officers**

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Short-term employee benefits | 704 | 937 |
| Post-employment benefits | 63 | 87 |
| Other long-term benefits | 167 | 9 |
| **Total remuneration** | 934 | 1,033 |
| **Total number of executive officers** | 5 | 5 |
| **Total annualised employee equivalent (AEE)** | 3.61 | 5.00 |

The total number of executive officers includes persons who meet the defnintion of Key Managmeent Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also relevant to the related parties note disclosure (Note 8.6).

Annualised employee equivalent is based on the time fraction worked over the reporting period.

## Note 8.5: Related parties

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

- all key management personnel (KMP) and their close family members;
- all cabinet ministers and their close family members;
- Grampians Rural Health Alliance Information Technology Joint Venture; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Service and its controlled entities, directly or indirectly. The Board of Directors and the Executive Directors of the Health Service and it's controlled entities are deemed to be KMPs.

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.

| Entity | KMPs | Position Title |
|---|---|---|
| West Wimmera Health Service | Mrs Leonie Clarke | Board President |
| West Wimmera Health Service | Mr Lloyd Milgate | Board Vice-President |
| West Wimmera Health Service | Mrs Therese Allen | Board Director |
| West Wimmera Health Service | Mr Harvey Champness | Board Director |
| West Wimmera Health Service | Mrs Katherine Colbert | Board Director |
| West Wimmera Health Service | Mrs Alex Hall | Board Director |
| West Wimmera Health Service | Mr John Millington | Board Director |
| West Wimmera Health Service | Mrs Anne Rogers | Board Director |
| West Wimmera Health Service | Mrs Delwyn Tyler | Board Director |
| West Wimmera Health Service | Mrs Naomi Zanker | Board Director |
| West Wimmera Health Service | Mr John Smith | Chief Executive Officer (1/7/2017 - 21/07/2017) |
| West Wimmera Health Service | Mr Ritchie Dodds | Chief Executive Officer (Acting 21/07/2017 - 18/03/2018) |
| West Wimmera Health Service | Mrs Melanie Albrecht | Executive Director Business & Strategy |
| West Wimmera Health Service | Mr Darren Welsh | Executive Director Corporate & Quality |
| West Wimmera Health Service | Mrs Jan Fisher | Executive Director Clinical Services |
| West Wimmera Health Service | Mrs Kaye Borgelt | Executive Director Primary & Preventative Health (01/07/2017 - 28/01/2018) |

## Note 8.5: Related parties (cont.)

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.

**Compensation - KMPs**

| | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits | 1,058,150 | 1,239,819 |
| Post-employment benefits | 81,212 | 106,029 |
| Other long-term benefits | 166,670 | 9,240 |
| **Total*** | 1,306,032 | 1,355,088 |

*KMPs are also reported in Note 8.3 Responsible Persons or Note 8.4 Remuneration of Executives.

**Significant transactions with government related entities**
The Service received funding from the Department of Health and Human Services of $21.44 million (2017: $21.16 million).

Expenses incurred by the 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.

Treasury Risk Management Directions require the Service to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

**Transactions with key management personnel and other related parties**

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. patient fees. 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's requirements and also those of Health Purchasing Victoria. Outside of normal citizen type transactions with the Service, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## Note 8.6 Remuneration of auditors

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Victorian Auditor-General's Office** | | |
| Audit of financial statements | 26 | 31 |
| | 26 | 31 |

## Note 8.7: AASBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2018, 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 Service has not and does not intend to adopt these standards early.

| Standard / Interpretation | Summary | Applicable for annual reporting periods beginning or ending on | Impact on financial statements |
|---|---|---|---|
| AASB 9 *Financial Instruments* | The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1-Jan-18 | The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial positon however there will be a change to the way financial instruments are classified and new disclosure requirements. |
| AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]* | Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements. | 1-Jan-18 | This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* | Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9. | 1-Jan-18 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 15 *Revenue from Contracts with Customers* | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. | 1-Jan-18 | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. |
| AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* | Amends the measurement of trade receivables and the recognition of dividends as follows:<br>• Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.<br>• Dividends are recognised in the profit and loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably. | 1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* | This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. | 1-Jan-18 | This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* | This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: · A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; · For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and · For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). | 1-Jan-18 | The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above. |

| | | | |
|---|---|---|---|
| AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities* | This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. | 1-Jan-19 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period. |
| AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* | AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. | 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:<br>*AASB 9*<br>• Statutory receivables are recognised and measured similarly to financial assets<br>AASB 15<br>• The "customer" does not need to be the recipient of goods and/or services;<br>• The "contract" could include an arrangement entered into under the direction of another party;<br>• Contracts are enforceable if they are enforceable by legal or "equivalent means";<br>• Contracts do not have to have commercial substance, only economic substance; and<br>• Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions. |
| AASB 16 *Leases* | The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet. | 1-Jan-19 | The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. |
| AASB 1058 *Income of Not-for-Profit Entities* | AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective. | 1-Jan-19 | The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement. |
| 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. The State has 2 types of PPPs:<br>1. Social Infrastructure: A PPP that requires the government to make payments to the operator upon commencement of services:<br>• Operator finances and constructs the infrastructure; and<br>• State pays unitary service payments over the term.<br>2. Economic Infrastructure: A PPP that is based on user pays model: · Operator finances and constructs the infrastructure; · State does not pay for the cost of the construction; and · Operator charges asset users and recovers the cost of construction and operation for the term of the contract. | 1-Jan-19 | For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied: · 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: o What services are to be provided; o To whom; and o At what price<br>· State controls any significant residual interest in the asset. If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard. Currently the social infrastructure PPPs are only recognised on the balance sheet at commercial acceptance. The arrangement will need to be progressively recognised as and when the asset is being constructed. This will have the impact of progressively recognising the financial liability and corresponding asset as the asset is being constructed.<br>For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet. There will be no impact to net debt, as a deferred revenue liability will be recognised and amortised over the concession term. |

Notes:

1. For the current year, given the number of consequential amendments to AASB 9*Financial Instruments* AASB 15 *Revenue from Contracts with Customers*, and AASB 16 *Leases* the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

## Note 8.8: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Service and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There were no subsequent events.

## Note 8.9: Alternate Presentation of Comprehensive operating statement For the Year Ended 30 June 2018

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Grants | 23,970 | 23,043 |
| Sales of goods and services | 16,498 | 16,128 |
| Interest | 332 | 322 |
| Capital purpose income | 956 | 3,089 |
| Other income | 2,185 | 2,206 |
| **Revenue from Transactions** | **43,941** | **44,788** |
| Employee expenses | (33,059) | (31,289) |
| Non-salary labour costs | (1,608) | (2,113) |
| Interest | (21) | (36) |
| Other operating expenses | (8,190) | (8,293) |
| Depreciation | (4,522) | (4,361) |
| **Expenses from Transactions** | **(47,400)** | **(46,092)** |
| **Net Result from Transactions** | **(3,459)** | **(1,304)** |
| **Other economic flows included in net result** | | |
| Net gain/(loss) on disposal of non-financial assets | (10) | - |
| Adjustments arising from bad and doubtful debts | (10) | - |
| Effect of change in share of joint venture | (23) | - |
| Revaluation of Leave Entitlements | 42 | 223 |
| **Total other economic flows included in net result** | **(1)** | **223** |
| **NET RESULT FOR THE YEAR** | **(3,460)** | **(1,081)** |

## 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
(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
(b) 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:
(a) cash;
(b) an equity instrument of another entity;
(c) 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

(d) 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 liability**
A financial liability is any liability that is:
(a) A contractual obligation:
(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
(b) A contract that will or may be settled in the entity's own equity instruments and is:
(i) 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
(ii) 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:
(a) Balance sheet as at the end of the period;
(b) Comprehensive operating statement for the period;
(c) A statement of changes in equity for the period;
(d) Cash flow statement for the period;
(e) Notes, comprising a summary of significant accounting policies and other explanatory information;
(f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
(g) 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.

## Note 8.10: Glossary of terms and style conventions (cont.)

**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:
(a) The parties are bound by a contractual arrangement.
(b) 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 anc other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

**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.

## Note 8.10: Glossary of terms and style conventions (cont.)

**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.

**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, casinc 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

# Independent Auditor's Report

Victorian Auditor-General's Office

***To the Board of West Wimmera Health Service***

**Opinion**

I have audited the financial report of West Wimmera Health Service (the health service) which comprises the:

- balance sheet as at 30 June 2018
- 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 director's, accountable officer's and chief finance and accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

**Basis for Opinion**

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Other Information**

The Board of the health service are responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

**Board's responsibilities for the financial report**

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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**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
3 September 2018

Ron Mak
*as delegate for the Auditor-General of Victoria*

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