

Annual Report 2018-2019



Our people are a great team...



South
Gippsland
Hospital

Adaptability
Trust
Excellence
Accountability
Mutual respect

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Overview

Establishment & Relevant Ministers

South Gippsland Hospital, classified as a small rural health service (SRHS), is an integrated hospital and community health service providing a broad range of acute and primary care services. It is closely associated with the Foster and Toora Medical Centres which provide the medical practitioner services. The combined experience and skills of the doctors and hospital staff and the range of services provided by the organisation, especially the obstetrics care, has led to a significant number of people accessing the services of South Gippsland Hospital from outside the recognised catchment boundaries.

South Gippsland Hospital was established in 1907 as a private institution and continued as such until 1937 when it was taken over by the community as a local hospital. It gained public hospital status in 1941, when it was incorporated under the Hospital and Charities Act. The hospital building is more than 60 years old. It has 16 inpatient beds, two-day procedure beds, a maternity suite, an operating theatre, ambulance bay, radiology facilities and an Urgent Care Clinic.

A Community Health Centre, co-located on the hospital site, was opened in June 2001. Greater awareness of community health has necessitated expansion of primary health care services and the development of a community supported Youth Assistance Clinic. These services continue to grow and have been well received by the community.

South Gippsland Hospital is a Public Hospital and is an incorporated body listed under Schedule 1 of the *Health Services Act 1988*.

In 2018, SGH was successful in a grant application under the Regional Health Infrastructure Fund Round 2, to build a new operating theatre and refurbish the maternity suite. The tender process was undertaken and the building contract awarded in June 2019. It is expected that the project will be completed in 2020.

During the reporting period the responsible ministers were:

- The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services 1 July 2018 – 29 November 2018
- Jenny Mikakos, Minister for Health and Minister for Ambulance Services 29 November 2018 – 30 June 2019
- Martin Foley, Minister for Mental Health

Vision, Mission, Strategic Directions and Values

Vision

To create the healthiest community in the state.

Mission

To provide and promote the best health services for all our community using safe and caring practices, through strong collaboration with all our partners.

Strategic Directions

- Preventing illness and injury, where possible;
- Healing where we can;
- Helping where we can; and
- Caring even after a patient leaves us.

Core Values

In delivering our services, we will always seek to demonstrate and promote

- **Accountability:** accepting responsibility for our actions.
- **Trust:** acting with integrity and being able to count on each other.
- **Excellence:** doing our best at all times and looking for ways to improve.
- **Adaptability:** being flexible and accepting of new ideas and change for the better.
- **Mutual respect:** treating others the way we want to be treated.

Overview (continued)

Overview of Services

South Gippsland Hospital (SGH) is located in the small town of Foster at the gateway to Wilson's Promontory National Park.

The town of Foster has a population of approximately 1700 people however the official catchment area of the Hospital has approximately 5600 people.

The Hospital offers services on an in-patient basis, outreach clinics, through its Community Health Centre and in-home care.

Acute Services

Urgent care
Radiology
Obstetrics
Gynaecology
Palliative Care
Pathology
Medical
Surgical
Urology
Pre-Anaesthetic Clinic

Allied Health

Rehabilitation
Physiotherapy
Occupational Therapy
Dietetics
Podiatry
Therapeutic Massage
Inpatient Services
Outpatient Services
Home Care Package Services
Psychology/Counselling
Allied Health Assistants

Diabetes
Education

Community Health

Social Support
(Planned Activity Groups)
Health Promotion
Falls Prevention
Chronic Disease Management
Well Women's Clinic
Smoking Cessation
District Nursing
Drug and Alcohol Counselling
Child and Maternal Health
Regional Continence Nurse
McGrath Breast Care Nurse
Mental Health Liaison Nurse
Youth Assist Clinic
Welfare Worker
Transition Care
Well Women's Clinic
Stoma and Continence Clinic

Responsible bodies' declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for South Gippsland Hospital for the year ending 30 June 2019.



Susan Pilkington

Chair, Board of Management
2018-2019

10 September 2019

Chair's Report

The year in review 2018 – 2019:

On behalf of the Board of South Gippsland Hospital I am pleased to present our Annual Report for 2018 - 2019.

Our team at South Gippsland Hospital has again delivered a strong performance in 2018 - 2019 under the guidance of our CEO, Executives and the Board.

We have aimed to maintain high quality and safe health services that meet the current and future needs and expectations of our community, while also ensuring good governance and strong financial and operational performance.

Our key achievements during the year reflect our work in those areas:

- Our strategic priorities for the year have been delivered, our focus on financial management has delivered a positive result and our quality and clinical governance performance has met and often bettered our performance benchmarks.
- We were re-certified for full accreditation to the National Quality and Safety Standards in September 2018, with all requirements of these Standards being met and no deficiencies identified.
- Construction of our upgraded Maternity and Theatre facilities is due to commence in late 2019.
- We gained full use of Banksia Lodge for our health service after the South Gippsland Hospital Community Foundation generously licensed use of the premises to the hospital. Acquisition of this facility will allow us to expand our current range of health services so that we can continue to meet the community's current and future health needs.

- The South Gippsland Hospital By Laws were updated to reflect current legislative and other obligations and approved by Department of Health and Human Services.
- The Audit and Risk Management Committee recruited two new independent members during the year. Ms Meg Knight and Ms Marie Larkin bring additional independent financial, audit and executive management expertise to the Committee.
- We continue our collaboration with our regional colleagues at Bass Coast Health and Gippsland Southern Health Service on the South Gippsland Coast Clinical Services Plan (the Plan). This project has moved from its initial planning phase into focused implementation during 2018 – 2019, delivering all objectives for the year both on time and within budget.
- Significant work conducted this year under the Plan includes development of standard capability frameworks for key clinical areas and mapping of the service requirements in the catchment areas of each of the three health services to identify any gaps in the availability of clinical services. This important work underpins one of our own strategic priorities to identify and deliver services that respond to our current and future needs.

Board Membership Changes

We were pleased to welcome three new Directors in July 2018:

Mr Duncan Davies, Mr Jamie Sutherland and Dr David Pollard.

Our new Directors bring skills including governance, information technology, planning, executive management, strategic planning and infrastructure management.

Chair's Report cont.

Acknowledgements

We are grateful to the many individuals and organisations in our community who contribute to the successful operation of the hospital and express our appreciation to the following individuals and groups:

- Our executive staff for their expert leadership and management in 2018 - 2019: Christine Trotman, CEO; Marion Bowron, Acting Director of Nursing; Paul Greenhalgh, who joined us as Director of Nursing in September 2018; Samantha Park, Director of Community Services and Dr Pip Hawkings, Director of Medical Services.
- Our health service staff for their continued delivery of an exceptional level of health care in our community. We are fortunate to have such a skilled and dedicated team of professionals in our health service.
- Our volunteers for their contribution and support of our health service, our patients and our staff.
- All of our contractors, particularly the Foster Medical Group, South Gippsland Radiology and Duesburys.
- The Corner Inlet community and beyond for its generous support as individuals and through service organisations.
- The members and the Board of Prom Country Aged Care for the co-operation and support given to South Gippsland Hospital throughout the year.
- The members of the Board for contributing their time and expertise and for their support of the Hospital.

A personal thanks to all Board members for their hard work. Thanks also to the independent members of the Audit and Risk Management Committee:

Rod Lomax and new appointees Ms Meg Knight and Ms Marie Larkin for their contribution to governance.

- As always, we acknowledge and offer our thanks to the Hospital Auxiliary and its members for their outstanding and continued contribution to this hospital and our community. This year the members of the Auxiliary funded \$34,045.00 worth of equipment for the hospital.
- Finally, the South Gippsland Hospital Community Foundation has made an extraordinary contribution to our capacity to develop and deliver services by providing us with full access to Banksia Lodge and its facilities. Our sincere thanks to the Foundation for their generous support of the hospital and the opportunity they have given us to broaden our service offering.

Looking forward:

The South Gippsland Hospital Strategic Plan for 2018 – 2022 guides our work through to 2022 and has the flexibility to be able to respond to the constantly changing landscape in healthcare.

Our primary objective is for South Gippsland Hospital to strengthen the health of our community through developing and delivering focused and sustainable services based on prevention, healing, helping and caring.

In 2019 – 2020 full access to Banksia Lodge allows us to plan and deliver an increased range of health services that meet our local needs.

Our Maternity and Theatre upgrade project again provides us with the opportunity to expand services.

The South Gippsland Coast Clinical Services Plan continues to lead the way as an acknowledged model of better practice in effective partnerships between health services in Victoria. We are proud to be a partner in this collaboration with Gippsland Southern Health Service and Bass Coast Health which will benefit all of our local communities now and into the future by providing greater access to a wider range of high quality and safe health care services in our local areas.



Susan Pilkington

Chair, Board of Management
2018-2019

10 September 2019

Honorary Life Governor Awards

Honorary Life Governors have been appointed at South Gippsland Hospital from the time the hospital was established until 2007. The award acknowledges a significant contribution by an individual to the hospital – this can be through service and commitment or through financial support.

Three members of the Hospital Auxiliary and a long serving Board member were appointed Honorary Life Governors at the Annual General Meeting in November 2018.

Hospital Auxiliary Members

Nola Mills

Nola Mills has been a member of the Hospital Auxiliary since 1998.

She moved to the district with her husband Steven in 1970 to start teaching at Foster Primary School. Their daughters were born and educated locally so Nola was quickly drawn into community life, taking on a role as Guide leader.

On her retirement from teaching in 1998 she sought to expand her volunteer activities so became involved in the Library Committee, was a volunteer driver for the Red Cross Community Car as well as setting up an OXFAM group which raised \$18,500 over the five years of its existence. She also joined the Hospital Auxiliary and was soon persuaded to take on the role of Catering Secretary, a role that rapidly expanded when the Uniting Church catering group handed over the role to the Auxiliary.

Nola told us that she is amply rewarded for her efforts through the fellowship of working together with other Auxiliary members and the satisfaction of raising money so that our hospital may offer services and facilities that sets it apart from others in Victoria.

Prue Fleming

Prue has been a member of the Auxiliary since 2012 but she's had a much longer association with our health service. Steeped in the culture from an early age when Hospital Auxiliary meetings were held in the family home, supporting the hospital Auxiliary is in Prue Fleming's blood.

Returning to the district in 2012 Prue once again slotted right back in as an integral part of the Auxiliary family. Not content with 'merely' contributing by cooking, helping at catering functions and selling raffle tickets, Prue has consistently sought innovative ways to raise funds for the Auxiliary, including a 'monster' garage sale when her parent's home was sold.

Prue initiated, and has organised and run, the very successful 50 cent challenge that forms part of the bi-annual Prom Coast Festival. This challenge has raised thousands of dollars for the hospital. Prue has also opened her home to host musical soirees as a fund raising exercise for the Auxiliary.

Prue Fleming's mother was appointed a Life Governor of SGH in 1968.

Pam Dessent

Pam has been a member of the Auxiliary since 2010 and Secretary of the Auxiliary from 2011 – 2018.

Pam's contribution to this community includes many years of involvement in kindergarten, school, football, netball and Little Aths as well as Scouts and Guides.

Once the children had all left home Pam sought new ways to put back into the community.

She joined the Hospital Auxiliary in 2010 and in the following year was elected as Secretary, a role she diligently, reliably and cheerfully filled for the next seven years. In addition to her secretarial duties she increasingly took on more responsibilities in the catering arm of the Auxiliary, serving as the main point of contact for catering enquiries since 2017 as well as always being available to make sandwiches and bake – she is well known for her sponge cakes!

Pam is very proud to be part of the success achieved through the joint efforts of the Hospital Auxiliary members working together and particularly values the camaraderie and friendships that have been forged over the years.

Board Members

Dr Matthew Marriott

Matt joined the Board in 2009 and in addition to his Board duties served on numerous Board Committees, either as a member or as Committee Chair:

- Member, Audit and Risk Management Committee 2011 - 2018
- Chair, Audit and Risk Management Committee 2013 – 2014
- Member, Clinical Governance and Quality Committee 2010 – 2018
- Member, Finance Committee 2010 – 2018
- Chair, Finance Committee and Treasurer 2014 - 2016
- Member, Remuneration Committee 2017 - 2018
- Member, Board Appointments Committee 2017 - 2018
- Deputy Board Chair 2017

Matt completed what is now the maximum term of nine years of service to the SGH Board at 30 June 2018.

Overview (continued)

Honorary Life Governor Awards cont.

In that nine years he not only gave his time and expertise, he happily shared his knowledge, supported newcomers and was always willing to do more whenever it was needed.

On behalf of the Board and the Hospital, we thank Matt for giving us so much over his tenure and for the contribution he has made to this health service and its Board. Matt is another of this year's recipients with a family link to service to the hospital. Both of his parents were appointed Life Governors of SGH in the past.

We congratulate the recipients of the Honorary Life Governor Awards for 2018 and extend our thanks for their substantial individual contribution and for their role in developing the health service that we see today.



Nola Mills, Pam Dessent, Prue Fleming, Matthew Marriott

CEO's Report

AT A GLANCE - A snapshot of the year's highlights shows that the team at SGH:



delivered or exceeded the performance targets agreed with the Department of Health and Human Services (DHHS) in our annual Statement of Priorities



treated more patients in our acute hospital than at any time over the past five years



underwent 12 external audits on clinical and non-clinical areas, showing high level service delivery and corporate governance



expanded our delivery of community health services, particularly Home Care Package programs



achieved the Year 1 deliverables of the South Gippsland Coast Partnership plans, in conjunction with Gippsland Southern Health Service and Bass Coast Health



delivered a responsible financial surplus providing funds to be re-invested in service delivery for our community

It is with pride, that I report another successful year at South Gippsland Hospital (SGH). This year the new four-year Strategic Plan was developed and the first year's deliverables implemented.

In addition, the People Matter Survey results showed our level of employee engagement in the top 10% of Victorian hospitals with a strong values-based organisational culture. We also had strong independent patient experience survey results, with our data from June showing 100% overall patient satisfaction experience.

This year our patient triage process and models of care were improved and our education and orientation programs were strengthened. In line with the requirements of the new version National Safety and Quality Health Standards (NSQHS), we engaged community representatives as members of our Clinical Governance and Quality Sub-committee.

Our Facilities team made significant safety improvements to the hospital, with refurbishments to a ward ensuite, bathroom and the hospital kitchen. The capital works funded by the Health Service Violence Prevention Fund were completed, providing a new nurse call bell system, security swipe card access and additional CCTV.

After a change to the guidelines for new operating theatres, we successfully applied for additional funding to accommodate the larger theatre. The builder has now been contracted and the new theatre and refurbished maternity suite are due for completion in FY20.

I would like to take this opportunity to thank the Board Directors for their governance and strategic involvement and the Doctors of Foster Medical Centre for their clinical expertise and availability after hours.

My sincere thanks also to our many volunteers, including the members of the SGH Community Foundation, the SGH Auxiliary and our local service groups. Their support, industrious fund raising and contributions to patient comfort are highly valued.

Finally, I am grateful for the assistance of the Executive Management Team, whose professionalism, commitment and dedication underpin the strength of this organisation.

Our hospital and community health service are well positioned for a successful future ahead.

Chris Trotman
Chief Executive Officer

Governance and Management

Board of Management

The Board oversees the strategic direction and management of South Gippsland Hospital and ensures that all services provided are consistent with the health service's by-laws, the *Health Services Act 1988* and any applicable Victorian and Commonwealth legislation.

Board Members

(as at 30 June 2019)

Susan Pilkington, Chair
Grad Dip Occ Haz Mgt
CFSIA, FRMIA, ChOHSP, GAICD
Appointed 2014

Paul Ahern
Appointed 2011

Dawn Allan, Treasurer
BComm
Appointed 2017

Graeme Baxter, Joint Deputy Chair
MoE, Dip Bus, Dip Tourism
Appointed 2016

Judith Bennett
BA(Hons), LLB, MBA, MComm,
GAICD
Appointed 2019

Jan Bull
Appointed 2014

Professor Jim Buttery
Appointed 2017

Duncan Davies
GradDip Bus
Appointed 2018

Dr Peter Longmore, MBBS
(Monash), MRACOG, FRANZCOG
(retired), Grad Dip Health Economic
(USyd), Masters HSM (Monash),
AFRACMA, CertHP Educ (USQ)
Appointed 2017

David Pollard
BEcon (Hons) Dip Ed BD MA PhD
Appointed 2018

Dr Priscilla Robinson, Joint Deputy Chair
Associate Professor,
PhD, MPH, MHSc (PHP)
Appointed 2014

Jamie Sutherland
Appointed 2018

Audit and Risk Management Committee

(as at 30 June 2019)

Susan Pilkington
Dawn Allan
Dr David Pollard
Rod Lomax
(Independent Member)
Meg Knight
(Independent Member)
Marie Larkin
(Independent Member)

Executive Management Team

(as at 30 June 2019)

Chief Executive Officer
Chris Trotman, MoE, BBus (Acc), Grad
Dip Ed (Health), Cert Gen Nursing
(Div1), GAICD

Director of Medical Services
Dr Philippa Hawkings, MB.BS (UK),
AMC Cert, FRACMA

Director of Nursing and Midwifery
Marion Bowron, RN, RM, CCM, Grad
Dip AE&T, Cert IV WA&T
1 July 2018 – 2 September 2018

Director of Nursing
Paul Greenhalgh, B Nsg, G Cert
Health Promotion, Dip Bus Mgt
Appointed 3 September 2018

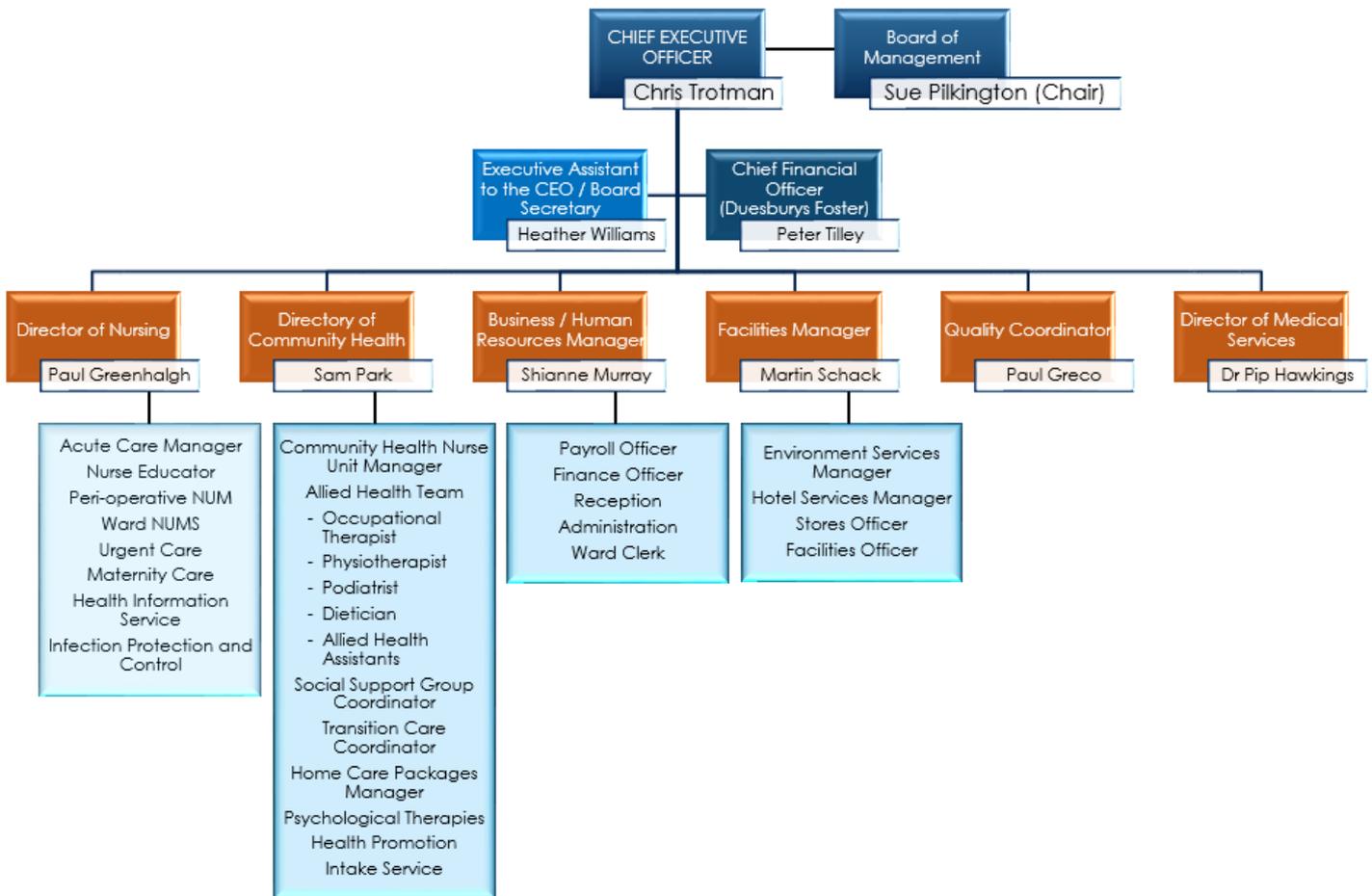
Director of Community Health
Samantha Park, BSc, MS (Prelim),
Grad Dip Adolescent Health and
Welfare

Business /HR Manager
Shianne Murray
Appointed 3 September 2018

Quality Coordinator
Paul Greco, BSc Hons
Appointed 3 September 2018

Governance and Management *(continued)*

Organisational structure



Report of Operations

Statement of Priorities

Part A – Strategic Priorities

The Victorian Government’s priorities and policy directions are outlined in the *Victorian Health Priorities Framework 2012–2022*.

In 2018-2019 South Gippsland Hospital will contribute to the achievement of these priorities by:

Goals	Strategies	Deliverables	Outcomes
<p>Better Health</p> <p>A system geared to prevention as much as treatment</p> <p>Everyone understands their own health and risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p>	<p>Better Health</p> <p>Reduce state-wide risks</p> <p>Build healthy neighbourhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p>	<p><i>Preventing Violence and Injury</i></p> <p>Utilise tools of the “Strengthening Hospital Responses to Family Violence” to support actions such as implementing the South Gippsland coast sub-regional action plan, delivering training to build staff knowledge and skills in identifying and responding to family violence.</p>	<p>Completed and on-going. Sub-regional project implemented and on-going education provided to staff.</p>

Report of Operations *(continued)*

Part A – Strategic Priorities *(continued)*

Goals	Strategies	Deliverables	Outcomes
<p>Better Access</p> <p>Care is always there when people need it</p> <p>More access to care in the home and community</p> <p>People are connected to the full range of care and support they need</p> <p>There is equal access to care</p>	<p>Better Access</p> <p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>In line with the clinical services plan (CSP) Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will collaboratively develop a CSP implementation plan for medical and sub-acute services. This will see the establishment of a sub-regional Medical & Sub-acute Steering Committee, and facilitate discussion regarding sub-regional models of care, service delineation and a sub-regional capability framework.</p> <p>In line with the clinical services plan (CSP), Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will progress the endorsed Surgery and Anaesthetics CSP Implementation Plan actions for year one. This will see on-going meetings of sub- regional models of care, service delineation and a sub-regional capability framework.</p> <p>In line with the clinical services plan (CSP), Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will progress the endorsed Maternity CSP Implementation Plan actions for year one. This will see on-going meetings of a sub-regional Maternity Steering Committee and progression of actions regarding models of care, service delineation and a sub-regional capability framework.</p> <p>In line with the clinical services plan (CSP) and in collaboration with partner agencies, Bass Coast Health, Gippsland Southern Health Service and South Gippsland Hospital will progress the endorsed Primary and Community CSP Implementation Plan actions for year one. This will see on-going meetings of the Primary and Community Steering Committee, the establishment of the South Coast Prevention Partnership and progression of actions regarding models of care, service delineation and a sub-regional capability framework.</p>	<p>Completed. Implementation plan developed with sub-regional partners.</p> <p>Completed. Implementation plan progressed with our sub-regional partners, in line with the FY19 plan.</p> <p>Completed. Implementation plan progressed with our sub-regional partners, in line with the FY19 plan.</p> <p>Completed. Implementation plan progressed with our sub-regional partners, in line with the FY19 plan.</p>

Report of Operations *(continued)*

Part A – Strategic Priorities *(continued)*

Goals	Strategies	Deliverables	Outcomes
<p>Better Care</p> <p>Target zero avoidable harm</p> <p>Healthcare that focuses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p>Better Care</p> <p>Put quality first</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p>	<p>Develop a quality improvement plan based on the second version of the NSQHS standards November 2017 and commence implementation of actions relating to the Comprehensive Care Standard aligned with health literacy principles.</p>	<p>Completed gap analysis. Implementation of actions relating to Comprehensive Care Standard on track.</p>

Report of Operations *(continued)*

Part A – Strategic Priorities *(continued)*

Goals	Strategies	Health Service Deliverables	Outcomes
Specific 2018-2019 Priorities (Mandatory)	<p>Disability Action Plans Draft Disability Action Plans are completed in 2018-2019.</p>	<p>Submit a draft disability action plan to the department by 30 June 2019. The draft plan shall outline the approach to full implementation within three years of publication.</p>	<p>Completed.</p>
	<p>Volunteer Engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.</p>	<p>Recognise additional opportunities for volunteer engagement and recognition and expand on the current program.</p>	<p>Completed and on-going. Additional volunteers recruited. Education and recognition processes enhanced.</p>
	<p>Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims, to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p>	<p>Provide organisation-wide training to promote positive behaviours amongst staff and reduce incidents of workplace bullying and harassment. Continue current practice of reporting outcomes of investigations and claims of bullying and harassment at Executive and Board levels.</p>	<p>Completed and on-going. All staff underwent training under the Know Better Be Better campaign. Orientation program for new employees and volunteers now includes bullying and harassment prevention component.</p>
	<p>Occupational Violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>Develop or utilise education programs and ensure participation of all staff to be responsive to incidents and provide on-going training for new and existing staff.</p>	<p>Completed and on-going. All staff undertook formal Occupational Violence and Aggression Prevention training. Orientation program for new employees and volunteers now includes occupational violence awareness and prevention component.</p>

Report of Operations *(continued)*

Part A – Strategic Priorities *(continued)*

Goals	Strategies	Health Service Deliverables	Outcomes
<p>Specific 2018-2019 Priorities (Mandatory) cont.</p>	<p>Environmental Sustainability Actively contribute to the development of the Victorian Government’s policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including:</p> <ul style="list-style-type: none"> • workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and • publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill, and • waste, water and energy use and improved recycling. <p>LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans- and intersex-related interventions. <i>Note: deliverables should be in accordance with the DHHS Rainbow eQuality Guide.</i></p>	<p>Executive review of current environmental sustainability measures and develop improvement plan to implement waste reduction measures.</p> <p>In collaboration with one or more of the hospitals in the catchment and relevant LGBTI communities, commence development of policies and procedures to avoid discrimination against LGBTI patients in accordance with the DHHS against the Rainbow eQuality Guide.</p>	<p>Completed and on-going. Environmental Sustainability Working Group established and waste reduction measures introduced.</p> <p>Completed and on-going. Diversity Plan reported, policies and procedures updated, and organisation-wide awareness raising campaign undertaken.</p>

Report of Operations *(continued)*

Statement of priorities - Part B: Performance priorities

The *Victorian health agency monitoring and intervention* describes the Department of Health and Human Services' approach to monitoring and assessing the performance of health agencies and detecting, actively responding and intervening in relation to performance concerns and risk. This document aligns with the measuring and monitoring element of the *Victorian health services performance framework*.

Changes to the key performance measures in 2018-19 strengthen the focus on quality and safety, in particular maternity and newborn, and access and timeliness in line with ministerial and departmental priorities.

Further information is available at <https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability>

High Quality and Safe Care

Key performance indicator	Target	2018-2019 Result
Accreditation		
Accreditation against the NSQHS Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	86%
Percentage of healthcare workers immunized for influenza	80%	88%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full Compliance
Victorian Healthcare Experience Survey - percentage of positive patient experience responses – Quarter 1	95% positive experience	99%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses – Quarter 2	95% positive experience	100%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses – Quarter 3	95% positive experience	100%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75% very positive experience	98%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75% very positive experience	86%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75% very positive experience	92%

Report of Operations *(continued)*

Statement of priorities - Part B: Performance priorities

Patient experience cont.		
Victorian Healthcare Experience Survey—patients' perception of cleanliness – Quarter 1	70%	94%
Victorian Healthcare Experience Survey—patients' perception of cleanliness – Quarter 2	70%	96%
Victorian Healthcare Experience Survey—patients' perception of cleanliness – Quarter 3	70%	93%

Adverse Events		
Number of sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	0

Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤ 1.4%	Reporting threshold of ≤ 10
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	Reporting threshold of ≤ 10

Report of Operations *(continued)*

Statement of priorities – Part B: Performance priorities *(continued)*

Strong Governance, Leadership and Culture

Key performance indicator	Target	2018-2019 Result
Organisational Culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	97%
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%	100%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	98%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	94%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	96%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	100%
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%	90%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	96%
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%	100%

Report of Operations *(continued)*

Statement of priorities – Part B: Performance priorities *(continued)*

Effective Financial Management

Key performance indicator	Target	2018 - 2019 Result
Finance		
Operating result (\$m)	0.00	0.17
Average number of days to paying trade creditors	60 days	39
Average number of days to receiving patient fee debtors	60 days	32
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	2.2
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	139
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Not achieved

Report of Operations *(continued)*

Statement of priorities - Part C: Activity and Funding

The performance and financial framework within which state government-funded organisations operate is described in 'Volume 2: Health operations 2018 - 19' of the Department of Health and Human Services' *Policy and funding guidelines*.

The *Policy and funding guidelines* are available at <https://www2.health.vic.gov.au/about/policy-and-funding-guidelines>.

Funding Type - Small Rural	Activity 2018 - 19 (hours)
Small Rural Primary Health	1,018
Small Rural HACC - Dietetics	32
Small Rural HACC - Nursing	474
Small Rural HACC - Occupational Therapy	138
Small Rural HACC - Podiatry	64
Small Rural HACC - Physiotherapy	7

Attestations

Attestation on Conflict of Interest

I, CHRIS TROTMAN, certify that South Gippsland Hospital 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 South Gippsland Hospital and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Chris Trotman
Accountable Officer
South Gippsland Hospital, Foster
10 September 2019

Attestation on Data Integrity

I, CHRIS TROTMAN, certify that South Gippsland Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. South Gippsland Hospital has critically reviewed these controls and processes during the year.



Chris Trotman
Accountable Officer
South Gippsland Hospital, Foster
10 September 2019

Attestations *(continued)*

Attestation on Integrity, Fraud and Corruption

I, CHRIS TROTMAN, certify that South Gippsland Hospital has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at South Gippsland Hospital during the year.



Chris Trotman
Accountable Officer
South Gippsland Hospital, Foster
10 September 2019

Attestations (continued)

Attestation Ministerial
Standing Direction 5.1.4
Financial Management
Compliance

I, SUSAN PILKINGTON, on behalf
of the Responsible Body, certify that
South Gippsland Hospital has
complied with the applicable
Standing Directions under the
Financial Management Act 1994 and
Instructions.



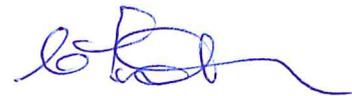
Susan Pilkington

Chair, Board of Management
2018-2019

10 September 2019

Attestation on
Compliance with Health
Purchasing Victoria
(HPV) Health Purchasing
Policies

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



Chris Trotman

Accountable Officer

South Gippsland Hospital, Foster

10 September 2019

Workforce

Workforce data

Hospitals labour category	JUNE current month FTE		AVG MONTHLY FTE	
	2018	2019	2018	2019
Nursing	30.16	31.87	33.45	33.50
Administration and Clerical	14.17	12.07	15.72	14.51
Medical Support	0.61	0.64	0.57	0.56
Hotel and Allied Services	10.72	10.23	10.85	10.95
Medical Officers	0	0	0	0
Hospital Medical Officers	7.87	8.7	8.64	9.01
Sessional Clinicians				
Ancillary Staff (Allied Health)				
Total	63.53	63.50	69.22	68.52

Incorporating both the hospitals values and public sector values, South Gippsland Hospital has in place the appropriate employment and conduct principles. All staff have been correctly classified in workforce data collections.

Occupational violence

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

Occupational Violence Statistics	2018-2019
Work Cover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Work Cover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	4
Number of occupational violence incidents reported per 100 FTE	6.45
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Workforce (continued)

Workforce data cont.

Occupational health and safety

South Gippsland Hospital meets all certification performance indicators in relation to Occupational Health and Safety requirements. It maintains an Occupational Health and Safety framework to manage a safe work environment, roles and responsibilities, the OH&S Committee, incident management and return to work programs.

Occupational Health and Safety Statistics	2018 - 2019	2017 - 2018
Number of reported hazards/incidents for the year per 100 FTE staff members	7	4
Number of lost time standard claims for the year per 100 FTE staff members	2	2
Average cost per claim for the year	\$6,920	\$2,401
Number of fatalities	0	0

Summary of Financial Results

Summary of operational and budgetary objectives

In 2018 - 2019, SGH achieved the targets established under the Statement of Priorities. The hospital recorded a surplus of \$392,262 before capital purpose income and depreciation. Capital purpose income of \$775,379 was received during the financial year with depreciation write-offs totaling \$369,372.

Summary of factors affecting operations

The results for the year have been affected by the following:

- Capital works funding under the Rural Health Infrastructure Fund, Round 2
- Capital works funding under the Health Service Violence Prevention Fund

Events subsequent to balance date

At the date of this report, management is not aware of any events that have occurred subsequent to balance date that may have material impact on the results of the next reporting period.

Summary of financial results

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
• OPERATING RESULT					
– Total revenue	9,664,552	9,265,732	8,131,994	7,796,448	7,485,586
– Total expenses	9,272,290	8,598,676	8,331,578	7,850,341	8,115,896
– Net result from transactions	392,262	667,056	-199,584	-53,893	-630,310
– Total other economic flows	11,979	-2,976	4,089	-173,833	-8,217
– Net result	404,241	664,080	-195,495	-227,726	-638,527
– Total assets	10,418,663	9,381,624	8,170,685	8,372,454	8,496,129
– Total liabilities	2,637,626	2,258,279	2,147,017	2,153,291	2,049,240
– Net assets/Total equity	7,781,037	7,123,345	6,023,668	6,219,163	6,446,889

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

	2019 \$000
Net operating result *	170,213
<u>Capital and specific items</u>	
Capital purpose income	578,095
Specific income	-
Assets provided free of charge	-
Assets received free of charge	22,792
Expenditure for capital purpose	-
Depreciation and amortisation	378,838
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	392,262

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

Finance Costs – Other (State Funded activity): Where through a Public-Private Partnership_ (PPP) project the Health Service received recurring funding for the project, the funding received must be treated as State Government Capital Grants – Funding for [Name of Health Service] Hospital PPP Project. The corresponding interest charges relating to the PPP finance lease should be excluded from the *Operating result*.

Other information and disclosures

The Annual Report of South Gippsland Hospital is prepared in accordance with Victorian legislation. A summary of the legislative obligations and required disclosures of South Gippsland Hospital is detailed below.

Freedom of Information

The Freedom of Information Act 1982 (the FOI Act) gives people right of access to information held by South Gippsland Hospital and applications for access to information and records are processed in accordance with the FOI Act by the Health Information Manager under delegation from the Chief Executive Officer. Health

Services charge a fee for FOI and medico-legal requests. In some instances, where hardship can be proven, the fee may be waived. SGH has in place a corporate policy and procedure which complies with the Act.

Disclosures made under this policy will be investigated swiftly, professionally and discreetly.

What can I access?

Access may be in the form of requesting access to copies of patient records or inspecting the patient record (in the presence of the Director of Medical Services or delegate).

How do I access information?

Applications must be made in writing to the Health Information Manager on an Application Form submitted to SGH.

Your request to either view the record or obtain a copy must be clear.

Records will only be provided to a person other than the patient if written authority from the patient is given, or if you can provide evidence you have been named as Power of Attorney, have been appointed Legal Guardian, or are the direct Next of Kin (in the case of a deceased person).

Records may also be made available in accordance with due legal process, e.g. as evidence in a legal action before a court.

Costs & Requirements

Application Under the FOI Act, the person making an application must pay certain costs, all subject to change.

These costs are:

- Application fee (non-refundable) = \$29.60
- Supervision charges = \$5.00 per quarter hour or part thereof
- Photocopy charges – 20c per page

If you are the holder of a current health care/pension card, please ensure a copy of your entitlement card is provided.

Applications must be sent with proof of your identity (eg a copy of your driver's license or passport).

Summary of requestors for 2018 - 2019

There were two (2) requests for information at SGH in 2018 - 2019 – both were for patient details.

How can you request a review of a decision?

If you are not satisfied with the decision, you have the right to seek a review from the [Freedom of Information Commissioner](#).

If you wish to appeal the Commissioner's decision, you can apply to the [Victorian Civil and Administrative Tribunal](#).

The Freedom of Information Commissioner can hear complaints about an agency's handling of a request. If the request involves health information, you can also contact the [Health Services Commissioner](#).

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at <http://www.data.vic.gov.au/> in machine readable format.

Ex-gratia payments

There were no ex-gratia payments made in 2018 - 2019.

Other information and disclosures (continued)

Consultancies

Details of consultancies (under \$10,000)

In 2018 - 2019 there was one (1) consultancy where the total fee payable to the consultant was \$10,000 or greater. The total expenditure incurred during 2018 - 2019 in relation to this consultancy is \$6,500.

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

In 2018 - 2019, there were two (2) consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018 - 2019 in relation to these consultancies is \$106,691 (excluding GST). Details of individual consultancies can be viewed at our website: <https://southgippslandhospital.com.au/>

(\$ thousand)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2018 - 2019 (excluding GST)	Future expenditure (excluding GST)
Rodney Vapp & Associates	Quantity Surveying	August 2018	January 2019	\$11,400	\$11,400	0
SLAP Architects	Architectural Services	July 2018	March 2019	\$95,291	\$95,291	\$55,000

Information and Communication Technology (ICT)

The total ICT expenditure incurred during 2018 – 2019 is \$465,509 (excluding GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total = Operational Expenditure and Capital Expenditure (excluding GST)	Operational Expenditure (excluding GST)	Capital expenditure (excluding GST)
\$331,194	\$134,315	0	\$134,315

Other information and disclosures (continued)

Carers' Recognition Act 2012

South Gippsland Hospital endorses the Carers' Recognition Act which recognises, promotes and values the role of carers.

Staff are encouraged to consider and promote the care relationship principles and the supporting document 'Victorian Charter Supporting People in Care Relationships'.

Protected Disclosure Act 2012

South Gippsland Hospital endorses the provisions of the *Protected Disclosure Act 2012* which encourages and facilitates disclosure of improper conduct by public officers, public bodies and protects persons who make these disclosures.

Building Act 1993

All buildings and maintenance provisions of South Gippsland Hospital comply with the *Building Act 1993*, which encompasses the Building Code.

Competitive neutrality

South Gippsland Hospital complies with all Government policies regarding competitive neutrality requirements and has implemented policies and programs to ensure compliance with the National Competition Policy and the requirements of the Competitive Neutrality Policy Victoria and any subsequent reforms.

Contracts commenced and/or completed

There were no contracts commenced but not completed during the financial year which require disclosure under *the Local Jobs First Act 2003*.

Environmental Performance

South Gippsland Hospital has an active Environmental Program and monitors the usage of energy and water to avoid unnecessary waste. The environmental impact of all proposed developments is reviewed to ensure that they meet key performance standards.

Safe Patient Care Act 2015

Nil reports.

Legislation

South Gippsland Hospital complies with the requirements of the following legislation:

Financial Management Act 1994

Protected Disclosure Act 2012

Carers Recognition Act 2012

Local Jobs First Act 2003

Freedom of Information Act 1982

Safe Patient Care Act 2015

Disability Act 2006

Other information and disclosures (continued)

Availability of additional information (FRD 22H)

In compliance with the requirements of FRD 22H *Standard Disclosures in the Report of Operations*, details in respect of the items listed below have been retained by South Gippsland Hospital and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
 - Details of shares held by senior officers as nominee or held beneficially;
 - Details of publications produced by the entity about itself, and how these can be obtained;
 - Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
 - Details of any major external reviews carried out on the Health Service;
 - Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
 - Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
 - Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
 - Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
 - A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved; and
 - Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Other information and disclosures (continued)

Disclosure Index

The annual report of the *South Gippsland Hospital* 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.

Legislation	Requirement	Page Reference
Ministerial Directions		
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Charter and purpose		
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Other information and disclosures (continued)

Disclosure Index cont.

Legislation	Requirement	Page Reference
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FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1992</i>	30
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	30
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FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	30
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	• Occupational Violence reporting	25
	• Reporting of compliance Health Purchasing Victoria policy	24
	• Reporting obligations under the <i>Safe Patient Care Act 2015</i>	30

Independent Auditor's Report

To the Board of South Gippsland Hospital

Opinion I have audited the financial report of South Gippsland Hospital (the health service) which comprises the:

- balance sheet as at 30 June 2019
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *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.

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.

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
16 September 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

Financial Statements for the year ended 30 June 2019

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

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

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

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

We authorise the attached financial statements for issue on 10 September 2019.



Susan Pilkington
Board Member

Foster

10 September 2019



Chris Trotman
Accountable Officer

Foster

10 September 2019



Peter Tilley
Chief Finance &
Accounting Officer

Foster

10 September 2019

South Gippsland Hospital

For the Financial Year Ended 30 June 2019

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**South Gippsland Hospital
Comprehensive Operating Statement
For the Year Ended 30 June 2019**

	Note	2019 \$	2018 \$
Income from Transactions			
Operating Activities	2.1	9,617,614	9,227,568
Non-operating Activities	2.1	46,938	38,164
Total Income from Transactions		9,664,552	9,265,732
Expenses from Transactions			
Employee Expenses	3.1	(6,352,652)	(5,818,211)
Non Salary Labour Costs	3.1	(257,738)	(262,157)
Supplies and Consumables	3.1	(600,855)	(440,623)
Finance Costs	3.1	(6,606)	-
Depreciation and Amortisation	4.3	(379,894)	(369,372)
Other Operating Expenses	3.1	(1,674,545)	(1,708,313)
Total Expenses from Transactions		(9,272,290)	(8,598,676)
Net Result from Transactions - Net Operating Balance		392,262	667,056
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	11,164	(2,850)
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	815	(126)
Total Other Economic Flows included in Net Result		11,979	(2,976)
Net Result for the year		404,241	664,080
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	253,451	435,597
Total Other Comprehensive Income		253,451	435,597
Comprehensive result for the year		657,692	1,099,677

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

**South Gippsland Hospital
Balance Sheet
As At 30 June 2019**

	Note	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	6.2	592,329	1,355,295
Receivables	5.1	422,502	376,308
Investments and Other Financial Assets	4.1	2,614,663	1,132,088
Inventories		69,018	74,978
Total Current Assets		3,698,512	2,938,669
Non-Current Assets			
Receivables	5.1	583,656	480,598
Property, Plant and Equipment	4.2 (a)	6,136,495	5,962,357
Total Non-Current Assets		6,720,151	6,442,955
TOTAL ASSETS		10,418,663	9,381,624
Current Liabilities			
Payables	5.2	733,180	504,048
Borrowings	6.1	19,721	12,719
Provisions	3.3	1,349,622	1,415,709
Other Liabilities	5.3	136,933	24,399
Total Current Liabilities		2,239,456	1,956,875
Non-Current Liabilities			
Borrowings	6.1	93,570	90,398
Provisions	3.3	304,600	211,006
Total Non-Current Liabilities		398,170	301,404
TOTAL LIABILITIES		2,637,626	2,258,279
NET ASSETS		7,781,037	7,123,345
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	3,546,608	3,293,157
Contributed Capital		3,086,756	3,086,756
Accumulated Deficits		1,147,673	743,432
TOTAL EQUITY		7,781,037	7,123,345

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

South Gippsland Hospital
Statement of Changes in Equity
For the Financial Year Ended 30 June 2019

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Deficits	Total
Note	\$	\$	\$	\$
Balance at 1 July 2017	2,857,560	3,086,756	79,352	6,023,668
Net result for the year	-	-	664,080	664,080
Other comprehensive income for the year	435,597	-	-	435,597
Balance at 30 June 2018	3,293,157	3,086,756	743,432	7,123,345
Net result for the year	-	-	404,241	404,241
Other comprehensive income for the year	253,451	-	-	253,451
Balance at 30 June 2019	3,546,608	3,086,756	1,147,673	7,781,037

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

South Gippsland Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Operating Grants from Government		6,828,999	6,352,038
Capital Grants from Government		514,978	710,380
Other Capital Receipts		63,117	64,999
Patient Fees Received		455,320	502,820
Donations and Bequests Received		99,338	136,113
GST Received from/(paid to) ATO		70,845	93,682
Interest and Investment Income Received		72,144	40,000
Other Receipts		1,750,870	1,442,756
Total Receipts		9,855,611	9,342,788
Employee Expenses Paid		(6,252,365)	(5,825,289)
Payments for Service of Medical Officers		(237,428)	(268,111)
Payments for Supplies and Consumables		(591,998)	(443,733)
Other Payments		(1,755,362)	(1,915,462)
Total Payments		(8,837,153)	(8,452,595)
Net Cash Flows from/(used in) Operating Activities	8.1	1,018,458	890,193
Cash Flows from Investing Activities			
Purchase of Investments		(1,482,575)	(27,805)
Purchase of Non-Financial Assets		(333,380)	(180,813)
Proceeds from Disposal of Non-Financial Assets		66,347	27,818
Net Cash Flows from/(used in) Investing Activities		(1,749,608)	(180,800)
Cash Flows from Financing Activities			
Proceeds from Borrowings		10,175	-
Net Cash Flows from/(used in) Financing Activities		10,175	-
Net Increase/(Decrease) in Cash and Cash Equivalents Held		(720,975)	709,393
Cash and Cash Equivalents at Beginning of Year		1,070,581	361,188
Cash and Cash Equivalents at End of Year	6.2	349,606	1,070,581

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

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Basis of Preparation

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

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

Note 1: Summary of Significant Accounting Policies

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

[a] Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994 and applicable 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 and Finance and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

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

The annual financial statements were authorised for issue by the Board of South Gippsland Hospital on 10 September 2019.

[b] Reporting Entity

The financial statements includes all the controlled activities of the Health Service. Its principal address is:

87 Station Road
Foster
Victoria 3960

A description of the nature of the South Gippsland Hospital'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 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.7 Economic Dependency).

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

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

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.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

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 AASB's that have significant effects on the financial statements and estimates relate to:

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

Goods and Services Tax (GST)

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

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

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

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

[d] Jointly Controlled Operations

Jointly Controlled Assets

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

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

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

The Health Service is a Member of the GHA Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.5 Jointly Controlled Operations).

[f] Equity

Contributed Capital

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

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

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

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Specific Restricted Purpose Surplus

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

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 2: Funding Delivery of our Services

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

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

Structure

2.1 Income from Transactions

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 2.1: Income from Transactions

	Total 2019 \$	Total 2018 \$
Government Grants - Operating	6,897,880	6,408,849
Government Grants - Capital	514,978	710,380
Other Capital purpose income (including capital donations)	63,117	64,999
Patient and Resident Fees	481,175	486,526
Catering	44,173	28,538
Transitional Care Program	488,383	446,310
Assets received free of charge or for nominal consideration	22,792	-
Other Revenue from Operating Activities (including non-capital donations)	1,105,116	1,081,966
Total Income from Operating Activities	9,617,614	9,227,568
Interest	46,938	38,164
Total Income from Non-Operating Activities	46,938	38,164
Total Income from Transactions	9,664,552	9,265,732

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Revenue Recognition

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

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

Government Grants and Other Transfers of Income (other than contributions by owners)

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

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

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

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services;
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular;
- Public Private Partnership (PPP) lease and service payments are paid directly to the PPP consortium. Revenue and the matching expense are recognised in accordance with the nature and timing of the monthly or quarterly service payments made by the Department of Health and Human Services.

Patient Fees

Patient fees are recognised as revenue on an accrual basis.

Revenue from commercial activities

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

Donations and Other Bequests

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

Sale of Investments

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

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

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

Other income

Other income is recognised as revenue when received. Other income includes radiology facility rental, project and education funding.

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Assets received free of charge or for nominal consideration

The revenues and assets recognised as a result of such transactions shall be measured at the fair value of resources received.

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

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 3: The cost of delivering services

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

Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Employee Benefits in the Balance Sheet
- 3.4 Superannuation

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 3.1: Expenses from Transactions

	Total 2019 \$	Total 2018 \$
Salaries and Wages	4,989,960	4,589,183
On-costs	1,304,059	1,183,641
Agency Expenses	1,035	-
Fee for Service Medical Officer Expenses	257,738	262,157
Workcover Premium	57,598	45,387
Total Employee Expenses	6,610,390	6,080,368
Supplies and Consumables	600,855	440,623
Total Supplies and Consumables	600,855	440,623
Finance Costs	6,606	-
Total Finance Costs	6,606	-
Fuel, Light, Power and Water	78,281	107,726
Repairs and Maintenance	122,228	118,727
Medical Indemnity Insurance	139,505	171,217
Other Expenses	1,334,531	1,310,643
Total Other Operating Expenses	1,674,545	1,708,313
Depreciation and Amortisation (refer Note 4.3)	379,894	369,372
Total Other Non-Operating Expenses	379,894	369,372
Total Expenses from Transactions	9,272,290	8,598,676

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

Grants & other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

Other operating expenses

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

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

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

Non-operating expenses

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

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 3.2: Other Economic Flows

	2019	2018
	\$	\$
<i>Net gain/(loss) on sale of non-financial assets</i>		
Net gain on disposal of property plant and equipment	11,164	(2,850)
Total net gain/(loss) on non-financial assets	11,164	(2,850)
<i>Net gain/(loss) on financial instruments at fair value</i>		
Bad debts written off unilaterally	815	(126)
Total net gain/(loss) on financial instruments at fair value	815	(126)
Total other gains/(losses) from economic flows	11,979	(2,976)

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/ (loss) on non-financial assets

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

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

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

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

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

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.1 Investments and other financial assets.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

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

Fair Value of Assets, Services Provided Free of Charge or for Nominal Consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 3.3: Employee Benefits in the Balance Sheet

	2019	2018
	\$	\$
CURRENT PROVISIONS		
Employee Benefits ⁱ		
<i>Accrued days off</i>		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	4,461	17,322
	<u>4,461</u>	<u>17,322</u>
<i>Annual leave</i>		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	348,072	289,467
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	207,376	289,467
<i>Long Service Leave</i>		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	164,167	170,307
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	492,501	510,921
	<u>1,212,116</u>	<u>1,260,162</u>
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months ⁱⁱ	48,054	49,953
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	84,991	88,272
	<u>133,045</u>	<u>138,225</u>
TOTAL CURRENT PROVISIONS	<u>1,349,622</u>	<u>1,415,709</u>
NON-CURRENT PROVISIONS		
Conditional Long Service Leave	276,743	190,579
Provisions related to Employee Benefit On-Costs	27,857	20,427
TOTAL NON-CURRENT PROVISIONS	<u>304,600</u>	<u>211,006</u>
TOTAL PROVISIONS	<u>1,654,222</u>	<u>1,626,715</u>

ⁱ Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

(a) Employee Benefits and Related On-Costs

	2019	2018
	\$	\$
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	730,545	757,866
Annual leave entitlements	614,616	640,520
Accrued days off	4,461	17,323
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	304,600	211,006
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	<u>1,654,222</u>	<u>1,626,715</u>

(b) Movement in On-Costs Provision

	2019
	\$
Balance at start of year	<u>158,651</u>
Additional provisions recognised	2,252
Balance at end of year	<u>160,903</u>

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

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

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

Annual Leave and Accrued Days Off

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

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

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

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

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

Termination Benefits

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

On-Costs Related to Employee Expense

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2019 \$	2018 \$	2019 \$	2018 \$
Defined Contribution Plans:				
First State Super	321,579	392,745	16,378	15,050
Hesta Super	98,832	89,086	5,034	3,409
Other Super	85,003	531	4,329	-
Total	505,414	482,362	25,741	18,459

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

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.

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 4: Key assets to support delivery

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

Structure

- 4.1 Investments and Other Financial Assets
- 4.2 Property, Plant & Equipment
- 4.3 Depreciation and Amortisation

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT								
Loans and Receivables								
Central Banking System	2,614,663	-	-	-	-	-	2,614,663	-
Term Deposit #1 (Capital Development)	-	-	-	-	-	335,715	-	335,715
Term Deposit #2 (Leave Liabilities)	-	-	-	796,373	-	-	-	796,373
TOTAL CURRENT	2,614,663	-	-	796,373	-	335,715	2,614,663	1,132,088
NON-CURRENT								
Loans and Receivables								
Term Deposits > 12 Months	-	-	-	-	-	-	-	-
Total NON-CURRENT	-	-	-	-	-	-	-	-
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	2,614,663	-	-	796,373	-	335,715	2,614,663	1,132,088
Represented by:								
Health Service Investments	2,614,663	-	-	796,373	-	335,715	2,614,663	1,132,088
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	2,614,663	-	-	796,373	-	335,715	2,614,663	1,132,088

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 4.1: Investments and Other Financial Assets cont.

Investment recognition

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

Investments are classified as loans and receivables or available-for-sale financial assets.

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

The Health Service's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management. The investment portfolio of the Health Services is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

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

Derecognition of financial assets

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

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

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

Impairment of Financial Assets

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

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

In order to determine an appropriate fair value as at 30 June 2019 for its portfolio of financial assets, the Health Service and its controlled entities used the market value of investments held provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 4.2: Property, Plant and Equipment

Initial Recognition

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

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

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) 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.

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 4.2: Property, Plant and Equipment

Fair value measurement

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

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

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

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

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

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

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Specialised Land and Specialised Buildings

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

During the reporting period, the Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

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

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

Plant and Equipment

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

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

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 4.2: Property, Plant and Equipment cont.

(a) Gross carrying amount and accumulated depreciation

	2019	2018
	\$	\$
Land		
- Land at Fair Value	420,000	360,000
Less Impairment	-	-
Total Land	420,000	360,000
Buildings		
- Buildings at Cost	4,646,187	4,642,231
Less Accumulated Depreciation	-	-
Building Work in Progress at Cost	128,447	21,756
	4,774,634	4,663,987
Total Buildings	4,774,634	4,663,987
Plant and Equipment		
- Plant and Equipment at Fair Value	206,535	206,535
Less Accumulated Depreciation	(162,413)	(143,885)
Total Plant and Equipment	44,122	62,650
Motor Vehicles		
- Motor Vehicles at Fair Value	131,718	228,563
Less Accumulated Depreciation	(42,910)	(95,306)
Total Motor Vehicles	88,808	133,257
Medical Equipment		
- Medical Equipment at Fair Value	1,464,737	1,422,650
Less Accumulated Depreciation	(1,139,157)	(1,072,425)
Total Medical Equipment	325,580	350,225
Furniture and Fittings		
- Furniture and Fittings at Fair Value	240,583	240,583
Less Accumulated Depreciation	(131,606)	(114,140)
Total Furniture and Fittings	108,977	126,443
Other Equipment		
- Other Equipment at Fair Value	678,488	487,507
Less Accumulated Depreciation	(421,054)	(394,484)
Other Equipment Work in Progress at Cost	1,500	62,200
Total Other Equipment	258,934	155,223
GHA Plant and Equipment		
- GHA Plant and Equipment at Fair Value	2,916	7,455
Less Accumulated Depreciation	-	-
Total Cultural Assets	2,916	7,455
Leased Assets		
- Leased Motor Vehicles at Fair Value	132,368	103,117
Less Accumulated Depreciation	(19,844)	-
Total Leased Assets	112,524	103,117
TOTAL PROPERTY, PLANT AND EQUIPMENT	6,136,495	5,962,357

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 4.2: Property, Plant and Equipment cont.

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

	Land	Buildings	Plant & Equipment	Medical Equipment	Furniture & Fittings	Other Equipment	GHA Plant & Equipment	Motor Vehicles	Leased Assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	360,000	4,379,674	81,600	404,643	108,645	105,537	5,312	197,459	-	5,642,870
Additions	-	21,755	-	44,305	38,049	73,919	2,786	-	103,117	283,931
Disposals	-	-	-	(396)	-	-	-	(30,272)	-	(30,668)
Revaluation increments/(decrements)	-	435,597	-	-	-	-	-	-	-	435,597
Net Transfers between classes	-	-	-	-	-	-	-	-	-	-
Depreciation (refer Note 4.3)	-	(173,039)	(18,950)	(98,327)	(20,251)	(24,232)	(643)	(33,930)	-	(369,372)
Balance at 1 July 2018	360,000	4,663,987	62,650	350,225	126,443	155,224	7,455	133,257	103,117	5,962,358
Additions	-	106,692	-	59,687	-	137,750	-	-	29,251	333,380
Disposals	-	-	-	-	-	(1,305)	(3,483)	(50,394)	-	(55,182)
Assets provided free of charge	-	-	-	-	-	-	-	22,383	-	22,383
Revaluation increments/(decrements)	60,000	193,451	-	-	-	-	-	-	-	253,451
Depreciation (refer Note 4.3)	-	(189,496)	(18,528)	(84,332)	(17,465)	(32,735)	(1,056)	(16,438)	(19,844)	(379,894)
Balance at 30 June 2019	420,000	4,774,634	44,122	325,580	108,978	258,934	2,916	88,808	112,524	6,136,496

Land and Buildings and Leased Assets Carried at Valuation

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

In compliance with FRD 103F, in the year ended 30 June 2018, the Health Services's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2018.

The latest indices required a managerial revaluation in 2018. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the land and buildings asset class of \$436k.

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 4.2: Property, Plant and Equipment cont.

(c) Fair value measurement hierarchy for assets

	Consolidated Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
	\$	\$	\$	\$
Balance at 30 June 2019				
Land at Fair Value				
Specialised Land				
- Station Road, Foster	420,000	-	-	420,000
Total Land at Fair Value	420,000	-	-	420,000
Buildings at Fair Value				
Specialised Buildings				
- Station Road, Foster	4,774,634	-	-	4,774,634
Total Building at Fair Value	4,774,634	-	-	4,774,634
Plant and Equipment at Fair Value				
Plant and Equipment at Fair Value	44,122	-	-	44,122
Motor Vehicles at Fair Value	88,808	-	-	88,808
Medical Equipment at Fair Value	325,580	-	-	325,580
Other Equipment at Fair Value	258,934	-	-	258,934
Furniture and Fittings at Fair Value	108,978	-	-	108,978
GHA Plant and Equipment at Fair Value	2,916	-	-	2,916
Leased Assets at Fair Value				
Other Leased Assets at Fair Value	112,524	-	-	112,524
Total Leased Assets at Fair Value	112,524	-	-	112,524
Total Property, Plant and Equipment	6,136,496	-	-	6,136,496
	Consolidated Carrying Amount	Fair value measurement at end of reporting period using:		
	\$	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
	\$	\$	\$	\$
Balance at 30 June 2018				
Land at Fair Value				
Specialised Land				
- Station Road, Foster	360,000	-	-	360,000
Total Land at Fair Value	360,000	-	-	360,000
Buildings at Fair Value				
Specialised Buildings				
- Station Road, Foster	4,642,232	-	-	4,642,232
Total Building at Fair Value	4,642,232	-	-	4,642,232
Plant and Equipment at Fair Value				
Plant and Equipment at Fair Value	62,650	-	-	62,650
Motor Vehicles at Fair Value	133,257	-	-	133,257
Medical Equipment at Fair Value	350,225	-	-	350,225
Other Equipment at Fair Value	93,023	-	-	93,023
Furniture and Fittings at Fair Value	126,443	-	-	126,443
GHA Plant and Equipment at Fair Value	7,455	-	-	7,455
Leased Assets at Fair Value				
Other Leased Assets at Fair Value	103,117	-	-	103,117
Total Leased Assets at Fair Value	103,117	-	-	103,117
Total Property, Plant and Equipment	5,878,402	-	-	5,878,402

ⁱ Classified in accordance with the fair value hierarchy.

ⁱⁱ There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2018.

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 4.2: Property, Plant and Equipment cont.

(d) Reconciliation of Level 3 Fair Value ⁱ

	Land \$	Buildings \$	Plant & Equipment \$	Medical Equipment \$	Furniture and Fittings \$	Other Equipment \$	GHA Equipment \$	Motor Vehicles \$	Leased Assets \$
Balance at 1 July 2018	360,000	4,642,232	62,650	350,225	126,443	93,023	7,455	133,257	103,117
Additions/(Disposals) Assets provided free of charge	-	-	-	59,687	-	139,055	3,483	50,394	29,251
	-	-	-	-	-	-	-	22,792	-
Gains/(Losses) recognised in Net Result - Depreciation and Amortisation	-	(189,496)	(18,528)	(84,332)	(17,465)	(32,735)	(1,056)	(16,438)	(19,844)
Items recognised in Other Comprehensive Income - Revaluation	60,000	193,451	-	-	-	-	-	-	-
Balance at 30 June 2019	420,000	4,646,187	44,122	325,580	108,978	199,343	9,882	190,005	112,524

	Land \$	Buildings \$	Plant & Equipment \$	Medical Equipment \$	Furniture and Fittings \$	Other Equipment \$	GHA Equipment \$	Motor Vehicles \$	Leased Assets \$
Balance at 1 July 2017	360,000	4,379,674	81,600	404,643	108,645	105,536	5,312	197,459	-
Additions/(Disposals) Net Transfers between classes	-	-	-	43,909	38,049	11,719	2,786	(30,272)	103,117
	-	-	-	-	-	-	-	-	-
Gains/(Losses) recognised in Net Result - Depreciation and Amortisation	-	(173,039)	(18,950)	(98,327)	(20,251)	(24,232)	(643)	(33,930)	-
Items recognised in Other Comprehensive Income - Revaluation	-	435,597	-	-	-	-	-	-	-
Balance at 30 June 2018	360,000	4,642,232	62,650	350,225	126,443	93,023	7,455	133,257	103,117

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

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 4.2 (e): Property, Plant and Equipment (Fair Value Determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only)^(c)
Specialised Land - Station Road, Foster	Market approach	Community Service Obligations Adjustments ^(c)
Specialised buildings - Station Road, Foster	Depreciated replacement cost approach	- Cost per square metre - Useful life
Plant and Equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
Medical Equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
Furniture and Fittings	Depreciated replacement cost approach	- Cost per unit - Useful life
Other Equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

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

	2019	2018
	\$	\$
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	3,293,157	2,857,560
Transfer to Accumulated Deficits		
- Land	-	-
Revaluation Increment		
- Land (refer Note 4.2(b))	60,000	-
- Buildings (refer Note 4.2(b))	193,451	435,597
Balance at the end of the reporting period*	3,546,608	3,293,157
* Represented by:		
- Land	206,586	146,586
- Buildings	3,340,022	3,146,571
	3,546,608	3,293,157

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 4.3: Depreciation and Amortisation

	2019	2018
	\$	\$
Depreciation		
Buildings	189,496	173,039
Plant and Equipment	18,528	18,950
Motor Vehicles	16,438	33,930
Leased Vehicles	19,844	-
Medical Equipment	84,332	98,327
Furniture and Fittings	17,465	20,251
Other Assets	33,791	24,875
Total Depreciation	379,894	369,372

Depreciation

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

Amortisation

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

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	50 years	50 years
- Fitout	25 years	25 years
- Combined Fitout and Trunk Reticulated Building System	30 years	30 years
- Site Engineering Services and Central Plant	35 to 40 years	35 to 40 years
Plant & Equipment	10 to 20 years	10 to 20 years
Motor Vehicles	3 to 10 years	3 to 10 years
Medical Equipment	5 to 15 years	5 to 15 years
Furniture & Fittings	10 to 20 years	10 to 20 years
Other Equipment	5 to 15 years	5 to 15 years

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

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 5: Other assets and liabilities

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

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 5.1: Receivables

	2019	2018
	\$	\$
CURRENT		
Contractual		
Inter Hospital Debtors	63,906	124,566
Trade Debtors	152,344	57,859
Patient Fees	54,740	29,948
Accrued Revenue	9,471	34,679
GHA Receivables	122,322	124,384
Less: Allowance for impairment losses of contractual receivables		
Patient Fees	(3,155)	(4,218)
	399,628	367,218
Statutory		
GST Receivable	22,874	9,090
	22,874	9,090
TOTAL CURRENT RECEIVABLES	422,502	376,308
NON-CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	583,656	480,598
	583,656	480,598
TOTAL NON-CURRENT RECEIVABLES	583,656	480,598
TOTAL RECEIVABLES	1,006,158	856,906

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

	2019	2018
	\$	\$
Balance at beginning of year	4,218	5,348
Decrease in allowance recognised in the net result	(1,063)	(1,130)
Balance at end of year	3,155	4,218

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Receivables recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 5.2: Payables

	2019	2018
	\$	\$
CURRENT		
Contractual		
Trade Creditors	265,290	146,298
Accrued Salaries and Wages	371,908	299,128
Accrued Expenses	27,347	24,165
	664,545	469,591
Statutory		
Department of Health and Human Services	68,635	34,457
	68,635	34,457
TOTAL CURRENT PAYABLES	733,180	504,048
TOTAL PAYABLES	733,180	504,048

Payables consist of:

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

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

Maturity analysis of payables

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 5.3: Other Liabilities

	2019	2018
	\$	\$
CURRENT		
GHA Other Current Liabilities	33,446	18,079
Monies Held in Trust		
- Home Care Package - Patient Monies Held in Trust	103,487	6,320
Total Current	136,933	24,399
Total Other Liabilities	136,933	24,399

*** Total Monies Held in Trust**

Represented by the following assets:

Cash Assets	103,487	6,320
Investment and other Financial Assets	-	-
TOTAL	103,487	6,320

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June

Note 6: How we finance our operations

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

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for Expenditure

6.4 Non-cash Financing and Investing Activities

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 6.1: Borrowings

	2019	2018
	\$	\$
CURRENT		
Finance Lease Liability ⁽ⁱ⁾	19,721	12,719
Total Current Borrowings	19,721	12,719
NON CURRENT		
Finance Lease Liability	93,570	90,398
Total Non Current Borrowings	93,570	90,398
Total Borrowings	113,291	103,117

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Maturity analysis of borrowings

Please refer to Note 7.1 for the ageing analysis of borrowings.

Defaults and breaches

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

Finance Lease Liabilities

	Minimum future lease payments		Present value of minimum future lease payments	
	2019	2018	2019	2018
	\$	\$	\$	\$
Finance Leases				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	23,412	16,674	22,973	16,362
Later than 1 year and not later than 5 years	99,202	95,238	92,921	88,104
Minimum lease payments	122,614	111,912	115,894	104,466
Less future finance charges	(7,037)	(8,795)	(6,832)	(8,486)
TOTAL	115,577	103,117	109,062	95,980
Included in the financial statements as:				
Current borrowings finance lease liability			19,721	12,719
Non-current borrowings finance lease liability			93,570	90,398
TOTAL	-	-	113,291	103,117

The weighted average interest rate implicit in the finance lease is 3.47% (2018: 3.47%).

Borrowings Recognition

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases, in the manner described in Note 6.4 Commitments.

Finance Leases

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 6.2: Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash on Hand	400	400
Cash at Bank	591,929	1,354,895
TOTAL CASH AND CASH EQUIVALENTS	592,329	1,355,295
Represented by:		
Cash as per Cash Flow Statement	349,606	1,070,581
GHA Cash at Bank	242,723	284,714
TOTAL CASH AND CASH EQUIVALENTS	592,329	1,355,295

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 6.3 : Commitments for Expenditure

	2019	2018
	\$	\$
Capital Expenditure Commitments		
Less than 1 year	1,732,022	150,802
Longer than 1 year but not longer than 5 years	-	-
5 years or more	-	-
Total Capital Expenditure Commitments	1,732,022	150,802
Operating Expenditure Commitments		
Less than 1 year	27,134	-
Longer than 1 year but not longer than 5 years	54,266	-
5 years or more	-	-
Total Operating Expenditure Commitments	81,400	-
Total Commitments for Expenditure (inclusive of GST)	1,813,422	150,802
Less GST recoverable from the Australian Tax Office	(164,857)	(13,709)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	1,648,565	137,093

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

Commitments

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

The Health Service has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of the Health Service to purchase these assets. These leases have an average life of between 1 and 20 years with renewal terms included in the contracts. Renewals are at the option of the Health Service. There are no restrictions placed upon the lessee by entering into these leases.

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 6.4: Non-cash Financing and Investing Activities

	<u>2019</u>	<u>2018</u>
	\$	\$
Acquisition of plant and equipment by means of Finance Leases VicFleet	30,396	103,117
Total Non-Cash Financing and Investing Activities	<u>30,396</u>	<u>103,117</u>

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Note 7: Risks, Contingencies & Valuation Uncertainties

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

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

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 Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

(a) Categorisation of Financial Instruments

	Financial Assets at Amortised Cost	Financial Assets at Fair Value Through Net Result	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Liabilities at Amortised Cost	Total
	\$	\$	\$	\$	\$
2019					
Contractual Financial Assets					
Cash and Cash Equivalents	592,329	-	-	-	592,329
<i>Receivables</i>					
- Trade Debtors	399,628	-	-	-	399,628
<i>Investments and Other Financial Assets</i>					
- CBS	2,614,663	-	-	-	2,614,663
Total Financial Assets ⁱ	3,606,620	-	-	-	3,606,620
Financial Liabilities					
Payables	-	-	-	733,180	733,180
Borrowings	-	-	-	115,577	115,577
Total Financial Liabilities ⁱ	-	-	-	848,757	848,757

	Contractual Financial Assets - Loans and Receivables and Cash	Contractual Financial Assets - Available for Sale	Contractual Financial Liabilities at Amortised Cost	Total
	\$	\$	\$	\$
2018				
Contractual Financial Assets				
Cash and Cash Equivalents	1,355,295	-	-	1,355,295
<i>Receivables</i>				
- Trade Debtors	281,861	-	-	281,861
<i>Investments and Other Financial Assets</i>				
- Term Deposits	1,132,088	-	-	1,132,088
Total Financial Assets ⁱ	2,769,244	-	-	2,769,244
Financial Liabilities				
Payables	-	-	176,783	176,783
Borrowings	-	-	103,117	103,117
Total Financial Liabilities ⁱ	-	-	279,900	279,900

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

From 1 July 2018, the Health Service applies AASB9 and classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 7.1: Financial Instruments

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

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

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

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the Health Service may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Health Service recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of financial assets previously under AASB 139

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

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

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

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

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

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

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 7.1: Financial Instruments cont.

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

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 7.1 (b): Maturity Analysis of Financial Liabilities as at 30 June 2019

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

	Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates			
				Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
2019							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	733,180	733,180	718,682	14,498	-	-
Borrowings	6.1	115,577	115,577	-	5,264	13,401	96,912
Other Financial Liabilities							
Total Financial Liabilities		848,757	848,757	718,682	19,762	13,401	96,912
2018							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	504,048	504,048	497,054	6,994	-	-
Borrowings	6.1	103,117	103,117	-	2,313	10,407	90,397
Total Financial Liabilities		607,165	607,165	497,054	9,307	10,407	90,397

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 7.2: Contingent Assets and Contingent Liabilities

There were no contingent assets or contingent liabilities at 30 June 2019. (2018: Nil)

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons Disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Jointly Controlled Operations
- 8.7 Economic Dependency
- 8.8 AASBs Issued that are not yet Effective
- 8.9 Glossary

South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

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

	2019	2018
	\$	\$
Net Result for the Year	404,241	664,080
Non-Cash Movements:		
Depreciation	379,894	369,372
Net (Profit)/Loss from Sale of Plant and Equipment	(11,164)	2,850
Assets Received Free of Charge	(22,383)	-
Movements in Assets and Liabilities:		
<i>Change in Operating Assets and Liabilities</i>		
(Increase)/Decrease in Receivables	(107,261)	(38,439)
(Increase)/Decrease in Other Assets	-	(123,908)
Increase/(Decrease) in Employee Entitlements	27,507	(7,078)
(Increase)/Decrease in Prepayments	-	10,250
Increase/(Decrease) in Payables	229,132	32,030
Increase/(Decrease) in Other Liabilities	112,534	(16,808)
(Increase)/Decrease in Inventories	5,960	(2,156)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>1,018,460</u>	<u>890,193</u>

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 8.2: Responsible Persons Disclosure

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 and Minister for Ambulance Services	01/07/2018 - 29/11/2018																		
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019																		
The Honourable Martin Foley, Minister for Mental Health	01/07/2018 - 30/06/2019																		
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	01/07/2018 - 29/11/2018																		
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019																		
Governing Boards																			
Ms. Susan Pilkington (appointed 2014)	01/07/2018 - 30/06/2019																		
Mr. Paul Ahern (appointed 2011)	01/07/2018 - 30/06/2019																		
Dr. Priscilla Robinson (appointed 2014)	01/07/2018 - 30/06/2019																		
Ms. Janyce Bull (appointed 2014)	01/07/2018 - 30/06/2019																		
Mr. Graeme Baxter (appointed 2016)	01/07/2018 - 30/06/2019																		
Ms. Dawn Allan (appointed 2017)	01/07/2018 - 30/06/2019																		
Dr. Peter Longmore (appointed 2017)	01/07/2018 - 30/06/2019																		
Dr. Jim Buttery (appointed 2017)	01/07/2018 - 30/06/2019																		
Mr Duncan Davies (appointed 2018)	01/07/2018 - 30/06/2019																		
Mr. Jamie Sutherland (appointed 2018)	01/07/2018 - 30/06/2019																		
Mr David Pollard (appointed 2018)	01/07/2018 - 30/06/2019																		
Accountable Officers																			
Ms. Christine Trotman	01/07/2018 - 30/06/2019																		
Remuneration of Responsible Persons																			
The number of Responsible Persons are shown in their relevant income bands:																			
	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">2019</th> <th style="text-align: center;">2018</th> </tr> <tr> <th style="text-align: left;">Income Band</th> <th style="text-align: center;">No.</th> <th style="text-align: center;">No.</th> </tr> </thead> <tbody> <tr> <td>\$0,000 - \$9,999</td> <td style="text-align: center;">11</td> <td style="text-align: center;">11</td> </tr> <tr> <td>\$90,000 - \$99,999</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>\$160,000 - \$169,999</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Total Numbers</td> <td style="text-align: center;">12</td> <td style="text-align: center;">12</td> </tr> </tbody> </table>		2019	2018	Income Band	No.	No.	\$0,000 - \$9,999	11	11	\$90,000 - \$99,999	-	-	\$160,000 - \$169,999	1	1	Total Numbers	12	12
	2019	2018																	
Income Band	No.	No.																	
\$0,000 - \$9,999	11	11																	
\$90,000 - \$99,999	-	-																	
\$160,000 - \$169,999	1	1																	
Total Numbers	12	12																	
	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">2019</th> <th style="text-align: center;">2018</th> </tr> </thead> <tbody> <tr> <td>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</td> <td style="text-align: center;">\$180,477</td> <td style="text-align: center;">\$160,307</td> </tr> </tbody> </table>		2019	2018	Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$180,477	\$160,307												
	2019	2018																	
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$180,477	\$160,307																	

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 8.3: Remuneration of Executives

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

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

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

Total Remuneration	
2019	2018
\$	\$
177,206	171,076
17,692	16,690
-	-
-	-
194,898	187,766
3	2
3.0	2.0

Total Number of Executives

Total Annualised Employee Equivalentⁱⁱ

ⁱ The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of South Gippsland Hospital under AASB 124 *Related Party Disclosures* and are also reported within Note 8.4 Related Parties.

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

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

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

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 8.4: Related Parties

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

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

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

The Board of Directors and the Executive Directors of the Health Service and its controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
South Gippsland Hospital	Ms. Christine Trotman	Chief Executive Officer
South Gippsland Hospital	Mr. Paul Greenhalgh	Director of Nursing
South Gippsland Hospital	Ms. Marion Bowton	Director of Nursing
South Gippsland Hospital	Ms. Samatha Park	CHC Manager
South Gippsland Hospital	Ms. Susan Pilkington	Board Member
South Gippsland Hospital	Mr. Paul Ahern	Board Member
South Gippsland Hospital	Dr. Priscilla Robinson	Board Member
South Gippsland Hospital	Ms. Janyce Bull	Board Member
South Gippsland Hospital	Mr. Graeme Baxter	Board Member
South Gippsland Hospital	Ms. Dawn Allan	Board Member
South Gippsland Hospital	Dr. Jim Buttery	Board Member
South Gippsland Hospital	Mr. Graeme Baxter	Board Member
South Gippsland Hospital	Dr. Peter Longmore	Board Member
South Gippsland Hospital	Mr. Duncan Davies	Board Member
South Gippsland Hospital	Mr. Jamie Sutherland	Board Member
South Gippsland Hospital	Mr. David Pollard	Board Member

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

	2019 \$	2018 \$
Compensation - KMPs		
Short-term Employee Benefits ⁱ	337,673	315,464
Post-employment Benefits	37,702	32,609
Other Long-term Benefits	-	-
Total ⁱⁱ	375,375	348,073

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

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 8.4: Related parties (cont.)

Significant Transactions with Government Related Entities

The South Gippsland Hospital received funding from the Department of Health and Human Services of \$6,142,747 (2018: \$6,622,030).

The South Gippsland Hospital received funding from the Latrobe Regional Hospital of \$488,383 (2018: \$446,310) for the Transitional Care Program.

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

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

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

Transactions with KMPs and Other Related Parties

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

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

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

Except for the transaction listed below, there were no other related party transactions required to be disclosed for the Health Service Foundation Board of Directors in 2019.

	<u>2019</u>	<u>2018</u>
	\$	\$
Other Transactions of Responsible Persons and their Related Parties.		
Mr. Paul Ahern as trustee in Aherns Fruit Market was in receipt of payment for fruit and vegetable supplies on normal commercial terms and conditions to the Hospital and not for his role on the Board.	10,792	10,334
Mr. Peter Longmore received payment for travel expenditure to attend Board meetings of the Hospital.	800	1,782

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 8.5: Remuneration of Auditors

	<u>2019</u>	<u>2018</u>
	\$	\$
Victorian Auditor-General's Office		
Audit of the Financial Statements	22,550	22,000
TOTAL REMUNERATION OF AUDITORS	<u><u>22,550</u></u>	<u><u>22,000</u></u>

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 8.6: Jointly Controlled Operations

Summarised financial information in respect of the agency's jointly controlled operation is set below. The amounts are included in the financial statements under their respective categories.

	2019	2018
	\$	\$
Name of entity		
Gippsland Health Alliance		
Principle Activity		
Information Technology		
Ownership Interest		
	3.47%	3.51%
Summarised Financial Information of Joint Venture:		
Summarised balance sheet:		
CURRENT ASSETS		
Cash and cash equivalents	242,723	284,714
Other current assets	122,322	124,384
TOTAL CURRENT ASSETS	365,045	409,098
NON-CURRENT ASSETS		
Other non current assets	2,916	7,455
TOTAL NON-CURRENT ASSETS	2,916	7,455
TOTAL ASSETS	367,961	416,553
CURRENT LIABILITIES		
Other non-financial liabilities (including payables, provisions)	33,446	18,079
TOTAL CURRENT LIABILITIES	33,446	18,079
NON-CURRENT LIABILITIES		
	-	-
TOTAL LIABILITIES	33,446	18,079
NET ASSETS	334,515	398,474
EQUITY		
Accumulated Surplises/(Deficites)	334,515	398,474
	334,515	398,474
Operating Revenue		
GHA Revenue	411,576	594,961
	411,576	594,961
Operating Expense		
GHA Expense	(450,894)	(449,732)
	(450,894)	(449,732)
Net result from operating	(39,318)	145,229
Net result from continuing operation	(39,318)	145,229
Share of Joint Venture's Net Result After Income Tax	(39,318)	145,229

Contingent Liabilities and Capital Commitments

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

**South Gippsland Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019**

Note 8.7: Economic Dependency

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

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 8.8: AASBs Issued that are not yet Effective

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

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

<i>Topic^(a)</i>	<i>Key requirements</i>	<i>Effective date</i>	<i>Impact</i>
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 for Not-for-Profit entities.	1 January 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements, Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be attached to the grants are satisfied. Based on current assessment as at 30th June 2019, there was no significant impact identified due to implementation of AASB 15.
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1 January 2019	AASB 2018-4 provides additional guidance for not-for-profit public sector licences, which include, * Matters to consider in distinguishing between a tax and a licence, with all taxes being accounted for under AASB 1058; *IP licences to be accounted for under AASB 15; and * Non IP, such as casino licences, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.
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 January 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 * Statutory receivables are recognised and measured similarly to financial assets. AASB 15 * The 'customer' does not need to be the recipient of goods and/or services; * The "contract" could include an arrangement entered into under the direction of another party; * Contracts are enforceable if they are enforceable by legal or 'equivalent means'; *Contracts do not have to have commercial substance, only economic substance; and * Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that current short term and low value leases will not come on to the balance sheet and will continued to be recognised as expenses. Therefore, there is no significant impact due to implementation of AASB 16.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 8.8: AASBs Issued that are not yet Effective cont.

AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 January 2019	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 January 2019	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.
AASB 17 Insurance Contracts	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 8.9: Glossary of terms and style conventions

Amortisation

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

Associates

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

Comprehensive result

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

Commitments

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

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

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 8.9: Glossary of terms and style conventions

Financial liability

A financial liability is any liability that is:

- A contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

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

Grants and other transfers

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

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

General government sector

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

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.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 8.9: Glossary of terms and style conventions

Joint Arrangements

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

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

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

Liabilities

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

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-profit institution

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

Payables

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

Produced assets

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

Public financial corporation sector

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

Estimates are not published for the public financial corporation sector.

South Gippsland Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

Note 8.9: Glossary of terms and style conventions

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, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

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

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

Style conventions

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

The notation used in the tables is as follows:

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



South Gippsland
Hospital

