

Orbost Regional Health



Annual Report

2017 - 2018

Table of Contents

Overview

Establishment	2
Our Vision, Role, Strategic Directions and Enablers	2
Overview of services	3
Chair and CEO's Report	4

Governance and Management

Board of Directors	5
Executive management	6
Organisational structure	7

Workforce

Workforce data	8
Merit and Equity	8
Occupational Health and Safety	9

Performance – Report of Operations

5 year financial summary	11
Current financial year review	11
Key Achievements and Challenges	12
Performance priorities	13
Quality of Care performance	15
Environmental performance	15

Attestations

Attestation for Compliance with the Ministerial Standing Direction 5.1.4 Financial Management	16
Attestation for Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies	16
Attestation for compliance with Data Integrity	16
Attestation for compliance with Conflict of Interest accountabilities	16

Other information and disclosures

Freedom of information	17
Ex Gratia Payments	17
Consultancies engaged	18
ICT Expenditure	19
Occupational Violence	19
Victorian Industry Participation Policy	20
National Competition Policy	20
Building Act 1993	20
Protected Disclosure Act 2012	20
Carers Recognition Act 2012	20
Safe Patient Care Act 2015	20
Availability of additional information	20

Disclosure Index 21-22

Financial Statements for the year ended 30 June 2018

Comprehensive Operating Statement	23
Balance Sheet	24
Statement of Changes in Equity	25
Cash Flow statement	26
Notes to the financial statements	27

Board member's, accountable officer's and chief finance and accounting officer's declaration 77

VAGO independent auditor's report 78

Overview

Establishment

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 the Hon. Jill Hennessy MP.

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 8,560 people. In our community the people aged over 70 years is projected to increase 60% by 2031.

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.

Overview (continued)

Overview of services

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, maternity, 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, Psychologist, 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, 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 intervention and disability support services are co-located with child and parent development programs including 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



Narelle Macalister
President
Board of Directors



Meryn Pease
Chief Executive Officer

On behalf of the staff and Board we are pleased to present the Orbest Regional Health Annual Report for 2017-18.

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;

- The organisation's vision has been revised to reflect the changing healthcare environment.
- The new 2017-2022 Strategic Plan was developed and sets the strategic direction for the organisation over the next five years.
- A new Supportive Therapies clinic has been established in partnership with Bairnsdale Regional Health Oncology Service.
- The new visiting Women's Health Specialist General Practitioner, Dr Laura Linden has been busy.
- This has been a busy year for accreditation with five separate surveys with all the criteria in each survey being met. The surveys included: Aged Care Home Care Services; Human Services Standards (family violence and homelessness support services); General Practice: Early Childhood Intervention Service; and National Safety and Quality Standards.
- The National Standards accreditation resulted in 17 criteria being assessed as met with merit. This is an outstanding result.

Narelle Macalister
President, Board of Directors
Orbest Regional Health
29 August 2018

- Consumer feedback over the year consisted of 107 compliments and 44 complaints.
- A Registered Nurse has successfully completed the RIPERN program and commenced using her advanced skills to improve access for our community.
- Dr Pradeep Pokharel, Medical Practitioner left at the end of June 2018 after providing nearly 2 years of service to the Orbest community.
- Orbest Regional Health's Facebook page has seen a broad range of activities posted. There has been strong community support, with 509 people following the page and posts reaching up to 3,264 people.
- A new Simulation Room has been constructed to further enhance clinical staff training.
- Hourly patient rounding has been extended into Waratah Lodge, residential aged care resulting in a reduction in resident falls.
- A new software program 'I Care' has been installed to provide an electronic medical record for Aged Care Residents in Waratah Lodge.

A new board director Deborah Miller was appointed. Deb brings a strong clinical governance experience and health background to the board.

The constant challenge remains to recruit and retain a Medical Workforce of General Practitioners. It is becoming increasingly difficult to attract and retain General Practitioners and some Allied Health positions in the isolated rural community of Orbest.

The Commonwealth reforms with My Aged Care and the introduction of the National Disability Insurance Scheme in Outer Gippsland brings us into competition with private providers. There has been growth in the number of Aged Care Packages we deliver in our community. We look forward to continuing to deliver services to our community in 2018-19.

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Orbest Regional Health for the year ending 30 June 2018.

Meryn Pease
Chief Executive Officer
Orbest Regional Health
29 August 2018

Governance and Management

Board of Directors (as at 30 June 2018)

The Orbost Regional Health Board oversees the strategic direction and management of Orbost Regional Health and ensures that all services provided are consistent with the health service's by-laws, the Health Services Act 1998 and any applicable Victorian and Commonwealth legislation.

Board members

President

Narelle Macalister

Vice-President

Andrew Martin (retired 8 Nov 2017)
Peter Van den Oever

Members

Elizabeth Mitchell
Stanley Weatherall
Robyn Francis
Alastair Steel
Damien Courtier
Abby Ilton
Deborah Miller

Finance and Risk Committee (Audit Committee) members

Independent members

Andrew Martin
(Chair 1 Jul 2017 – 8 Nov 2017)
Stanley Weatherall
(Elected Chair 21 Nov 2017)
Elizabeth Mitchell
Alastair Steel
Damien Courtier
Glenn Ingram (Independent member)

Management members

Meryn Pease – Chief Executive Officer
Amanda Henry – Chief Finance Officer

Chief Executive Officer

Meryn Pease

Governance and Management (continued)

Executive Management (as at 30 June 2018)

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

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.
Commenced 2 April 2018

Peter Quin
BSW, MSW, Grad Dip Fam.Th, FACHSM
Resigned 31 Mar 2018

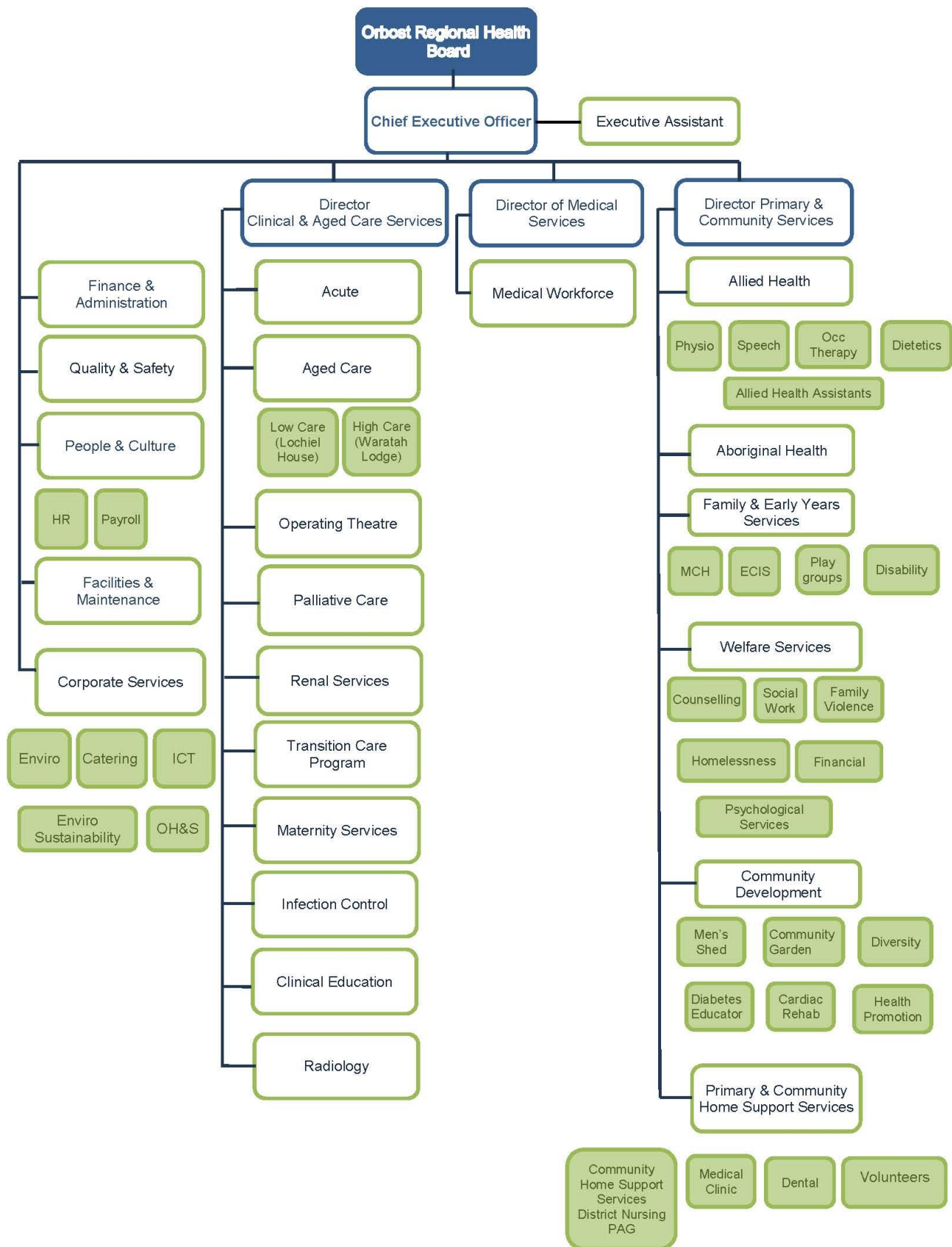
Director of Medical Services

Dr Craig Winter
MB, BS, FACEM, MBA, GMQ

Visiting Medical Officers (General Practitioners) (as at 30 June 2018)

Dr Anthea Tan
Dr Samuel Inwang
Dr Mohit Sharma
Dr Pradeep Pokharel (until 26 June 2018)
Dr Miriam Athayde (commenced 5 Feb 2018)

Organisational Structure



Review April 2018. This document is located in Prompt

Workforce

Workforce data

Hospitals Labour Category	JUNE		JUNE	
	Current Month FTE		YTD FTE	
	2017	2018	2017	2018
Nursing	34.35	32.47	33.70	32.86
Administration and Clerical	23.59	28.73	25.12	26.96
Medical Support	10.08	9.97	11.92	9.77
Hotel and Allied Services	26.05	31.28	25.20	28.14
Medical Officers	0.00	0.00	0.02	0.00
Sessional Clinicians	0.00	0.32	0.00	0.1
Ancillary Staff (Allied Health)	14.54	13.84	13.81	13.87
Total	108.61	116.61	109.77	111.70

Merit and equity

Recruitment, selection and employment within Orbest 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.

Orbest 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 risk.

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 2017-18 OH&S performance against the established measure is summarised below.

Outcome measures

Performance Indicator	Met	
Zero workplace injuries resulting in lost time	Not met	4 claims resulted in lost time
Number of WorkCover claims reduced to 2 or less per year	Not met	
Annual Claims Costs do not exceed \$25,000	Not met	
Industry Performance	Not Met	ORH's risk premium rate (2.0427%) is over the weighted industry rate (1.2360%).
Percentage of staff who have completed an immunisation questionnaire to inform staff database	100%	
Influenza Immunisation Rate	76.8%	This is a 5% increase from last year's performance.

Process measures	Met	
Performance Indicator		
100% of all staff are provided with Occupational Health & Safety information on an annual basis.	Met	
100% of Staff incidents reports (OHS) are reported to the OHS Committee in accordance with the reporting framework	Met	
Biannual workplace inspections are completed and results reported to OHS Committee.	Met	
Training:		
<ul style="list-style-type: none"> All new OHS Area Representatives complete appropriate training within 3 months of appointment. All existing OHS Area Representatives are offered refresher training annually. Managers and Supervisors complete OHS training if required 	Met	
<ul style="list-style-type: none"> Annual review of the Occupational Rehabilitation Program incorporating Occupational Health & Safety risk management to ensure return to work programs are effective (no lost time) 	Met	Framework and program reviewed.

Report of Operations

5 year Financial Summary

	2018 \$000	2017 \$000	2016 \$000	2015 \$000	2014 \$000
Total Revenue	15,628	15,413	14,863	14,152	14,230
Total Expenses	16,213	15,621	15,038	15,014	14,900
Net Result for the Year (inc. Capital and Specific Items)	(583)	(208)	(177)	(862)	(670)
Operating Result	420	671	673	84	(1)
Retained Surplus/ (Accumulated Deficit)	(6,567)	(5,933)	(5,675)	(5,448)	(3,663)
Total Assets	17,032	17,588	16,741	16,508	17,679
Total Liabilities	5,758	5,696	4,673	4,233	4,541
Net Assets	11,275	11,892	12,082	12,276	13,139
Total Equity	11,275	11,892	12,075	12,276	13,139

Current Financial Year Review

Financial Analysis of Operating Revenues and Expenses

The Operating Result for the year is a surplus of \$420, 000 compared to a result of \$671,000 in the previous year.

Operating revenue recognised was lower than last year due to a significant reduction in activity in WIES funded programs.

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 \$218,000 as a share of the GHA surplus.

Capital grants of \$52,000 were received from the Department of Health for medical equipment and infrastructure replacement, and \$11,000 from the Department of Health and Ageing.

Significant Changes in Financial Position during the Year

The current asset ratio at 30 June 2018 has increased slightly to 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.

Performance against Operational and Budgetary 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 2017-18 the health service aimed to achieve a surplus of \$180,000 before capital and specific items and achieved a surplus of \$420,000.

Report of Operations (continued)

Major Changes That Have Affected the Achievement of the Operational Objectives for the Year

There were no major changes affecting the achievement of the operational objectives for the year.

Events Subsequent to Balance Date

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.

Service Plan: Key achievements and challenges

Objective	Action	Deliverable	Outcome
Our Consumers Meeting the health needs of our community	To improve consumer access to the local Family Violence service.	Local network established including Police, with referral pathways for victims of family violence.	Achieved
Our Quality and Safety Ensure Consumers receive safe and effective care	Create access for people undertaking a supportive therapy to have their treatment locally. Demonstrate safe quality care through continuing accreditation across four accreditation programs.	Supportive Therapies Clinic established in partnership with Bairnsdale Regional Health Service Oncology. Five accreditation programs, the standards and criteria are all met.	Achieved Due to demand the clinic is now delivered fortnightly. Achieved Received 17 met with merits under the NSQHS National Standards.
Our People Attract, develop and engage a motivated healthcare workforce	Provide contemporary staff education facilities through the construction of a Simulation Training Room.	Simulation Training room is operational with ICT connectivity.	Achieved
Our Business Efficient and sustainable healthcare delivered for the best value	Become an approved NDIS provider for Early Childhood Intervention Services.	ECIS accreditation survey conducted with all standards met.	Achieved
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.

Report of Operations (continued)

Performance Priorities

- Summary

Quality and Safety		
Key Performance Indicator	Target	Actual
Health service accreditation	Full compliance	Achieved
Cleaning standards (overall)	Full compliance	Achieved
Cleaning standards (AQL-A)	90	98.4%
Cleaning standards (AQL-B)	85	97.7%
Cleaning standards (AQL-C)	85	94.4%
Hand Hygiene Australia program	80%	91.56%
Health care worker immunisation – influenza**	75%	76.8%
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	<42 responses
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	<42 responses
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	100%
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive experience	<42 responses
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive experience	<42 responses
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive experience	87%
Governance and Leadership		
Key Performance Indicator		
People Matter Survey - safety culture	80%	94%
Financial Sustainability		
Key Performance Indicator	Target	Result
Operating Result (\$m)	0.18	0.42
Trade creditors	60 days	30 days
Patient fee debtors	60 days	30 days
Adjusted current asset ratio	0.70	1.45
Number of days with available cash	14 days	46 days

** Data used from period 18 Apr – 19 Aug 2017

Activity performance

Service	2017-18	2016-17	2015-16
Acute bed days			
Private	272	395	378
Public	2005	2647	3209
TCP Bed Days	414	447	486
Inpatients treated	777	1216	1379
Same day patients	406	671	820
Haemodialysis discharges	249	528	678
Anaesthetics			
General	1	10	17
Dental	32	13	28
Births			
Unplanned Births	1	-	-
Aged care			
Flexible low care bed days	6403	6733	5996
Flexible low care occupancy	87%	92%	82%
Flexible low care places	25	25	26
Flexible high care bed days	6134	5406	5512
Flexible high care occupancy	98%	99%	100%
Flexible high care places	19	19	15
Respite high care bed days	170	96	44
Urgent Care Department			
Urgent Care presentations	2099	2112	2184
Outpatient presentations	613	496	593
Minor procedures	236	255	282
Radiology	771	1166	1229
Community Home Support Service Hours (HACC PYP and CHSP)			
Meals	3150	3600	4334
Domestic assistance	5719	6075	5122
Personal care	1989	1209	1727
District nursing	1934	1693	2103
Social support group	7824	5675	4782
Property maintenance	784	795	795
Flexible respite	225	10	163

Activity performance

Service	2017-18	2016-17	2015-16
Volunteer services			
Volunteer network (hrs)	1209	3535	2683
Volunteer network (kms)	50883	46612	54989
Volunteer occasions of service	5671	6060	5172
Men's shed			
Attendees	1725	1648	1543
Primary and Community Care			
Psychological Therapies (ATAPS)	449	431	314
Counselling*	589	679	410
Dental	2544	2797	2995
Dietitian *	1034	967	929
Family Support (incl. respite & puppets & play)	1126	1876	1775
Financial Counsellor	314	322	387
Housing support	1828	1686	1314
Koori maternal and child health	1431	1454	664
Maternal and child health	2323	2449	3184
Parent outreach	72	95	29
Speech Pathology*	517	611	730
Women's and adolescent health	437	359	521
Youth services scheme (Mowhawks)	201	164	116
Diabetes nurse	295	241	278
Physiotherapy	682	646	1202
Cardiac rehab (incl. Smoking Cessation)	191	70	126
Occupational therapist	1308	784	1090

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

Quality of Care Performance

Orbost Regional Health's Quality of Care performance and activity reporting is accessible on the health service's website:
www.orbostregionalhealth.com.au

Environmental Performance

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

Attestations

Attestation for compliance with the Ministerial Standing Direction 5.1.4 – Financial Management

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



Stanley Weatherall
Chair Finance & Risk
Orbost
29 August 2018

Attestation for compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Meryn Pease 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 non-mandatory HPV collective agreements as required by the *Health Services Act 1988 (Vic)* and has critically reviewed these controls and processes during the year.



Meryn Pease
Chief Executive Officer
Orbost
29 August 2018

Attestation for compliance with Data Integrity

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



Meryn Pease
Chief Executive Officer
Orbost
29 August 2018

Attestation for compliance with Conflict of Interest accountabilities

I, Meryn Pease, certify that Orbost 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 Orbost 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.



Meryn Pease
Chief Executive Officer
Orbost
29 August 2018

Other information and disclosures

Freedom of Information

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

Applications under Freedom of Information are requests by individuals to access their own personal medical records, or agencies who act on their behalf, such as solicitors or Insurance companies. In line with Orbst 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.

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

Applications must be made in writing to the Freedom of Information Officer on an Orbst Regional Health Freedom of Information Application form. All requests should be accompanied by an application fee of \$28.40, proof of identity such as driver's license or passport, and should provide sufficient detail concerning the information being sought.

The FOI applications received by Orbst Regional Health during 2017-18 are summarised opposite. All of these applications were processed in accordance with the provisions of the *Freedom of Information (FOI) Act 1982* within the 30 day legislated timeframe.

Requests received	45
Fully granted	40
Partially	0
Denied	0
Other:	
• Withdrawn	0
• Not proceeded	0
• Not processed	2
• No documents	2
• Transferred to another agency	1
In progress (carried into 2018-19)	0

Of these 45 requests received, 1 request falls outside *the FOI Act*. In addition, there were a total of 38 requests received to which the *Act* did not apply (including Coroners Court, Subpoenas, Worksafe and Police requests.)

There were also 127 requests received from other Health Agencies.

Information regarding Freedom of Information is available from the FOI Officer, via the following:

Phone: 03 51 54 6666

Fax: 03 51 54 2366

Email: FOI@orh.com.au

Further information may also be found on the FOI website, and in the *Freedom of Information (FOI) Act 1982*.

Ex Gratia payments

Orbst Regional Health made no ex gratia payments for the year ending 30 June 2018.

Other information and disclosures (continued)

Consultancies engaged during 2017-18

Consultancies over \$10,000

In 2017-18 there were 2 consultancies where the total fee payable to the consultants was \$10 000 or greater. The total expenditure incurred during 2017-18 in relation to this consultancy was \$80,000 (excl. GST). Details of individual consultancies are below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (ex. GST) (\$)	Expenditure in 2017/18 (ex. GST) (\$)	Future Expenditure (ex. GST) (\$)
Victorian Healthcare Assoc. Ltd	Review of the MPS model	July 2017	June 2018	\$55,000	\$55,000	\$0
Insurance House Pty Ltd	Workers Compensation Consultancy	July 2017	June 2018	\$25,000	\$25,000	\$0

Consultancies under \$10,000

In 2017-18 there were 4 consultancies where the total fees payable to the consultants was less than \$10 000. The total expenditure incurred during 2017-18 in relation to these consultancies is \$18,024(excl. GST).

Other information and disclosures (continued)

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2017-18 is \$1,426,198 (excluding GST) With the details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
(Total) (excluding GST)	(Total=Operational expenditure and Capital Expenditure) (excluding GST)		
1,426	0	0	0

Occupational Violence

Occupational violence statistics	2017-18
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported	8
4. Number of occupational violence incidents reported per 100 FTE	6.78
5. 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 - occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2016-17.

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.

Other information and disclosures (continued)

Victorian Industry Participation Policy Act 2003

During 2017/18, Orbost Regional Health had no projects that commenced or were completed to which the *Victorian Industry Participation Policy (VIPPP)* applied.

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.

Compliance with the Building Act 1993

During 2017/18, 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 2017/18.

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.

Compliance with 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).

Availability of additional information (FRD 22H)

In compliance with the requirements of FRD 22H (Section 6.19) *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):

- (a) Declarations of pecuniary interests have been duly completed by all relevant officers;
- (b) Details of shares held by senior officers as nominee or held beneficially;
- (c) Details of publications produced by Orbost Regional Health about the activities of the health service and where they can be obtained;
- (d) Details of changes in prices, fees, charges, rates and levies charged by Orbost Regional Health;
- (e) Details of any major external reviews carried out on Orbost Regional Health;

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

Disclosure Index

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
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	2
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Initiatives and key achievements	12
FRD 22H	Nature and range of services provided	3
Management and structure		
FRD 22H	Organisational structure	7
Financial and other information		
FRD 10A	Disclosure index	22-22
FRD 11A	Disclosure of ex-gratia expenses	17
FRD 21C	Responsible person and executive officer disclosures	69
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	20
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	20
FRD 22H	Application and operation of <i>Safe Patient Care Act 2015</i>	20
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	17
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	20
FRD 22H	Details of consultancies over \$10,000	18
FRD 22H	Details of consultancies under \$10,000	18
FRD 22H	Employment and conduct principles	8
FRD 22H	Information and Communication Technology Expenditure	19
FRD 22H	Major changes or factors affecting performance	12
FRD 22H	Occupational violence	19
FRD 22H	Operational and budgetary objectives and performance against objectives	11-15
FRD 22H	Summary of the entity's environmental performance	15
FRD 22H	Significant changes in financial position during the year	11
FRD 22H	Statement on National Competition Policy	20
FRD 22H	Subsequent events	12
FRD 22H	Summary of the financial results for the year	11
FRD 22H	Additional information available on request	20
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	8
FRD 25C	Victorian Industry Participation Policy disclosures	20

Disclosure Index

.....

Legislation	Requirement	Page Reference
Financial and other information		
FRD 103F	Non-Financial Physical Assets	44
FRD 110A	Cash Flow Statements	26
FRD 112D	Defined Benefit Superannuation Obligations	41
SD 5.2.3	Declaration in report of operations	4
SD 5.1.4	Financial Management compliance	16
Other requirements under Standing Directions 5.2		
SD 5.2.2	Declaration in financial statements	77
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	28
SD 5.2.1(a)	Compliance with Ministerial Directions	28
Legislation		
<i>Freedom of Information Act 1982</i>		17
<i>Protected Disclosure Act 2012</i>		20
<i>Carers Recognition Act 2012</i>		20
<i>Victorian Industry Participation Policy Act 2003</i>		20
<i>Building Act 1993</i>		20
<i>Financial Management Act 1994</i>		4,16
<i>Safe Patient Care Act 2015</i>		20

Orbost Regional Health

Comprehensive Operating Statement

For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Revenue from Operating Activities	2.1	15,274	14,967
Revenue from Non-Operating Activities	2.1	235	202
Employee Expenses	3.1	(10,022)	(9,820)
Non Salary Labour Costs	3.1	1,611	(1,600)
Supplies and Consumables	3.1	(635)	(650)
Other expenses	3.1	(2,821)	(2,428)
Net Result Before Capital and Specific Items		420	671
Capital Purpose Income	2.1	63	229
Depreciation	4.3	(1,123)	(1,123)
Net result after Capital & Specific Items		(640)	(223)
Other Economic Flows Included in Net Result			
Other Gains from Other Economic Flows		56	15
NET RESULT FOR THE YEAR		(583)	(208)
COMPREHENSIVE RESULT FOR THE YEAR		(583)	(208)

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

Orbost Regional Health

Balance Sheet

For the Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	1,944	1,979
Receivables	5.1	453	399
Investments and Other Financial Assets	4.1	4,820	4,687
Prepayments and Other Assets	5.3	134	109
Total Current Assets		7,351	7,173
Non-Current Assets			
Receivables	5.1	209	207
Property, Plant & Equipment	4.2	9,472	10,208
Total Non-Current Assets		9,681	10,415
TOTAL ASSETS		17,032	17,588
Current Liabilities			
Payables	5.4	719	408
Borrowings	6.1	36	-
Provisions	3.3	2,691	2,546
Other Current liabilities	5.2	1,805	2,418
Total Current Liabilities		5,251	5,372
Non-Current Liabilities			
Borrowings	6.1	203	-
Provisions	3.3	304	324
Total Non-Current Liabilities		507	324
TOTAL LIABILITIES		5,758	5,696
NET ASSETS		11,275	11,892
EQUITY			
Property, Plant and Equipment Revaluation Surplus	8.1(a)	8,016	8,050
Restricted Specific Purpose Surplus	8.1(a)	2,136	2,086
Contributed Capital	8.1(b)	7,689	7,689
Accumulated Deficits	8.1(c)	(6,567)	(5,933)
TOTAL EQUITY	8.1(d)	11,275	11,892

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 2018

		Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016		8,050	2,036	7,689	(5,675)	12,100
Net result for the year		-	-	-	(208)	(208)
Transfer from/(to) accumulated deficits	8.1(c)	-	50	-	(50)	-
Balance at 30 June 2017		8,050	2,086	7,689	(5,933)	11,892
Net result for the year		-	-	-	(583)	(583)
Transfer from/(to) accumulated deficits	8.1(c)	(34)	50	-	(50)	(34)
Balance at 30 June 2018		8,016	2,136	7,689	(6,567)	11,275

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

Orbost Regional Health

Cash Flow Statement

For the Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		10,684	10,339
Capital Grants from Government		63	51
Patient and Resident Fees Received		1,116	1,011
Donations and Bequests Received		80	43
Interest Received		156	159
Other Receipts		3,658	3,243
Total Receipts		15,756	14,846
Employee Expenses Paid		(9,883)	(9,521)
Payments for Supplies and Consumables		(605)	(651)
Medical Indemnity Insurance		(80)	(85)
Repairs and Maintenance		(279)	(230)
Other Payments		(4,065)	(3,625)
Total Payments		(14,912)	(14,111)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	844	735
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(741)	(879)
Purchase of Non-Financial Assets		(415)	(311)
Proceeds from Disposal of Non-Financial Assets		38	23
NET CASH FLOW USED IN INVESTING ACTIVITIES		(1,118)	(287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Borrowings		239	-
NET CASH FLOW FROM FINANCING ACTIVITIES		239	-
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		(35)	(431)
Cash and Cash Equivalents at Beginning of Year		1,979	2,410
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6	1,944	1,979

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

Notes to the Financial Statements

.....
For the Year Ended 30 June 2018

TABLE OF CONTENTS	Page
Board member's, accountable officer's, and chief finance & accounting officer's declaration	77
Comprehensive Operating Statement	23
Balance Sheet	24
Statement of Changes in Equity	25
Cash Flow Statement	26
Table of Contents	27
Note to the Financial Statements	
Basis of preparation	28
Note 1 – Summary of Significant Accounting Policies	29
Note 2 – Funding delivery of our services	31
Note 2.1 – Analysis of Revenue by Source	31
Note 2.2: Assets received free of charge or for nominal consideration	34
Note 3: The Cost of Delivering Services	34
Note 3.1: Analysis of Expenses by Source	35
Note 3.1 Expense recognition	36
Note 3.2: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds	38
Note 3.3 Employee Benefits in the Balance Sheet	39
Note 3.4: Superannuation	41
Note 4: Key Assets to Support Service Delivery	42
Note 4.1: Investments and Other Financial Assets	42
Note 4.2: Property, Plant and Equipment	44
Note 4.3 Depreciation	54
Note 4.3 Depreciation recognition	54
Note 5: Other Assets and Liabilities	55
Note 5.1 Receivables	55
Note 5.2: Other Liabilities	56
Note 5.3: Prepayments and Other Non-Financial Assets	56
Note 5.4: Payables	57
Note 6: How We Finance Our Operations	59
Note 6.1: Borrowings	59
Note 6.2: Cash and Cash Equivalents	60
Note 6.3: Commitments for expenditure	61
Note 7: Risks, Contingencies and Valuation Uncertainties	62
Note 7.1: Financial Instruments	62
Note 7.2: Contingent Assets and Contingent Liabilities	65
Note 8: Other Disclosures	66
Note 8.1: Equity	67
Note 8.2: Reconciliation of Net Result for the Year to Net Cash from Operating Activities	68
Note 8.3: Responsible Persons disclosures	69
Note 8.4: Remuneration of Executives	70
Note 8.5: Related Parties	71
Note 8.6: Remuneration of Auditors	72
Note 8.7: Ex-gratia payments	72
Note 8.8: AASs Issued that are not yet Effective	73
Note 8.9: Jointly Controlled Operations and Assets	75
Note 8.10: Economic Dependency	76
Note 8.11: Events Occurring after the Balance Sheet Date	76
Note 8.12: Alternative Presentation of Comprehensive Operating Statement	76

Basis of Presentation

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

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

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

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

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

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

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 2018. 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 29th August 2018.

(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 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis. These financial statements are presented in Australian dollars, the functional and presentation currency of the Health Service.

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

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.

Note 1: Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting Preparation and Measurement (continued)

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);
- Superannuation expense (refer to Note 3.4 Superannuation);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

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

(d) Principles of Consolidation

Orbost Regional Health does not have control of any other entities and therefore does not present consolidated Financial Statements.

(e) 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 8.9 Jointly Controlled Operations).

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. The health service also receives income for the supply of services.

Structure

2.1 Analysis of revenue by source

2.2 Assets received free of charge or for nominal consideration

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 \$'000	Non- Admitted 2018 \$'000	RAC 2018 \$'000	Aged Care 2018 \$'000	Primary Health 2018 \$'000	Other* 2018 \$'000	Total 2018 \$'000
Government Grants	5,676	-	1,758	1,092	1,166	711	10,404
Indirect Contributions by the Department of Health and Human Services	17	-	-	-	-	-	17
Patient and Resident Fees	26	-	837	194	20	96	1,172
Commercial Units- Diagnostic Imaging	-	-	-	-	-	37	37
Commercial Units - Medical Centre	-	-	-	-	-	1,740	1,740
Other Revenue from Operating Activities	1,266	-	6	130	330	171	1,904
Total Revenue from Operating Activities	6,986	-	2,601	1,417	1,516	2,755	15,274
Donations	80	-	-	-	-	-	80
Interest	156	-	-	-	-	-	156
Total Revenue from Non-Operating Activities	235	-	-	-	-	-	235
Capital Purpose Income (excluding interest)	52	-	-	-	-	11	63
Total Capital Purpose Income	52	-	-	-	-	11	63
Total Revenue	7,273	-	2,601	1,417	1,516	2,765	15,572

* Other Programs include Commercial Activities, Special Purpose Funds and Capital.

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines.

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

Note 2.1: Analysis of Revenue by Source (continued)

	Admitted Patients 2017	Non- Admitted 2017	RAC 2017	Aged Care 2017	Primary Health 2017	Other 2017	Total 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government Grants	5,620	-	1,739	1,049	1,151	779	10,339
Indirect contributions by the Department of Health and Human Services	144	-	-	-	-	-	144
Patient & Resident Fees	71	-	843	147	4	111	1,176
Commercial Units- Diagnostic Imaging	-	-	-	-	-	51	51
Commercial Units - Medical Centre	-	-	-	-	-	1,813	1,813
Other Revenue from Operating Activities	919	-	1	125	278	121	1,444
Total Revenue from Operating Activities	6,755	-	2,583	1,321	1,433	2,875	14,967
Donations	43	-	-	-	-	-	43
Interest	149	-	11	-	-	-	159
Total Revenue from Non-Operating Activities	192	-	11	-	-	-	202
Capital Purpose Income (excluding interest)	229	-	-	-	-	-	229
Total Capital Purpose Income	229	-	-	-	-	-	229
Total Revenue	7,176	-	2,594	1,321	1,433	2,875	15,399

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 Orbest 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 and duties and taxes.

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

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

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

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

Note 2.1: Analysis of Revenue by Source (continued)

Patient and Resident Fees

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

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised.

Revenue from Commercial Activities

Revenue from commercial activities such as medical clinic income is recognised at the time invoices are raised.

Donations and Other Bequests

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

Interest Revenue

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

Other Income

Other income includes recoveries for salaries and wages and external services provided.

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 a transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Category groups

Orbost Regional Health has used the following category groups for reporting purposes for the current and previous financial years.

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

Non Admitted Services comprises public hospital type outpatient services where services are delivered in public hospital outpatient clinics.

Aged Care comprises Home and Community Care (HACC) and Commonwealth Home support programs and Aged Care Assessment and support services.

Primary and Community Health comprises services for Community Health including health promotion, physiotherapy, counselling and Community allied health.

Residential Aged Care comprises Commonwealth-licensed residential aged care services.

Other Services excluded from National Health Care Agreement (NHCA) (Other) comprises services not separately classified above, including: Public Health Services including Disability services (including aids and equipment and flexible support packages to people with a disability), Dental Health services, Financial Counselling, Family Violence support co-ordination and Health and Community Initiatives (Medical Clinic and Radiology).

Note 2.2: Assets received free of charge or for nominal consideration

During the reporting period, the fair value of assets received free of charge, was as follows:

Medical Equipment

TOTAL

2018 \$'000	2017 \$'000
-	27
-	27

In 2017, assets were donated by Bairnsdale Regional Health Service; \$25,416 and a community member; \$1,500.

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 Analysis of Expenses by Source

3.2 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

3.3 Employee Expenses in the Balance Sheet

3.4 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 \$'000	Non- Admitted 2018 \$'000	RAC 2018 \$'000	Aged Care 2018 \$'000	Primary Health 2018 \$'000	Other 2018 \$'000	Total 2018 \$'000
Employee Expenses	3,874	13	2,324	1,309	1,411	1,091	10,022
Other Operating Expenses							
Non Salary Labour Costs							
Commercial Units - Diagnostic Imaging	-	-	-	-	-	45	45
Commercial Units - Medical Centre	-	-	-	-	-	1,184	1,184
Non Salary Labour Costs - Other	86	-	19	23	54	201	382
Supplies and Consumables	267	-	117	42	67	142	635
Medical indemnity insurance	80	-	-	-	-	-	80
Fuel, Light, Power and Water	83	-	77	17	16	23	216
Repairs and Maintenance	138	-	83	19	11	27	279
Other Expenses	1,384	-	396	136	146	186	2,247
Total Expenditure from Operating Activities	5,913	13	3,015	1,545	1,704	2,899	15,089
Depreciation & Amortisation (refer note 4.3)	561	-	337	112	56	56	1,123
Total other expenses	561	-	337	112	56	56	1,123
Total Expenses	6,474	13	3,352	1,657	1,760	2,955	16,212

* Other Programs include Commercial Activities, Special Purpose Funds and Capital.

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate services, expenditure has been allocated across programs using management decisions.

Note 3.1: Analysis of expenses by source (continued)

	Admitted Patients 2017 \$'000	Non- Admitted 2017 \$'000	RAC 2017 \$'000	Aged Care 2017 \$'000	Primary Health 2017 \$'000	Other 2017 \$'000	Total 2017 \$'000
Employee Expenses	3,897	16	2,262	1,199	1,421	1,024	9,820
Other Operating Expenses							
Non Salary Labour Costs							
Commercial Units - Diagnostic Imaging	-	-	-	-	-	49	49
Commercial Units - Medical Centre	-	-	-	-	-	1,222	1,222
Non Salary Labour Costs - Other	103	-	21	22	8	175	329
Supplies and Consumables	299	1	132	45	52	122	650
Medical indemnity insurance	85	-	-	-	-	-	85
Fuel, Light, Power and Water	88	-	82	18	16	20	224
Repairs and Maintenance	108	-	58	12	9	43	230
Other Expenses	1,225	-	269	108	101	186	1,889
Total Expenditure from Operating Activities	5,805	17	2,823	1,405	1,607	2,840	14,498
Depreciation & Amortisation (refer note 4.3)	562	-	337	112	56	56	1,123
Total other expenses	562	-	337	112	56	56	1,123
Total Expenses	6,367	17	3,160	1,518	1,663	2,896	15,621

Note 3.1: Expense Recognition

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;
- Fringe benefits tax;
- Leave entitlements;
- Termination payments;
- Work cover premiums; and
- Superannuation expenses

Grants and Other Transfers

These include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

Note 3.1: Expense Recognition (continued)

Other Operating Expenses

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

- 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.
- Fair Value of Assets, Services and Resources Provided Free of Charge or for Nominal Consideration - Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.
- Borrowing Costs of Qualifying Assets - In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, Orbest Regional Health continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Net gain/ (loss) on 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 4.4 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

Net gain/ (loss) on financial instruments 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.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

For the Year Ended 30 June 2018

Note 3.2: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Commercial Activities				
Private Practice and Other Patient Activities	2,162	2,143	1,862	1,918
TOTAL	2,162	2,143	1,862	1,918

Note 3.3 Employee Benefits in the Balance Sheet

	2018 \$'000	2017 \$'000
CURRENT PROVISIONS		
Employee Benefits i		
<i>Accrued Days Off</i>		
- Unconditional and expected to be settled wholly within 12 months ii	21	16
<i>Annual leave</i>		
- Unconditional and expected to be settled wholly within 12 months ii	789	796
- Unconditional and expected to be settled wholly after 12 months iii	132	132
<i>Long Service Leave</i>		
- Unconditional and expected to be settled wholly within 12 months ii	141	143
- Unconditional and expected to be settled wholly after 12 months iii	1,170	1,104
	2,253	2,190
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months ii	107	108
- Unconditional and expected to be settled after 12 months iii	147	139
	253	247
<i>Accrued Salaries and Wages</i>	185	109
TOTAL CURRENT PROVISIONS	2,691	2,546
NON-CURRENT PROVISIONS		
Employee Benefits i	274	292
Provisions related to Employee Benefit On-Costs	31	33
TOTAL NON-CURRENT PROVISIONS	304	324
TOTAL PROVISIONS	2,996	2,870
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	1,458	1,387
Annual Leave Entitlements	1,027	1,034
Accrued Wages and Salaries	185	109
Accrued Days Off	21	16
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements iii	304	324
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	2,996	2,870
(b) Movements in Provisions		
Movement in Long Service Leave:		
Balance at start of year	1,711	1,542
Provision made during the year		
- Revaluations	(13)	(2)
- Expense recognising Employee Service	245	333
Settlement made during the year	(181)	(162)
Balance at end of year	1,763	1,711

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.

Note 3.3 Employee Benefits in the Balance Sheet (continued)

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.

Employee benefits

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

Salaries and Wages, Annual Leave and Accrued Days Off

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

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

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

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. 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 together with provisions for employee benefits.

Note 3.4 Superannuation

	Paid contribution for the year		Contributions outstanding at year end	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(i) Defined Benefit Plans:				
First State Super	18	19	-	-
Defined Contribution Plans:				
First State Super	543	546	-	11
HESTA	215	209	-	-
Other	22	24	-	-
Total	799	797	-	11

(i) The basis for determining the level of contribution is determined by the various actuaries of the defined benefit superannuation funds.

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 Contribution Superannuation Plans

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

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the 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.

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 the hospital to be utilised for delivery of those outputs.

Structure

4.1 Investments and other financial assets

4.2 Property, plant & equipment

4.3 Depreciation and amortisation

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
CURRENT						
Loans and Receivables						
Term Deposits						
Australian Dollar Term Deposits > 3 months	2,684	2,601	2,136	2,086	4,820	4,687
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	2,684	2,601	2,136	2,086	4,820	4,687
Represented by:						
Health Service Investments	879	188	2,136	2,086	3,015	2,274
Other Money Held in Trust	5	10	-	-	5	10
Accommodation Bonds (Refundable Entrance Fees)	1,800	2,402	-	-	1,800	2,402
TOTAL INVESTMENTS	2,684	2,601	2,136	2,086	4,820	4,687

Note 4.1: Investments and Other Financial Assets (continued)

Investments 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, receivables and cash.

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 and Investment Risk Management. The investment portfolio of Orbost Regional Health is managed by Victorian Funds Management Corporation through specialist funds managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

All financial assets, except 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.

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as *other economic flows included in the net result*.

Note 4.2: Property, Plant & Equipment**4.2 (a) Gross carrying amount and accumulated depreciation**

	2018 \$'000	2017 \$'000
Land		
Freehold land at Fair Value	235	235
Crown land at Fair Value	248	248
Total Land	483	483
Buildings		
Buildings Under Construction at cost	43	23
Buildings at Fair Value	11,660	11,487
Less Accumulated Depreciation	(3,389)	(2,537)
Total Buildings	8,314	8,973
Plant and Equipment		
Plant and Equipment at Fair Value	579	592
Less Accumulated Depreciation	(420)	(402)
Total Plant and Equipment	159	190
Medical Equipment		
Medical Equipment at Fair Value	1,228	1,179
Less Accumulated Depreciation	(1,014)	(928)
Total Medical Equipment	213	251
Motor Vehicles		
Motor Vehicles at Fair Value	440	429
Less Accumulated Depreciation	(240)	(240)
Total Motor Vehicles	200	189
Computers & Communication		
Computers & Communication at Fair Value	153	164
Less Accumulated Depreciation	(127)	(137)
Total Computers & Communication	27	26
Furniture & Fittings		
Furniture & Fittings at Fair Value	302	302
Less Accumulated Depreciation	(226)	(206)
Total Furniture & Fittings	76	95
TOTAL PROPERTY, PLANT AND EQUIPMENT	9,472	10,208

Note 4.2: Property, Plant & equipment (continued)**4.2 (b) Reconciliations of the carrying amount of each class of asset**

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers	Furniture & Fittings	Motor Vehicles	Assets Under Construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	483	9,717	173	277	34	101	240	6	11,030
Additions	-	-	68	97	6	16	20	103	308
Disposals	-	-	(3)	-	(1)	-	(7)	-	(10)
Net Transfers between Classes	-	86	-	-	-	-	-	(86)	-
Depreciation (note 4.3)	-	(853)	(48)	(122)	(14)	(22)	(64)	-	(1,123)
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 30 June 2018	483	8,271	159	213	27	76	200	43	9,472

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Orbest 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 2014.

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

There was no material financial impact on change in fair value of land or buildings.

Note 4.2: Property, Plant & equipment (continued)**4.2 (c) 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 of land at fair value	483	-	235	248
Buildings at fair value				
Non-specialised buildings	363	-	363	-
Specialised buildings	7,908	-	-	7,908
Total of building at fair value	8,271	-	363	7,908
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	200	-	-	200
- Plant and equipment	159	-	-	159
- Computers and Communications	27	-	-	27
- Furniture and Fittings	76	-	-	76
Total of plant, equipment and vehicles at fair value	461	-	-	461
Medical equipment at fair value				
Total medical equipment at fair value	213	-	-	213
TOTAL PROPERTY, PLANT AND EQUIPMENT	9,429	-	598	8,831

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

	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 2017				
Land at fair value				
Non-specialised land	235	-	235	-
Specialised land	248	-	-	248
Total of land at fair value	483	-	235	248
Buildings at fair value				
Non-specialised buildings	381	-	381	-
Specialised buildings	8,569	-	-	8,569
Total of building at fair value	8,950	-	381	8,569
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	189	-	-	189
- Plant and equipment	190	-	-	190
- Computers and Communications	26	-	-	26
- Furniture and Fittings	95	-	-	95
Total of plant, equipment and vehicles at fair value	501	-	-	501
Medical equipment at fair value				
Total medical equipment at fair value	251	-	-	251
TOTAL PROPERTY, PLANT AND EQUIPMENT	10,185	-	616	9,569

i Classified in accordance with the fair value hierarchy.

ii There have been no transfers between levels during the period.

Note 4.2: Property, Plant & Equipment (continued)**4.2 (d) Reconciliation of Level 3 Fair Value**

	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	248	8,569	501	251
Additions/(Disposals)	-	173	145	78
Gains/(Losses) recognised in Net Result	-	-	(29)	-
- Depreciation	-	(833)	(156)	(116)
Balance at 30 June 2018	248	7,908	461	213

	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	248	9,318	549	277
Additions/(Disposals)	-	86	109	97
Gains/(Losses) recognised in Net Result	-	-	(9)	-
- Depreciation	-	(835)	(148)	(122)
Balance at 30 June 2017	248	8,569	501	251

i Classified in accordance with the fair value hierarchy.

Note 4.2: Property, Plant & Equipment (continued)**4.2 (e) Fair Value Determination**

Asset class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only) ^(c)
Non-specialised land	In areas where there is an active market: - Vacant land - Land not subject to restrictions as to use or sale	Level 2	Market approach	n.a.
Specialised Land (Crown / Freehold)	- Land subject to restriction as to use and/or sale - Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligations Adjustments ^(c)
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market approach	n.a.
Specialised buildings ^(a)	Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals and schools	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Medical Equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and Equipment ^(a)	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life

Notes:

(a) Newly built/acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10 per cent materiality threshold).

(b) AASB 13 *Fair Value Measurement* provides an exemption for not for profit public sector entities from disclosing the sensitivity analysis relating to 'unrealised gains/(losses) on non-financial assets' if the assets are held primarily for their current service potential rather than to generate net cash inflows.

(c) CSO adjustment of 20% was applied to reduce the market approach value for Orbost Regional Health's specialised land.

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

Note 4.2: Property, Plant & Equipment (continued)

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.

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

Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

Subsequent Measurement

Consistent with AASB 13 *Fair Value Measurement*, Orbost Regional Health's determines the policies and procedures for recurring property, plant and equipment fair value measurements, in accordance with the requirements of AASB 13 and the relevant FRDs.

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

For the purpose of fair value disclosures, Orbost Regional Health has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability 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 re-assessing 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.

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.

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, Health Services 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.

Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

Note 4.2: Property, Plant & Equipment (continued)

These indicators, as a minimum, include:

External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

Valuation hierarchy

Health Services need to use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

Identifying unobservable inputs (level 3) fair value measurements

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

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

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e., it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and the Health Service has determined that the transaction price or quoted price does not represent fair value.

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

Note 4.2: Property, Plant & Equipment (continued)

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

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

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

Specialised Land and Specialised Buildings

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

The 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 2014.

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 2018.
For all assets measured at fair value, the current use is considered the highest and best use.

Note 4.2: Property, Plant & Equipment (continued)

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F Non-Current Physical Assets. This revaluation process normally occurs 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 103F, Orbest Regional Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Note 4.3: Depreciation

	2018	2017
	\$'000	\$'000
Depreciation		
Buildings	851	853
Plant & Equipment	48	48
Medical Equipment	116	122
Motor Vehicles	72	64
Computers & Communication	16	14
Furniture & Fittings	20	22
Total Depreciation	1,123	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 (refer AASB 116 *Property, Plant and Equipment*).

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	9 to 40 years	9 to 40 years
- Site Engineering Services and Central Plant	3 to 25 years	3 to 25 years
Central Plant		
- Fit Out	6 to 13 years	6 to 13 years
- Trunk Reticulated Building Systems	3 to 13 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 Other liabilities

5.3 Prepayments and other assets

5.4 Payables

Note 5.1: Receivables

	2018	2017
	\$'000	\$'000
CURRENT		
Contractual		
Inter Hospital Debtors	36	34
Trade Debtors	285	240
Patient Fees	16	16
Medical Centre	26	26
Accrued Investment Income	67	79
Less Allowance for Doubtful Debts	(5)	(5)
	426	390
Statutory		
GST Receivable	27	9
	27	9
TOTAL CURRENT RECEIVABLES	453	399
NON CURRENT		
Statutory		
Long Service Leave - Department of Health & Human Services	209	207
TOTAL NON-CURRENT RECEIVABLES	209	207
TOTAL RECEIVABLES	662	606

(a) Movement in the Allowance for doubtful debts

	2018	2017
	\$'000	\$'000
Balance at beginning of year	5	5
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in net result	-	-
Balance at end of year	5	5

Note 5.1: Receivables (continued)

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income; and
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment. Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

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*.

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

Note 5.2: Other Liabilities

CURRENT

Monies Held in Trust*

- Accommodation Bonds (Refundable Entrance Fees)
- Other Trust Funds

GHA Other Current Liabilities

Total Other Liabilities

* Total Monies Held in Trust

Represented by the following assets:

Investments (note 4.1)

TOTAL

2018 \$'000	2017 \$'000
1,800	2,402
5	10
-	6
1,805	2,418
1,805	2,412
1,805	2,412

Note 5.3: Prepayments and Other Non-Financial Assets

CURRENT

GHA Other Current Assets (refer Note 8.9)

Prepayments

TOTAL OTHER ASSETS

2018 \$'000	2017 \$'000
124	109
10	-
134	109

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

Note 5.4: Payables

	2018 \$'000	2017 \$'000
CURRENT		
Contractual		
Trade Creditors	373	304
Accrued Expenses	49	68
GHA Creditors	16	37
Revenue in Advance	280	-
TOTAL CURRENT	719	408
TOTAL PAYABLES	719	408

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.

Note 5.4(a): 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.

	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
2018						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	719	719	439	-	280	-
Borrowings	239	239	-	-	36	203
Other Financial Liabilities (i)						
- Accommodation bonds	1,800	1,800	200	400	600	600
- Other	5	5	5	-	-	-
Total Financial Liabilities	2,762	2,762	643	400	916	803
2017						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	408	408	408	-	-	-
Borrowings	-	-	-	-	-	-
Other Financial Liabilities (i)						
- Accommodation bonds	2,402	2,402	170	340	680	1,212
- Other	16	16	16	-	-	-
Total Financial Liabilities	2,826	2,826	594	340	680	1,212

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

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 the hospital.

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

	2018 \$'000	2017 \$'000
CURRENT		
Australian Dollar Borrowings		
- Advances from Government	36	-
Total Current	36	-
NON CURRENT		
Australian Dollar Borrowings		
- Advances from Government	203	-
Total Non Current	203	-
Total Borrowings	239	-

Advances from Government is an unsecured loan that bears no interest.

(a) Maturity analysis of borrowings

Please refer to note 5.4(a) 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.

Borrowing Recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, 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.

Note 6.2: Cash and Cash Equivalents

	2018	2017
	\$'000	\$'000
Cash on Hand	2	2
Cash at Bank	149	27
Deposits at Call	1,403	1,733
GHA Cash at Bank	390	217
Total Cash and Cash Equivalents	1,944	1,979
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	1,944	1,979
Total Cash and Cash Equivalents	1,944	1,979

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

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

Note 6.3: Commitments for Expenditure**a) Commitments other than Public Private Partnerships****Capital Expenditure Commitments**

Payable:

Land and buildings

Total Capital Expenditure Commitments**Lease commitments**

Commitments in relation to leases contracted for at the reporting date:

Operating leases

Total lease commitments**Total Commitments (inclusive of GST)**

2018 \$'000	2017 \$'000
55	108
55	108
9	51
9	51
64	159

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.

b) Commitments Payable**Capital Expenditure Commitments**

Less than 1 year

TOTAL**Lease Commitments**

Less than 1 year

longer than 1 year but less than 5 years

Total lease commitments**Total Commitments (inclusive of GST)**

Less GST receivable from the Australian Tax Office

TOTAL COMMITMENTS (exclusive of GST)

2018 \$'000	2017 \$'000
55	108
55	108
9	39
-	12
9	51
64	159
5	14
59	144

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: Financial Instruments (continued)*(a) Financial Instruments: categorisation*

	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
2018			
Contractual Financial Assets			
Cash and Cash Equivalents	1,944	-	1,944
Receivables			
- Trade Debtors	321	-	321
- Other Receivables	105	-	105
Investments and Other Financial Assets			
- Term Deposits	4,820	-	4,820
Total Financial Assets (i)	7,190	-	7,190
Financial Liabilities			
Payables	-	719	719
Other Financial Liabilities			
- Accommodation Bonds	-	1,800	1,800
- Other	-	5	5
Borrowings	-	39	239
Total Financial Liabilities (i)	-	2,762	2,762

	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
2017			
Contractual Financial Assets			
Cash and Cash Equivalents	1,979	-	1,979
Receivables			
- Trade Debtors	274	-	274
- Other Receivables	116	-	116
Other Financial Assets			
- Term Deposits	4,687	-	4,687
Total Financial Assets (i)	7,056	-	7,056
Financial Liabilities			
Payables	-	408	408
Other Financial Liabilities			
- Accommodation Bonds	-	2,402	2,402
- Other	-	16	16
Borrowings	-	-	-
Total Financial Liabilities (i)	-	2,826	2,826

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

Note 7.1: Financial Instruments (continued)**(b) Net holding gain/(loss) on financial instruments by category**

	Total interest income/ (expense) \$'000
2018	
Financial Assets	
Cash and Cash Equivalents (i)	156
Total Financial Assets	156
Financial Liabilities	
At Amortised Cost	-
Total Financial Liabilities	-
2017	
Financial Assets	
Cash and Cash Equivalents (i)	159
Total Financial Assets	159
Financial Liabilities	
At Amortised Cost	-
Total Financial Liabilities	-

(i) For cash and cash equivalents, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

Categories of financial instruments

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

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

Note 7.1: Financial Instruments (continued)

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
- Orbost Regional Health 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
- Orbost Regional Health 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 Orbost Regional Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Orbost Regional Health'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 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*.

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Note 7.2: Contingent Assets and Contingent liabilities

No contingent assets or contingent liabilities exist as at 30 June 2018 (2017: 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 Equity
- 8.2 Reconciliation of Net Result for the Year to Net Cash flow from Operating Activities
- 8.3 Responsible Persons
- 8.4 Remuneration of Executives
- 8.5 Related Parties
- 8.6 Remuneration of Auditors
- 8.7 Ex-gratia payments
- 8.8 AASs issued that are not yet Effective
- 8.9 Jointly Controlled Operations
- 8.10 Economic Dependency
- 8.11 Events Occurring after the Balance Sheet Date
- 8.12 Alternative Presentation of Comprehensive Operating Statement

Note 8.1: Equity

	2018 \$'000	2017 \$'000
(a) Surpluses		
Property Plant and Equipment Revaluation Surplus (i)		
Balance at the beginning of the reporting period	8,050	8,050
Revaluation Increment		
- Motor Vehicles	(34)	-
- Land	-	-
- Buildings	-	-
Balance at the end of the reporting period	8,016	8,050
Represented by:		
- Motor Vehicles	-	34
- Land	134	134
- Buildings	7,882	7,883
	8,016	8,050
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	2,086	2,036
Transfer to reserve from General Purpose Surplus	50	50
Balance at the end of the reporting period	2,136	2,086
Total Surpluses	10,152	10,136
(b) Contributed Capital		
Balance at the beginning of the reporting period	7,689	7,689
Balance at the end of the reporting period	7,689	7,689
(c) Accumulated Deficit		
Balance at the beginning of the reporting period	(5,933)	(5,675)
Transfer to reserve from General Purpose Surplus	(50)	(50)
Net Result for the Year	(583)	(208)
Balance at the end of the reporting period	(6,567)	(5,933)
(d) Total Equity at End of Year	11,275	11,892

i Represents the revaluation of Property, Plant and Equipment.

Contributed Capital

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

Property, Plant and Equipment Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

Specific Restricted Purpose Surplus

A specific restricted purpose surplus is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

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

	2018 \$'000	2017 \$'000
Net Result for the Year	(583)	(208)
Non-cash movements:		
Depreciation	1,123	1,123
Movements included in Investing and Financing Activities:		
Net (Gain) from Disposal of Non- Financial Physical Assets	(44)	(13)
Movements in Assets and Liabilities:		
Change in operating assets and liabilities		
(Increase) in Receivables	(56)	(294)
(Increase) in Other Current Assets	(25)	(66)
Increase/(Decrease) in Payables	310	(97)
(Decrease) in Other Liabilities	(6)	(9)
Increase in Provisions	126	298
Net Cash Inflow from Operating Activities	844	735

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2018

Note 8.3: Responsible Persons Disclosures

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

Responsible Ministers:

The Honourable Jill Hennessy, MLA, Minister for Health, Minister for Ambulance Services

Period
01/07/2017- 30/06/2018

The Honourable Martin Foley, MLA Minister for Housing, Disability and Ageing, Minister for Mental Health

01/07/2017- 30/06/2018

Governing Boards

Narelle Macalister (Chair of the Board)

01/07/2017- 30/06/2018

Andrew Martin (resigned 08/11/2017)

01/07/2017- 30/06/2018

Stanley Weatherall

01/07/2017- 08/11/2017

Elizabeth Mitchell

01/07/2017- 30/06/2018

Robyn Francis

01/07/2017- 30/06/2018

Alastair Steel

01/07/2017- 30/06/2018

Abby Ilton

01/07/2017- 30/06/2018

Peter van den Oever

01/07/2017- 30/06/2018

Damien Courtier

01/07/2017- 30/06/2018

Deborah Miller (appointed 1/7/2017)

01/07/2017- 30/06/2018

Glenn Ingram (appointed 12/12/2017)

01/07/2017- 30/06/2018

12/12/2017 - 30/06/2018

Accountable Officers

Meryn Pease

01/07/2017- 30/06/2018

Remuneration

\$0.00 - \$9,999

\$20,000 - \$29,999

\$190,000 - \$199,999

\$200,000 - \$209,999

2018 No.	2017 No.
11	11
-	1
-	1
1	-
12	13

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

\$ 208,727 \$ 231,829

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Orbest Regional Health's financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.5 Related Parties.

Note 8.4: 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 8.5)	Total Remuneration	
	2018 \$ '000	2017 \$ '000
Short-term employee benefits	280	264
Post-employment benefits	24	22
Other long-term benefits	9	11
Total Remuneration ⁱ	313	297
Total Number of Executives	3	2
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 8.5).

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

Note 8.5: 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
Meryn Pease	Chief Executive Officer
Joanne Marshall	Director of Clinical and Aged Care Services
Peter Quin (resigned 2/4/2018)	Director of Primary and Community Services
Linda Daniel (appointed 3/4/2018)	Director of Primary and Community Services
Narelle Macalister	Board Chair
Andrew Martin	Board Member
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

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	2018 \$	2017 \$
Short-term Employee benefits	466,415	473,119
Post-employment benefits	40,760	40,382
Other Long-term Benefits	14,729	15,409
Total i	521,904	528,910

i KMPs are also reported in Note 8.3 Responsible Persons and Note 8.4 Remuneration of Executives.

Note 8.5: Related Parties (continued)

Significant Transactions with Government Related Entities

Orbost Regional Health received funding from the Department of Health and Human Services of \$7.7 m (2017: \$7.2) and indirect contributions of \$0.02 m (2017: \$0.14 m).

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.

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

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 2018.

There were no related party transactions required to be disclosed for the Orbost Regional Health Board of Directors and Executive Directors in 2018.

Note 8.6: Remuneration of Auditors

	2018 \$'000	2017 \$'000
Victorian Auditor-General's Office		
Audit and review of Financial Statements	16	15
Other internal audit services	27	21
TOTAL REMUNERATION OF AUDITORS	42	36

Note 8.7: Ex-gratia Payments

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

Note 8.8: AASs issued that are not yet effective

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

As at 30 June 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Orbest Regional Health has not and does not intend to adopt these standards early.

Topic ^(a)	Key requirements	Effective date
AASB 9 <i>Financial Instruments</i>	The key changes introduced by AASB 9 include simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend Reduced Disclosure requirements.	1-Jan-18
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18
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-18
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends as follow: <ul style="list-style-type: none"> Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably. 	1 January 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018.
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1-Jan-18

Note 8.8: AASs issued that are not yet effective (continued)

Topic ^(a)	Key requirements	Effective date
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify requirements for identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence.</p> <p>The amendments require:</p> <ul style="list-style-type: none"> a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1-Jan-18
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	<p>This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p> <p>The amendments:</p> <ul style="list-style-type: none"> require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1-Jan-19
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 which has an impact on net debt.	1-Jan-19
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
AASB 1059 <i>Service Concession Arrangements: Grantor</i>	This standard prescribes the accounting treatment of Public Private Partnership (PPP) arrangements involving a private sector operator providing public services related to a service concession asset on behalf of the State, for a specified period of time. For social infrastructure PPP arrangements, this would result in an earlier recognition of financial liabilities progressively over the construction period rather than at completion date. For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on-balance sheet.	1-Jan-19
AASB 17 <i>Insurance Contracts</i>	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>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.</p>	1-Jan-21

Note 8.9: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2018 %	2017 %
Gippsland Health Alliance	Information Systems	5.27	5.23

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.

	2018 \$'000	2017 \$'000
Current Assets		
Cash and Cash Equivalents	390	217
Other Current Assets	124	109
Total Current Assets	514	325
Non Current Assets	(2)	(5)
Total Assets	512	321
Current Liabilities		
Other Current Liabilities	16	42
Total Current Liabilities	16	42
Net Assets	496	278

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

	2018 \$'000	2017 \$'000
Revenues		
Other	894	548
Total Revenue	894	548
Expenses		
Information Technology and Administrative Expenses	676	530
Total Expenses	676	530
Share of Net Result before capital and specific items	218	18
Capital purpose Income	-	179
Share of Net Result after capital and specific items	218	197

Contingent Liabilities and Capital Commitment:

Nil

Nil

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2018

Note 8.10: 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 8.11: 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 8.12: Alternative Presentation of Comprehensive Operating Statement

	2018 \$'000	2017 \$'000
Interest	156	159
Sales of Goods and Services	3,712	3,712
Grants	10,483	10,534
Other Current Revenue	1,221	994
Total Revenue	15,572	15,399
Employee Expenses	(10,022)	(9,820)
Depreciation	(1,123)	(1,123)
Other Operating Expenses	(5,067)	(4,678)
Total Expenses	(16,212)	(15,622)
Net Result from Transactions - Net Operating Balance	(640)	(223)
Net Gain.(Loss) on Sale of Non-Financial Assets	44	13
Long Service Leave Revaluation	13	2
Total Other Economic Flows Included in Net Result	56	15
NET RESULT	(583)	(208)

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the health service's annual report.

Board Member's, Accountable Officer's and Chief Finance Officer's Declaration

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

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

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

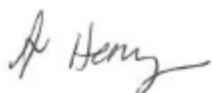
We authorise the attached financial statements for issue on 29 August 2018.



Narelle Macalister
Board Member
Orbost
29 August 2018



Meryn Pease
Accountable Officer
Orbost
29 August 2018



Amanda Henry
Chief Finance & Accounting Officer
Orbost
29 August 2018

Independent Auditor's Report



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 2018• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• board member's, accountable officer's and chief finance 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 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <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>

Independent Auditor'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
31 August 2018



Ron Mak
as delegate for the Auditor-General of Victoria



104 Boundary Road
Orbost Victoria 3888

P.O. Box 238
Orbost Victoria 3888

Telephone (03) 5154 6666
Fax (03) 5154 2366

www.orbostregionalhealth.com.au