

Orbost Regional Health



Annual Report

2018- 2019

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Charter and Purpose

Manner of establishment and the relevant Ministers

Orbost Regional Health (ORH) is a Multi-Purpose Service (MPS) established under an agreement between the Commonwealth and Victorian Governments and incorporated under the *Health Services Act 1988*.

Orbost Regional Health is governed by a Board of Directors, appointed by the Governor-In-Council upon the recommendation of the Victorian Minister for Health and Minister for Ambulance Services the Hon. Jill Hennessy until 29 November 2018, and Minister for Health and Minister for Ambulance Services Jenny Mikakos from 29 November 2018.

Located in Far East Victoria in the East Gippsland Shire, Orbost Regional Health's health region consists of the townships of Orbost and smaller communities scattered along the Snowy River, up into the Alpine mountains and along the Wilderness Coast to the New South Wales border. The health region covers an area of over one million hectares and a population of approximately 7,057 people. In our community the people aged over 70 years is projected to increase 75% by 2041.

Purpose, functions, powers and duties

Our Vision

Outstanding Rural Healthcare; leading our community to a healthy future.

Our Values

- Respect
- Integrity
- Compassion
- Excellence
- Community

Our Role

Orbost Regional Health is committed to delivering a range of health and community services to meet the needs of the Far East Gippsland communities by:

- Connecting and providing safe, high quality healthcare services.
- Partnering with people as they make health choices.
- Providing a supportive workplace to attract, develop and engage a motivated workforce.
- Delivering efficient and sustainable healthcare for the best value.

Our Strategic Objectives

- **Our Consumers**
Meeting the health needs of our community.
- **Our Quality & Safety**
Ensure consumers receive safe and effective healthcare.
- **Our People**
Attract, develop and engage a motivated healthcare workforce.
- **Our Business**
Efficient and sustainable healthcare delivered for the best value.



Orbost Regional Health acknowledges the support of the Victorian and Commonwealth Governments.

Nature and range of services provided

Orbost Regional Health provides a range of Primary, Community Health, Acute and Aged Care services. These include:

Acute Services

Orbost Regional Health offers both inpatient and outpatient services to the community of Orbost and district including; radiology, medical, minor surgical, palliative care, renal dialysis, supportive therapies, post-acute care and transitional care program.

Urgent Care & After Hours Medical Treatment

A specialist nurse assessment (triage) led model supported by on-call medical staff delivers Urgent Care and After Hours (e.g. week nights and weekends) treatment for medical emergencies.

Aged and Residential Care

Waratah Lodge Nursing Home (High Care) and Lochiel House Hostel (Low care) provide a home-like atmosphere with the security of assistance when required. Respite care is also available.

Orbost Medical Clinic

Orbost Medical Clinic provides a range of Primary Care Services with medical services led by 4 General Practitioners. The General Practitioners provide outreach services to Moogji Clinic, Buchan and Cann River communities. Other services and support provided include Practice Nurses, Women's & Adolescent Health Nurse, Continence Nurse, Diabetes Educator, antenatal clinic with Midwives and visiting General Practitioner with Obstetrics, drug & alcohol services, Normalised Ratio (INR) Clinic blood test, Perinatal counsellor, Podiatrist and community Mental Health Services. Visiting Specialists include; Paediatrician, Rheumatologist, Renal Physician, Geriatrician and Urologists (via telehealth).

Community Home Support Services

Community Home Support Services (previously HACC), includes Domestic assistance, Personal care, Home and Garden Maintenance, Allied Health, Shopping assistance, Respite, Meals on Wheels, Volunteer program, Planned Activity Groups and District Nursing.

The services are provided to support and assist frail and aged older people or younger people with disabilities living at home or in the community and their families. Community Home Support services also provide care and support to palliative clients and families.

Community Services

Community Services align with general practice, National Disability Insurance Scheme (NDIS), acute and aged and home based care services at ORH to deliver a range of primary health and welfare services both onsite and in community-based support settings. Access to services is available to the whole community as well as targeted services for vulnerable population groups. A Koori Health Liaison worker provides assistance to Aboriginal and Torres Strait Islander people in hospital and the wider community.

Early year's services, including family and maternal child health nursing, Early Childhood Early Intervention (ECEI) services are co-located with child and parent development programs including supported playgroups and Koori Mums and Bubs to help all children and families develop to the best of their potential.

A comprehensive range of nursing and allied health services are offered to manage and prevent health conditions, with a focus on chronic disease management including cardiac rehabilitation and diabetes management, along with rehabilitation, lifestyle and wellbeing programs. Allied health services include Occupational Therapy, Physiotherapy, Speech pathology and Dietitian.

Welfare services include Homelessness Support, Financial Counselling, Generalist Counselling, Social Worker, Psychology services along with Family Violence Outreach support.

Oral Health

The dental clinic provides general oral health services, both public and private, school dental and denture services as well as visiting outreach dental services to Cann River. Dental surgery is also accessible using the health service's operating theatre. These services are delivered by a mix of public and private dentists and dental therapists.

Chair and CEO's report

On behalf of the staff and Board we are pleased to present the Orbest Regional Health Annual Report for 2018-19.

The year has been successful and the achievements that you will read about in this report would not have been possible without the valuable contribution of our 190 staff, volunteers and Board Directors. We would like to recognise the commitment, dedication and expertise of the ORH staff. Our team is the reason why we strive to deliver outstanding rural healthcare to our community.

Orbest Regional Health has met or exceeded the majority of our performance targets and delivered an operating surplus. The favourable financial result has enabled a re-investment into essential clinical equipment and minor capital works improvements for residents, patients and staff.

There have been many achievements over the past 12 months with some key activities being;

- Dr Jyothi Vardhi joined the team at the Medical Clinic at the beginning of 2019.
- X-ray equipment has been upgraded to make it fully digital at a cost of approximately \$120k.
- Installation of a new steriliser to ensure compliance with AS 4187, Australian Standard for Reprocessing of reusable devices in health service organisations.
- Created a nurse office for Waratah Lodge.
- Renovations to the central sterilising area in the Dental clinic to improve workflow.
- There were 1087 consultations in the medical clinic with community members identifying as Aboriginal and/or Torres Strait Islander.
- The medical clinic completed a record number of 456 GP management plans.
- Orbest Regional Health Diversity Committee developed a Diversity Plan including a 3 year diversity action plan.
- The inaugural Harmony Day was held during Reconciliation week and will now be scheduled annually.
- 356 local children received public dental treatment in the Dental clinic.
- Replaced key equipment in the catering department.
- A number of catering staff have been accredited as Food Safety Supervisors.
- Installation and commissioning of solar panels.
- Installation of safety railing on loading docks to improve staff safety.

Meryn Pease, Chief Executive Officer, resigned in February 2019 after over 3 years at Orbest Regional Health.

Commonwealth changes to the way in which services are provided for people with disabilities has created a significant change in service provision for Orbest Regional Health. The NDIS provides individualised support to people with disabilities and empowers them to achieve their goals through a more flexible funding model. This has had significant impact on clinicians and the way in which services are provided and will be provided into the future.

Approval was received from the Department of Health and Human Services for Orbst Regional Health to undertake Master Planning to enable a process for the health service to evaluate current infrastructure and future requirements to meet the needs of the community going forward. It is anticipated that the Master Planning will conclude by the end of the 2019/20 financial year. Completion of the Master Planning will help to inform service delivery for the health service into the future.

Generous donations received during the year have enabled us to purchase equipment and to make improvements to patient care areas. Our thanks go to everyone who has donated to the health service over the last year.

Responsible Bodies Declaration

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



A handwritten signature in cursive script that reads "Narelle Macalister".

Narelle Macalister
President, Board of Directors
Orbst Regional Health
27 August 2019



A handwritten signature in cursive script that reads "V. Farthing".

Vicki Farthing
Chief Executive Officer
Orbst Regional Health
27 August 2019

Management and Structure

Board of Directors as at 30 June 2019

The Orbest Regional Health Board oversees the strategic direction and management of Orbest Regional Health 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

President Narelle Macalister

Vice President Peter van den Oever

Members

Elizabeth Mitchell

Stanley Weatherall

Robyn Francis

Damien Courtier

Abby Ilton

Alastair Steel

Deborah Miller

Finance & Risk Committee (Audit)

Members

Independent Members

Stanley Weatherall (Chair)

Elizabeth Mitchell

Alastair Steel

Damien Courtier

Glenn Ingram (Independent Member)

Management Members

Meryn Pease – Chief Executive Officer
(resigned 19 Feb 2019)

Vicki Farthing – Chief Executive Officer
(Interim Chief Executive Officer from 20 Feb 2019 and
appointed Chief Executive Officer 13 May 2019)

Amanda Henry – Chief Finance Officer

Chief Executive Officer

Meryn Pease
(resigned 19 Feb 2019)

Vicki Farthing
(Interim from 20 Feb 2019 and appointed Chief
Executive Officer 13 May 2019)

Executive Management

Orbost Regional Health's Executive Management is responsible for the implementation and management of the health service's strategic direction and delivery of services to the community.

Chief Executive Officer

Meryn Pease

RN, RM, Ba Ap.Sc.(Nsg), MHA, GAICD, FACN

Resigned 19 Feb 2019

Vicki Farthing

RN, BNurs, Cert Stomal Thpy, Grad Dip Hlth Inf, MHM, FACN

Interim Chief Executive Officer from 20 Feb 2019 and appointed Chief Executive Officer 13 May 2019

Director of Clinical and Aged Care Services

Jo Marshall

RN, RM, BNurs, Grad Cert HMGT, Grad Dip Mid, MMid, MHM

Director of Primary and Community Services

Linda Daniel

BCom, Grad Dip Bus.

Resigned 23 Nov 2018

Louise McCarthy

BA (Hons), GradCert CFP

Commenced 18 Feb 2019

Director of Medical Services

Dr Craig Winter

MB, BS, FACEM, MBA, GMQ

Visiting Medical Officers (General Practitioners)

Dr Anthea Tan

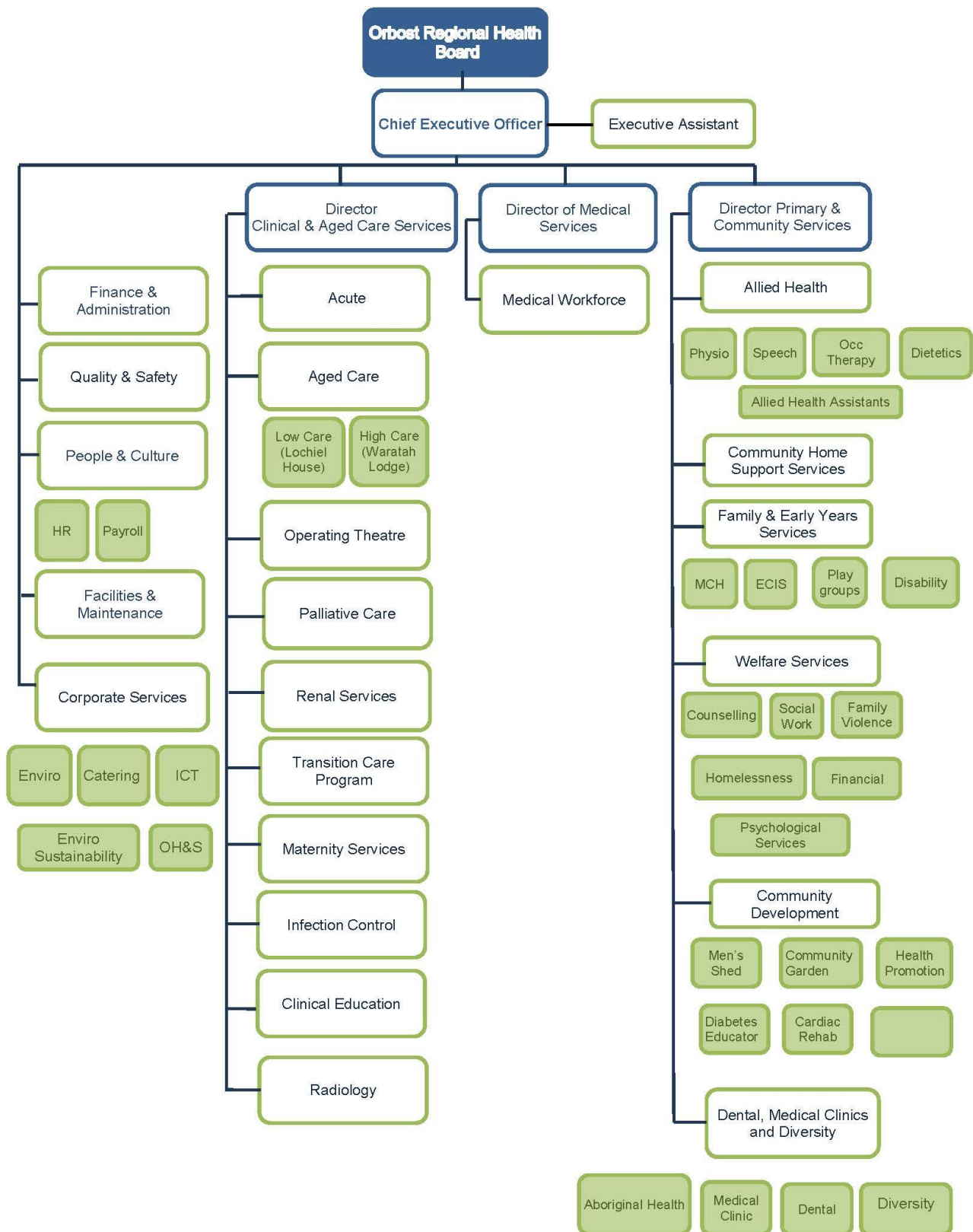
Dr Samuel Inwang

Dr Mohit Sharma (Resigned 4 Apr 2019)

Dr Miriam Athayde (Resigned Sept 2018)

Dr Jyothi Vardhi (commenced 16 Jan 2019)

Organisational structure



Workforce data/employment and conduct principles

Hospitals Labour Category	JUNE		AVERAGE	
	Current Month FTE		MONTHLY FTE	
	2018	2019	2018	2019
Nursing	32.47	35.76	32.86	34.55
Administration and Clerical	28.73	27.68	26.96	26.54
Medical Support	9.97	15.40	9.77	14.01
Hotel and Allied Services	31.28	25.94	28.14	26.79
Medical Officers	0.00	0.00	0.00	0.00
Sessional Clinicians	0.32	0.08	0.1	0.09
Ancillary Staff (Allied Health)	13.84	12.45	13.87	12.68
Total	116.61	117.32	111.70	114.66

Recruitment, selection and employment within Orbost Regional Health comply with employment conditions as specified in relevant Health Awards and Enterprise Bargaining Agreements.

The employment of staff satisfies equal employment opportunity requirements, legislative and moral obligations, and terms and conditions of the *Fair Work Act*, Australia including National Employment Standards.

Orbost Regional Health staff are also expected to embrace and work in accordance with the Code of Conduct for Victorian Public Sector Employees and the public sector values of:

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human Rights

Occupational Health and Safety

Orbost Regional Health acknowledges its moral, financial and legal responsibility to effectively manage all of its OH&S risks.

The health service's approach is to enhance the safe working environments for staff, contractors, consumers and visitors by reducing, if not eliminating so far as is reasonably practicable, all health and safety risks.

Orbost Regional Health is committed to regular consultation with staff, and others using the workplace, to make sure health and safety is effectively managed. This commitment is supported by the maintenance of an Occupational Health and Safety framework that provides direction for managing a safe work environment, including roles and responsibilities, OH&S committee, incident management and return to work programs.

The health service's 2018-19 OH&S performance against the established measure is summarised below.

Occupational Health & Safety	2016-17	2017-18	2018-19
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	75.6/100 EFT	47.4/100 EFT	56.5/100 EFT
Number of lost time standard claims for the year per 100 full-time equivalent staff members	3.6/100 EFT	3.6/100 EFT	0/100 EFT
The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by Worksafe)	\$70,600	\$41,734	\$0

Occupational Violence reporting

Occupational violence statistics	2018-19
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	9
Number of occupational violence incidents reported per 100 FTE	7.6
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

For the purposes of the above statistics the following definitions apply:

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

Incident - an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

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

Lost time – is defined as greater than one day.

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

Financial Information

Summary of the financial results for the year

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
• OPERATING RESULT	141	420	671	673	84
– Total revenue	16,343	15,572	15,398	14,853	14,136
– Total expenses	17,075	16,212	15,621	15,038	15,014
– Net result from transactions	(732)	(639)	(223)	(185)	(878)
– Total other economic flows	7	56	15	9	16
– Net result	(724)	(583)	(208)	(177)	(862)
– Total assets	19,814	17,032	17,588	16,741	16,508
– Total liabilities	5,999	5,758	5,696	4,673	4,233
– Net assets/Total equity	13,816	11,274	11,892	12,068	12,276

*The Operating result is for which the health service is monitored in its Statement of Priorities

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

	2019 \$000
Net operating result	141
Capital purpose income	225
Specific income	0
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	0
Depreciation and amortisation	(1,098)
Impairment of non-financial assets	0
Finance costs (other)	0
Net result from transactions	(732)

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

The Operating Result for the year is a surplus of \$141,000 compared to a result of \$420,000 in the previous year. The lower result is due to increased salaries and wages costs as a result of increased EFT and outcomes of Enterprise Bargaining Agreements (EBA's).

The Operating Result is affected by the results of Gippsland Health Alliance which Orbst Regional Health recognises as a jointly controlled operation. ORH has recognised \$78,000 as a share of the GHA loss (2017-18 \$218,000 surplus). Capital grants of \$55,000 were received from the Department of Health and Human Services for medical equipment and infrastructure replacement, \$150,000 for capital works to be carried out in 2019-20, and \$20,000 from Dental Health Services Victoria for equipment.

Significant changes in financial position during the year

The current asset ratio at 30 June 2019 has remained stable at 1.32 (2017-18; 1.45)

This ratio indicates that the organisation is in a healthy financial position, with adequate cash resources to meet liabilities as they fall due.

Orbost Regional Health continues to transition to the Central Banking System. Investments and Residential Accommodation Deposits previously held as term deposits are now held in Central Banking System accounts in accordance with Standing Direction 3.7.2 Treasury Management.

Operational and budgetary objectives and performance against objectives

Each year the health service establishes an operational budget which is matched to the strategic objectives of the organisation and aims for a balanced budget outcome.

In addition, the budget takes account of the service delivery profile which has been designed to meet community needs.

In 2018-19 the health service aimed to achieve a surplus of \$50,000 before capital and specific items and achieved a surplus of \$141,000.

Subsequent events

At the time of this report management is not aware of any events that have occurred since balance date that may have a significant effect on the operations of the health service in subsequent reporting periods.

Details of consultancies under \$10,000

In 2018-19, there was 1 consultancy where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-19 in relation to this consultancy is \$2,000 (excl. GST).

Details of consultancies over \$10,000

In 2018-19, there were 2 consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies is \$37,663 (excl. GST). Details of individual consultancies are below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2018-19 (excluding GST)	Future expenditure (excluding GST)
Insurance House Pty Ltd	Workers Compensation Consultancy	July 2018	June 2020	\$30,000	\$10,000	\$20,000
CRYSP Australia Pty Ltd	Victorian Protective Data Security Standards assessment	July 2018	June 2019	\$27,663	\$27,663	\$0

Disclosure of ICT expenditure

The total ICT expenditure incurred during 2018-19 is \$953,000 (excluding GST) with the details shown below.

(\$'000)

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) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
953	0	0	0

Legislation

Application and operation of *Freedom of Information Act 1982*

The *Freedom of Information (FOI) Act 1982* allows the public a right of access to documents held by Orbest Regional Health.

Applications under Freedom of Information are requests by individuals, or agencies, who act on their behalf, (such as solicitors or insurance companies), to access their personal medical information.

In line with Orbest Regional Health's commitment to protecting consumer privacy, all care is taken to ensure information is released only to the individual to whom it pertains, an authorised representative, or to a recognised guardian.

Orbest Regional Health holds Medical records in a variety of formats and systems, including electronic and paper based records.

Applications shall be made in writing to the Freedom of Information Officer on an Orbest Regional Health Freedom of Information Application form. Sufficient detail concerning the information requested should be provided to be able to process the request. All requests should be accompanied by an application fee of \$29.60, proof of identity such as driver's license or passport.

Information regarding FOI is available from the Freedom of Information Officer

Phone: 03 51 54 6666

Fax: 03 51 54 2366

Requests received	49
Fully granted	46
Partially	0
Denied	0
Other:	
• Withdrawn	0
• Not proceeded	3
• No processed	0
• No documents	0
• Transferred to another agency	1
In progress (carried into 2019-20)	0

In addition to the 49 requests received, there were a total of **35** requests received to which the *Act* did not apply (including Coroners Court, Subpoenas, Worksafe and Police requests.) There were also **173** requests received from other Health Agencies for transfer of Clinical Records.

Information regarding FOI is available from the Freedom of Information Officer

Phone: 03 51 54 6666

Fax: 03 51 54 23666

Email: FOI@orh.com.au

Further information may also be found on FOI website, FOI Act.

The FOI applications received by Orbest Regional Health during 2018-2019 are summarised opposite. All these applications were processed in accordance with the provisions of *Freedom of Information Act 1982* within the 30 day legislated timeframes.

Compliance with building and maintenance provisions of the *Building Act 1993*

During 2018/19, Orbost Regional Health's building complied with the *Building Act 1993* as evident in the annual certificate of compliance of essential services.

It has also been the health service's practice to ensure all buildings and renovations comply with the Australian Standards and Building Codes of Australia, along with obtaining relevant building permits, certificates of occupancy or certificates of final inspection for all new and renovation building projects.

An ongoing maintenance program, including routine inspections and rectification, also assist to ensure the health service's buildings are maintained to a safe and functional condition.

Application and operation of *Protected Disclosure 2012*

Orbost Regional Health was not required to disclose any issues under the *Protected Disclosure Act 2012* (the Act) in the financial year 2018/19.

Statement on National Competition Policy

Orbost Regional Health continues to comply with the National Competition Policy. The Victorian Government's competitive neutrality pricing principals for all relevant business activities have also been applied by Orbost Regional Health.

Application and operation of *Carers Recognition Act 2012*

Orbost Regional Health is aware of and complies with the requirements of the *Carers Recognition Act 2012* (the Act) and was not required to make any disclosures during the reporting period.

Reporting obligations under the *Safe Patient Care Act 2015*

Orbost Regional Health has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*(the Act).

Disclosures under the *Local Jobs First Act 2003*

During 2018/19, Orbost Regional Health had no projects that commenced or were completed to which the Local Jobs First Policy applied.

Additional information available on request

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 Orbost Regional Health 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 Orbost Regional Health about the activities of the health service and where they can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by Orbost Regional Health;
- Details of any major external reviews carried out on Orbost Regional Health;
- Details of major research and development activities undertaken by Orbost Regional Health 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 Orbest Regional Health 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;
- General statement on industrial relations within Orbest Regional Health 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 Orbest Regional Health, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Summary of the entity's environmental performance

STATIONARY ENERGY			
Total stationary energy purchased by energy type (GJ)	2016-17	2017-18	2018-19
Electricity	2,311	2,156	1,820
Liquefied Petroleum Gas	2,290	1,724	2,198
Total	4,600	3,880	4,018
Normalised stationary energy consumption	2016-17	2017-18	2018-19
Energy per unit of floor space (GJ/m ²)	0.65	0.55	0.64
Energy per unit of Separations (GJ/Separations)	3.80	4.99	3.36
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.30	0.28	0.29
EMBEDDED GENERATION			
Total embedded stationary energy generated by energy type (GJ)	2016-17	2017-18	2018-19
Solar Power	N/A	N/A	262.93
Total	N/A	N/A	262.93
Normalised embedded generation	2016-17	2017-18	2018-19
Embedded generation per unit of floor space (GJ/m ²)	N/A	N/A	0.04
Embedded generation per unit of Separations (GJ/Separations)	N/A	N/A	0.22
Embedded generation per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	N/A	N/A	0.02
WASTE AND RECYCLING			
Waste	2016-17	2017-18	2018-19
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	N/A	66803.84 *	70179.65
Total waste to landfill generated (kg clinical waste+kg general waste)	N/A	60982.96 *	61449.65
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	N/A	4.19	4.10
Recycling rate % (kg recycling / (kg general waste+kg recycling))	N/A	8.73	13.16
*Clinical and cytotoxic waste not recorded in 2017/18. Estimated at 5500kg.			

Orbest Regional Health's environmental performance and activity reporting is accessible on the health service's website:
www.orbestregionalhealth.com.au

Attestations

Financial Management Compliance attestation – SD 5.1.4

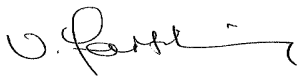
I, Stanley Weatherall, on behalf of the Responsible Body, certify that Orbst Regional Health has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.



Stanley Weatherall
Chair Finance & Risk
Orbst Regional Health
27 August 2019

Data Integrity

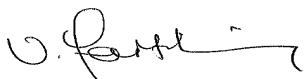
I, Vicki Farthing certify that Orbst Regional Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Orbst Regional Health has critically reviewed these controls and processes during the year.



Vicki Farthing
Chief Executive Officer
Orbst Regional Health
27 August 2019

Conflict of Interest

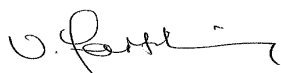
I, Vicki Farthing, certify that Orbst Regional Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Orbst Regional Health 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.



Vicki Farthing
Chief Executive Officer
Orbst Regional Health
27 August 2019

Integrity, fraud and corruption

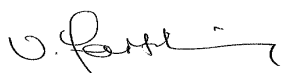
I, Vicki Farthing certify that Orbost Regional Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Orbost Regional Health during the year.



Vicki Farthing
Chief Executive Officer
Orbost Regional Health
27 August 2019

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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



Vicki Farthing
Chief Executive Officer
Orbost Regional Health
27 August 2019

Key Financial and service performance reporting for MPS

Service Plan: Key achievements and challenges

Objective	Action	Deliverable	Outcome
Our Consumers Meeting the health needs of our community	Develop, implement and evaluate 'theraplay' program for identified families in collaboration with Family violence Program coordinator.	Education provided and program implemented.	Achieved
Our Quality and Safety Ensure Consumers receive safe and effective care	Re-evaluate process to manage health legislative compliance. Consistently measure patient experience in all areas of the organisation by set of agreed questions and report via dashboard quarterly.	Process for review of health legislation communicated to Managers and education provided. Consumer survey set up using iPads. Schedule for placement of iPads developed by Quality. Surveys commenced in Community and Allied Health.	Achieved Partly achieved. Continue roll out in 2019/20
Our People Attract, develop and engage a motivated healthcare workforce	Increase the number of licenced nurses who can independently perform x-rays at ORH.	Two nurses licenced to independently perform x-rays at ORH and currently performing this task.	Achieved
Our Business Efficient and sustainable healthcare delivered for the best value	Progress Gippsland Regional Health Sustainability program initiative to install solar panels at ORH. Develop communication strategy for the promotion of Aged Care and NDIS packages.	Solar panels installed and commissioned. Implementation of Home Care and NDIS packages commenced.	Achieved Partly achieved. Continue implementation in 2019/20
To meet the health needs of our ageing population with a contemporary Aged Care facility remains a challenge.	Service plan recommends capital redevelopment of Residential Aged Care beds and integration with acute beds.	A capital redevelopment that enables local residents with wandering dementia to remain in their community.	A current challenge Future planning and capital build required. Approval for Master Planning received.

Performance Priorities

Quality and safety		
Key performance indicator	Target	Result
Health service accreditation	Full compliance	Achieved
Compliance with cleaning standards	Full compliance	Achieved
Compliance with the Hand Hygiene Australia program	80%	90%
Percentage of healthcare workers immunised for influenza**	75%	85%
Victorian Healthcare Experience Survey – patient experience	95% positive experience	97.6%
Victorian Healthcare Experience Survey – discharge care	75% very positive response	97.6%

**** Data used from period 16 Apr to 31 Aug 2018**

Governance and leadership		
Key performance indicator	Target	Result
People Matter Survey – percentage of staff with a positive response to safety culture questions	80%	91%

Financial sustainability		
Key performance indicator	Target	Result
Operating result (\$m)	.05	.14
Trade creditors	60 days	37 days
Patient fee debtors	60 days	5 days
Adjusted current asset ratio	0.7	1.7
Number of days available cash	14 days	108

Funded Flexible aged care places

Campus	Number
Flexible high care	19
Flexible low care	25

Utilisation of flexible aged care places

Campus	Number	Occupancy level %
Flexible high care	19	90%
Flexible low care	25	75%
Respite	2	29%
Total	44	

Performance Priorities (cont.)

Acute care

Service	Type of activity	Actual Activity 2018-19
Medical inpatients	Bed days	3141
Urgent care	Presentations	2161
Outpatients	Presentations	1018
Radiology	Number of clients	812
District nursing	Occasions of service	189
Renal dialysis	Number of clients	7

Primary health care

Service	Actual activity 2018-19 (hours of service) Subject to re-submission
Speech pathology*	598
Cardiac Rehab	265
Diabetes Education	335
District nursing	2007
Dietetics*	359
Counselling	672
Occupational Therapy	593
Physiotherapy	834
Financial Counselling	268
Parent Outreach	133
Koori Maternal Child Health	1054
Maternal & Child Health	2213
School counselling	33
Disability respite & family support	539
Women's Health Clinics	199
Women's Health – Schools	166
Homelessness Support	1148
Family violence outreach	707
Mohawks	164

*Includes services which are not funded or only part funded through the MPS Tripartite Agreement

Performance Priorities (cont.)

Community care

Community Home Support Service (HACC PYP and CHSP)	Hours of Service 2018-19
Meals	2196
Domestic Assistance	7596
Personal Care	3447
Social Support Group	8178
Property Maintenance	904
Volunteer Services	
Volunteer network - hours	3174
Volunteer network - kilometres	50899
Volunteer occasions of care	6230
Men's Shed	
Attendees	1444

Disclosure Index

The annual report of Orbest Regional Health 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	2
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	3
FRD 22H	Activities, programs and achievements for the reporting period	4
FRD 22H	Significant changes in key initiatives and expectations for the future	4-5
Management and structure		
FRD 22H	Organisational structure	8
FRD 22H	Workforce data/ employment and conduct principles	9
FRD 22H	Occupational Health and Safety	10
Financial information		
FRD 22H	Summary of the financial results for the year	11
FRD 22H	Significant changes in financial position during the year	12
FRD 22H	Operational and budgetary objectives and performance against objectives	12
FRD 22H	Subsequent events	12
FRD 22H	Details of consultancies under \$10,000	12
FRD 22H	Details of consultancies over \$10,000	12
FRD 22H	Disclosure of ICT expenditure	13
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	13
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	14

Legislation	Requirement	Page Reference
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	14
FRD 22H	Statement on National Competition Policy	14
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	14
FRD 22H	Summary of the entity's environmental performance	15
FRD 22H	Additional information available on request	14-15
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	14
SD 5.1.4	Financial Management Compliance attestation	16
SD 5.2.3	Declaration in report of operations	5
Attestations		
	Attestation on Data Integrity	16
	Attestation on managing Conflicts of Interest	16
	Attestation on Integrity, fraud and corruption	17
Other reporting requirements		
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	• Reporting obligations under the <i>Safe Patient Care Act 2015</i>	14
	• Reporting of compliance Health Purchasing Victoria policy	17

Orbost Regional Health Financial Statements

How this report is structured

Orbost Regional Health has presented its audited general purpose financial statements for the financial year ended 30 June 2019 in the following structure to provide users with the information about Orbost Regional Health's stewardship of resources entrusted to it.

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

Auditor-General's Report

Comprehensive Operating Statement

Balance Sheet

Statement of Changes in Equity

Cash Flow Statement

Note to the Financial Statements

Basis of preparation

Note 1: Summary of Significant Accounting Policies

Note 2: Funding delivery of our services

Note 2.1 Income from transactions

Note 3: The Cost of Delivering our Services

Note 3.1: Expenses from transactions

Note 3.2: Other economic flows

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

Note 3.4 Employee Benefits in the Balance Sheet

Note 3.5: Superannuation

Note 4: Key Assets to Support Service Delivery

Note 4.1: Investments and Other Financial Assets

Note 4.2: Property, Plant and Equipment

Note 4.3 Depreciation

Note 5: Other Assets and Liabilities

Note 5.1 Receivables

Note 5.2: Payables

Note 5.3 Other Liabilities

Note 6: How We Finance Our Operations

Note 6.1: Borrowings

Note 6.2: Cash and Cash Equivalents

Note 6.3: Commitments for expenditure

Note 7: Risks, Contingencies and Valuation Uncertainties

Note 7.1: Financial Instruments

Note 7.2: Contingent Assets and Contingent Liabilities

Note 8: Other Disclosures

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

Note 8.2: Responsible Persons disclosures

Note 8.3: Remuneration of Executive Officers

Note 8.4: Related Parties

Note 8.5: Remuneration of Auditors

Note 8.6: Ex-gratia payments

Note 8.7: Events Occurring after the Balance Sheet Date

Note 8.8: Jointly Controlled Operations

Note 8.9: Economic Dependency

Note 8.10: AASs Issued that are not yet Effective

Note 8.11: Glossary

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

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

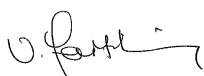
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position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

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

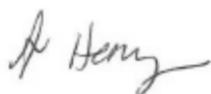
We authorise the attached financial statements for issue on 27th August, 2019, subject to any material adjustments as a result of VAGO review.



Narelle Macalister
Board Chair
Orbest Regional Health
27 August 2019



Vicki Farthing
Chief Executive Officer
Orbest Regional Health
27 August 2019



Amanda Henry
Chief Finance & Accounting Officer
Orbest Regional Health
27 August 2019

Auditor-General's Report



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Orbost Regional Health

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

Auditor-General's Report

**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
2 September 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

Orbost Regional Health

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income from Transactions			
Operating Activities	2.1	16,205	15,417
Non-operating Activities	2.1	138	156
Total Income from Transactions		16,343	15,572
Expenses from Transactions			
Employee Expenses	3.1	(12,089)	(11,511)
Supplies and Consumables	3.1	(1,222)	(1,015)
Depreciation	4.3	(1,098)	(1,123)
Other Operating Expenses	3.1	(2,665)	(2,562)
Total Expenses from Transactions		(17,075)	(16,212)
Net Result from Transactions - Net Operating Balance		(732)	(639)
Other Economic Flows Included in Net Result			
Net Gain on Sale of Non-Financial Assets	3.2	15	44
Other Gain/(Loss) from Other Economic Flows	3.2	(7)	13
Total Other Economic Flows included in Net Result		7	56
NET RESULT FOR THE YEAR		(724)	(583)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	3,265	-
Total Other Comprehensive Income		3,265	-
Comprehensive result for the year		2,541	(583)

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

Orbost Regional Health

Balance Sheet

For the Financial Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	5,812	1,944
Receivables	5.1	622	587
Investments and Other Financial Assets	4.1	704	4,820
Total Current Assets		7,138	7,351
Non-Current Assets			
Receivables	5.1	303	209
Property, Plant & Equipment	4.2	12,373	9,472
Total Non-Current Assets		12,676	9,681
TOTAL ASSETS		19,814	17,032
Current Liabilities			
Payables	5.2	627	605
Borrowings	6.1	66	36
Provisions	3.4	2,618	2,506
Other Current liabilities	5.3	2,100	2,104
Total Current Liabilities		5,411	5,251
Non-Current Liabilities			
Borrowings	6.1	226	203
Provisions	3.4	362	304
Total Non-Current Liabilities		588	507
TOTAL LIABILITIES		5,999	5,758
NET ASSETS		13,815	11,275
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	11,281	8,016
Specific Purpose Surplus		2,136	2,136
Contributed Capital		7,689	7,689
Accumulated Deficits		(7,290)	(6,566)
TOTAL EQUITY		13,816	11,275

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

Orbost Regional Health

Statement of Changes in Equity

For the Financial Year Ended 30 June 2019

	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Specific Purpose Funds	Contributed Capital	Accumulated Deficits	Total
	\$'000	\$'000	\$'001	\$'000	\$'000	\$'000
Balance at 1 July 2017	8,050	2,086	-	7,689	(5,933)	11,892
Net result for the year	-	-	-	-	(583)	(583)
Transfer from/(to) accumulated deficits	(34)	50	-	-	(50)	(34)
Balance at 30 June 2018	8,016	2,136	-	7,689	(6,566)	11,275
Net result for the year	-	-	-	-	(724)	(724)
Other comprehensive income for the year	3,265	-	-	-	-	3,265
Transfer from/(to) accumulated deficits	-	(2,136)	2,136	-	-	-
Balance at 30 June 2019	11,281	-	2,136	7,689	(7,290)	13,816

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

Orbost Regional Health

Cash Flow Statement

For the Financial Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Operating Grants from Government		11,292	10,773
Capital Grants from Government		225	62
Patient and Resident Fees Received		1,161	1,172
Private Practice Fees Received		1,752	1,777
Donations and Bequests Received		58	80
Interest Received		186	167
Other Receipts		754	890
Total Receipts		15,428	14,921
Employee Expenses Paid		(11,937)	(11,373)
Payments for Supplies and Consumables		(1,298)	(1,077)
Medical Indemnity Insurance		(72)	(80)
Repairs and Maintenance		(359)	(415)
Finance Costs		(3)	-
Other Payments		(973)	(892)
Payment for share of Rural Health Alliance		(520)	(240)
Total Payments		(15,162)	(14,077)
Net Cash Flows from/(used in) Operating Activities	8.1	266	844
Cash Flows from Investing Activities			
Redemption of Investments		4,116	(133)
Purchase of Non-Financial Assets		(735)	(421)
Proceeds from Disposal of Non-Financial Assets		15	44
Net Cash Flows from/(used in) Investing Activities		3,395	(510)
Cash Flows from Financing Activities			
Receipt of Borrowings		94	239
Repayment of Borrowings		(41)	-
Receipt of Accommodation deposits		152	(608)
Net Cash Flows from /(used in) Financing Activities		206	(369)
Net Increase/ (Decrease) in Cash and Cash Equivalents Held		3,867	(35)
Cash and Cash Equivalents at Beginning of Year		1,944	1,979
Cash and Cash Equivalents at End of Year	6.2	5,812	1,944

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

Basis of Presentation

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

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

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Orbost Regional Health for the period ending 30 June 2019. The report provides users with information about the Health Service's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASs, 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 Minister for Finance.

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

The annual financial statements were authorised for issue by the Board of Orbost Regional Health on 27th August 2019.

(b) Reporting Entity

The financial statements include all the controlled activities of Orbost Regional Health.

Its principal address is:
104 Boundary Road
Orbost
Victoria 3888.

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

(c) Basis of Accounting Preparation and Measurement

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

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

The financial statements are prepared on a going concern basis (refer to Note 8.11 Economic Dependency).

Note 1: Summary of Significant Accounting Policies (cont.)

(c) Basis of Accounting Preparation and Measurement(cont.)

These Financial Statements are presented in Australian dollars, the functional presentation currency of Orbost Regional Health.

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

Orbost Regional Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Orbost Regional Health's Capital and Specific Purpose Funds include Long Service Leave Reserve and Aged Care Reserve.

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 underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Defined benefit superannuation expense (refer to Note 3.5 Superannuation); 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 3.4 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive 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.

Note 1: Summary of Significant Accounting Policies (cont.)

(d) Jointly Controlled Operation

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

- In respect of any interest in joint operations, Orbost Regional Health 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.

Orbost Regional Health is a Member of the Gippsland Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

(e) Intersegment Transactions

Transactions between segments within Orbost Regional Health have been eliminated to reflect the extent of Orbost Regional Health's operations as a group.

(f) Equity

Contributed Capital

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

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.

Specific Restricted Purpose Surplus

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

Note 2: Funding delivery of our services

Orbost Regional Health's overall objective is to provide quality health services that improve the population health of our community and promote healthy ageing. Orbost Regional Health is predominantly funded by grant funding for the provision of outputs. Orbost Regional Health also receives income for the supply of services.

Structure

2.1 Income from transactions

Note 2.1: Income from transactions

	Total 2019 \$'000	Total 2018 \$'000
Government Grants - Operating	11,407	10,421
Government Grants - Capital	225	63
Patient and Resident Fees	1,150	1,172
Commercial Units- Diagnostic Imaging	37	37
Commercial Units - Medical Centre	1,709	1,740
Other Revenue from Operating Activities (including non-capital donations)	1,677	1,984
Total Income from Operating Activities	16,205	15,417
Operating Interest	138	156
Total Income from Non-Operating Activities	138	156
Total Income from Transactions	16,343	15,572

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

Revenue Recognition

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

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

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

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

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

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

Note 2.1: Income from transactions (cont.)

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

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

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

Patient and Resident Fees

Patient and resident fees are recognised as revenue on an accrual basis.

Private Practice Fees

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

Revenue from Commercial Activities

Revenue from Diagnostic Imaging are recognised on an accrual basis.

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

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

Other Income

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

Interest Revenue

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

Note 3: The cost of delivering our services

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

Structure

- 3.1 Expenses from transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expenses and revenue by Internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

Note 3.1: Expenses from transactions

	Total 2019 \$'000	Total 2018 \$'000
Salaries and Wages	9,436	9,078
On-costs	858	810
Agency Expenses	240	277
Fee for Service Medical Officer Expenses	1,378	1,184
Workcover Premium	176	163
Total Employee Expenses	12,089	11,511
Drug Supplies	65	54
Medical and Surgical Supplies (including Prostheses)	306	231
Diagnostic and Radiology Supplies	91	78
Other Supplies and Consumables	761	653
Total Supplies and Consumables	1,222	1,015
Finance Costs	3	-
Total Finance Costs	3	-
Fuel, Light, Power and Water	218	216
Repairs and Maintenance	226	185
Maintenance Contracts	96	93
Medical Indemnity Insurance	72	80
Other Administrative Expenses	1,918	1,758
Expenditure for Capital Purposes	133	230
Total Other Operating Expenses	2,662	2,562
Depreciation (refer Note 4.3)	1,098	1,123
Total Other Non-Operating Expenses	1,098	1,123
Total Expenses from Transactions	17,075	16,212

Note 3.1: Expenses from transactions (cont.)

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 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 which are recognised in accordance with AASB 117 *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
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

Non-operating expenses

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

Note 3.2: Other Economic Flows

	2019 \$'000	2018 \$'000
<i>Net gain/(loss) on sale of non-financial assets</i>		
Net gain on disposal of property plant and equipment	15	44
Total net gain/(loss) on non-financial assets	15	44
<i>Net gain/(loss) on financial instruments at fair value</i>		
Allowance for impairment losses of contractual receivables	(3)	-
Other Gains/(Losses) from Other Economic Flows	-	-
Total net gain/(loss) on financial instruments at fair value	(3)	-
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability	(4)	13
Total other gains/(losses) from other economic flows	(4)	13
Total other gains/(losses) from economic flows	7	56

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
- 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.

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: Analysis of expenses and revenue by internally managed and restricted specific purpose funds

	Expense		Revenue	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Commercial Activities				
Private Practice and Other Patient Activities	2,341	2,162	1,848	1,862
TOTAL	2,341	2,162	1,848	1,862

Note 3.4: Employee Benefits in the Balance Sheet

	2019 \$'000	2018 \$'000
CURRENT PROVISIONS		
Employee Benefits i		
<i>Accrued Days Off</i>		
- Unconditional and expected to be settled wholly within 12 months ii	28	21
<i>Annual Leave</i>		
- Unconditional and expected to be settled wholly within 12 months ii	811	789
- Unconditional and expected to be settled wholly after 12 months iii	140	132
<i>Long Service Leave</i>		
- Unconditional and expected to be settled wholly within 12 months ii	175	141
- Unconditional and expected to be settled wholly after 12 months iii	1,200	1,170
	2,354	2,253
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months ii	113	107
- Unconditional and expected to be settled after 12 months iii	151	147
	264	253
TOTAL CURRENT PROVISIONS	2,618	2,506
NON-CURRENT PROVISIONS		
Conditional Long Service Leave	325	274
Provisions related to Employee Benefit On-Costs	37	31
TOTAL NON-CURRENT PROVISIONS	362	304
TOTAL PROVISIONS	2,980	2,810

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

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

(a) Employee Benefits and Related On-Costs

	2019 \$'000	2018 \$'000
Current Employee Benefits and related on-costs		
Unconditional long service leave entitlements	1,530	1,458
Annual leave entitlements	1,061	1,027
Accrued days off	28	21
Non-Current Employee Benefits and related on-costs		
Conditional long service leave entitlements	362	304
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	2,980	2,810

(b) Movements in On-Costs Provision

	2019 \$'000	2018 \$'000
Balance at start of year	284	280
Additional provisions recognised	17	4
Balance at end of year	301	284

Note 3.4: Employee Benefits in the Balance Sheet (cont.)

Employee Benefit Recognition

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

Provisions

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

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

Annual Leave and Accrued Days Off

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

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

- Nominal value – Orbost Regional Health expects to wholly settle within 12 months; or
- Present value – Orbost Regional Health 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 Orbost Regional Health 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 – Orbost Regional Health expects to wholly settle within 12 months; or
- Present value – Orbost Regional Health does not expect to wholly settle within 12 months.

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

Termination benefits

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

On-costs related to employee expense

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

Note 3.5: Superannuation

	Paid contribution for the year		Contributions outstanding at year end	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
(i) Defined Benefit Plans:				
First State Super	20	18	-	-
Defined Contribution Plans:				
First State Super	545	543	-	-
HESTA	216	215	-	-
Other	78	22	-	-
Total	858	799	-	-

(i) The basis for determining the level of contribution 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 Services contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

Defined Benefit Superannuation Plans

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

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive operating Statement of Orbost Regional Health.

The name and details of the major employee superannuation funds and contributions made by Orbost Regional Health are disclosed above.

Defined Contribution Superannuation Plans

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

Note 4: Key Assets to Support Service Delivery

Orbost Regional Health 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 Orbost Regional Health to be utilised for delivery of those outputs.

Structure

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

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
CURRENT						
Loans and Receivables						
Term Deposits > 3 months	704	2,684	-	2,136	704	4,820
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	704	2,684	-	2,136	704	4,820
Represented by:						
Health Service Investments	704	879	-	2,136	704	3,015
Other Money Held in Trust	-	5	-	-	-	5
Accommodation Bonds (Refundable Entrance Fees)	-	1,800	-	-	-	1,800
TOTAL INVESTMENTS	704	2,684	-	2,136	704	4,820

Note 4.1: Investments and Other Financial Assets (cont.)

Investment Recognition

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

Investments are classified as loans and receivables.

Orbost Regional Health classifies its other financial assets between current and non-current assets based on the Board of Management'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.

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

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

Derecognition of Financial Assets

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

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:
 - 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, Orbost Regional Health 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 Operating Statement, are subject to annual review for impairment.

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

In order to determine an appropriate fair value as at 30 June 2019 for its portfolio of financial assets, Orbost Regional Health 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 finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

Fair Value Measurement

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

Note 4.2: Property, Plant and Equipment (cont.)

Fair Value Measurement

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

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, Orbost Regional Health can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Non-Specialised Land and Non-Specialised Buildings

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

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

Note 4.2: Property, Plant and Equipment (cont.)

Specialised Land and Specialised Buildings

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

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

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

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

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

Vehicles

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

Plant and Equipment

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

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

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

Note 4.2(a): Property, Plant and Equipment

Gross carrying amount and accumulated depreciation

	2019	2018
	\$'000	\$'000
Land		
- Land at Fair Value		
Freehold	215	235
Crown	219	248
Total Land	434	483
Buildings		
Buildings Under Construction at cost	19	43
Buildings at Fair Value	11,104	11,660
Less Accumulated Depreciation	-	(3,389)
Total Buildings	11,122	8,314
Plant and Equipment		
Plant and Equipment at Fair Value	594	579
Less Accumulated Depreciation	(433)	(420)
Total Plant and Equipment	161	159
Medical Equipment		
Medical Equipment at Fair Value	1,281	1,228
Less Accumulated Depreciation	(996)	(1,014)
Total Medical Equipment	285	213
Motor Vehicles		
Motor Vehicles at Fair Value	591	440
Less Accumulated Depreciation	(297)	(240)
Total Motor Vehicles	294	200
Computers & Communication		
Computers & Communication at Fair Value	156	153
Less Accumulated Depreciation	(138)	(127)
Total Computers & Communication	17	27
Furniture & Fittings		
Furniture & Fittings at Fair Value	302	302
Less Accumulated Depreciation	(242)	(226)
Total Furniture & Fittings	59	76
TOTAL PROPERTY, PLANT AND EQUIPMENT	12,373	9,472

Note 4.2(b): Property, Plant and Equipment

Reconciliations of the carrying amount of each class of asset

	Land	Buildings	Plant & Equip- ment	Medical Equip- ment	Computers	Furniture & Fittings	Motor Vehicles	Assets Under Construc- -tion	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	483	8,950	190	251	26	95	189	23	10,208
Additions	-	-	23	78	17	-	105	192	415
Disposals	-	-	(6)	-	-	-	(22)	-	(29)
Net Transfers between Classes	-	173	-	-	-	-	-	173)	-
Depreciation (note 4.3)	-	(851)	(48)	(116)	(16)	(20)	(72)	-	(1,123)
Balance at 1 July 2018	483	8,271	159	213	27	76	200	43	9,472
Additions	-	-	33	161	8	-	186	350	738
Disposals	-	-	(1)	-	-	-	(2)	-	(3)
Net Transfers between Classes	-	374	-	-	-	-	-	(374)	-
Revaluation increments/decrements)	(49)	3,314	-	-	-	-	-	-	3,265
Depreciation (note 4.3)	-	(856)	(31)	(89)	(17)	(16)	(90)	-	(1,098)
Balance at 30 June 2019	483	11,104	161	285	17	59	294	19	12,373

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Orbost Regional Health's owned 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 this valuation is 30th June 2019.

Note 4.2(c): Property, Plant and Equipment

Fair value measurement hierarchy for assets

Carrying Amount	Fair value measurement at end of reporting period using:		
	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
\$'000	\$'000		\$'000
Balance at 30 June 2019			
Land at Fair Value			
Non-specialised Land	215	215	-
Specialised Land	219	-	219
Total Land at Fair Value	434	215	219
Buildings at Fair Value			
Non-Specialised Buildings	485	485	-
Specialised Buildings	10,637	-	10,637
Total Buildings at Fair Value	11,122	485	10,637
Motor Vehicles at Fair Value	294	-	294
Plant and Equipment at Fair Value	161	-	161
Computers and Communications at Fair Value	17	-	17
Furniture and Fittings at Fair Value	59	-	59
Medical Equipment at Fair Value	285	-	285
TOTAL PROPERTY, PLANT AND EQUIPMENT	12,373	700	11,673

ⁱ Classified in accordance with the fair value hierarchy.
There have been no transfers between levels during the period.

Note 4.2(c): Property, Plant and Equipment (cont.)

Fair value measurement hierarchy for assets

	Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2018				
Land at Fair Value				
Non-specialised Land	235	-	235	-
Specialised Land	248	-	-	248
Total Land at Fair Value	483	-	235	248
Buildings at Fair Value				
Non-Specialised Buildings	363	-	363	-
Specialised Buildings	7,952	-	-	7,951
Total Buildings at Fair Value	8,314	-	363	7,951
Motor Vehicles at Fair Value	200	-	-	200
Plant and Equipment at Fair Value	159	-	-	159
Computers and Communications at Fair Value	27	-	-	27
Furniture and Fittings at Fair Value	76	-	-	76
Medical Equipment at Fair Value	213	-	-	213
TOTAL PROPERTY, PLANT AND EQUIPMENT	9,472	-	598	8,874

ⁱ Classified in accordance with the fair value hierarchy.
There have been no transfers between levels during the period.

Note 4.2(d): Property, Plant and Equipment

Reconciliation of Level 3 Fair Value

	Special- ised Land	Special- ised Buildings	Plant & Equip- ment	Medical Equip- ment	Computers & Communi- cations	Furniture & Fittings	Motor Vehicles
	\$'000	\$'000	\$'000	\$'000			
Balance at 1 July 2018	248	7,952	159	213	27	76	200
Additions/(Disposals)	-	346	32	161	8	-	184
Gains/(Losses) recognised in Net Result	-	-	-	-	-	-	-
- Depreciation	-	(838)	(31)	(89)	(17)	(16)	(90)
Items recognised in Other Comprehensive Income							
- Revaluation	(29)	3,178	-	-	-	-	-
Balance at 30 June 2019	219	10,637	161	285	17	59	294

	Special- ised Land	Special- ised Buildings	Plant & Equip- ment	Medical Equip- ment	Computers & Communi- cations	Furniture & Fittings	Motor Vehicles
	\$'000	\$'000	\$'000	\$'000			
Balance at 1 July 2017	248	8,569	190	251	26	95	189
Additions/(Disposals)	-	216	17	78	17	-	83
Gains/(Losses) recognised in Net Result	-	-	-	-	-	-	-
- Depreciation	-	(833)	(48)	(116)	(16)	(20)	(72)
Balance at 30 June 2018	248	7,952	159	213	27	76	200

Note 4.2(e): Property, Plant and Equipment

Fair Value Determination

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	n.a.
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments ^(c)
Non-specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Medical Equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and Equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

Note 4.2(f): Property, Plant and Equipment

Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Transfer to Accumulated Deficits

- Plant and Equipment

Revaluation Increment

- Land

- Buildings

Balance at the end of the reporting period*

* Represented by:

- Land

- Buildings

2019 \$'000	2018 \$'000
8,016	8,050
-	(34)
(49)	-
3,314	-
11,281	8,016
85	134
11,196	7,882
11,281	8,016

Note 4.3: Depreciation

	2019 \$'000	2018 \$'000
Depreciation		
Buildings	856	851
Plant & Equipment	31	48
Medical Equipment	89	116
Motor Vehicles	90	72
Computers & Communication	17	16
Furniture & Fittings	16	20
Total Depreciation	1,098	1,123

Depreciation Recognition

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.

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	17 to 50 years	9 to 40 years
- Site Engineering Services and Central Plant	12 to 40 years	3 to 25 years
Central Plant		
- Fit Out	7 to 25 years	6 to 13 years
- Trunk Reticulated Building Systems	7 to 30 years	3 to 13 years
Plant & Equipment	5 to 15 years	5 to 15 years
Medical Equipment	3 to 15 years	3 to 15 years
Computers and Communication	3 years	3 years
Furniture and Fitting	5 to 8 years	5 to 8 years
Motor Vehicles	5 years	5 years

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

Note 5: Other Assets and Liabilities

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

Structure

5.1 Receivables

5.2 Payables

5.3 Other liabilities

Note 5.1: Receivables

	2019 \$'000	2018 \$'000
CURRENT		
Contractual		
Inter Hospital Debtors	112	36
Trade Debtors	296	285
Patient Fees	13	16
Medical Centre	20	26
Accrued Investment Income	19	67
GHA Other Current Assets	136	124
Prepayments	-	10
Less: Allowance for impairment losses of contractual receivables		
Patient Fees	(5)	(5)
	590	560
Statutory		
GST Receivable	32	27
	32	27
TOTAL CURRENT RECEIVABLES	622	587
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	303	209
TOTAL NON-CURRENT RECEIVABLES	303	209
TOTAL RECEIVABLES	925	796

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

	2019 \$'000	2018 \$'000
Balance at beginning of year	5	5
Reversal of the allowance written off during the year as uncollectable	-	-
Reversal of unused allowance recognised in the net result	-	-
Increase/(decrease) in allowance recognised in net result	-	-
Balance at end of year	5	5

Note 5.1: Receivables (cont.)

Receivables recognition

Receivables consist of:

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

Orbost Regional Health 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.

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual receivables at amortised costs for Orbost Regional Health's contractual impairment losses.

Note 5.2: Payables

	2019 \$'000	2018 \$'000
CURRENT		
Contractual		
Trade Creditors	301	340
Accrued Salaries and Wages	172	185
Accrued Expenses	83	30
Inter - hospital creditors	19	22
Amounts Payable to Government and Agencies	20	11
GHA Creditors	33	16
TOTAL CURRENT	627	605
TOTAL PAYABLES	627	605

Payables Recognition

Payables consist of:

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

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

Maturity analysis of payables

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

Note 5.3: Other Liabilities

	2019	2018
	\$'000	\$'000
CURRENT		
Unearned Income	143	299
Monies Held in Trust*		
- Accommodation Deposits (Refundable Entrance Fees)*	1,906	1,800
- Other Monies Held in Trust*	51	5
GHA Other Current Liabilities	2,100	2,104
Total Current		
 * Total Monies Held in Trust		
Represented by the following assets:		
Cash Assets	1,957	-
Investments	-	1,805
TOTAL	1,957	1,805

Note 6: How We Finance Our Operations

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

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

Note 6.1: Borrowings

	2019 \$'000	2018 \$'000
CURRENT		
TCV Loan (i)	51	36
Finance Lease Liability (ii)	15	-
Total Current	66	36
NON CURRENT		
TCV Loan (i)	148	203
Finance Lease Liability (ii)	78	-
Total Non Current	226	203
Total Borrowings	292	239

(i) Unsecured loans that bear no interest.

(ii) Secured by the assets leased.

(a) Maturity analysis of borrowings

Please refer to note 7.1(c) for the ageing analysis of borrowings.

(b) Defaults and breaches

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

Note 6.1: Borrowings (cont.)

Finance Lease Liabilities

Finance Leases

Repayments in relation to finance leases are payable as follows:

Not later than one year

Later than 1 year and not later than 5 years

Minimum lease payments

Less future finance charges

TOTAL

Included in the financial statements as:

Current borrowings finance lease liability

Non-current borrowings finance lease liability

TOTAL

Minimum future lease payments		Present value of minimum future lease payments	
2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
18	-	15	-
81	-	77	-
99	-	92	-
(7)	-		
92	-	92	-
		15	-
		77	-
-	-	92	-

The weighted average interest rate implicit in the finance lease is 3.25%

Borrowings Recognition

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

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

Entity as lessee

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

Note 6.1: Borrowings (cont.)

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Orbost Regional Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Note 6.2: Cash and Cash Equivalents

	2019	2018
	\$'000	\$'000
Cash on Hand (excluding Monies held in trust)	2	2
Cash at Bank (excluding Monies held in trust)	3,276	149
Deposits at Call	258	1,403
GHA Cash at Bank	319	390
Cash at Bank (Monies held in trust)	1,957	-
Total Cash and Cash Equivalents	5,812	1,944
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	5,812	1,944
Total Cash and Cash Equivalents	5,812	1,944

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

Note 6.3: Commitments for Expenditure

	2019 \$'000	2018 \$'000
Capital Expenditure Commitments		
Less than 1 year	43	55
Total Capital Expenditure Commitments	43	55
Non-cancellable Operating Lease Commitments		
Less than 1 year	26	9
longer than 1 year but not longer than 5 years	35	-
Total Non-cancellable Operating Lease Commitments	60	9
Total Commitments (inclusive of GST)	104	64
Less GST receivable from the Australian Tax Office	4	5
TOTAL COMMITMENTS (exclusive of GST)	100	59

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

Orbost Regional Health has entered into a commercial lease on a property where it is not in the interest of Orbost Regional Health to purchase these assets. This lease has a life of 3 years with renewal terms included in the contract. Renewals are at the option of Orbost Regional Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 7: Risks, Contingencies and Valuation Uncertainties

Orbost Regional Health 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: Financial Instruments

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

Note 7.1(a): Financial Instruments: categorisation

	Financial Assets at Amortised Cost	Financial Assets at Fair Value Through Net Result	Financial Assets at Fair Value Through Other Compreh- ensive Income	Financial Liabilities at Amortised Cost	Total
2019	\$'000		\$'000	\$'000	\$'000
Contractual Financial Assets					
Cash and Cash Equivalents	5,811	-	-	-	5,811
<i>Receivables</i>					
- Trade Debtors	407	-	-	-	407
- Other Receivables	215	-	-	-	215
<i>Investments and Other Financial Assets</i>					
- Term Deposits	704	-	-	-	704
Total Financial Assetsⁱ	7,138	-	-	-	7,138
Financial Liabilities					
Payables	-	-	-	627	627
Borrowings	-	-	-	292	292
Other Financial Liabilities					
- Accommodation bonds	-	-	-	1,906	1,906
- Other	-	-	-	194	194
Total Financial Liabilitiesⁱ	-	-	-	3,019	3,019

Note 7.1(a): Financial Instruments: categorisation (cont.)

	Contractual Financial Assets - Loans and Receivables and Cash	Contractual Financial Assets - Available for Sale	Financial Liabilities at Amortised Cost	Total
2018	\$'000	\$'000	\$'000	\$'000
Contractual Financial Assets				
Cash and Cash Equivalents	1,944	-	-	1,944
<i>Receivables</i>				
- Trade Debtors	321	-	-	321
- Other Receivables	266	-	-	266
<i>Investments and Other Financial Assets</i>				
- Term Deposits	4,820	-	-	4,820
Total Financial Assetsⁱ	7,351	-	-	7,351
Financial Liabilities				
Payables	-	-	605	605
Borrowings	-	-	239	239
Other Financial Liabilities				
- Accommodation bonds	-	-	1,800	1,800
- Other	-	-	304	304
Total Financial Liabilitiesⁱ	-	-	2,948	2,948

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

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

Categories of financial assets under AASB 9.

Financial assets at amortised cost

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

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

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

The health service recognises the following assets in this category:

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

Note 7.1(a): Financial Instruments: categorisation (cont.)

Categories of financial assets previously under AASB 139

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

Orbost Regional Health recognises the following assets in this category.

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

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

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

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

The following table discloses the contractual maturity analysis for Orbost Regional Health's financial liabilities. All liabilities are interest free.

	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
				Less than 1 Month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	1-5 Years \$'000
2019							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	627	627	627	-	-	-
Borrowings	6.1	292	292	2	3	65	223
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	1,906	1,906	210	420	630	646
- Other	5.3	194	194	194	-	-	-
Total Financial Liabilities		3,019	3,019	1,033	423	695	869
2018							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	605	605	605	-	-	-
Borrowings	6.1	239	239	-	-	36	203
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	1,800	1,800	170	340	680	610
- Other	5.3	304	304	24	-	280	-
Total Financial Liabilities		2,948	2,948	799	340	996	813

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

Note 7.1(c): Contractual receivables at amortised cost

	1-Jul-18	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Expected loss rate		1%	1%	1%	1%	1%	
Gross carrying amount of contractual receivables		540	0	6	14	0	560
Loss allowance		5	0	0	0	0	5

	30-Jun-19	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Expected loss rate		1%	1%	1%	1%	1%	
Gross carrying amount of contractual receivables		532	28	9	21	0	590
Loss allowance		5	0	0	0	0	5

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

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

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

Contractual receivables at amortised cost

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

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

Reconciliation of the movement in the loss allowance for contractual receivables

	2018	2017
Balance at beginning of the year	5	5
Opening retained earnings adjustment on adoption of AASB 9	0	0
Opening Loss Allowance	5	5
Modification of contractual cash flows on financial assets	0	0
Increase in provision recognised in the net result	0	0
Reversal of provision of receivables written off during the year as uncollectible	0	0
Reversal of unused provision recognised in the net result	0	0
Balance at end of the year	5	5

Note 7.1(c): Contractual receivables at amortised cost (cont.)

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

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

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

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

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

Note 7.2: Contingent Assets and Contingent liabilities

No contingent assets or contingent liabilities exist as at 30 June 2019 (2018: nil).

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash flow from Operating Activities
- 8.2 Responsible Persons
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Ex-gratia payments
- 8.7 Events Occurring after the Balance Sheet Date
- 8.8 Jointly Controlled Operations
- 8.9 Economic Dependency
- 8.10 Correction of prior period error and changes in accounting policy and revision of estimates
- 8.11 AASBs issued that are not yet Effective
- 8.12 Glossary

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(outflow) from Operating Activities

	2019 \$'000	2018 \$'000
Net Result for the Year	(724)	(583)
Non-cash movements:		
Depreciation	1,098	1,123
Movements included in Investing and Financing Activities:		
Net (Gain) from Disposal of Non- Financial Physical Assets	(15)	(44)
Movements in Assets and Liabilities:		
Change in operating assets and liabilities		
(Increase) in Receivables	(129)	(56)
(Increase) in Other Current Assets	-	(25)
Increase/(Decrease) in Payables	22	310
(Decrease) in Other Liabilities	(157)	(6)
Increase in Provisions	170	126
Net Cash Inflow from Operating Activities	266	844

Note 8.3: Remuneration of Executives

Remuneration of Executives

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

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

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

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

Other Long-term Benefits include long service leave, other long-service benefit or deferred compensation.

Termination Benefits include termination of employment payments, such as severance packages.

Remuneration of Executive Officers (including Key Management Personnel Disclosed in note 8.4)	Total Remuneration	
	2019 \$ '000	2018 \$ '000
Short-term employee benefits	250	280
Other long-term benefits	10	33
Total Remuneration i	260	313
Total Number of Executives	3	3
Total Annualised Employee Equivalent ii	2	2

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the *related parties note disclosure (Note 8.4)*.

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

Note 8.4: Related Parties

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

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

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

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

Key Management Personnel	Position title
Narelle Macalister	Board Chair
Stanley Weatherall	Board Member
Elizabeth Mitchell	Board Member
Robyn Francis	Board Member
Alastair Steel	Board Member
Abby Ilton	Board Member
Peter van den Oever	Board Member
Damien Courtier	Board Member
Deborah Miller	Board Member
Glenn Ingram	Board Member
Vicki Farthing (appointed 20/2/2019)	Chief Executive Officer
Meryn Pease (resigned 19/2/2019)	Chief Executive Officer
Joanne Marshall	Director of Clinical and Aged care Services
Louise McCarthy (appointed 18/2/2019)	Director of Primary and Community Services
Linda Daniel (resigned 23/11/2019)	Director of Primary and Community Services

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

Compensation for Key Management Personnel	2019 \$	2018 \$
Short-term Employee benefits	466,722	466,415
Other Long-term Benefits	10,268	55,489
Total i	476,990	521,904

i KMPs are also reported in Note 8.2 Responsible Persons and Note 8.3 Remuneration of Executives.

Note 8.4: Related Parties (cont.)

Significant Transactions with Government Related Entities

Orbost Regional Health received funding from the Department of Health and Human Services of \$7.7 m (2018: \$7.7m) and indirect contributions of \$0.01 m (2018: \$0.02 m).

During the year, Orbost Regional Health had the following other government-related entity transactions:

- Commonwealth Government funding received for health related programs totalling \$2.8m (2018: 2.5m),
- Other Victorian State Government grants for the provision of health related programs \$0.7m (2018: \$0.6m).

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

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

The Standing Directions of the Assistant Treasurer require the Orbost Regional Health 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 Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for the Orbost Regional Health Board of Directors and Executive Directors in 2019.

Note 8.5: Remuneration of Auditors

	2019 \$'000	2018 \$'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	15	16
Other internal audit services	28	27
TOTAL REMUNERATION OF AUDITORS	43	42

Note 8.6: Ex-gratia payments

Orbost Regional Health has made no ex-gratia payments over the reporting period.

Note 8.7: Events Occurring after the Balance Sheet Date

There have been no events of a material nature that have occurred after the balance sheet date.

Note 8.8: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2019	2018
		%	%
Gippsland Health Alliance	Information Systems	5.29	5.27

In respect of any interest in joint operations, Orbost Regional Health 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.

	2019 \$'000	2018 \$'000
Current Assets		
Cash and Cash Equivalents	319	390
Other Current Assets	136	124
Total Current Assets	454	514
Non Current Assets	(3)	(2)
Total Assets	451	512
Current Liabilities		
Other Current Liabilities	33	16
Total Current Liabilities	33	16
Net Assets	418	496

Orbost Regional Health's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2019 \$'000	2018 \$'000
Revenues		
Other	628	894
Total Revenue	628	894
Expenses		
Information Technology and Administrative Expenses	706	676
Total Expenses	706	676
Share of Net Result before capital and specific items	(78)	218
Capital purpose Income	-	-
Share of Net Result after capital and specific items	(78)	218
Contingent Liabilities and Capital Commitments	Nil	Nil

Note 8.9: Economic Dependency

Orbost Regional Health 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 Orbost Regional Health.

Note 8.10: Correction of a prior period error and changes in accounting policy and revision of estimates

Changes in accounting policy

Orbost Regional Health has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

(a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings; and

(b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

This note explains the impact of the adoption of AASB 9 Financial Instruments on the Department's financial statements.

Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, Orbost Regional Health's management has assessed for all financial assets based on Orbost Regional Health's business models for managing the assets. The following are the changes in the classification of Orbost Regional Health's financial assets:

Summary of reclassification of assets and liabilities

As at 30 June 2018	AASB 139 Measurement Categories	AASB 9 Measurement Categories			
		Fair value through net result (designated)	Fair value through net result (mandatory)	Amortised cost	Fair value through other comprehen- sive income
AASB 139 Measurement Categories					
Loan and receivables					
Cash and Equivalents	1,944	-	-	1,944	-
Receivables					
- Trade Debtors	321	-	-	321	-
- Other Receivables	266	-	-	266	-
Investments and Other Financial Assets				-	
- Term deposits	4,820	-	-	4,820	-
As at 1 July 2018	7,351	-	-	7,351	-

Note 8.10: Correction of a prior period error and changes in accounting policy and revision of estimates (cont.)

Changes to the impairment of financial assets

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, Orbost Regional Health applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method results in an increase in the impairment loss allowance of \$5,000. Refer to note 7.1 (c) for details about the calculation of the allowance. The loss allowance has not increased for these financial assets during the financial year.

For debt instruments at amortised costs, Orbost Regional Health considers them to be low risk and therefore determines the loss allowance based on ECLs associated with the probability of default in the next 12 months. Applying the ECL model does not result in recognition of additional loss allowance (previous loss allowance was nil). No further increase in allowance in the current financial year.

Transition impact of first time adoption of AASB 9 on comprehensive operating statement

<i>Comprehensive operating statement</i>	<i>30/06/2018</i>
Impairment of financial assets	3
Other economic flows included in net result	(3)
Comprehensive income	(3)

Transition impact of first time adoption of AASB 9 on balance sheet

<i>Balance sheet</i>	<i>Amount at 30/6/2018</i>	<i>Reclassifi- cation</i>	<i>Remeasure- ment</i>	<i>Restated amount at 1/7/2018</i>
Loans and receivables	7,356	-	-	7,356
Impairment loss allowance	(5)	-	-	(5)
Total financial assets	7,351	-	-	7,351
Total liabilities	5,758	5,758
Accumulated surplus/(deficit)	(6,566)	-	-	(6,566)
Other items in equity	17,841	17,841
Total equity	11,275	-	-	11,275

Note 8.11: AASBs issued that are not yet effective

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

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

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

Note 8.11: AASBs issued that are not yet effective (cont.)

<i>Topic^(a)</i>	<i>Key requirements</i>	<i>Effective date</i>	<i>Impact on Orbost Regional Health</i>
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>
AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities</i>	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1-Jan-19	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p>

Note 8.11: AASBs issued that are not yet effective (cont.)

<i>Topic^(a)</i>	<i>Key requirements</i>	<i>Effective date</i>	<i>Impact on Orbost Regional Health</i>
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard will replace AASB 1004 <i>Contributions</i> and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004.	1-Jan-19	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 <i>Contributions</i> . The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.
AASB 17 <i>Insurance Contracts</i>	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not currently apply to not-for-profit public sector entities. The AASB is undertaking further outreach to determine the applicability of this standard to the not-for-profit public sector.	1-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.

Note 8.12: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

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

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

Amortisation

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

Associates

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

Comprehensive result

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

Commitments

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable 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.

Note 8.12: Glossary of terms and style conventions (cont.)

Financial instrument

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

Financial liability

A financial liability is any liability that is:

- A contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable 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.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Note 8.12: Glossary of terms and style conventions (cont.)

Interest expense

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

Interest income

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

Investment properties

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

Joint Arrangements

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

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

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

Liabilities

Liabilities refer 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-produced assets

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

Non-profit institution

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

Payables

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

Note 8.12: Glossary of terms and style conventions (cont.)

Produced assets

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

Public financial corporation sector

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

Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

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

Receivables

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

Sales of goods and services

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

Supplies and services

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

Taxation income

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

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, 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



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