

Orbost Regional Health



Annual Report

2014 - 2015

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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 the far east part of Victoria, Orbost Regional Health's health region is made up of the township 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.

Our Vision

A thriving community where people work, learn, play and grow together.

Our behaviours

- Welcoming
- Supportive
- Progressive

Our Role

We support our community to thrive by:

- connecting and providing safe, high quality health services
- partnering with people as they make confident health choices for themselves and each other
- creating a community approach to health
- providing a place where people work, learn and grow

Our Strategic Directions

- Improving population health for the whole community
- Promoting healthy ageing

Our Enablers

- Enhancing partnerships
- Developing our workforce
- Improving our use of information and technology



Orbost Regional Health acknowledges the support of the Victorian Government.

Overview (continued)

Overview of services

Orbost Regional Health provides a variety of health care service programs. These include:

Acute Services

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

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 3 General Practitioners and 2 General Practice Registrars. Other services and support provided include Practice Nurses, Women's & Adolescent Health Nurse, Continence Nurse, Diabetes Educator, Wound Management Nurse, International Normalised Ratio (INR) Clinic blood test, and Community Mental Health Services. Visiting Specialists include a Paediatrician, Rheumatologist and Renal Physician.

Home Based Services

Also known as Home and Community Care (HACC), includes Home Help, Personal Care, Home and Garden Maintenance, Meals on Wheels, Volunteer Program, Planned Activity Groups and District Nurse.

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

Community Services

Community Services help in many ways to manage and maintain good health.

These programs focus on community wide health promoting activity to prevent the onset of health problems i.e., helping people to eat well, stay physically fit, and stay socially connected.

Social welfare programs, also a part of the community service approach, include family & child health services, housing support & counselling. A Koori Health Liaison Worker provides assistance to Aboriginal and Torres Strait Islander people in hospital and the wider community.

Orbost Regional Health recognises the importance of meaningful and rewarding activity, so social enterprise projects are a strong focus area to help people stay balanced and well in life.

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 the broader district. 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



Andrew Martin
President, Board of
Directors

On behalf of the staff and Board we are pleased to present the Orbest Regional Health Annual Report for 2014-15.

It has been another busy year for Orbest Regional Health. We have implemented the first year of our strategic plan with a key focus on sustaining our aged care services and improving the health of our population.

Our staff have worked hard to deliver services to the community whilst also participating in several accreditation processes. We are extremely pleased with the results of these surveys with a very high level of achievement in the National Safety and Quality Standards. All criteria were met and two met with merits were achieved in Governance for Quality and Safety and Infection control.

Orbest Regional Health also achieved accreditation in Home and Community Care Standards, Disability and Housing Support Standards and the Australian General Practice Accreditation Standards for our medical clinic.

These are great results and demonstrate the high standard of care provided across the organisation, due to the excellent work of our staff.

Orbest Regional Health has met or exceeded the majority of our performance targets and delivered a strong financial result. This is a good outcome given challenges with funding in the health sector. There have been many achievements over the past 12 months with the following some of the key highlights.

- 1518 patients were admitted and discharged from our acute ward
- 2199 patients presented and were treated in our urgent care centre
- 22 babies were born at Orbest Regional Health
- There were 26,278 visits to the Medical Clinic
- The dental waiting list reduced dramatically from 9.9 months in June 2014 to 1.4 months in June 2015

Andrew Martin
President, Board of Directors
Orbest Regional Health
27 August 2015

- HACC services delivered 18,399 occasions of service
- Our external audited cleaning score remains extremely high at 99%
- ORH now has a full scope of medical staff with the introduction of registrar and medical students
- We continued with a regular geriatrician specialist clinic session
- We had 130 individuals provide consumer feedback over the year
- We maintained our target of response to complaints within 3 days
- Commenced participation in the new Victorian Health Care Experience survey
- 94% of our patients rated their overall hospital experience as very good or good
- The Medical Clinic was nominated for and received the 2015 Victorian Rural General Practice Award
- Increased communication with our community through weekly articles in local media to highlight our services and useful health messages
- Commenced the 'Living Life Well' collaborative strategy to work with the local community on improving the health of our population

Our staff continue to focus on improving the quality and safety of all of our services and looking at innovative programs and services to support the achievement of our strategic objectives.

We look forward to continuing to deliver services to our community in 2015-16.

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 2015.

Bernadette McDonald
Chief Executive Officer
Orbest Regional Health
27 August 2015

Governance and Management

Board of Directors (as at 30 June 2015)

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

Andrew Martin

Vice-President

Diane Miller

Members

Herbert Reginald Armstrong (Reg)
Barbara Heiss
Narelle Macalister
Elizabeth Mitchell
Teresa Royce
Garry Squires
Catrynes van der Vlugt
Stanley Weatherall

The following also served on Orbost Regional Health's Board during the period:
Dr David Hollands retired February 2015

Finance and Risk Committee (Audit Committee) members

Independent members

Catrynes van der Vlugt – Chair
Herbert Reginald Armstrong (Reg)
Andrew Martin
Diane Miller
Elizabeth Mitchell
Garry Squires
Stanley Weatherall

Management members

Bernadette McDonald – Chief Executive Officer
Eddie Gibbons – Director, Corporate Services (1/7/14 – 15/5/15)
Amanda Henry – Chief Finance Officer

Chief Executive Officer

Bernadette McDonald

Governance and Management (continued)

Executive Management (as at 30 June 2015)

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

Bernadette McDonald

Director of Corporate Services

Eddie Gibbons (1/7/14 – 15/5/15)

Director of Nursing and Clinical Services

Debbie Hall

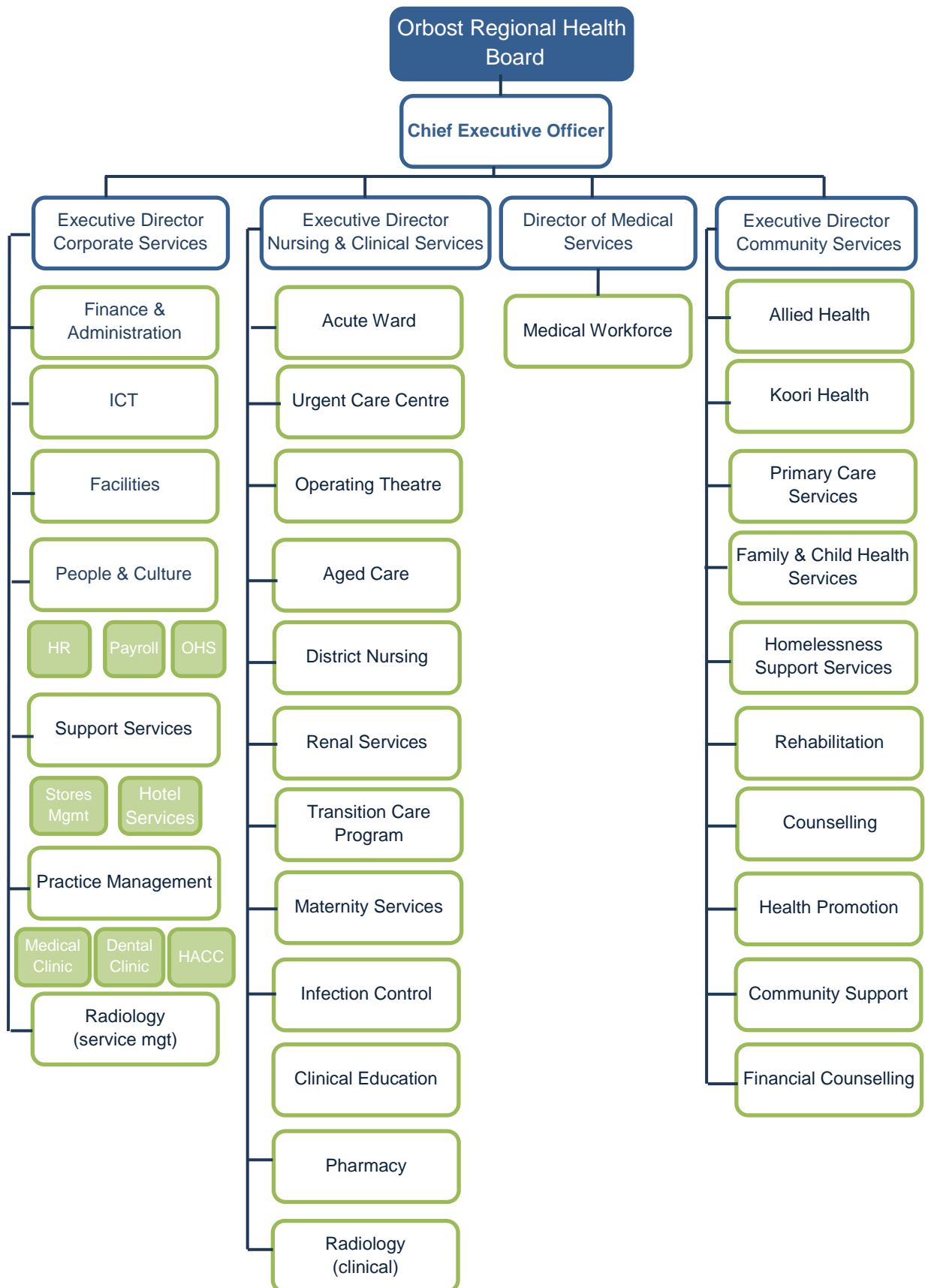
Director of Community Services

Peter Quin

Director of Medical Services

Dr Craig Winter

Organisational Structure



Workforce

Workforce data

Labour Category	JUNE		JUNE	
	Current Month FTE		YTD FTE	
	2015	2014	2015	2014
Nursing	35.56	36.53	35.06	34.81
Administration and Clerical	24.77	25.59	25.85	25.44
Medical Support	20.54	8.79	19.72	7.38
Hotel and Allied Services	20.80	30.88	23.87	30.46
Medical Officers	0.00	4.08	1.39	4.72
Hospital Medical Officers	0.00	0.05	0.01	0.05
Sessional Clinicians	5.05	0.00	2.29	0.00
Ancillary Staff (Allied Health)	7.24	14.89	7.48	13.89
Total	113.96	116.72	115.67	112.03

Merit and equity

Recruitment, selection and employment within Orbest Regional Health complies 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

Workforce (continued)

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 2014-15 OH&S performance against the established measure is summarised below.

Outcome measures

Performance Indicator	Met	
Zero workplace injuries resulting in lost time	Not met	6 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 (1.2087%) is over the weighted industry rate (1.1810%).
Percentage of staff who have completed an immunisation questionnaire to inform staff database	100%	
Influenza Immunisation Rate	55.6%	This is a ten percentage point increase from last year's performance. An additional 25.6% of staff completed an influenza informed declaration.

Workforce (continued)

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 reviewed and revised program commencing implementation.

Performance

(Report of Operations)

5 year

Financial
Summary

	2015 \$000	2014 \$000	2013 \$000	2012 \$000	2011 \$000
Total Revenue	14,152	14,230	14,226	13,183	12,888
Total Expenses	15,014	14,900	14,907	14,353	14,191
Net Result for the Year (inc. Capital and Specific Items)	(862)	(670)	(682)	(1,170)	(1,303)
Retained Surplus/ (Accumulated Deficit)	(5,448)	(3,663)	(2,993)	(2,311)	(1,141)
Total Assets	16,508	17,679	17,286	16,141	17,130
Total Liabilities	4,135	4,450	3,982	3,529	3,348
Net Assets	12,276	13,139	13,304	12,612	13,782
Total Equity	12,276	13,139	13,304	12,612	13,782

Current Financial Year Review

Financial Analysis of Operating Revenues and Expenses

The financial results for the year ended 30 June 2015 show an \$862,000 deficit of compared to a deficit of \$670,000 for the previous financial year.

Operating revenue increased negligibly for this period.
Expenditure on Employee expenses increased by 2.5% over the year.
Other expenses have decreased by 6%.

Capital grants of \$41,900 were received from the Department of Health for medical equipment and infrastructure replacement.

Additional capital funding of \$110,000 was received for the redevelopment of the Urgent Care department which will be carried out next year. \$26,000 was received for Home and Community Care Equipment.

Significant Changes in Financial Position during the Year

The current asset ratio at 30 June 2015 has remained stable at 1.1:1. 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 2014-15 the health service aimed to achieve a surplus of \$100,000 before capital and specific items and achieved a surplus of \$84,000.

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.

Performance Priorities - summary

Financial Performance

Operating Result	Target	Actual
Net result before capital and specific items (\$000)	100	84

Cash Management

	Target	Actual
Creditors	<60 days	<30 days
Debtors	<60 days	<30 days

Quality and Safety

Quality and Safety	Target	Actual
Health service accreditation	Full compliance	Achieved
Cleaning standards (overall)	Full compliance	Achieved – 99%
Cleaning standards (AQL-A)	90	Achieved – 100%
Cleaning standards (AQL-B)	85	Achieved – 98.2%
Cleaning standards (AQL-C)	85	Achieved – 98.8%
Health care worker immunisation (Cat A and Cat B) - influenza	75	Achieved – 64.9%.
Submission of data to VICNISS*	Full compliance	Achieved
Hand Hygiene (rate)	70%	Achieved – 82%
Victorian Healthcare Experience Survey	73	Achieved – 96.5%
People Matter Survey	Full compliance	Achieved

*Victorian Healthcare Associated Infection Surveillance

Report of operations (continued)

Activity performance

Service	2014-15	2013-14	2012-13
Acute bed days (incl. same day)			
Private / compensable	449	348	317
Public	3173	3684	3907
Respite	48	364	519
Total bed days incl. same day and TCP	3659	4395	4743
TPC bed days incl. home stay	580	550	661
Inpatients treated incl. same day	1518	1997	2114
Same day patients	1017	1376	1501
Haemodialysis discharges	797	1376	1341
Ave. length of stay incl. same day	2	2	2
Acute occupancy	58%	59%	64%
Operating theatre			
Caesar / obstetric	2	3	6
General	22	18	12
Dental	25	18	29
Total	49	39	47
Births			
Births	22	23	24
Births on bypass		0	2
Aged care			
Hostel bed days	5480	6939	7087
Hostel occupancy	75%	95%	97%
Nursing home bed days	5343	5504	5280
Nursing home occupancy	98%	100%	97%
Ambulatory care			
Emergency presentations	2199	2656	3140
Non-emergency presentations	815	318	129
Minor procedures	234	226	187
Radiology	1521	1365	1323
Home and community care			
HACC allied health	1152	1209	972
HACC assessment	981	878	624
HACC delivered meals	4399	5290	6930
HACC domestic assistance	5113	5365	6069
HACC nursing	1538	2195	2263
HACC personal care	2513	2383	2775
PAG core group (hrs)	9615	13909	17386
HACC property maintenance	806	777	834
HACC respite	178	12	6

Report of operations (continued)

Activity performance

Service	2014-15	2013-14	2012-13
Volunteer services			
Volunteer network (hrs)	2526	1550	3018
Volunteer network (kms)	56095	64549	82314
Volunteer occasions of service	4909	369	2905
Men's shed			
Orbost attendances	1369	1900	1108
Cabbage Tree attendances		No longer counted	176
Primary care			
Dental	2489	2869	1554
Cardiac rehab - smoking cessation	200	215	167
Dietitian	909	1078	681
Physiotherapy	1333	2033	1527
Speech	400	625	603
Occupational therapist (non HACC)	1005	1071	452
Allied health assistant (non HACC)	909	835	807
District nursing (non HACC)	628	503	707
Parent outreach	0	137	96
Diabetes nurse	365	474	312
Health promotion (hrs)	369	416	559
Counselling (non-school)	249	184	262
Counselling (school)	148	288	144
Women's health (non-school)	179	200	142
Women's health (schools)	188	388	457
Maternal and child health	3040	3693	3472
Koori maternal and child health	1084	1437	1417
Koori health worker	208	457	474
Emergency relief	263	449	339
Counselling	177	429	352
Financial counsellor	415	253	170
Housing support	1023	1149	1084
Family services coordinator	2053	3036	2373
Intake worker		No longer stand alone role	596
Youth services scheme (Mowhawks)	127	122	126

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 on Data Integrity

I, Bernadette McDonald certify that Orbest Regional Health has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Orbest Regional Health has critically reviewed the controls and processes during the year.



Bernadette McDonald
Chief Executive Officer
Orbest
6 August 2015

Attestation for compliance with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes

I, Bernadette McDonald certify that Orbest Regional Health has complied with Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes.



Bernadette McDonald
Chief Executive Officer
Orbest
6 August 2015

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 Orbost 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 Orbost 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.

The FOI applications received by Orbost Regional Health during 2014-15 are summarised below. All these applications were processed in accordance with the provisions of *Freedom of Information Act 1982* within the legislated timeframes.

Requests received	85
Fully granted	81
Partially	0
Denied	0
Other:	
Withdrawn	1
Not proceeded	2
Not processed	0
No documents	1
In progress (carried into 2015-16)	0

Of these requests received, 27 requests were from Health Agencies and are *Outside the FOI Act* and 18 requests to which the Act did not apply (including Coroners Court, Subpoenas, and Police requests).

Ex Gratia payments

Orbost Regional Health made no ex gratia payments for the year ending 30 June 2015.

Consultancies engaged during 2014-15

Consultancies over \$10,000

In 2014-15, there were two consultancies where the total fees payable to the consultants was \$10 000 or greater. The total expenditure incurred during 2014-15 in relation to these consultancies is \$72,000 (excl. GST). Details of individual consultancies are below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (ex. GST) (\$)	Expenditure in 2014-15 (ex. GST) (\$)	Future Expenditure (ex. GST) (\$)
Ernst & Young	Aged Care Service Planning and Development Project		May 2015	\$57,000	\$57,000	-
Gippsland Lakes Community Health	East Gippsland capability Framework		February 2015	\$15,000	\$15,000	-

Consultancies under \$10,000

In 2014-15 there were 6 consultancies where the total fees payable to the consultants was less than \$10 000. The total expenditure incurred during 2014-15 in relation to these consultancies is \$39,848 (excl. GST).

Other information and disclosures (continued)

Victorian Industry Participation Policy Act 2003

During 2014-15, Orbest Regional Health had no projects that commenced or were completed to which the *Victorian Industry Participation Policy (VIPP)* applied.

National Competition Policy

Orbest 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 Orbest Regional Health.

Compliance with the Building Act 1993

During 2014-15, Orbest 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

Orbest Regional Health was not required to disclose any issues under the Protected Disclosure Act 2012 (the Act) in the financial year 2014/15.

Application and operation of Carers Recognition Act 2012

Orbest 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.

Availability of additional information (FRD 22F)

In compliance with the requirements of FRD 22F *Standard Disclosures in the Report of Operations*, details in respect of the items listed below have been retained by Orbest 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) A statement of pecuniary interest has been completed;
- (b) Details of shares held by senior officers as nominee or held beneficially;
- (c) Details of publications produced by Orbest 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 Orbest Regional Health;
- (e) Details of any major external reviews carried out on Orbest Regional Health;

- (f) Details of major research and development activities undertaken by Orbest 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 Orbest 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 Orbest 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 Orbest 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.

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Disclosures 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 Orbest Regional Health's compliance with statutory disclosure requirements.

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Orbost Regional Health

Comprehensive Operating Statement

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenue from operating activities	2	13,701	13,714
Revenue from non-operating activities	2	243	200
Employee expenses	3	(9,340)	(9,105)
Non salary labour costs	3	(1,797)	(1,864)
Supplies and consumables	3	(494)	(539)
Other expenses	3	(2,228)	(2,407)
Net result before capital and specific items		84	(1)
Capital purpose income	2	208	315
Expenditure using Capital Purpose Income	3	-	(19)
Depreciation	4	(1,155)	(965)
NET RESULT FOR THE YEAR		(862)	(670)
Other comprehensive income			
Changes in physical asset revaluation surplus	14	-	506
Total other comprehensive income		-	506
Comprehensive result		(862)	(165)

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

Orbost Regional Health

Balance Sheet

.....

As at 30 June 2015

		2015	2014
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	5	1,755	2,243
Receivables	6	238	264
Investments and other financial assets	7	2,569	2,479
Other Current Assets	8	32	11
Total current assets		4,594	4,997
Non-current assets			
Receivables	6	77	80
Property, plant & equipment	9	11,836	12,603
Total non-current assets		11,914	12,683
TOTAL ASSETS		16,508	17,679
Current liabilities			
Payables	10	482	676
Provisions	12	2,520	2,661
Other current liabilities	13	1,133	1,114
Total current liabilities		4,135	4,450
Non-current liabilities			
Provisions	12	98	91
Total non-current liabilities		98	91
TOTAL LIABILITIES		4,233	4,541
NET ASSETS		12,276	13,139
EQUITY			
Property, plant & equipment revaluation surplus	14a	8,050	8,050
Restricted specific purpose surplus	14a	1,986	1,063
Contributed capital	14b	7,689	7,689
Accumulated deficit	14c	(5,448)	(3,663)
TOTAL EQUITY	14c	12,276	13,139
Contingent assets and contingent liabilities	18		
Commitments	17		

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

Orbost Regional Health

Statement of Changes in Equity

For the Year Ended 30 June 2015

	Note	Property, Plant & Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contribut ions by Owners \$'000	Accumula ted Surpluses / (Deficits) \$'000	Total \$'000
Balance at 1 July 2013		7,545	1,063	7,689	(2,993)	13,303
Net result for the year					(670)	(670)
Other Comprehensive Income for the Year	14	506	-	-	-	506
Balance at 1 July 2014		8050	1,063	7,689	(3,663)	13,139
Net result for the year		-	-	-	(862)	(862)
Transfer from accumulated surplus/(deficit)		-	923	-	(923)	-
Balance at 30 June 2015		8,050	1,986	7,689	(5,448)	12,277

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

Orbost Regional Health

Cash Flow Statement

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		9,843	9,938
Patient and resident fees received		1,252	1,260
Donations and bequests received		85	20
GST Received from ATO		-	22
Interest received		158	199
Other Receipts		2,599	2,651
Total receipts		13,936	14,090
Employee expenses paid		(9,474)	(8,767)
Non salary labour costs		(714)	(516)
Fee for service medical expenses		(1,084)	(1,348)
Payments for supplies & consumables		(688)	(925)
Other Payments		(2,211)	(1,819)
Expenditure using Capital Purpose Income		-	(19)
Total payments		(14,170)	(13,395)
Cash generated from operations		(234)	695
Capital grants from government		192	201
Other Capital Purpose Income - Dental Room Redevelopment		-	117
NET CASH FLOW FROM OPERATING ACTIVITIES	15	(42)	1,013
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(454)	(374)
Proceeds from sale of non-financial assets		81	16
Redemption/(investment) of term deposits > 90 days		(74)	(18)
NET CASH FLOW USED IN INVESTING ACTIVITIES		(446)	(376)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(488)	636
Cash and cash equivalents at beginning of financial year		2,243	1,607
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	1,755	2,243

This Statement should be read in conjunction with the accompanying notes

Notes to the Financial Statements

For the Year Ended 30 June 2015

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Orbst Regional Health for the period ending 30 June 2015. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

Orbst Regional Health 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 Orbst Regional Health on 27th August 2015.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015, and the comparative information presented in these financial statements for the year ended 30 June 2014.

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

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

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

The financial statements are prepared in accordance with the historical cost convention, except for:

- non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- the fair value of assets other than land is generally based on their depreciated fair replacement value.

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(b) Basis of accounting preparation and measurement (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(k));
- superannuation expense (refer to note 1(h)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l)).

Consistent with AASB 13 *Fair Value Measurement*, Orbost Regional Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for

non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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.

Orbost Regional Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

(c) 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.

Objectives and funding

Orbost Regional Health's overall objective is to support the community to thrive, as well as improve the quality of life to Victorians.

Orbost Regional Health is predominantly funded by accrual based grant funding.

(d) Principles of consolidation

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

Jointly controlled assets or operations

Interests in jointly controlled assets or operations are not consolidated by Orbost Regional Health but are accounted for in accordance with the policy outlined in Note 1(k) Assets.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(e) Scope and presentation of financial statements

Fund Accounting

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 unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Social Services and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

Residential Aged Care Service

Orbost Regional Health Residential Aged Care Service operations are an integral part of Orbost Regional Health and shares its resources. An apportionment of land and buildings has been made based on floor space.

The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Notes 2 and 3 to the financial statements.

Comprehensive operating statement

The comprehensive operating statement includes the subtotal entitled 'Net Result Before Capital & Specific Items' to enhance the understanding of the financial performance of Orbost Regional Health. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital & Specific Items' is used by the management of Orbost Regional Health, the Department of Social Services and the Victorian Government to measure the ongoing operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total, comprise:

- capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital

works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (g)).

Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.

- specific income/expense, comprises the following items, where material:
 - Non-current asset revaluation increments/decrements
- impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses) which have been recognised in accordance with notes 1 (k)
 - depreciation, as described in note 1 (h): and
 - expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income

Balance sheet

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after reporting period), and are disclosed in the notes where relevant.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

(e) Scope and presentation of financial statements (continued)

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

Rounding

All amounts shown in the financial statements are expressed to the nearest \$1,000. Minor discrepancies in tables between totals and sum of components are due to rounding.

(f) Change in Accounting Policies

AASB 10 Consolidated financial statements

AASB 10 provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of **all three** criteria for control to exist over an entity for financial reporting purposes:

(a) The investor has power over the investee;

(b) The investor has exposure, or rights to variable returns from its involvement with the investee; and

(c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB 10, Orbest Regional Health has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group.

Orbest Regional Health has determined that there are no entities it has control over that require consolidation.

AASB 11 Joint Arrangements

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where

the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

Orbest Regional Health has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11.

Orbest Regional Health has accounted for its' share of Gippsland Health Alliance (GHA) as being a joint operation.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 Disclosure of Interests in Other Entities prescribes the disclosure requirements for an entity's interests in subsidiaries, associates and joint arrangements; and extends to the entity's association with unconsolidated structured entities.

Orbest Regional Health has disclosed information about its interests in associates and joint ventures, including any significant judgement and assumptions used in determining the type of joint arrangement in which it has an interest.

(g) Income from transactions

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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(g) Income from transactions (continued)

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 Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013.

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 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 into account the effective yield of the financial asset.

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

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

(h) Expense recognition

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

Employee expenses

Employee expenses include:

- wages and salaries;
- annual leave;

- sick leave;
- long service leave; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

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 Orbest Regional Health 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. Employees of Orbest Regional Health are entitled to receive superannuation benefits and Orbest Regional Health contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary. The name and details of the major employee superannuation funds and contributions made by Orbest Regional Health are disclosed in Note 11: Superannuation.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(h) Expense recognition (continued)

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties).

Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management. Orbost Regional Health has no intangible assets.

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

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

	2015	2014
Buildings		
- Structure Shell Building Fabric	Up to 40 years	Up to 38 years
- Site Engineering Services and Central Plant	Up to 25 years	Up to 36 years
Central Plant		
- Fit Out	Up to 13 years	Up to 20 years
- Trunk Reticulated Building Systems	Up to 13 years	Up to 22 years
Plant & Equipment	Up to 15 years	Up to 15 years
Medical Equipment	Up to 15 years	Up to 15 years
Computers and Communication	3 years	3 years
Furniture and Fitting	Up to 8 years	Up to 8 years
Motor Vehicles	5 years	5 years

Please note: the estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(h) Expense recognition (continued)

Finance costs

Orbost Regional Health has no borrowings or finance leases, so has no finance costs.

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

Bad and doubtful debts

Refer to Note 1 (k) Assets - *Impairment of financial assets*.

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, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its 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 donated.

(i) Other comprehensive income

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on disposal of 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 1(k) Assets - *Revaluations of non-financial physical assets*.

Net gain/ (loss) on disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

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 1 (j)); and

- disposals of financial assets and derecognition of financial liabilities.

(j) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one Health Service and a financial liability or equity instrument of another Health Service. 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*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(j) Financial Instruments (continued)

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(k)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities 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.

Financial instrument liabilities measured at amortised cost include all of the Health Service's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

(k) Assets

Cash and Cash Equivalents

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 and are subject to insignificant risk of changes in value.

Receivables

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract. Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

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

Investments and other financial assets

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 in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity;
- loans and receivables; and
- available-for-sale financial assets.

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

Orbost Regional Health assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment.

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 are transferred at their carrying amount.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(k) Assets (continued)

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 14 *Property, plant and equipment*.

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

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 constructive 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.

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

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

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F *Non-current physical assets*.

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

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(i) – 'other comprehensive income'.

Impairment of non-financial assets

Apart from goodwill and intangible assets with indefinite lives, all other non-financial assets are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount.

Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

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

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(k) Assets (continued)

Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Investments in joint operations

In respect of any interest in joint operations, Orbst 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.

Impairment of financial assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

The amount of 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.

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

In 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*.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and

- disposal of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

(l) Liabilities

Payables

Payables consist of:

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

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

Provisions

Provisions are recognised when Orbst Regional Health has a present obligation, the future sacrifice of economic

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(I) Liabilities (continued)

Provisions (continued)

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision. When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

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

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave, accumulating sick leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured

at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

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

Current liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where Orbest Regional Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current LSL liability are measured at:

- present value – component that Orbest Regional Health does not expect to settle within 12 months; and
- nominal value – component that Orbest Regional Health expects to settle within 12 months.

Non-current liability – conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability.

There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value. Consideration is given to expected future wage and salary levels, experience of employee departures

and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

On-costs

Employee benefit on-costs, such as payroll tax, workers compensation and superannuation are recognised together with provisions for employee benefits.

Superannuation liabilities

Orbest Regional Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because Orbest Regional Health 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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(m) Leases

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

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Orbost Regional Health does not hold any finance lease arrangements with other parties.

Operating leases

Entity as lessor

Orbost Regional Health does not hold any operating lease arrangements as lessor with other parties.

Entity as lessee

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

(n) Equity

Contributed capital

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

Transfers of net assets arising from administrative restructurings are treated

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

Property, plant & equipment revaluation surplus

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

Restricted specific purpose surplus

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

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 17) at their nominal value and are inclusive of the goods and Services Tax ("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.

(p) Contingent assets and contingent liabilities

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

(q) 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 taxation authority. In this case, the GST payable is recognised as part of the cost of

acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the taxation authority 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 taxation authority, are presented as an operating cash flow. Commitments for expenditure and contingent assets and liabilities are presented on a gross basis.

(r) Events after the reporting period

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

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(s) AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2015 reporting period. DTF 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 2015, 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.

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
<i>AASB 9 Financial Instruments</i>	The key changes include the 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 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
<i>AASB 2014-1 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 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
<i>AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i> <i>[AASB 1, 127 & 128]</i>	Amends AASB 127 <i>Separate Financial Statements</i> to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

(s) AASs issued that are not yet effective (continued)

AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]</i>	AASB 2014-10 amends <i>AASB 10 Consolidated Financial Statements</i> and <i>AASB 128 Investments in Associates</i> to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of <i>AASB 124 Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 1: Summary of significant accounting policies (continued)

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

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

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

therapy and a range of dental health services.

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

Other Services not reported elsewhere - (Other) comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support

packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 2: Analysis of revenue by source

	Admitted Patients	Non - Admitted	RAC	Aged Care	Primary Health	Other	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Government Grants	5,595	-	1,510	1,015	1,501	219	9,840
Indirect contributions by Department of Health	15	-	-	-	-	-	15
Patient & Resident Fees	309	-	657	153	107	-	1,226
Business Units - Diagnostic Imaging	-	-	-	-	66	-	66
Business Units – Medical Centre	-	-	-	-	-	1,722	1,722
Other Revenue from Operating Activities	395	-	18	23	222	175	832
Total revenue from Operating Activities	6,313	-	2,185	1,191	1,895	2,116	13,701
Donations & Bequests	73	-	10	-	1	1	85
Interest	132	-	27	-	-	-	158
Total Revenue from Non-Operating Activities	205	-	37	-	1	1	243
Capital Purpose Income (excluding interest)	152	-	26	-	-	30	208
Total Capital Purpose Income	152	-	26	-	-	30	208
Total Revenue	6,670	-	2,248	1,191	1,896	2,148	14,152

Indirect contributions by Department of Health (1 July 2014 – 31 Dec 2014) / Department of Health and Human Services (1 Jan 2015 – 30 June 2015).

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 2: Analysis of revenue by source (continued)

	Admitted Patients	Non - Admitted	RAC	Aged Care	Primary Health	Other	Total
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Government Grants	5,641	6	1,550	1,022	1,352	365	9,936
Indirect contributions by Department of Health	25	-	-	-	-	-	25
Patient & Resident Fees	255	36	739	122	97	-	1,249
Business Units - Diagnostic Imaging	-	-	-	-	65	-	65
Business Units – Medical Centre	-	-	-	-	-	1,829	1,829
Other Revenue from Operating Activities	364	-	2	11	233	-	609
Total revenue from Operating Activities	6285	43	2,291	1,154	1,747	2,194	13,714
Donations & Bequests	17	-	-	-	3	-	20
Interest	143	-	38	-	-	-	180
Total Revenue from Non-Operating Activities	160	-	38	-	3	-	200
Capital Purpose Income (excluding interest)	315	-	-	-	-	-	315
Total Capital Purpose Income	315	-	-	-	-	-	315
Total Revenue	6,760	43	2,329	1,154	1,750	2,194	14,229

Indirect contributions by Department of Health

Department of Health makes certain payments on behalf of Orbest Regional Health for insurance and Long Service Leave. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 2a: Net Gain/(Loss) on Disposal of Non-Financial Assets

	2015 \$'000	2014 \$'000
Proceeds from Disposals of Non-Current Assets		
Motor Vehicles	80	-
Medical equipment	1	-
Computers & Communication	-	2
Plant and Equipment	-	13
Total Proceeds from Disposal of Non-Current Assets	81	16
Less: Written Down Value of Non-Current Assets Sold		
Motor Vehicles	64	-
Medical equipment	1	5
Plant and Equipment	-	13
Total Written Down Value of Non-Current Assets Sold	65	18
Net gain/(loss) on Disposal of Non-Financial Assets	16	(3)

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 3: Analysis of Expenses by source

	Admitted Patients	Outpatients	RAC	Aged Care	Primary Health	Other	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Services Supported by Health Services Agreement							
Employee Expenses	3,662	16	2,190	1,187	1,345	939	9,340
Non Salary Labour Costs – Commercial Units - Diagnostic Imaging	-	-	-	-	-	53	53
Non Salary Labour Costs Commercial Units – Medical Centre	-	-	-	-	-	1,084	1,084
Non Salary Labour Costs – Other	290	-	42	44	286	-	661
Supplies and Consumables	285	1	95	24	48	40	494
Other Expenses from Continuing Operations	1,153	1	472	170	237	194	2,228
Total Expenditure from Operating Activities	5,390	19	2,799	1,425	1,916	2,310	13,860
Depreciation & Amortisation (refer note 4)	578	-	347	116	58	58	1,155
Total Other Expenses	578	-	347	116	58	58	1,155
Total Expenses	5,968	19	3,146	1,541	1,974	2,368	15,015

	Admitted Patients	Outpatients	RAC	Aged Care	Primary Health	Other	Total
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Services Supported by Health Services Agreement							
Employee Expenses	3,743	135	2,010	1,225	1,368	622	9,104
Non Salary Labour Costs – Commercial Units - Diagnostic Imaging	-	-	-	-	48	-	48
Non Salary Labour Costs Commercial Units – Medical Centre	-	-	-	-	-	1,321	1,321
Non Salary Labour Costs – Other	173	3	15	27	277	-	495
Supplies and Consumables	316	14	95	28	47	39	539
Other Expenses from Continuing Operations	1,293	73	431	205	287	119	2,407
Total Expenditure from Operating Activities	5,525	225	2,551	1,486	2,028	2,101	13,916
Expenditure for Capital Purposes	-	-	-	-	-	19	19
Depreciation & Amortisation (refer note 4)	434	-	289	48	96	96	965
Total Other Expenses	434	-	289	48	96	116	984
Total Expenses	5,959	225	2,840	1,535	2,125	2,216	14,900

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 3a: Analysis of Expenses by Internally Managed and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	Expense		Revenue	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Commercial Activities				
Private Practice and Other Patient Activities	1,703	1,838	1,849	1,892
Other Activities				
Medicare Local Funded Programs	318	254	223	365
Anglicare Funded Program	26	-	39	-
Orbost Early Years Centre	-	9	-	7
TOTAL	2,047	2,092	2,111	2,257

Note 4: Depreciation

	2015 \$'000	2014 \$'000
Depreciation		
Buildings	839	635
Plant & Equipment	50	48
Medical Equipment	134	135
Motor Vehicles	93	87
Computers & Communication	20	41
Furniture & Fittings	18	19
Total Depreciation	1,155	965

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 5: Cash and Equivalents

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	2015	2014
	\$'000	\$'000
Cash on hand	2	2
Cash at bank	130	245
Deposits at call	1,491	1,845
GHA Cash at bank	132	150
Total Cash and Cash Equivalents	1,755	2,243
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	1,755	2,243
Total Cash and Cash Equivalents	1,755	2,243

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 6: Receivables

	2015 \$'000	2014 \$'000
CURRENT		
Contractual		
Inter Hospital Debtors	85	117
Trade Debtors	97	87
Patient Fees	19	23
Medical Centre	23	19
Accrued Investment Income	13	19
Less Allowance for Doubtful Debts	(5)	(5)
	231	260
Statutory		
GST Receivable	7	4
	7	4
TOTAL CURRENT RECEIVABLES	238	264
NON CURRENT		
Statutory		
Long Service Leave - Department of Health	77	80
TOTAL NON-CURRENT RECEIVABLES	77	80
TOTAL RECEIVABLES	315	344

(a) Movement in the Allowance for doubtful debts

	2015 \$'000	2014 \$'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

(b) Ageing analysis of receivables

Please refer to Note 16(b) for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables

Please refer to Note 16(b) for the nature and extent of credit risk arising from contractual receivables

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 7: Investments and Other Financial Assets

	2015 \$'000	2014 \$'000
CURRENT		
Australian Term Deposit > 3 months	2,569	2,479
TOTAL INVESTMENTS	2,569	2,479
Represented by:		
Health Service Investments	1,461	1,387
Other Money Held in Trust	7	39
Accommodation Bonds (Refundable Entrance Fees)	1,101	1,052
TOTAL INVESTMENTS	2,569	2,479

(b) Ageing analysis of investments and other financial assets

Please refer to note 16(b) for the ageing analysis of investments and other financial assets

(c) Nature and extent of risk arising from investments and other financial assets

Please refer to note 16(b) for the nature and extent of credit risk arising from investments and other financial assets

Note 8: Other Assets

	2015 \$'000	2014 \$'000
CURRENT		
GHA Other Current Assets (refer Note 20)	32	10
Rental Property Bonds Paid	-	1
TOTAL CURRENT OTHER ASSETS	32	11
TOTAL OTHER ASSETS	32	11

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 9: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2015 \$'000	2014 \$'000
Land		
Freehold land at Fair Value	235	235
Crown land - other at Fair Value	248	248
Total Land	483	483
Buildings		
Buildings Under Construction at cost	24	16
Buildings at Fair Value	11,242	11,053
Less Acc'd Depreciation	839	-
Total Buildings	10,426	11,069
Plant and Equipment		
Plant and Equipment at Fair Value	580	568
Less Acc'd Depreciation	372	322
Total Plant and Equipment	208	246
Medical Equipment		
Medical Equipment at Fair Value	1,114	1,076
Less Acc'd Depreciation	768	636
Total Medical Equipment	346	440
Motor Vehicles		
Motor Vehicles at Fair Value	446	445
Less Acc'd Depreciation	211	201
Total Motor Vehicles	235	244
Computers & Communication		
Computers & Communication at Fair Value	249	193
Less Acc'd Depreciation	199	172
Total Computers & Communication	50	20
Furniture & Fittings		
Furniture & Fittings at Fair Value	285	283
Less Acc'd Depreciation	198	182
Total Furniture & Fittings	88	101
TOTAL PROPERTY, PLANT & EQUIPMENT	11,836	12,603

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 9: Property, plant & equipment (continued)

(b) Reconciliations of the carrying amounts of each class of asset for the entity at the beginning and end of the previous and current financial year is set out below

	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 2013	349	11,181	237	387	60	195	297	-	12,711
Additions	-	92	57	193	2	15	-	16	374
Disposals	-	-	(13)	(5)	-	-	-	-	(18)
Revaluation									
Increments/(decrements)	134	338	-	-	-	-	34	-	506
Net Transfers between Classes	-	76	14	-	-	(90)	-	-	-
Depreciation (note 4)	-	(635)	(48)	(135)	(41)	(19)	(87)	-	(965)
Balance at 1 July 2014	483	11,053	246	440	20	101	244	16	12,603
Additions	-	173	13	40	50	5	148	24	454
Disposals	-	-	(1)	-	-	-	(64)	-	(65)
Net Transfers between Classes	-	16	-	-	-	-	-	(16)	-
Depreciation (note 4)	-	(839)	(50)	(134)	(20)	(18)	(93)	-	(1,155)
Balance at 30 June 2015	483	10,402	208	346	50	88	235	24	11,836

Land and buildings carried at valuation

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 9: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
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	417	-	417	-
Specialised buildings	9,986	-	-	9,986
Total of building at fair value	10,402	-	417	9,986
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	235	-	235	-
- Plant and equipment	208	-	208	-
- Computers and Communications	50	-	50	-
- Furniture and Fittings	88	-	88	-
Total of plant, equipment and vehicles at fair value	581	-	581	-
Medical equipment at fair value				
Total medical equipment at fair value	346	-	346	-
Assets under construction at fair value				
Accident and Emergency Redevelopment	24	-	24	-
Total assets under construction at fair value	24	-	24	-
	11,836	-	1,603	10,234

Note

Classified in accordance with the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - quoted (unadjusted) mark prices in active market for identical assets;

Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There have been no transfers between levels during the period.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 9: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
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	435	-	435	-
Specialised buildings	10,618	-	-	10,618
Total of building at fair value	11,053	-	435	10,618
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	244	-	244	-
- Plant and equipment	246	-	246	-
- Computers and Communications	20	-	20	-
- Furniture and Fittings	101	-	101	-
Total of plant, equipment and vehicles at fair value	611	-	611	-
Medical equipment at fair value				
Total medical equipment at fair value	440	-	440	-
Assets under construction at fair value				
Waratah Lodge Multi Purpose room	16	-	16	-
Total assets under construction at fair value	16	-	16	-
	12,602	-	1,737	10,866

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 9: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value

	2015		2014	
	Specialised Land	Specialised Buildings	Specialised Land	Specialised Buildings
Opening Balance	248	10,618	205	10,327
Purchases (sales)	-	189	-	-
Gains or losses recognised in net result				
- Depreciation	-	(822)	-	(609)
- Impairment loss	-	-	-	-
Subtotal	248	9,986	205	9,718
Items recognised in other comprehensive income				
- Revaluation	-	-	43	900
Subtotal	-	-	43	900
Closing Balance	-	-	43	900
Unrealised gains/(losses) on non-financial assets	-	-	-	-
	248	9,986	248	10,618

Classified in accordance with the fair value hierarchy, see Note 1
There have been no transfers between levels during the period.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 9: Property, plant and equipment (continued)

Non-specialised land and non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by an independent valuer, Opteon, 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.

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

Specialised land and specialised buildings

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

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

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

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

Plant and equipment

Plant and equipment is held at carrying value (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 value.

There were no changes in valuation techniques throughout the period to 30 June 2015.

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 9: Property, plant & equipment (continued)

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

	Valuation technique ⁽ⁱ⁾	Significant unobservable inputs ⁽ⁱ⁾	Range (weighted average) ⁽ⁱ⁾	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised Land Crown land - Boundary Road, Orbost	Market Approach	Community Services Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly higher or lower fair value
Specialised buildings Hospital Buildings, Lochiel House, Medical Centre	Depreciated replacement cost	Replacement cost per square metre	\$640 - \$2,625 (\$1,870)	A significant increase or decrease in cost per square metre would result in a significantly higher or lower fair value
Hospital Buildings, Lochiel House, Medical Centre	Useful life of specialised buildings	Useful life of specialised buildings	25 -50 years (15 yrs)	A significant increase or decrease in cost per square metre would result in a significantly higher or lower fair value

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 10: Payables

	2015 \$'000	2014 \$'000
CURRENT		
Contractual		
Trade Creditors (i)	336	383
Accrued Expenses	105	143
GHA contributions Payable	30	-
GHA Creditors	11	38
	482	564
Statutory		
PAYG Tax	-	112
	-	112
TOTAL CURRENT	482	676
TOTAL PAYABLES	482	676

(i) The average credit period is 30 days. No interest is charged.

(a) Maturity analysis of payables

Please refer to Note 16(c) for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables

Please refer to Note 16(c) for the nature and extent of risks arising from contractual payables

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 11: Superannuation

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.

The Health Service does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury 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 the Health Service.

The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Services are as follows:

	Paid Contribution for the Year		Contribution Outstanding at Year End
	2015 \$'000	2014 \$'000	2015 \$'000
(i) Defined benefit plans:			
First State Super (formerly Health Super)	17	18	-
Defined contribution plans:			
First State Super (formerly Health Super)	601	581	-
Other	150	140	-
Total	768	739	-

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 12: Provisions

	2015 \$'000	2014 \$'000
Current Provisions		
Employee Benefits (Note 12(a))		
- Accrued Salaries and Wages (Note 12(a))	42	328
Annual leave (Note 12(a))		
- Unconditional and expected to be settled within 12 months	609	648
- Unconditional and expected to be settled after 12 months	248	201
Long Service Leave (Note 12(a))		
- Unconditional and expected to be settled within 12 months	89	118
- Unconditional and expected to be settled after 12 months	1,241	1,110
Accrued Days Off (Note 12(a))		
- Unconditional and expected to be settled within 12 months	17	26
- Unconditional and expected to be settled after 12 months	-	-
	2,246	2,432
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	99	83
- Unconditional and expected to be settled after 12 months	175	146
	274	228
Total Current Provisions	2,520	2,661
Non-Current Provisions		
Employee Benefits	89	83
Provisions related to Employee Benefit On-Costs	9	9
Total Non-Current Provisions	98	91
Total Provisions	2,618	2,752
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	1,478	1,366
Annual Leave Entitlements	983	940
Accrued Wages and Salaries	42	328
Accrued Days Off	17	26
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	98	91
Total Employee Benefits and Related On-Costs	2,618	2,752

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 12: Provisions (continued)

	2015	2014
	\$'000	\$'000
(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	1,457	1,351
Provision made during the year		
- Expense recognising Employee Service	239	203
Settlement made during the year	(120)	(97)
Balance at end of year	1,576	1,457

Note 13: Other Liabilities

	2015	2014
	\$'000	\$'000
CURRENT		
Monies Held in Trust		
- Accommodation Bonds (Refundable Entrance Fees)	1,101	1,052
- Other Trust Funds	7	39
GHA Other Current Liabilities	25	23
Total Other Liabilities	1,133	1,114
* Total Monies Held in Trust		
Represented by the following assets:		
Investments (note7)	1,108	1,091
TOTAL	1,108	1,091

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 14: Equity

	2015 \$'000	2014 \$'000
(a) Surpluses		
Property Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	8,050	7,545
Revaluation Increment		
- Motor Vehicles	-	34
- Land	-	134
- Buildings	-	338
Balance at the end of the reporting period*	8,050	8,050
Represented by:		
- Motor Vehicles	34	34
- Land	134	134
- Buildings	7,883	7,883
	8,050	8,050
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	1,063	1,063
Transfer to reserve from General Purpose Surplus	923	-
Balance at the end of the reporting period	1,986	1,063
Total Surpluses	10,036	9,114
(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	(3,663)	(2,993)
Transfer to reserve from General Purpose Surplus	(923)	-
Net Result for the Year	(862)	(670)
Balance at the end of the reporting period	(5,448)	(3,663)
Total Equity at end of financial year	12,276	13,139

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 15: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2015	2014
	\$'000	\$'000
Net result for the period	(862)	(670)
Non-cash movements:		
Depreciation	1,155	965
Net (Gain)/Loss from Disposal of Non- Financial Physical Assets	(16)	3
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	28	200
(Increase)/decrease in other current assets	(21)	(5)
Increase/(decrease) in payables	(194)	(89)
Increase/(decrease) in other liabilities	2	326
Increase/(decrease) in provisions	(133)	284
Net Cash (Outflow)/Inflow from Operating Activities	(42)	1,013

Note 16: Financial Instruments

(a) Financial risk management objectives and policies

Orbost Regional Health's principal financial instruments comprise of:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- payables (excluding statutory payables)
- accommodation bonds

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its financial risk management policy.

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Health Service.

The main purpose in holding financial instruments is to prudentially manage Orbost Regional Health's financial risks within the government policy parameters.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16: Financial Instruments (continued)

Categorisation of financial instruments

	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
2015			
Contractual Financial Assets			
Cash and cash equivalents	1,755	-	1,755
Receivables			
- Trade Debtors	182	-	182
- Other Receivables	49	-	49
Other Financial Assets			
- Term Deposits	2,569	-	2,569
Total Financial Assets (i)	4,556	-	4,556
Financial Liabilities			
Payables	-	482	482
Other Financial Liabilities			
- Accommodation Bonds	-	1,101	1,101
- Other	-	32	32
Total Financial Liabilities (ii)	-	1,615	1,615

	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
2014			
Contractual Financial Assets			
Cash and cash equivalents	2,243	-	2,243
Receivables			
- Trade Debtors	204	-	204
- Other Receivables	56	-	56
Other Financial Assets			
- Term Deposits	2,479	-	2,479
Total Financial Assets (i)	4,982	-	4,982
Financial Liabilities			
Payables	-	564	564
Other Financial Liabilities			
- Accommodation Bonds	-	1,052	1,052
- Other	-	62	62
Total Financial Liabilities (ii)	-	1,678	1,678

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16: Financial Instruments (continued)

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

	Total interest income/ (expense) \$'000
2015	
Financial Assets	
Cash and Cash Equivalents (i)	158
Total Financial Assets	158
Financial Liabilities	
At Amortised Cost (ii)	-
Total Financial Liabilities	-
2014	
Financial Assets	
Cash and Cash Equivalents (i)	180
Total Financial Assets	180
Financial Liabilities	
At Amortised Cost (ii)	-
Total Financial Liabilities	-

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, 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;

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16: Financial Instruments (continued)

(b) Credit risk

Credit risk arises from the contractual financial assets of Orbest Regional Health, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. Orbest Regional Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Orbest Regional Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Orbest Regional Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is Orbest Regional Health's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, Orbest Regional Health does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, Orbest Regional Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Orbest Regional Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Orbest Regional Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16: Financial Instruments (continued)

(b) Credit risk

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AAA credit rating)	Government agencies (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Financial Assets					
Cash and Cash Equivalents	-		-	1,755	1,755
Receivables					
- Trade Debtors	-		-	182	182
- Other Receivables (i)	-		-	49	49
Other Financial Assets					
- Term Deposit	-		-	2,569	2,569
Total Financial Assets	-			4,556	4,556
2014					
Financial Assets					
Cash and Cash Equivalents	-	-	-	2,243	2,243
Receivables					
- Trade Debtors	-	-	-	204	204
- Other Receivables (i)	-	-	-	56	56
Other Financial Assets					
- Term Deposit	-	-	-	2,479	2,479
Total Financial Assets	-	-	-	4,982	4,982

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16: Financial Instruments (continued)

(b) Credit risk (continued)

Ageing Analysis of Financial Assets as at 30 June

	Consol'd Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	1-3 Months	3 Months - 1 Year	Impaired Financial Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015						
Financial Assets						
Cash and Cash Equivalents	1,755	1,755	-	-	-	-
Receivables						
- Trade Debtors	182	169	5	5	3	-
- Other Receivables	49	-	-	49	-	-
Other Financial Assets						
- Term Deposit > 90 days	2,569	2,569	-	-	-	-
Total Financial Assets	4,556	4,493	5	54	3	-
2014						
Financial Assets						
Cash and Cash Equivalents	2,243	2,243	-	-	-	-
Receivables						
- Trade Debtors	204	153	27	23	1	-
- Other Receivables	56	-	-	56	-	-
Other Financial Assets						
- Term Deposit > 90 days	2,479	2,479	-	-	-	-
Total Financial Assets	4,982	4,875	27	79	1	-

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently Orbost Regional Health does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16: Financial Instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Services operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

Orbost Regional Health's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. Orbost Regional Health manages its liquidity risk as follows:

Payables are all due within the next three months. Other Financial Liabilities relate to aged care resident trust funds and accommodation bonds, which may be required to be paid out at any time. We have estimated the usual time frame in which payments have been made.

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

Maturity analysis of Financial Liabilities as at 30 June

	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
2015						
Financial Liabilities						
Payables						
Other Financial Liabilities (i)	482	482	482			
- Accommodation Bonds	1,101	1,101	1,101			
- Other	32	32	32			
Total Financial Liabilities	1,615	1,615	1,615	-	-	-
2014						
Financial Liabilities						
Payables	564	564	564			
Other Financial Liabilities (i)						
- Accommodation Bonds	1,052	1,052	1,052			
- Other	62	62	62			
Total Financial Liabilities	1,678	1,678	1,678	-	-	-

(i) Ageing analysis of financial liabilities excludes must exclude the types of statutory financial assets (i.e GST input tax credit).

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16 Financial Instruments (continued)

(d) Market risk

Orbost Regional Health's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency risk

Orbost Regional Health is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest rate risk

Orbost Regional Health does not have any interest bearing liabilities and is not exposed to interest rate risk with regard to its liabilities.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Orbost Regional Health has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

Orbost Regional Health manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing Orbost Regional Health to significant bad risk, management monitors movement in interest rates on a daily basis.

Other price risk

Orbost Regional Health has the risk that increasing inflation will increase prices from suppliers for payables.

Interest rate exposure of financial assets and liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
2015					
Financial Assets					
Cash and Cash Equivalents	2.35	1,755	-	1,755	-
Receivables					
- Trade Debtors	-	182	-	-	182
- Other Receivables	-	49	-	-	49
Other Financial Assets					
- Term Deposit > 90 days	2.90	2,569	2,569	-	-
		4,556	2,569	1,755	231
Financial Liabilities					
Payables	-	482	-	-	482
Other Financial Liabilities					
- Accommodation Bonds	-	1,101	-	-	1,101
- Other	-	32	-	-	32
		1,615	-	-	1,615

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16 Financial Instruments (continued)

(d) Market risk (continued)

	Weighted	Carrying	Interest Rate Exposure		
	Average Effective Interest Rate (%)	Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
2014					
Financial Assets					
Cash and Cash Equivalents	2.70	2,243	-	2,243	-
Receivables					
- Trade Debtors	-	204	-	-	204
- Other Receivables	-	56	-	-	56
Other Financial Assets					
- Term Deposit > 90 days	3.70	2,479	2,479	-	-
		4,982	2,479	2,243	260
Financial Liabilities					
Payables	-	564	-	-	564
Other Financial Liabilities					
- Accommodation Bonds	-	1,052	-	-	1,052
- Other	-	62	-	-	62
		1,678	-	-	1,678

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Orbest Regional Health believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A shift of +1% and -1% in market interest rates (AUD) from year-end rates of 2.3 % (2014 4.5%);
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by Orbest Regional Health at year end as presented to key management personnel, if changes in the relevant risk occur.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16 Financial Instruments (continued)

(d) Market risk (continued)

	Carrying Amount	Interest Rate Risk			
		-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2015					
Financial Assets					
Cash and Cash Equivalents	1,755	(18)	(18)	18	18
Receivables					
- Trade Debtors	182	-	-	-	-
- Other Receivables	49	-	-	-	-
Other Financial Assets					
- Term Deposit > 90 days	2,569	(26)	(26)	26	26
Financial Liabilities					
Payables	482	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
- Accommodation Bonds	1,101	-	-	-	-
- Other	32	-	-	-	-
		(43)	(43)	43	43
2014					
Financial Assets					
Cash and Cash Equivalents	2,243	(22)	(22)	22	22
Receivables					
- Trade Debtors	204	-	-	-	-
- Other Receivables	56	-	-	-	-
Other Financial Assets					
- Term Deposit > 90 days	2,479	(25)	(25)	25	25
Financial Liabilities					
Payables	564	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
- Accommodation Bonds	1,052	-	-	-	-
- Other	62	-	-	-	-
		(47)	(47)	47	47

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 16 Financial Instruments (continued)

(e) Fair value

The Health Services considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value

	Consol'd Carrying Amount	Fair value	Consol'd Carrying Amount	Fair value
	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
Financial Assets				
Cash and Cash Equivalents	1,755	1,755	2,243	2,243
Receivables				
- Trade Debtors	182	182	204	204
- Other Receivables	49	49	56	56
Other Financial Assets				
- Term Deposit > 90 days	2,569	2,569	2,479	2,479
Total Financial Assets	4,556	4,556	4,982	4,982
Financial Liabilities				
Payables	482	482	564	564
Other Financial Liabilities				
- Accommodation Bonds	1,101	1,101	1,052	1,052
- Other	32	32	62	62
Total Financial Liabilities	1,615	1,615	1,640	1,640

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 17: Commitments

a) Commitments other than public private partnerships

	2015 \$'000	2014 \$'000
Capital expenditure commitments		
<u>Payable:</u>		
Building works Waratah Lodge	-	160
Total capital expenditure commitments	-	160
Not later than one year	-	-
Later than 1 year and not later than 5 years	-	160
Later than 5 years	-	-
TOTAL	-	160
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	51	56
Total lease commitments	51	56
Operating leases		
<i>Non-cancellable</i>		
Not later than one year	34	33
Later than 1 year and not later than 5 years	17	23
Total operating lease commitments	51	56
Total lease commitments	51	56
Total Commitments (inclusive of GST)	51	216
Less GST receivable from the Australian Tax Office	5	20
Total Commitments (exclusive of GST)	47	197

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 18: Contingent Assets and Contingent Liabilities

No contingent assets or contingent liabilities existed as at 30 June 2015 (2014: nil).

Note 19: Operating Segments

	RAC		Other		Health Service		Consol'd	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
REVENUE								
External Segment Revenue	2,222	2,291	2,148	2,194	9,624	9,564	13,994	14,049
Total Revenue	2,222	2,291	2,148	2,194	9,624	9,564	13,994	14,049
EXPENSES								
External Segment Expenses	(3,146)	(2,840)	(2,368)	(2,216)	(9,501)	(9,844)	(15,015)	(14,900)
Total Expenses	(3,146)	(2,840)	(2,368)	(2,216)	(9,501)	(9,844)	(15,015)	(14,900)
Net Result from ordinary activities	(923)	(549)	(221)	(23)	123	(280)	(1,021)	(852)
Interest Expense	-	-	-	-	-	-	-	-
Interest Income	27	38	-	-	132	143	158	180
Net Result for Year	(897)	(511)	(221)	(23)	255	(138)	(862)	(670)
OTHER INFORMATION								
Segment Assets	4,940	5,292	1,647	1,764	9,921	10,623	16,508	17,679
Total Assets	4,940	5,292	1,647	1,764	9,921	10,623	16,508	17,679
Segment Liabilities	1,262	1,372	421	387	2,551	2,782	4,233	4,541
Total Liabilities	1,262	1,372	421	387	2,551	2,782	4,233	4,541
Acquisition of Property, Plant and Equipment	195	85	-	1	258	288	454	374
Depreciation Expense	347	289	58	96	751	579	1,155	965

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 19: Operating Segments (continued)

The major products/services from which the above segments derive revenue are:

Business Segments

Multi-purpose health service

Residential Aged Care Services (RAC)

Other Services (Other)

Geographical Segment

Orbost Regional Health operates predominantly in Orbost, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Orbost, Victoria.

Services

Admitted, Outpatients, Emergency, HACC, Primary Health.

Provider of Residential Aged Care

Commonwealth funded programs

Note 20: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2015 %	2014 %
Gippsland Health Alliance	Information Systems	5.27	5.19

Orbost Regional Health's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2015 \$'000	2014 \$'000
Current Assets		
Cash and Cash Equivalents	132	150
Other Current Assets	32	10
Total Current Assets	164	161
Non Current Assets	(7)	(6)
Total Assets	157	154
Current Liabilities		
Other Current Liabilities	65	71
Total Current Liabilities	65	71
Net Assets	92	83

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 20: Jointly Controlled Operations and Assets (continued)

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

	2015 \$'000	2014 \$'000
Revenues		
Other	154	149
Total Revenue	154	149
Expenses		
Information Technology and Administrative Expenses	507	481
Total Expenses	507	481
Net result	(353)	(332)
 Contingent Liabilities and Capital Commitments	 Nil	 Nil

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 21a: Responsible Persons Disclosures

	Period
Responsible Ministers:	
The Honourable David Davis, MLC, Minister for Health, Minister for Ageing	1/07/2014 - 3/12/2014
The Honourable Jill Hennessy MLA, Minister for Health, Minister for Ambulance Services	4/12/2014 – 30/06/2015
The Honourable Mary Wooldridge, MLA, Minister for Mental Health	1/07/2014 - 3/12/2014
The Honourable Martin Foley, MLA, Minister for Mental Health	4/12/2014 – 30/06/2015
Governing Boards	
Andrew Martin	1/07/2014 - 30/06/2015
Catrynes van der Vlugt	1/07/2014 - 30/06/2015
Garry Squires	1/07/2014 - 30/06/2015
Dr David Hollands	1/07/2014 - 28/02/2015
Barbara Heiss	1/07/2014 - 30/06/2015
Teresa Royce	1/07/2014 - 30/06/2015
Diane Miller	1/07/2014 - 30/06/2015
Narelle Macalister	1/07/2014 – 30/06/2015
Herbert Reginald Armstrong	1/07/2014 – 30/06/2015
Stanley Weatherall	1/07/2014 - 30/06/2015
Elizabeth Mitchell	1/07/2014 – 30/06/2015
Accountable Officer	
Bernadette McDonald	1/07/2014 - 30/06/2015

Remuneration of Responsible Persons

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

Income Band	2015 No.	2014 No.
\$0	11	11
\$20,000 - \$29,999	-	-
\$40,000 - \$49,999	-	-
\$60,000 - \$69,999	-	-
\$150,000 - \$159,999	1	1
Total Numbers	12	12
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$184,922	\$157,921

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet

Other Transactions of Responsible Persons and their Related Parties.

Other Transactions of Responsible Persons and their Related Parties requiring disclosure under the Directions of the Minister for Finance have been considered. There are no other matters to report.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 21b: Executive Officer Disclosures

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
\$100,000 - \$109,999	-	2	-	2
\$110,000 - \$119,999	2	-	2	-
\$120,000 - \$129,999	-	-	-	-
\$130,000 - \$139,999	1	1	1	1
Total	3	3	3	3
Total annualised employee equivalent (AEE) (i)	3	3	3	3
Total Remuneration	\$ 372,000	\$ 368,000	\$372,000	\$ 368,000

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2015

Note 22. Remuneration of auditors

	2015 \$'000	2014 \$'000
Victorian Auditor-General's Office		
Audit or review of financial statement	13	14
Other internal audit services	22	17
	35	31

Note 23: 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 24: Ex gratia expenses

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

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 Directions 4.2 of 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 2015 and the financial position of Orbost Regional Health at 30 June 2015.

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 this day.



Andrew Martin

Board Member

Orbost

27 August 2015



Bernadette McDonald

Accountable Officer

Orbost

27 August 2015



Amanda Henry

Chief Finance Officer

Orbost

27 August 2015

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Orbst Regional Health

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Orbst Regional Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance Officer's Declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Orbst Regional Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Orbost Regional Health as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
31 August 2015


John Doyle
Auditor-General

Appendix A - Alternative presentation of comprehensive operating statement

	2015 \$'000	2014 \$'000
Interest	158	180
Sales of goods and services	3,500	3,514
Grants	9,868	10,129
Other Income	610	409
Total revenue	14,136	14,232
Employee expenses	(9,340)	(9,105)
Depreciation	(1,155)	(965)
Other operating expenses	(4,519)	(4,830)
Total expenses	(15,015)	(14,900)
	-	-
Net result from transactions - Net operating balance	(879)	(667)
Net gain/ (loss) on sale of non-financial assets	16	(3)
Total other economic flows included in net result	16	(3)
Items that may be reclassified subsequently to net result		
Changes to financial assets available-for-sale revaluation surplus	-	506
Total other economic flows included in net result	-	506
Net result	(862)	(165)

This report does not form part of the audited financial statements.



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