

ANNUAL REPORT 2019-2020



South Gippsland Hospital

Adaptability Trust Excellence Accountability Mutual respect

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Board members, accountable officers and chief finance and accounting officer's declaration

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 refurbished maternity suite, two operating theatres, an ambulance bay, radiology services 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 Assist 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. The project was completed in June 2020.

During the reporting period the responsible ministers were:

Jenny Mikakos MP,
Minister for Health and
Minister for Ambulance Services

Martin Foley MP,
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

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 5,600 people.

The Hospital offers inpatient services, outreach clinics, as well as centre based and home based community care.

Acute Care

Urgent Care Centre

Palliative Care

Medical

Surgical

Obstetrics and Gynaecology

Urology

Radiology

Pathology

Pre-Anaesthetic Clinic

Community Care

Transition Care Program

Home Care Package Service

Allied Health

- Physiotherapy
- Occupational Therapy
- Dietetics
- Podiatry
- Social Work
- Therapeutic Massage
- Psychology/Counselling
- Allied Health Assistants

Community Care (continued)

Youth Assist Clinic

Social Support Group
(Planned Activity Groups)

Falls Prevention Program

General Rehabilitation

Mobility and Exercise Groups (Moovers)

Community Nursing

- Regional Continence Nurse
- McGrath Breast Care Nurse
- Well Women's Clinic
- Stoma and Continence Clinic
- Wound Clinic
- Chronic Disease Management
- Smoking Cessation
- District Nursing
- Diabetes Education

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 2020.



Susan Pilkington
Chair, Board of Management
Foster, Victoria
30 October 2020

Overview

Chair's & CEO's Combined Report

The year in review 2019 – 2020:

On behalf of the Board of South Gippsland Hospital and the Executive Management Team we are pleased to present our Annual Report for the year ending 30 June 2020.

In a year of significant change and sustained growth, our team at South Gippsland Hospital has again delivered a strong financial and operational performance and an exceptional level of safe health care to our community.

This year has featured disruption caused by the health system cybersecurity incident, the completion and commissioning of our upgraded theatre and maternity facilities, receipt of Commonwealth funding to support our innovative Seniors Day Stay pilot programme and overcoming the more recent challenges of preparing our response to the COVID-19 pandemic, including taking on the role of caretaker of the Bass Coast Health maternity service.

We farewelled our former CEO, Mrs Christine Trotman, in April 2020 and appointed our Director of Nursing, Mr. Paul Greenhalgh, to the role of interim CEO. Mrs Trotman's leadership of South Gippsland Hospital since 2017 saw us deliver our strategic priorities, achieve a strong financial performance and receive funding for both the upgrade of theatre and maternity facilities and for the Seniors Day Stay project. We are grateful to Chris for her service to South Gippsland Hospital and our community and we welcome Paul to the role.

This year saw several changes to the Board. Ms Judith Bennett was appointed in July 2019 and Mr Paul Ahern completed his nine-year tenure as a Board member on 30 June 2020. Paul's close connection to our community and his involvement in numerous Board Committees and projects during his time on the Board made a significant contribution to our health service. We welcome Judith and express our sincere thanks to Paul for his service over the last nine years.

Key achievements in 2019-2020:

- Strategic priorities for the year were met, our quality and clinical governance performance continued to meet or better benchmarks and a positive financial result was delivered. Details of financial performance can be found in this Annual Report.
- The upgraded theatre and maternity facilities were completed and commissioned, resulting in very positive feedback from patients, staff and medical officers.
- Refurbishment of Banksia Lodge and the successful implementation of our innovative Seniors Day Stay pilot program attracted additional Commonwealth funding to support provision of community-based services out of this facility for the next three years. Our sincere thanks to the South Gippsland Hospital Community Foundation for their generosity in making Banksia Lodge available to us in 2018. This is a great example of local organisations coming together to ensure that this significant community asset continues to serve the community.
- Collaboration with sub-regional health services within the South Gippsland Coast Partnership continued and will have a renewed focus for 2020 – 2021 with the inclusion of Koo Wee Rup Regional Health Service as a new member of the group. Our ability to work with our sub-regional colleagues proved to be of particular benefit in our COVID-19 management plans. Our established relationships allowed us to collaborate on services and to respond to the rapidly changing environment. The midwifery team at SGH was able to quickly accept and manage Bass Coast Health's maternity cases to allow that health service to upgrade its high dependency unit in anticipation of the need to manage COVID-19 cases locally.
- Further expansion to the Home Care Packages program to support our aged community in their homes.

Overview

Chair's & CEO's Combined Report (continued...)

Acknowledgements

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

- Our executive management staff for their expert leadership and management in 2019 – 2020: former CEO, Christine Trotman, Marion Bowron, Acting Director of Nursing and Midwifery, Samantha Park, Director of Community Health, Shianne Murray, Business/Human Resources Manager, Martin Schack, Facilities Manager, and Paul Greco Quality Coordinator.
- Dr Swarada Kotkar and Dr Pip Hawkings of Latrobe Regional Hospital for their services as Director of Medical Services.
- Our volunteers for their contribution and support of our health service, patients and staff, the community and beyond for its generous support as individuals and through service organisations.
- Our contractors and service providers, particularly the Foster Medical Group, South Gippsland Radiology, Ambulance Victoria, Duesburys, Shadow Security and Monash Pathology.
- As always, we acknowledge and thank the members of the Hospital Auxiliary for their outstanding and continued contribution to this health service and our community. This year the members of the Auxiliary funded \$31,300 worth of equipment for the hospital.
- The members of the Board for contributing their time and expertise to our continued focus on ensuring a high standard of health services for our community.

Finally, in this year of extraordinary challenges in delivering health care, we particularly acknowledge the work of our staff. South Gippsland Hospital's reputation as a high-quality health service is built on the work of every person in the organisation. We thank every one of them for their part in providing an exceptional level of all-of-life health services to our community.

We look forward in 2020 – 2021 to continuing our work to meet our objective of strengthening the health of our community through developing and delivering focused and sustainable services based on prevention, healing, helping and caring.



Susan Pilkington
Chair, Board of Management
2019-2020
30 October 2020



Paul Greenhalgh
Chief Executive Officer
2019-2020 (from 6 April 2020)
30 October 2020



Overview

Honorary Life Governor Award

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

In 2019 we honoured a former Board Member who has given 12 years' service to South Gippsland Hospital.

Mr Ralph Gallagher was a member of the Hospital Board from 2004 - 2009, during which time he was a member of the Finance, Audit and Quality Sub-committees of the Board.

In the last two years of Ralph's tenure he was the Chair of the Audit Committee, later re-styled as the Audit and Risk Management Committee. A letter from Daniel Andrews, who was at that time the Minister for Health, commended Ralph on his role as Chair of the Audit Committee.

After completing service as a Board Member, Ralph continued to contribute his expertise to the hospital by serving for seven years as an independent member of the Audit and Risk Management Committee. The independent members of this Committee have a vital role in bringing expertise and increasing our ability to have a full appreciation of relevant issues.

In common with many of our Honorary Life Governors, Ralph has also contributed his time and expertise to a number of local community organisations, as well as to the Latrobe University Institute for Social Participation.

We very much value and appreciate the contribution Ralph Gallagher has made to this health service over many years.



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 2020)

Susan Pilkington, Chair

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

Paul Ahern

Appointed 2011

Dawn Allan, Joint Deputy Chair

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 BATTERY

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,

Associate Professor,
PhD, MPH, MHSc (PHP)
Appointed 2014

Jamie Sutherland

Appointed 2018

Audit and Risk Management Committee

(as at 30 June 2020)

Dawn Allan, Treasurer

(July 2019 – December 2019)

Graeme Baxter

(March 2020 to June 2020)

Judith Bennett

(March 2020 to June 2020)

Duncan Davies, Chair

(From May 2020)

David Pollard, Treasurer

(January 2020 to July 2020)
(Chair July 2019 to January 2020)

Sue Pilkington

(Chair February 2020 to April 2020)

Meg Knight

(Independent Member)

Marie Larkin

(Independent Member)

Rod Lomax

(Independent Member)
(Resigned February 2020)

Executive Management Team

(as at 30 June 2020)

Chief Executive Officer

Chris Trotman
(1 July 2019 to 3 April 2020)
MoE, BBus (Acc), Grad Dip Ed
(Health), Cert Gen Nursing
(Div1), GAICD

Interim Chief Executive Officer

Paul Greenhalgh
(from 4 April 2020)
B Nsg, G Cert Health Promotion,
Dip Bus Mgt

Director of Medical Services

Dr Philippa Hawkings
(1 July 2019 to February 2020)
MB.BS (UK), AMC Cert, FRACMA

Dr Swarada Kotkar

(from March 2020)
MBBS(India) MHM(QUT)
AFRACMA.

Director of Nursing

Paul Greenhalgh
(1 July 2019 to 3 April 2020)
B Nsg, G Cert Health Promotion,
Dip Bus Mgt

Director of Nursing & Midwifery

Marion Bowron
(from 4 April 2020),
RN, RM, CCM, Grad Dip AE&T,
Cert IV WA&T

Director of Community Health

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

Business/HR Manager

Shianne Murray

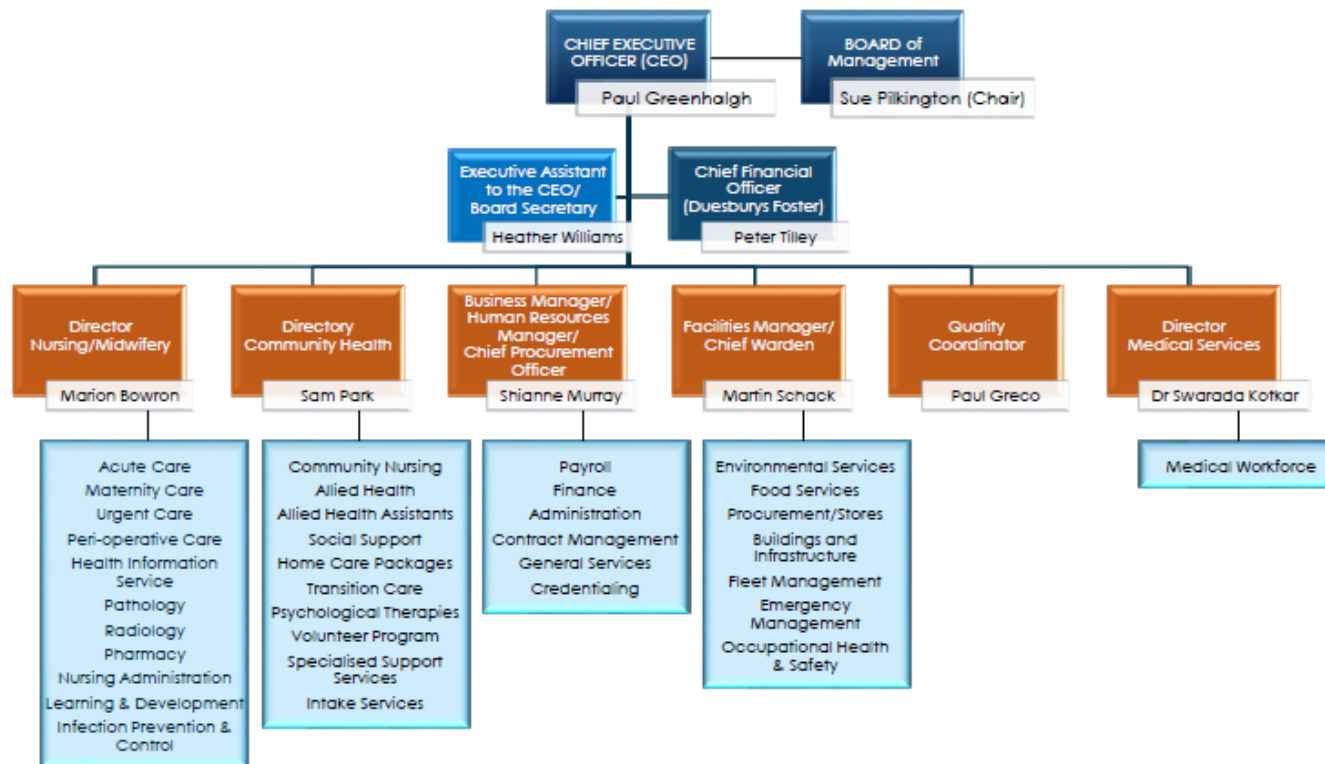
Quality Coordinator

Paul Greco, BSc Hons

Governance and Management

Organisation Chart

June 2020



Statement of Priorities Outcomes

Part A – Strategic Priorities

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

In 2019-20 SGH will contribute to the achievement of the Government's commitments within *Health 2040: Advancing health, access and care* by:

Better Health

Goals: A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	Strategies: Reduce Statewide Risks Build Healthy Neighbourhoods Help people to stay healthy Target health gaps
Deliverable: <ul style="list-style-type: none">Partner with consumers to establish a Consumer Advisory Committee. Outcome: <ul style="list-style-type: none">Not Achieved <p>Disruption to South Gippsland Hospital's information communication technology systems, including the internet, during the prolonged cyber-attack in 2019, and the impacts of the Coronavirus (COVID-19) Pandemic from February 2020, required the organisation to re-prioritise goals. As such the Consumer Advisory Committee was not established within the 2019-2020 timeframe. Legitimate delays in the release of the Safer Care Victoria Guidelines have also contributed to this deliverable not being met. It is anticipated that the Consumer Advisory Committee will be established in 2020-2021.</p> Deliverable: <ul style="list-style-type: none">Partner with the sub-regional prevention team to implement Year 1 deliverables of the South Coast Prevention Partnership and the sub-regional Integrated Prevention Plan in the areas of sexual and reproductive health, and sugar sweetened beverage consumption reduction. Outcome: <ul style="list-style-type: none">Achieved <p>Achievement Program recognition for accomplishing benchmarks required in relation to the Healthy Eating, Smoking, Mental Health and Wellbeing, and Alcohol and Other Drug domains. Prevention Campaigns were implemented as scheduled and a broad range of issues such as Healthy Eating, Sexual Health, Family Violence (16-days of activism against gender-based violence), Respectful Relationships, and Tap Water Every Day were promoted. Key dates were recognised such as International Women's Day, Active April, and International Day Against Homophobia, Biphobia, Interphobia & Transphobia to name a few. A Kindness Campaign included weekly tips/help sheets and social media messaging on key health issues such as connecting with loved ones during social isolation, staying physically active whilst working from home and healthy eating during the Coronavirus (COVID-19) Pandemic restrictions.</p>	

Part A – Strategic Priorities (continued...)

Better Access

Goals: Care is always being there when people need it Better access to care in the home and community People are connected to the full range of care and support they need Equal access to care	Strategies: Plan and invest Unlock innovation Provide easier access Ensure fair access
Deliverable: <ul style="list-style-type: none">In partnership with our South Gippsland Coast health service colleagues implement the agreed South Gippsland Coast Partnership Maternity Capability Framework across the sub-region. Outcome: <ul style="list-style-type: none">Achieved <p>The South Gippsland Coast Partnership Maternity Capability Framework has been fully implemented. South Gippsland Hospital was caretaker for Bass Coast Health's Maternity Care service for a period of 9 weeks during the first wave of the Coronavirus (COVID-19) Pandemic. The transition of care during this time was seamless for birthing mothers and their families due to the success of the frameworks' implementation.</p> Deliverable: <ul style="list-style-type: none">In partnership with our South Gippsland Coast health service colleagues develop and commence implementation of an agreed South Gippsland Coast Partnership Surgery & Anaesthetics Capability Framework. Outcome: <ul style="list-style-type: none">Not Achieved <p>The challenges of the cyber-attack in 2019 and the Coronavirus (COVID-19) Pandemic have disrupted the Partnership's ability to complete development of an agreed Surgery & Anaesthetics Capability Framework. Whilst work had commenced with the support of the Safer Care Victoria Gateway leadership program South Gippsland Hospital was forced to re-prioritise goals from February 2020.</p> Deliverable: <ul style="list-style-type: none">In partnership with our South Gippsland Coast health service colleagues implement the South Gippsland Coast Volunteer transport program across the sub-region. Outcome: <ul style="list-style-type: none">Achieved <p>The South Gippsland Coast Volunteer transport program has been fully implemented.</p>	

Part A – Strategic Priorities (continued...)

Better Care

Goals: Targeting zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Strategies: Put quality First Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care
Deliverable: <ul style="list-style-type: none">In collaboration with consumers, introduce cognition and nutrition policy frameworks in line with Comprehensive Care standards. Outcome: <ul style="list-style-type: none">Achieved <p>South Gippsland Hospital introduced a cognition policy and a nutrition policy with accompanying assessment tools and care plans.</p> Deliverable: <ul style="list-style-type: none">Complete the gap analysis, develop a quality improvement plan and commence implementation of actions for the NSQHS 2nd version standards 3,4,6,7 and 8. Outcome: <ul style="list-style-type: none">Achieved <p>A comprehensive gap analysis was undertaken and implementation of the relevant quality improvement plans commenced to work towards compliance with the NSQHS 2nd version standards 3,4,6,7 and 8.</p>	

Part A – Strategic Priorities (continued...)

Specific priorities for 2019-20

In 2019-20 South Gippsland Hospital contributed to the achievement of the Government's priorities by:

Supporting the Mental Health System

Improve service access to mental health treatment to address the physical and mental health needs of consumers.

Deliverable:

- Engaging with our regional health service in the development of the Mental Health and Suicide Prevention Regional plan, including development of an innovative model of stepped mental health care for the sub-region.

Outcome:

- Achieved

Through engagement with the regional Suicide Prevention Network the Stepped Care model has been linked into a broader service system response.

Deliverable:

- Improve access to Social Work services to address the needs of people with social and financial concerns contributing to poor mental health outcomes.

Outcome:

- Achieved

A Social Work Service commenced during the reporting period.

Addressing Occupational Violence

Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.

Implement the department's security training principles to address identified security risks.

Deliverable:

- Apply the Department of Health and Human Services (DHHS) Victorian guide for violence and aggression training in Victorian health services to meet the needs of SGH staff cohorts.

Outcome:

- Achieved

60% of appropriate staff undertook on line and face to face code grey/black training to address risks associated with violence and aggression in the workplace.

Addressing Bullying and Harassment

Actively promote positive workplace behaviours, encourage reporting and action on all reports.

Implement the department's *Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination* and *Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services*.

Deliverables:

- Continue organisation wide training and awareness raising, based on the department's framework; to ensure maintenance of our positive culture as evidenced by People Matter Survey results.

Outcomes:

- Achieved

As a rolling program, 50% of staff completed education relating to actively promoting positive workplace behaviours.

Supporting Vulnerable Patients

Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.

Deliverables:

- Implement actions from the Partnering in Healthcare Framework, within the domains:
 - Personalised and holistic prioritising of hospital staff training on person centred care, and education for consumers and healthcare professionals about the implementation of the Australian Charter of Healthcare rights in Victoria.
 - Effective Communication prioritising staff training on respectful communications and improvements to be responsive to cultural, linguistic, cognitive and other needs.

Outcomes:

- Achieved

Despite disruption to the training calendar caused by the cyber-attack and the COVID-19 pandemic, 40% of staff participated in training relating to person centred care and the implementation of the Australian Charter of Healthcare Rights in Victoria. Effective and respectful communication training, with a diversity lens, was also undertaken.

Supporting Aboriginal Cultural Safety

Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.

Deliverables:

- In line with the DHHS Aboriginal and Torres Strait Islander cultural safety framework for the Victorian health, human and community services sector, we will undertake a self-assessment using a recommended Aboriginal Health Cultural Competence Framework Quality improvement tool and then develop a whole of agency cultural competence improvement plan.

Outcomes:

- Achieved

A whole of organisation Diversity action plan was developed and implementation has commenced. The scheduled Cultural Awareness training has been deferred to a more appropriate COVID-19 safe time.

Addressing Family Violence

Strengthen responses to family violence in line with the *Multiagency Risk Assessment and Risk Management Framework* (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.

Deliverables:

- Continue implementing the Strengthening Hospitals Response to Family Violence and Health Care That Counts in line with the MARAM framework, by improving agency policies relating to risk identification, screening, escalation and formalising referral pathways.

Outcomes:

- Achieved

Full participation in the 16 days of activism against Gender-Based Violence campaign, and the introduction of a new response policy were key actions to progress the Strengthening Hospitals Response to Family Violence framework. Furthermore, progression of implementation of the Health Care that Counts Framework and commencement of learning needs mapping and a self-assessment against the MARAM framework has provided a solid base for future work in this area in 2020-2021.

Implementing Disability Action Plans

Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.

Deliverables:

- Implement the South Gippsland Coast Partnership Disability Action Plan Framework including development and implementation of subregional and local initiatives to meet the priority areas of the plan:
 - promoting positive attitudes and practices
 - physical access and equipment
 - provision of care
 - promoting employment and community engagement.

Outcomes:

- Achieved

Responses from a staff survey regarding access and inclusion formed the basis for the full implementation of a staff training program. A new disability access toilet was established and a third of the hospital building was fitted with appropriate vision impaired wayfinding signs. A reasonable adjustment policy was implemented and work will continue in 2020-2021 to ensure consumers feel safe at the health service. A consumer representative was enlisted to support implementation of the plan, and a community engagement survey is in draft. A planned employment event did not proceed, due to COVID -19, yet ongoing promotion of services continued through our website and social media platforms. Additionally, mapping of disability employment agencies has occurred.

Supporting Environmental Sustainability

Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.

Deliverables:

- Complete Year 2 of the SGH Environment Sustainability Action Plan by increasing recycling options, as measured by the number of recycling stations across the agency and decreasing landfill waste cubic volume by 10 per cent.

Outcomes:

- Achieved

Statement of priorities - Part B: Performance priorities

The *Victorian Health Services Performance monitoring framework* outlines the Government's approach to overseeing the performance of Victorian health services.

Changes to the key performance measures in 2019-20 strengthen the focus on high quality and safe care, organisational culture, patient experience and access and timeliness in line with Ministerial and departmental priorities.

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

High quality and safe care

Key performance measure	Target	Results
Infection prevention and control		
Compliance with the Hand Hygiene Australia program [^]	83%	86%
Percentage of healthcare workers immunised for influenza	84%	90%
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%	98%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	96%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	98%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	*Full Compliance
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	93%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	96%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 1	70%	96%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 2	70%	93%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 3	70%	98%

[^] Hand hygiene – Quarter 4 data is not available due to COVID-19. Result is based on available data.

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

Statement of priorities - Part B: Performance priorities (continued)

Key performance measure	Target	Results
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	2.4%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	Reporting threshold of ≤10

Strong governance, leadership and culture

Key performance measure	Target	Results
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	96%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	97%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	96%
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%	95%
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%	98%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	98%
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%	92%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	92%
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%	98%

Statement of priorities - Part B: Performance priorities (continued)

Effective financial management

Key performance measure	Target	Results
Operating result (\$m)	0.00	0.21
Average number of days to pay trade creditors	60 days	69 days
Average number of days to receive patient fee debtors	60 days	35 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.53
Forecast number of days available cash (based on end of year forecast)	14 days	94.7 days
Actual number of days available cash, measured on the last day of each month.	14 days	Achieved
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Achieved

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 2019-20 of the *Department of Health and Human Services Policy and funding guidelines 2019*.

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

Further information about the Department of Health and Human Services' approach to funding and price setting for specific clinical activities, and funding policy changes is also available at

<https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/pricing-funding-framework/funding-policy>

Small Rural Health Service Activity Reporting

Funding type - Small Rural		
Service	2019-20 Activity Achievement	Units
Small Rural Acute	636.87	WIES equivalents
Small Rural Primary Health - Nursing	533	Service Hours
Small Rural Primary Health – Allied Health	111	Service Hours
Small Rural Primary Health – Integrated Chronic Disease Management	196	Service Hours
Home and Community Care (HACC) – Nursing	723	Service Hours
Home and Community Care (HACC) – Allied Health	174	Service Hours

Attestations

Attestation on Conflict of Interest

I, PAUL GREENHALGH, 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.



Paul Greenhalgh
Accountable Officer
South Gippsland Hospital, Foster
30 October 2020

Attestation on Data Integrity

I, PAUL GREENHALGH, 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.



Paul Greenhalgh
Accountable Officer
South Gippsland Hospital, Foster
30 October 2020

Attestations *(continued...)*

Attestation on Integrity, Fraud and Corruption

I, PAUL GREENHALGH, 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.



Paul Greenhalgh
Accountable Officer
South Gippsland Hospital, Foster
30 October 2020

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 no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Susan Pilkington
Chair, Board of Management 2019-2020
South Gippsland Hospital, Foster
30 October 2020

Workforce

Workforce data

Hospitals labour category	JUNE current month FTE		Average Monthly FTE	
	2019	2020	2019	2020
Nursing	31.87	30.52	33.5	35.2
Administration and Clerical	12.07	12.49	14.51	13.13
Medical Support	0.64	0.49	0.56	0.51
Hotel and Allied Services	10.23	15.43	10.95	14.93
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	8.7	11.94	9.01	10.07

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	2019-20
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	5
Number of occupational violence incidents reported per 100 FTE	7
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

Workforce

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	2019-20	2018-19	2017-18
The number of reported hazards/incidents for the year per 100 FTE	44	7	4
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	2	2	2
The average cost per WorkCover claim for the year	\$4,058	\$6,920	\$2,401

Summary of Financial Results

Summary of operational and budgetary objectives

In 2019-2020, SGH achieved the targets established under the Statement of Priorities.

The hospital recorded a surplus of \$216,499 before capital purpose income and depreciation. Capital purpose income of \$1,229,999 was received during the financial year with depreciation write-offs totaling \$404,692.

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
- COVID 19 Pandemic

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

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
OPERATING RESULT					
Total revenue	11,477,604	9,664,552	9,265,732	8,131,994	7,796,448
Total expenses	10,438,879	9,272,290	8,598,676	8,331,578	7,850,341
Net result from transactions	1,038,725	392,262	667,056	-199,584	-53,893
Total other economic flows	3,081	11,979	-2,976	4,089	-173,833
Net result	1,041,806	404,241	664,080	-195,495	-227,726
Total assets	11,885,796	10,418,663	9,381,624	8,170,685	8,372,454
Total liabilities	3,062,953	2,637,626	2,258,279	2,147,017	2,153,291
Net assets/Total equity	8,822,843	7,781,037	7,123,345	6,023,668	6,219,163

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

	2020 \$
Net operating result *	208,454
Capital and specific items	
Capital purpose income	1,229,999
Specific income	-
Assets provided free of charge	-
Assets received free of charge	22,792
COVID-19 State Supply Arrangements - Assets received free of charge or nor nil consideration under the State Supply	-
State supply items consumed up to 30 June 2020	11,371
Assets provided free of charge	
Assets received free of charge	
Expenditure for capital purpose	-
Depreciation and amortisation	404,692
Impairment of non-financial assets	-
Finance costs (other)	6,407
Net result from transactions	1,038,725

* 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 South Gippsland 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. South Gippsland Hospital has in place a corporate policy and procedure which complies with the FOI 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 South Gippsland Hospital.

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, eg 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 2019 - 2020

There were two (2) requests for information at South Gippsland Hospital in 2019-2020 – 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 2019-2020.

Other information and disclosures

Consultancies

Details of consultancies (under \$10,000)

In 2019-20, there were two (2) consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies is \$2,843 (excluding GST).

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

In 2019-20, there were no consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is zero.

Table 8: Consultancies over \$10,000

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2019 - 2020 (excluding GST)	Future expenditure (excluding GST)
NA						

Information and Communication Technology (ICT)

The total ICT expenditure incurred during 2019-2020 is \$409,686 (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)
\$390,176	\$19,510	0	\$19,510

Other information and disclosures (*continued*)

Carers Recognition Act 2012

South Gippsland Hospital endorses the *Carers Recognition Act 2012* 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.

Statement on National Competition Policy (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, including compliance with the requirements of the policy statement '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 Act 2003*.

Environmental Performance

South Gippsland Hospital has an active Environmental Program and monitors the usage of energy and water to avoid unnecessary waste. Landfill waste has been decreased by 1.5m³ per week (from 6 m³ to 4.5 m³), with the diversion of cardboard to recycling. This represents 234m³ over FY20 compared with 312 m³ in FY19; a 25% reduction in SGH's landfill waste, well above the 10% reduction target. Electricity usage in FY19 was 172,000 kWh, equivalent to 70kWh/area in m² (2483 m²). Whilst there was a significant increase in metered area in FY20 (4733 m²), electricity usage was 321,000 kWh, equivalent to 68kWh/area in m². This represents a 3% reduction. Water usage in FY19 was 2928 kL, equivalent to 1.18kL potable water/area in m² (2483 m²). Whilst there was a significant increase in metered area in FY20 (4733 m²), water usage was 3509 kL, equivalent to 0.74kL potable water/area in m². This represents a 37% reduction.

The environmental impact of all proposed developments is reviewed to ensure that they meet key performance standards.

Safe Patient Care Act 2015

No matters to report in relation to obligations under section 40 of the Safe Patient Care Act 2015.

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 Act 2003*
- *Freedom of Information Act 1982*
- *Safe Patient Care Act 2015*
- *Disability Act*

Other information and disclosures *(continued)*

Availability of additional information (FRD 22H)

In compliance with the requirements of FRD 22H Section 5.19, *Standard Disclosures in the Report of Operations*, details in respect of the items listed below have been retained by South Gippsland Hospital (the Health Service) and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

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

Local Jobs Act 2003

In 2019-2020 there were no contracts requiring disclosure under the Local Jobs First Policy.

Other information and disclosures

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		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	3
FRD 22H	Purpose, functions, powers and duties	3
FRD 22H	Nature and range of services provided	4
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Other information and disclosures

Disclosure Index (continued)

Legislation	Requirement	Page Reference
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	25
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	27
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	27
FRD 22H	Statement of National Competition Policy	27
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	27
FRD 22H	Summary of the entity's environmental performance	27
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Attestations		
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	• Reporting of outcomes from Statement of Priorities 2019 - 2020	10
	• Occupational Violence reporting	22
	• Reporting obligations under the <i>Safe Patient Care Act 2015</i>	27

Independent Auditor's Report

To the Board of South Gippsland Hospital

Opinion	<p>I have audited the financial report of South Gippsland Hospital (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Other Information	<p>The Board of the health service is responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
4 November 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

Financial Statements for the year ended 30 June 2020

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 2020 and the financial position of South Gippsland Hospital at 30 June 2020.

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 30 October 2020.



Susan Pilkington

Board Chair

Foster

30 October 2020



Paul Greenhalgh

Accountable Officer

Foster

30 October 2020



Peter Tilley

Chief Finance &
Accounting Officer

Foster

30 October 2020

South Gippsland Hospital

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South Gippsland Hospital Comprehensive Operating Statement

	Note	2020 \$	2019 \$
Income from transactions			
Operating activities	2.1	11,444,007	9,617,614
Non-operating activities	2.1	33,597	46,938
Total Income from Transactions		11,477,604	9,664,552
Expenses from Transactions			
Employee expenses	3.1	(7,591,314)	(6,610,390)
Supplies and consumables	3.1	(607,448)	(600,855)
Finance costs	3.1	(6,407)	(6,606)
Depreciation and amortisation	4.3	(404,692)	(379,894)
Other administration expenses	3.1	(364,065)	(352,332)
Other operating expenses	3.1	(1,465,876)	(1,322,213)
Other non-operating expenses	3.1	923	815
Total Expenses from Transactions		(10,438,879)	(9,271,475)
Net Result from Transactions - Net Operating Balance		1,038,725	393,077
Other Economic Flows included in Net Result			
Net Gain/(Loss) on sale of non-financial assets	3.2	3,081	11,164
Total Other Economic Flows included in Net Result		3,081	11,164
Net Result for the year		1,041,806	404,241
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
Items that may be reclassified subsequently to Net Result			
Changes to financial assets available-for-sale revaluation surplus		-	253,451
Total Other Comprehensive Income		-	253,451
Comprehensive Result for the Year		1,041,806	657,692

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

South Gippsland Hospital
Balance Sheet as at 30 June 2020

	Note	2020	2019
		\$	\$
Current Assets			
Cash and cash Equivalents	6.2	2,650,972	592,329
Receivables	5.1	511,874	422,502
Inventories	4.4	77,768	69,018
Other financial assets	4.1	-	2,614,663
Total Current Assets		3,240,614	3,698,512
Non-Current Assets			
Receivables	5.1	614,716	583,656
Property, plant and equipment	4.2 (a)	8,030,466	6,136,495
Total Non-Current Assets		8,645,182	6,720,151
TOTAL ASSETS		11,885,796	10,418,663
Current Liabilities			
Payables	5.2	874,178	733,180
Borrowings	6.1	31,373	19,721
Provisions	3.3	1,349,167	1,349,622
Other liabilities	5.3	348,827	136,933
Total Current Liabilities		2,603,545	2,239,456
Non-Current Liabilities			
Borrowings	6.1	138,025	93,570
Provisions	3.3	321,383	304,600
Total Non-Current Liabilities		459,408	398,170
TOTAL LIABILITIES		3,062,953	2,637,626
NET ASSETS		8,822,843	7,781,037
EQUITY			
Property, plant and equipment revaluation surplus	4.2(f)	3,546,608	3,546,608
Contributed capital	SCE	3,086,756	3,086,756
Accumulated deficits	SCE	2,189,479	1,147,673
TOTAL EQUITY		8,822,843	7,781,037

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 2020

Consolidated	Note	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Deficits	Total
		\$	\$	\$	\$
Net result for the year	4.2 (f)	3,293,157	3,086,756	743,432	7,123,345
Other comprehensive income for the year		-	-	404,241	404,241
		253,451	-	-	253,451
Balance at 30 June 2019		3,546,608	3,086,756	1,147,673	7,781,037
Effect of adoption of AASB 15, 16 and 1058	8.8	-	-	-	-
Net result for the year		-	-	1,041,806	1,041,806
Balance at 30 June 2020		3,546,608	3,086,756	2,189,479	8,822,843

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

South Gippsland Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Operating grants from government - State		7,049,006	5,920,702
Operating grants from government - Commonwealth		650,345	488,589
Capital grants from government - State		790,355	514,978
Capital grants from government - Commonwealth		329,412	482,825
Patient fees received		460,906	455,320
Capital Donations and bequests received		110,232	99,338
GST received from ATO		306,674	252,979
Interest and investment income received		26,322	72,144
Other Receipts		2,196,992	1,750,870
Total Receipts		11,920,244	10,037,745
Employee expenses paid		(7,216,744)	(6,252,365)
Payments for service of medical officers		(434,427)	(237,428)
Payments for supplies and consumables		(466,639)	(525,209)
Payments for repairs and maintenance		(96,037)	(66,789)
GST paid to ATO		(381,992)	(182,134)
Other payments		(1,617,077)	(1,755,362)
Total Payments		(10,212,916)	(9,019,287)
Net Cash Flows from/(used in) Operating Activities	8.1	1,707,328	1,018,458
Cash Flows from Investing Activities			
Purchase of investments		-	(1,482,575)
Purchase of non-financial assets		(2,365,441)	(333,380)
Proceeds from disposal of non-financial assets		69,859	66,347
Proceeds from disposal of investments		2,614,663	-
Net Cash Flows from/(used in) Investing Activities		319,081	(1,749,608)
Cash Flows from Financing Activities			
Proceeds from borrowings		56,107	10,175
Net Cash Flows from /(used in) Financing Activities		56,107	10,175
Net Increase/(Decrease) in Cash and Cash Equivalents Held		2,082,516	(720,975)
Cash and cash equivalents at beginning of year		349,606	1,070,581
Cash and Cash Equivalents at End of Year	6.2	2,432,122	349,606

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

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.

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including the Health Service.

In response, the Health Service placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.2 Property, plant and equipment.

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 2020. 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 30th October 2020.

[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 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2020

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.

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 in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AABSs 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).

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including the Health Service.

In response, the Health Service placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services and Note 3.1 Expenses from transactions.

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

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.

[e] Equity

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 8.7 Jointly Controlled Operations).

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.

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

2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2020

Note 2.1 (a): Income from Transactions

	Total 2020 \$	Total 2019 \$
Government grants (State) - Operating (i)	7,181,344	6,409,291
Government grants (Commonwealth) - Operating	650,345	488,589
Government grants (State) - Capital	790,355	514,978
Government grants (Commonwealth) - Capital	329,412	-
Other capital purpose income	-	-
Capital donations	110,232	63,117
Patient and resident fees	435,573	481,175
Catering	51,642	44,173
Transitional Care Program	437,027	488,383
Assets received free of charge or for nominal consideration	-	22,792
Other revenue from operating activities (including non-capital donations)	1,458,077	1,105,116
Total Income from Operating Activities	11,444,007	9,617,614
Other interest	33,597	46,938
Total Income from Non-Operating Activities	33,597	46,938
Total Income from Transactions	11,477,604	9,664,552

(i) Government Grant (State) – Operating includes funding of \$0.36m funding which was spent due to the impacts of COVID-19.

Impact of COVID-19 on revenue and income

As indicated at Note 1, the Health Service's response to the pandemic included the deferral of elective surgeries and reduced activity. The Department of Health and Human Services provided funding to compensate for the lost revenue with certain indirect COVID-19 costs also reimbursed. The Health Service's also received essential personal protective equipment free of charge under the state supply arrangement.

Note 2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

	Total 2020 \$	Total 2019 \$
Other consumables	11,371	-
Total fair value of assets and services received free of charge or for nominal consideration	11,371	-

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery, and distributed the products to health services as resources provided free of charge.

Voluntary Services: The Health Service has 35 registered volunteers that provide a range of support to services and programs. They provide support to the pastoral care and transport program, social support groups and assist with some administration tasks, but a fair value cannot be reliably determined and they are not services that would have been purchased if they were not donated, so have not been quantified in the financial report. The South Gippsland Hospital Auxiliary raises funds to the Health Service which are used to purchase capital equipment. Their contributions are recognised as capital donations.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2020

Revenue Recognition

Income is recognised in accordance with either:

- a) contributions by owners, in accordance with AASB 1004;
- b) income for not-for-profit entities, in accordance with AASB 1058;
- c) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- d) a lease liability in accordance with AASB 16;
- e) a financial instrument, in accordance with AASB 9; or
- f) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Government Grants

Income from grants to construct the Operating Theatre was recognised progressively as the asset is constructed. The Theatre was completed in June 2020.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Health Service gains control of the asset. On initial recognition of the asset, the Health Service recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

Performance obligations

The types of government grants recognised under AASB15 *Revenue from Contracts with Customers* includes: DVA WIES, TAC WIES and NBCSP WIES.

This revenue is recognised as the activities are completed, which is on the discharge of a patient or the completion of the procedure. These performance obligations have been selected as they align with the terms and conditions of the funding provided.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Health Service without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). The Health Service recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, the Health Service recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Patient Fees

The Health Service is a small rural hospital and is block funded. There are not performance obligations related to patient fees, other than WIES, TAC and NBCSP.

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 included in net result

3.3 Employee Benefits in the Balance Sheet

3.4 Superannuation

Note 3.1: Expenses from Transactions

	Total 2020 \$	Total 2019 \$
Salaries and wages	5,757,069	4,989,960
On-costs	1,327,349	1,304,059
Agency expenses	-	1,035
Fee for service medical officer expenses	434,882	257,738
Workcover premium	72,014	57,598
Total Employee Expenses	7,591,314	6,610,390
Drug supplies	64,279	65,522
Medical and surgical supplies (including Prostheses)	179,881	176,626
Diagnostic and radiology supplies	68,721	86,300
Other supplies and consumables	294,567	272,407
Total Supplies and Consumables	607,448	600,855
Finance costs	6,407	6,606
Total Finance Costs	6,407	6,606
Other administration expenses	364,065	352,332
Total Other Administration Expenses	364,065	352,332
Fuel, light, power and water	122,031	78,281
Repairs and maintenance	58,409	70,159
Maintenance contracts	37,628	52,069
Medical indemnity insurance	123,146	139,505
Other expenses	1,106,284	967,796
Expenditure for capital purpose	18,378	14,403
Total Other Operating Expenses	1,465,876	1,322,213
Total Operating Expense	10,035,110	8,892,396
Depreciation and amortisation (refer Note 4.3)	404,692	379,894
Total Depreciation and Amortisation	404,692	379,894
Bad and doubtful debt expense	(923)	(815)
Total Other Non-Operating Expenses	(923)	(815)
Total Non-Operating Expense	403,769	379,079
Total Expenses from Transactions	10,438,879	9,271,475

Impact of COVID-19 on expenses

As indicated at Note 1, the Health Service's daily activities were impacted by the pandemic. This resulted in indirect costs being incurred, such as staffing, consumables and additional equipment.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2020

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 16 *Leases*.

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 of \$1,000).

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2020

Note 3.2: Other economic flows included in net result

	2020	2019
	\$	\$
<i>Net gain/(loss) on non-financial assets</i>		
Net gain on disposal of property plant and equipment	3,081	11,164
Total Net Gain/(Loss) on Non-Financial Assets	3,081	11,164
<i>Net gain/(loss) on financial instruments</i>		
Total Net Gain/(Loss) on Financial Instruments	-	-
Total Gains/(Losses) From Other Economic Flows	3,081	11,164

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2020

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.

Note 3.3: Employee Benefits in the Balance Sheet

	2020 \$	2019 \$
CURRENT PROVISIONS		
Employee Benefits ⁱ		
Accrued days off		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	5,043	4,461
Annual leave		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	332,930	348,072
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	199,656	207,376
Long service leave		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	169,844	164,167
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	509,531	492,501
	1,217,004	1,216,577
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months ⁱⁱ	46,974	48,054
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	85,189	84,991
	132,163	133,045
TOTAL CURRENT PROVISIONS	1,349,167	1,349,622
NON-CURRENT PROVISIONS		
Conditional long service leave	292,412	276,743
Provisions related to employee benefit on-costs	28,971	27,857
TOTAL NON-CURRENT PROVISIONS	321,383	304,600
TOTAL PROVISIONS	1,670,550	1,654,222

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

	2020 \$	2019 \$
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	755,803	730,545
Annual leave entitlements	588,320	614,616
Accrued days off	5,043	4,461
Total Current Employee Benefits and Related On-Costs	1,349,166	1,349,622
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	321,383	304,600
Total Non-Current Employee Benefits and Related On-Costs	321,383	304,600
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	1,670,549	1,654,222

(b) Movement in On-Costs Provision

	2020 \$	2019 \$
Balance at start of year	160,902	158,651
Additional provisions recognised	(902)	1,865
Unwinding of discount and effect of changes in the discount rate	1,133	386
Balance at end of year	161,133	160,902

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2020

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of accrued days off, 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.

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2020 \$	2019 \$	2020 \$	2019 \$
Defined Contribution Plans:				
First State Super	359,956	321,579	3,122	16,378
Hesta Superannuation Fund	130,880	98,832	1,135	5,034
Other Super	80,656	85,003	699	4,329
Total	571,492	505,414	4,956	25,741

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

Employees of the Health Service are entitled to receive superannuation benefits and 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.

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

4.4 Inventories

Note 4.1: Other Financial Assets

	Operating Fund		Total	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Centralised Banking System	-	2,614,663	-	2,614,663
TOTAL CURRENT	-	2,614,663	-	2,614,663
NON-CURRENT				
Total NON-CURRENT	-	-	-	-
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	2,614,663	-	2,614,663
Represented by:				
Health service investments	-	2,614,663	-	2,614,663
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	2,614,663	-	2,614,663

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.

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.

In order to determine an appropriate fair value as at 30 June 2020 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.

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 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.

Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

The Health Service recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

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.

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.

Note 4.2: Property, Plant and Equipment

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.

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 2020.

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

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	2020	2019
	\$	\$
Land - at fair value	420,000	420,000
TOTAL LAND AT FAIR VALUE	420,000	420,000
Buildings at cost	1,624,618	-
Less accumulated depreciation	(3,329)	-
Sub-totals Buildings at Cost	1,621,289	-
Buildings at fair value	4,646,187	4,646,187
Less accumulated depreciation	(199,021)	-
Sub-totals Buildings at Fair Value	4,447,166	4,646,187
Building work in progress at cost	-	128,447
TOTAL BUILDINGS	6,068,455	4,774,634
Plant and equipment at fair value	210,280	206,535
Less accumulated depreciation	(180,994)	(162,413)
Plant and equipment work in progress	46,300	-
TOTAL PLANT AND EQUIPMENT	75,586	44,122
Motor vehicles at fair value	74,554	131,718
Less accumulated depreciation	(28,639)	(42,910)
TOTAL MOTOR VEHICLES	45,915	88,808
Medical equipment at fair value	1,564,475	1,464,737
Less Accumulated Depreciation	(1,222,998)	(1,139,157)
TOTAL MEDICAL EQUIPMENT	341,477	325,580
Furniture and fittings at fair value	804,860	240,583
Less accumulated depreciation	(153,076)	(131,606)
TOTAL FURNITURE AND FITTINGS	651,784	108,977
Other equipment assets at fair value	692,407	678,488
Less accumulated depreciation	(449,254)	(421,054)
Other equipment work in progress	1,500	1,500
TOTAL OTHER EQUIPMENT ASSETS	244,653	258,934
Right of Use Motor vehicles at fair value	179,090	132,368
Less accumulated depreciation	(26,317)	(19,844)
TOTAL Right of Use MOTOR VEHICLES	152,773	112,524
Right of use-plant, equipment, furniture and fittings and vehicles (GHA)	29,823	2,916
TOTAL RIGHT OF USE - PLANT, EQUIPMENT, FURNITURE AND FITTINGS AND VEHICLES (GHA)	29,823	2,916
TOTAL PROPERTY, PLANT AND EQUIPMENT	8,030,466	6,136,495

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2020

Note 4.2: Property, Plant and Equipment (Continued)

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

Consolidated	Note	Land	Buildings	Plant & equipment	Medical Equipment	Furniture & Fittings	Other Equipment	Right of Use - PPE, F&V (GHA)	GHA Assets	Motor Vehicles	Right of Use - Motor Vehicles	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018		360,000	4,663,987	62,650	350,225	126,442	155,224	-	7,455	133,257	103,117	5,962,357
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)	4.3	-	(189,496)	(18,528)	(84,332)	(17,465)	(32,735)	-	(1,056)	(16,438)	(19,844)	(379,894)
Balance at 1 July 2019	4.2 (a)	420,000	4,774,634	44,122	325,580	108,977	258,934	-	2,916	88,808	112,524	6,136,495
Recognition of right-of-use assets on initial application of AASB 16		-	-	-	-	-	-	2,916	(2,916)	-	-	-
Adjusted balance at 1 July 2019		420,000	4,774,634	44,122	325,580	108,977	258,934	2,916	-	88,808	112,524	6,136,495
Additions		-	1,496,171	49,225	99,738	564,277	20,330	34,600	-	-	101,100	2,365,441
Disposals		-	-	-	-	-	-	-	-	(27,999)	(38,779)	(66,778)
Depreciation (refer Note 4.3)	4.3	-	(202,350)	(17,761)	(83,841)	(21,470)	(34,611)	(7,693)	-	(14,894)	(22,072)	(404,692)
Balance at 30 June 2020	4.2 (a)	420,000	6,068,455	75,586	341,477	651,784	244,653	29,823	-	45,915	152,773	8,030,466

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 was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, the Health Service'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 2020.

The latest indices did not identify that a further revaluation was required in 2020.

There was no material financial impact on change in fair value of buildings and leased buildings.

Note 4.2: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Note	Carrying Amount \$	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$	Level 2 ⁱ \$	Level 3 ⁱ \$
Balance at 30 June 2020					
Specialised land					
- Station Road, Foster		420,000	-	-	420,000
Total Land at Fair Value	4.2 (a)	420,000	-	-	420,000
Specialised buildings					
- Station Road, Foster		6,068,455	-	-	6,068,455
Total Building at Fair Value	4.2 (a)	6,068,455	-	-	6,068,455
Plant and equipment at fair value	4.2 (a)	75,586	-	-	75,586
Motor vehicles at fair value	4.2 (a)	45,915	-	-	45,915
Medical equipment at Fair Value	4.2 (a)	341,477	-	-	341,477
Other equipment at fair value	4.2 (a)	244,653	-	-	244,653
Furniture and fittings at fair value	4.2 (a)	651,784	-	-	651,784
Right of use - PPE, F&V (GHA)	4.2 (a)	29,823	-	-	29,823
Right of Use - Motor Vehicles	4.2 (a)	152,773	-	-	152,773
Total Other Plant and Equipment at Fair Value		1,542,011	-	-	1,542,011
Total Property, Plant and Equipment		8,030,466	-	-	8,030,466

	Note	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					
Specialised land					
- Station Road, Foster		420,000	-	-	420,000
Total Land at Fair Value	4.2 (a)	420,000	-	-	420,000
Specialised buildings					
- Station Road, Foster		4,774,634	-	-	4,774,634
Total Building at Fair Value	4.2 (a)	4,774,634	-	-	4,774,634
Plant and equipment at fair value	4.2 (a)	44,122	-	-	44,122
Motor vehicles at fair value	4.2 (a)	88,808	-	-	88,808
Medical equipment at Fair Value	4.2 (a)	325,580	-	-	325,580
Other equipment at fair value	4.2 (a)	258,934	-	-	258,934
Furniture and fittings at fair value	4.2 (a)	108,977	-	-	108,977
GHA plant and equipment at Fair Value	4.2 (a)	2,916	-	-	2,916
Total other plant and equipment at fair value		829,337	-	-	829,337
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		6,136,495	-	-	6,136,495

ⁱ Classified in accordance with the fair value hierarchy.

ii There have been no transfers between levels during the period (2019: nil).

Note 4.2: Property, Plant and Equipment (Continued)

(d) Reconciliation of Level 3 Fair Value ⁱ

		Land	Buildings	Plant & Equipment	Medical Equipment	Furniture & Fittings	Other Equipment	Right of Use - F&V (GHA)	Motor Vehicles	Right of Use - Motor Vehicles
	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	4.2 (b)	360,000	4,663,987	62,650	350,225	126,442	155,224	7,455	133,257	103,117
Additions/(Disposals)	4.2 (b)	-	106,692	-	59,687	-	136,445	(3,483)	(50,394)	29,251
Assets provided free of charge		-	-	-	-	-	-	-	22,383	-
- Depreciation and amortisation	4.3	-	(189,496)	(18,528)	(84,332)	(17,465)	(32,735)	(1,056)	(16,438)	(19,844)
- Revaluation		60,000	193,451	-	-	-	-	-	-	-
Balance at 30 June 2019	4.2 (c)	420,000	4,774,634	44,122	325,580	108,977	258,934	2,916	88,808	112,524
Additions/(Disposals)	4.2 (b)	-	1,496,171	49,225	99,738	564,277	20,330	34,600	(27,999)	62,321
- Depreciation and Amortisation	4.3	-	(202,350)	(17,761)	(83,841)	(21,470)	(34,611)	(7,693)	(14,894)	(22,072)
Balance at 30 June 2020	4.2 (c)	420,000	6,068,455	75,586	341,477	651,784	244,653	29,823	45,915	152,773

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

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

A community Service Obligation (CSO) of 20% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2020

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

	Note	2020 \$	2019 \$
Balance at the beginning of the reporting period		3,546,608	3,293,157
Revaluation Increment			
- Land	4.2 (b)	-	60,000
- Buildings	4.2 (b)	-	193,451
Balance at the end of the Reporting Period*		3,546,608	3,546,608
* Represented by:			
- Land		206,586	206,586
- Buildings		3,340,022	3,340,022
		3,546,608	3,546,608

Note 4.3: Depreciation

	2020	2019
	\$	\$
Depreciation		
Buildings	202,350	189,496
Plant and equipment	17,761	18,528
Motor vehicles	14,894	16,438
Medical equipment	83,841	84,332
Furniture and fittings	21,470	17,465
Other equipment	34,611	33,791
Right of use assets		
- Right of use plant, equipment, furniture and fittings and vehicles (GHA)	7,693	-
- Right of use motor vehicles	22,072	19,844
Total Depreciation	404,692	379,894

Depreciation

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

Note 4.3 (a): Useful life of Non-Current Assets

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

	2020	2019
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

Note 4.4: Inventories

	2020	2019
	\$	\$
Medical and surgical consumables at cost	52,602	45,319
Pharmacy supplies at cost	15,603	14,693
Catering supplies at cost	5,788	5,451
Engineering stores at cost	3,775	3,555
Total Inventories	77,768	69,018

Inventories

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

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 and Contract Assets

5.2 Payables and Contract Liabilities

5.3 Other Liabilities

Note 5.1: Receivables and Contract Assets

	2020	2019
	\$	\$
CURRENT		
Contractual		
Inter Hospital Debtors	45,161	63,906
Trade Debtors	140,986	152,344
Patient Fees	28,153	54,740
Less: Allowance for impairment	(1,901)	(3,155)
Accrued Revenue	16,746	9,471
Amounts receivable from governments and agencies	32,644	-
GHA Receivables	151,893	122,322
Sub-Total Contractual Receivables	413,682	399,628
Statutory		
GST Receivable	98,192	22,874
Sub-Total Statutory Receivables	98,192	22,874
TOTAL CURRENT RECEIVABLES	511,874	422,502
NON-CURRENT		
Statutory		
Long service leave - Department of Health and Human Services	614,716	583,656
Sub-Total Statutory Receivables	614,716	583,656
TOTAL NON-CURRENT RECEIVABLES	614,716	583,656
TOTAL RECEIVABLES	1,126,590	1,006,158

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

	2020	2019
	\$	\$
Balance at beginning of year		
Amounts written off during the year	3,155	4,218
Reversal of allowance written off during the year as uncollectable	(1,254)	(1,063)
Balance at end of year	1,901	3,155

Contractual 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 do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets. The Health Service is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Note 5.2: Payables and Contract Liabilities

	2020	2019
	\$	\$
CURRENT		
Contractual		
Trade creditors	494,594	234,412
Inter- hospital creditors	32,978	30,878
Accrued salaries and wages	295,269	371,908
Accrued expenses	51,337	27,347
	874,178	664,545
Statutory		
Department of Health and Human Services	-	68,635
	-	68,635
TOTAL CURRENT PAYABLES	874,178	733,180
TOTAL PAYABLES	874,178	733,180

Payables Recognition

Payables consist of:

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

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

Note 5.3: Other liabilities

	2020	2019
	\$	\$
CURRENT		
Monies held in trust*: HCP monies held in trust	246,143	103,487
Monies held in trust*: HCP monies paid in advance	72,390	-
Paid Parental Leave	2,221	-
GHA Other Current Liabilities	28,073	33,446
Total Current	348,827	136,933
Total Other Liabilities	348,827	136,933

*** Total Monies Held in Trust Represented by the Following Assets:**

Cash assets	318,533	103,487
TOTAL	318,533	103,487

Home Care Package Program

The State Government has instituted a program that assists individuals in staying in their homes. The funds are paid to the Health Service on behalf of the individuals within the community to provide and manage various services to allow them to continue to reside in their homes.

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

Note 6.1: Borrowings

	2020	2019
	\$	\$
CURRENT		
Lease liability	31,373	19,721
Total Current Borrowings	31,373	19,721
NON CURRENT		
Lease liability	138,025	93,570
Total Non Current Borrowings	138,025	93,570
Total Borrowings	169,398	113,291

(a) Maturity Analysis of Borrowings

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

(b) Defaults and Breaches

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

(c) Lease Liabilities

Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020	2019	2020	2019
	\$	\$	\$	\$
Not later than one year	36,526	23,412	35,555	22,973
Later than 1 year and not later than 5 years	143,863	99,202	140,298	92,921
Minimum lease payments	180,389	122,614	175,853	115,894
Less future charges	(8,446)	(7,037)	(7,616)	(6,832)
TOTAL	171,943	115,577	168,237	109,062
Included in the financial statements as:				
Current borrowings - lease liability	31,373	-	31,373	19,721
Non-current borrowings - lease liability	138,025	-	140,298	93,570
TOTAL	169,398	-	171,671	113,291

The weighted average interest rate implicit in the lease is 3.47% (2019: 3.47%).

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

The Health Service's leasing activities

The Health Service has entered into leases with VicFleet related to Motor Vehicles.

For any new contracts entered into on or after 1 July 2019, the Health Service considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Health Service assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Health Service and for which the supplier does not have substantive substitution rights;
- The Health Service has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Health Service has the right to direct the use of the identified asset throughout the period of use; and
- The Health Service has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Note 6.1: Borrowings

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Health Services incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Presentation of right-of-use assets and lease liabilities

The Health Service presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

The Health Service determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where the Health Service as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the 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 consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in the Health Services balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Note 6.2: Cash and Cash Equivalents

	Total 2020 \$	Total 2019 \$
Cash on hand (excluding monies held in trust)	400	400
Cash at Bank (excluding monies held in trust)	388,156	245,719
Cash at Bank (including monies held in trust)	318,533	103,487
Cash at Bank (monies held in jointly controlled operation) GHA	218,850	242,723
Cash at Bank - CBS (excluding monies held in trust)	1,725,033	-
TOTAL CASH AND CASH EQUIVALENTS	2,650,972	592,329

Cash and Cash Equivalents

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

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

Note 6.3 : Commitments for expenditure

	2020	2019
	\$	\$
Capital Expenditure Commitments		
Less than 1 year	181,070	1,732,022
Total Capital Expenditure Commitments	181,070	1,732,022
Operating Expenditure Commitments		
Less than 1 year	27,134	27,134
Longer than 1 year but not longer than 5 years	27,134	54,266
Total Operating Expenditure Commitments	54,268	81,400
Total Commitments for Expenditure (inclusive of GST)	235,338	1,813,422
Less GST recoverable from the Australian Tax Office	(21,394)	(164,857)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	213,944	1,648,565

Future 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.

Note 6.4: Non-cash financing and investing activities

	2020	2019
	\$	\$
Assumption of Liabilities		
Acquisition of plant and equipment by means of Finance Leases		
VicFleet	101,100	30,396
Total Non-Cash Financing and Investing Activities	101,100	30,396

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

Note 7.1 (a): Financial Instruments

(a) Categorisation of financial instruments

		Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	Note	\$	\$	\$
2020				
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	2,650,972	-	2,650,972
Receivables - Trade Debtors	5.1	511,874	-	511,874
Total Financial Assetsⁱ		3,162,846	-	3,162,846
Financial Liabilities				
Payables	5.2	-	874,178	874,178
Borrowings	6.1	-	171,943	171,943
Other Financial Liabilities - Patient monies held in trust	5.3	-	318,533	318,533
Total Financial Liabilitiesⁱ		-	1,364,654	1,364,654
2019				
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	592,329	-	592,329
Receivables - Trade Debtors	5.1	399,628	-	399,628
Investments and Other Financial Assets - CBS	4.1	2,614,663	-	2,614,663
Total Financial Assetsⁱ		3,606,620	-	3,606,620
Financial Liabilities				
Payables	5.2	-	733,180	733,180
Borrowings	6.1	-	115,577	115,577
Other Financial Liabilities - Patient monies held in trust	5.3	-	103,487	103,487
Total Financial Liabilitiesⁱ		-	952,244	952,244

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).

Note 7.1(a): Financial Instruments

Financial assets at amortised cost

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

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

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

The Health Service recognises the following assets in this category:

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

Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Health Service's own credit risk. In this case, the portion of the change attributable to changes in the Health Service's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. The Health Service recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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.

Impairment of financial assets under AASB 9 Financial Instruments

The Health Service records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

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

Note 7.1 (b): Payables and Borrowings Maturity Analysis

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.

Maturity analysis of Financial Liabilities as at 30 June

				Maturity Dates			
				Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
	Note	Carrying Amount \$	Nominal Amount \$	\$	\$	\$	\$
2020							
Financial Liabilities at amortised cost							
Payables	5.2	874,178	874,178	669,352	204,826	-	-
Borrowings	6.1	171,943	171,943	30,384	31,886	34,461	75,212
Other Financial Liabilities - Patient monies held in trust	5.3	318,533	318,533	318,533	-	-	-
Total Financial Liabilities		1,364,654	1,364,654	1,018,269	236,712	34,461	75,212
2019							
Financial Liabilities at amortised cost							
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 - Patient monies held in trust	5.3	103,487	103,487	103,487			
Total Financial Liabilities		952,244	952,244	822,169	19,762	13,401	96,912

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

Contractual receivables at amortised cost

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

On this basis, the Health Service determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Note 7.2: Contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities at 30 June 2020. (2019: Nil)

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash 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 Subsequent Events
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 8.9 Changes in Accounting Policy, revision of estimates and corrections of prior period errors
- 8.10 AASBs Issued that are not yet Effective
- 8.11 Glossary

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

	Note	2020 \$	2019 \$
Net Result for the Year		1,041,806	404,241
Non-Cash Movements:			
Depreciation	4.3	404,692	379,894
Assets Received Free of Charge		-	(22,383)
Movements included in Investing and Financing Activities:			
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets		(3,081)	-
Net (Gain)/Loss from Disposal of Financial Assets			(11,164)
Movements in Assets and Liabilities:			
<i>Change in Operating Assets and Liabilities</i>			
(Increase)/Decrease in Receivables	5.1	(96,559)	(107,261)
Increase/(Decrease) in Payables	5.2	140,998	229,132
Increase/(Decrease) in Provisions	3.3	16,328	27,507
Increase/(Decrease) in Other Liabilities	5.3	211,894	112,534
(Increase)/Decrease in Inventories	4.4	(8,750)	5,960
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,707,328	1,018,460

Note 8.2: Responsible Persons

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

	Period
Responsible Ministers:	
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	01/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019 - 30/06/2020
Governing Boards	
Ms. Susan Pilkington (appointed 2014)	01/07/2019 - 30/06/2020
Mr. Paul Ahern (appointed 2011)	01/07/2019 - 30/06/2020
Dr. Priscilla Robinson (appointed 2014)	01/07/2019 - 30/06/2020
Ms. Janyce Bull (appointed 2014)	01/07/2019 - 30/06/2020
Mr. Graeme Baxter (appointed 2016)	01/07/2019 - 30/06/2020
Ms. Dawn Allan (appointed 2017)	01/07/2019 - 30/06/2020
Dr. Peter Longmore (appointed 2017)	01/07/2019 - 30/06/2020
Dr. Jim Buttery (appointed 2017)	01/07/2019 - 30/06/2020
Mr Duncan Davies (appointed 2018)	01/07/2019 - 30/06/2020
Mr. Jamie Sutherland (appointed 2018)	01/07/2019 - 30/06/2020
Mr David Pollard (appointed 2018)	01/07/2019 - 30/06/2020
Ms. Judith Bennett (appointed 2019)	01/07/2019 - 30/06/2020
Accountable Officers	
Ms. Christine Trotman	01/07/2019 - 08/05/2020
Mr. Paul Greenhalgh	06/04/2020 - 30/06/2020

Remuneration of Responsible Persons

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

	2020	2019
Income Band	No.	No.
\$0,000 - \$9,999	12	11
\$30,000 - \$39,999	1	-
\$160,000 - \$169,999	1	1
Total Numbers	14	12
	2020	2019
	\$	\$
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$240,010	\$180,477

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

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

Note 8.3: Remuneration of Executives

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

Short-term Benefits
 Post-employment Benefits
Total Remunerationⁱ

Total Number of Executives
 Total Annualised Employee Equivalentⁱⁱ

Total Remuneration	
2020	2019
\$	\$
198,187	177,206
21,685	17,692
219,872	194,898
3	3
3.0	3.0

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.

Note 8.4: Related Parties

South Gippsland Hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the South Gippsland Hospital include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Controlled Entities - South Gippsland Hospital Foundation Limited and South Gippsland Hospital Foundation Trust Fund;
- Jointly Controlled Operation - A member of the Victorian Comprehensive Cancer Centre Joint Venture; 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 South Gippsland Hospital and its controlled entities, directly or indirectly.

The Board of Directors and the Executive Directors of South Gippsland Hospital and its controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
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	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
South Gippsland Hospital	Ms. Judith Bennett	Board Member
South Gippsland Hospital	Ms. Christine Trotman	Chief Executive Officer
South Gippsland Hospital	Mr. Paul Greenhalgh	Director of Nursing/Chief Executive Officer
South Gippsland Hospital	Ms. Marion Bowton	Director of Nursing
South Gippsland Hospital	Ms. Samatha Park	CHC Manager

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

	2020	2019
	\$	\$
Compensation - KMPs		
Short-term Employee Benefits ⁱ	416,384	337,673
Post-employment Benefits	48,997	37,702
Total ⁱⁱ	465,381	375,375

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.

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 \$7,136,585 (2019: \$6,142,747).

The South Gippsland Hospital received funding from the Latrobe Regional Hospital of \$437,027 (2019: \$488,383) 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 2020.

There were no related party transactions required to be disclosed for the Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2020.

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 2020.

	2020	2019
	\$	\$
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.	13,460	10,792
Mr. Peter Longmore received payment for travel expenditure to attend Board meetings of the Hospital.	-	800
Promontory District Finance Group Ltd of which provided a capital donation, Ms. Janyce Bull is a Director.	(12,500)	-

Note 8.5: Remuneration of Auditors

	2020 \$	2019 \$
Victorian Auditor-General's Office		
Audit of the Financial Statements	23,200	22,550
TOTAL REMUNERATION OF AUDITORS	23,200	22,550

Note 8.6: Subsequent events

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Health Service at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Health Service, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Health Service, the results of the operations or the state of affairs of the Health Service in the future financial years.

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2020	2019
		%	%
Gippsland Health Alliance	Information Technology	3.57	3.47

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

	2020 *	2019 *
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	218,850	242,723
Other current assets	151,893	122,322
TOTAL CURRENT ASSETS	370,743	365,045
NON-CURRENT ASSETS		
Other non current assets	29,823	2,916
TOTAL NON-CURRENT ASSETS	29,823	2,916
TOTAL ASSETS	400,566	367,961
CURRENT LIABILITIES		
Other current liabilities	28,073	33,446
Right of use lease	5,931	-
TOTAL CURRENT LIABILITIES	34,004	33,446
NON CURRENT LIABILITIES		
Right of use lease	9,903	-
TOTAL NON-CURRENT LIABILITIES	9,903	-
TOTAL LIABILITIES	43,907	33,446
NET ASSETS	356,659	334,515
EQUITY		
Accumulated Surpluses/(Deficits)	356,659	334,515
TOTAL EQUITY	356,659	334,515
	2020	2019
	\$	\$
REVENUE		
GHA Revenue	629,617	411,576
TOTAL REVENUE	629,617	411,576
EXPENSES		
GHA Expense	607,473	450,894
TOTAL EXPENSES	607,473	450,894
NET RESULT	22,144	(39,318)

* Figures obtained from the audited GHA Joint Venture annual reports.

Contingent Liabilities and Capital Commitments

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

Note 8.8: Economic Dependency

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

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

Changes in accounting policy

Leases

This note explains the impact of the adoption of AASB 16 Leases on the Health Service's financial statements.

The Health Service has applied AASB 16 with a date of initial application of 1 July 2019. The Health Service has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Health Service determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – *'Determining whether an arrangement contains a Lease'*. Under AASB 16, the Health Service assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, the Health Service has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, the Health Service previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Health Service. Under AASB 16, the Health Service recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, the Health Service recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Health Service's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Health Service has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impacts on financial statements

On transition to AASB 16, the Health Service recognised \$29,823 of right-of-use assets and \$15,834 of lease liabilities.

When measuring lease liabilities, the Health Service discounted lease payments using its incremental

When measuring our 3.57% share of lease liabilities, within Gippsland Health Alliance discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2 percent.

	1/07/2019
Total Operating lease commitments disclosed at 30 June 2019	81,400
Less Leases of low-value assets	81,400
Lease liabilities recognised at 1 July 2019	<u><u>0</u></u>

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Health Service has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Health Service applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. The Health Service has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the Health Service has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Health Service applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Transition impact on financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities; and
- AASB 16 Leases.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

Balance Sheet	Note	Before new accounting standards Opening 1 July 2019	Impact of new accounting standards - AASB 16, 15 & 1058	After new accounting standards Opening 1 July 2019
Property, Plant and Equipment	4.2	6,136,495		6,136,495
Total Assets		11,853,152		11,853,152
Borrowings	6.1	(113,291)		(113,291)
Total Liabilities		(3,032,322)		(3,032,322)
Total Equity		14,844,034		14,844,034

Note 8.10: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 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 2020, 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>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
AASB 17 <i>Insurance Contracts</i>	The new Australian standard seeks to eliminate 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 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . 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.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

Note 8.11: 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.

Note 8.11: 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.

Note 8.11: 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.

Note 8.11: 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