

Orbost Regional Health



Annual Report

2016 - 2017

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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 in the East Gippsland Shire, Orbost Regional Health's health region consists of the townships of Orbost and smaller communities scattered along the Snowy River, up into the Alpine mountains and along the Wilderness Coast to the New South Wales border. The health region covers an area of over one million hectares and a population of approximately 8,560 people. In our community a large increase is expected in the number of people aged over 65 years.

Our Vision

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

Our Values

- Respect
- Integrity
- Compassion
- Excellence
- Community

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 of services

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

Acute Services

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

Urgent Care & After Hours Medical Treatment

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

Aged and Residential Care

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

Orbost Medical Clinic

Orbost Medical Clinic provides a range of Primary Care Services with medical services led by 3 General Practitioners (September to March). The General Practitioners provide outreach services to Moogji Clinic, Buchan and Cann River Communities. Other services and support provided include Practice Nurses, Women's & Adolescent Health Nurse, Continence Nurse, Diabetes Educator, antenatal clinic with Midwives and visiting General Practitioner with Obstetrics, drug & alcohol services, Normalised Ratio (INR) Clinic blood test, psychologist, perinatal counsellor, podiatrist and community Mental Health Services. Visiting Specialists include; Paediatrician, Rheumatologist, Renal Physician, Geriatrician and Urologists (via telehealth).

Home Based Services

Also known as Community Home Support Program (previously HACC), includes Domestic assistance,

Personal Care, Home and Garden Maintenance, Allied Health, Shopping assistance, Respite, Meals on Wheels, Volunteer program, Planned Activity Groups and District Nursing.

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

Community Services

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

Early years services, including family and child health nursing and early child allied health intervention are co-located with child and parent development programs including Koori Mums and Bubs to help all children and families develop to the best of their potential.

A comprehensive range of nursing and allied health services are offered to manage and prevent health conditions, with a focus on chronic disease management including cardiac rehabilitation and diabetes management, along with rehabilitation, lifestyle and wellbeing programs. Welfare programs include homelessness support, financial counselling, counselling and psychology along with Family Violence Outreach support

Oral Health

The dental clinic provides general oral health services, both public and private, school dental and denture services as well as visiting outreach dental services to 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.

Overview (continued)

Chair and CEO's Report



Narelle Macalister
President
Board of Directors

On behalf of the staff and Board we are pleased to present the Orbost Regional Health Annual Report for 2016-17.

The year has been successful and the achievements that you will read about in this report would not have been possible without the valuable contribution of our 178 people. We would like to recognise the commitment, dedication and expertise of the ORH staff. Our team is the reason why we provide high quality health care to our community.

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

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

- Improvements to Lochiel House infrastructure, amenities and resident quality of life including, air conditioning units, new dementia friendly garden and construction of two ensuites. This has been made possible through funding of \$200,000 as part of the Aged Care Significant Facility Refurbishment Initiative.
- Midwifery Collaborative Model developed and implemented in partnership with Bairnsdale Regional Health Service.
- Organisation Values and standard of behaviours were developed with strong staff engagement and provide alignment for staff and board.
- There were 25,253 client visits to the Medical Clinic.
- Established Parents under Pressure and Cradle to Kinder outreach support programs to help at risk families and provide a supportive environment to enhance their child's development.
- Established Family Violence Outreach service to support victims of family violence and for perpetrators of violence.



Narelle Macalister
President, Board of Directors
Orbost Regional Health
31 August 2017

- Nurse Led X-Ray service established and improved access for our community.
- Mik Maks were hosted at Forest Park to a large crowd of excited local children.
- Dr Alan Reid, General Practitioner with Obstetrics left in April 2017, after providing 8 years of service to the Orbost community.
- Consumer feedback over the year consisted of 116 compliments and 33 complaints.
- Orbost Regional Health established a Facebook page and actively promoted activities. Each post reaches an average of 1481 people.
- East Gippsland Strategic Services Plan developed in partnership with Health Services in East Gippsland.
- The introduction of hourly patient rounding in the acute ward has seen a reduction in patient falls and an increase in patient satisfaction with care.

Finally we would like to recognise the outstanding service of two Board members who left the Board at 30 June 2017, Teresa Royce and Catrynes Van der Vlugt. Teresa has given 10 years of dedicated service to the Board and our community. Teresa served on the Quality of Care Committee and was a strong consumer advocate. Catrynes Van der Vlugt has given 15 years of distinguished service. Catrynes has been an active member of the Board, holding several leadership positions - Board Chair for nine years and Chair of the Finance & Risk. He has been an active member of the CEO recruitment, medical advisory and regional credentialing committees. Teresa and Catrynes have been passionate advocates for the critical role the health service plays in delivering local access and the overall well-being of our community.

We look forward to continuing to deliver services to our community in 2017-18.

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Orbost Regional Health for the year ending 30 June 2017.



Meryn Pease
Chief Executive Officer
Orbost Regional Health
31 August 2017

Governance and Management

Board of Directors (as at 30 June 2017)

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

Board members

President

Narelle Macalister

Vice-President

Andrew Martin

Members

Elizabeth Mitchell
Teresa Royce
Catrynes van der Vlugt
Stanley Weatherall
Robyn Francis
Peter van den Oever
Alastair Steel
Damien Courtier
Abby Ilton

Finance and Risk Committee (Audit Committee) members

Independent members

Catrynes van der Vlugt
(Chair 1/01/16-15/11/16)
Andrew Martin
(Chair 15/11/16-30/06/17)
Elizabeth Mitchell
Stanley Weatherall
Peter van den Oever
1/07/2016-15/11/2016
Alastair Steel
15/11/2016-30/06/2017

Management members

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

Chief Executive Officer

Meryn Pease

Governance and Management (continued)

Executive Management (as at 30 June 2017)

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

Chief Executive Officer

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

Interim Chief Executive Officer

Bruce Hurley
23/01/2017 – 23/03/2017

Director of Clinical and Aged Care Services

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

Director of Primary and Community Services

Peter Quin
BSW, MSW, Grad Dip Fam.Th, FACHSM

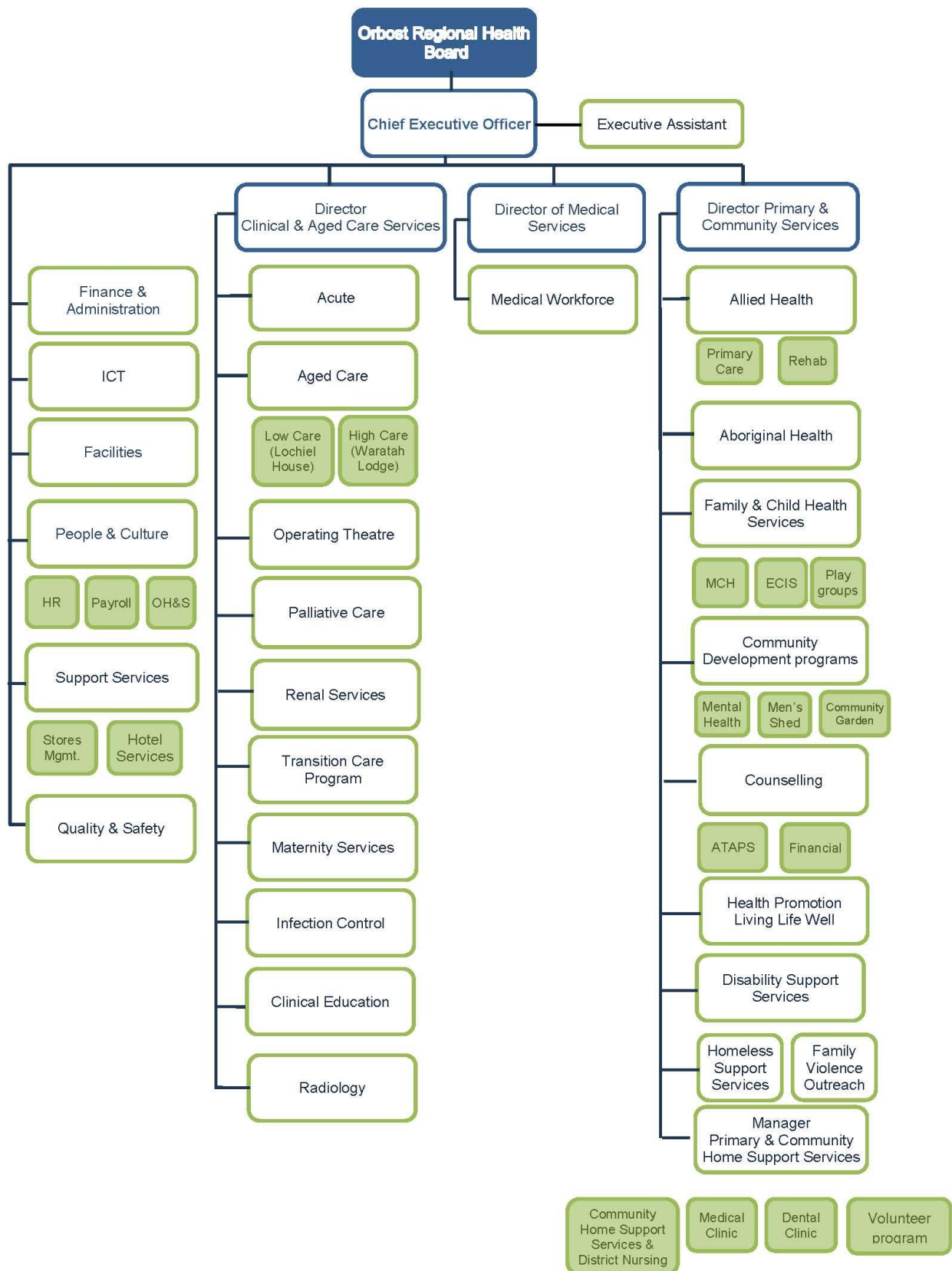
Director of Medical Services

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

Visiting Medical Officers (General Practitioners) (as at 30 June 2017)

Dr Alan Reid to 7/04/2017
Dr Anthea Tan
Dr Samuel Inwang
Dr Mohit Sharma from 4/07/2016
Dr Pradeep Pokharel from 10/10/2016

Organisational Structure



Review June 2017. This document is located in Prompt

Workforce

Workforce data

Hospitals Labour Category	JUNE		JUNE	
	Current Month FTE		YTD FTE	
	2016	2017	2016	2017
Nursing	33.52	34.35	34.58	33.70
Administration and Clerical	25.42	23.59	26.30	25.12
Medical Support	12.06	10.08	12.94	11.92
Hotel and Allied Services	26.04	26.05	24.85	25.20
Medical Officers	0.03	0.00	0.05	0.02
Ancillary Staff (Allied Health)	12.38	14.54	12.74	13.81
Total	109.45	108.61	111.45	109.77

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

Merit and equity

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 2016-17 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 (1.5713%) is over the weighted industry rate (1.2420%).
Percentage of staff who have completed an immunisation questionnaire to inform staff database	100%	
Influenza Immunisation Rate	71.8%	This is a 2.2% increase from last year's performance.

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

	2017 \$000	2016 \$000	2015 \$000	2014 \$000	2013 \$000
Total Revenue	15,413	14,863	14,152	14,230	14,226
Total Expenses	15,621	15,038	15,014	14,900	14,907
Net Result for the Year (inc. Capital and Specific Items)	(208)	(177)	(862)	(670)	(682)
Operating Result	671	673	84	(1)	335
Retained Surplus/ (Accumulated Deficit)	(5,933)	(5,675)	(5,448)	(3,663)	(2,993)
Total Assets	17,588	16,771	16,508	17,679	17,286
Total Liabilities	5,696	4,673	4,233	4,541	3,982
Net Assets	11,892	12,100	12,276	13,139	13,304
Total Equity	11,892	12,100	12,276	13,139	13,304

Current Financial Year Review

Financial Analysis of Operating Revenues and Expenses

The financial result for the year ended 30 June 2017 shows a deficit of \$208,000 compared to a deficit of \$177,000 for the previous financial year.

Operating revenue was increased by 1.5% in line with grant indexation. Expenditure on Employee expenses increased by 6.8% due to applying the requirements of new Enterprise agreements. Other expenses have increased by just .5%.

Capital grants of \$51,000 were received from the Department of Health for medical equipment and infrastructure replacement. Gippsland Health Alliance received a capital grant of which our share was \$179,000 and is included in the Net Result after capital and specific items.

Significant Changes in Financial Position during the Year

The current asset ratio at 30 June 2016 has remained at to 1:1.3 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 2016-17 the health service aimed to achieve a surplus of \$145,000 before capital and specific items and achieved a surplus of \$671,000.

Report of Operations (continued)

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

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

Events Subsequent to Balance Date

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

Service Plan: Key achievements and challenges

Objective	Action	Deliverable	Outcome
To change health behaviours to improve trends for health outcomes for key areas.	The key areas of mental health (depression and anxiety) and chronic disease (diabetes) were identified.	Establish Mental Health pathway to improve early access to team based medical and psychological support. Establish Diabetes Management clinic.	Achieved Mental Health integrated care pathway implemented. Diabetes Clinics established.
Future service direction to be identified through strategic services planning.	Service demand and changing demographics identified for the next 20 years.	Strategic Services Plan to be developed.	Achieved Strategic Services Plan developed and published.
Improve infrastructure, amenities and quality of life for Residents of Lochiel House.	Undertake planned capital works and amenities upgrade.	New air conditioners installed, a new dementia friendly garden and 2 ensuites constructed.	Achieved Planned capital works and amenities upgrade completed.
Improve patient discharge planning and care coordination post discharge from hospital	Discharge planning redesign undertaken with support from doctors, nursing and allied health staff.	Weekly multidisciplinary team meeting delivering improved integrated care post discharge.	Achieved Unplanned readmission rate reduced to 1%.
Identify current and future health care needs, across all age groups in our community.	Triennial Community Health Needs Survey conducted.	The current and health needs of our community were identified.	Achieved
To meet the health needs of our ageing population with a contemporary Aged Care facility remains a challenge.	Service plan recommends capital redevelopment of Residential Aged Care beds and integration with acute beds.	A capital redevelopment that enables local residents with wandering dementia to remain in their community.	A current challenge Future planning and capital build required.

Report of Operations (continued)

Performance Priorities

- Summary

Quality and Safety

Key Performance Indicator	Target	Actual
Health service accreditation	Full compliance	Achieved
Cleaning standards (overall)	Full compliance	Achieved
Cleaning standards (AQL-A)	90	99.3%
Cleaning standards (AQL-B)	85	100%
Cleaning standards (AQL-C)	85	98.9%
Submission of data to VICNISS*	Full compliance	Achieved
Hand Hygiene Australia program	80%	84%
Health care worker immunisation - influenza**	75%	72%

Victorian Healthcare Experience Survey reporting

Victorian Healthcare Experience Survey-data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey - patient experience Quarter 1	95% positive experience	<42 responses
Victorian Healthcare Experience Survey - Patient experience Quarter 2	95% positive experience	<42 responses
Victorian Healthcare Experience Survey – Patient experience Quarter 3	95% positive experience	Complied
Victorian Healthcare Experience Survey – Discharge Care Quarter 1	75% Very Positive Response	<42 responses
Victorian Healthcare Experience Survey – Discharge Care Quarter 2	75% Very Positive Response	<42 responses
Victorian Healthcare Experience Survey – Discharge Care Quarter 3	75% Very Positive Response	Complied
% of women with prearranged postnatal care	100%	100%

Governance and Leadership

People Matter Survey patient safety culture	80%	90%
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Financial Sustainability

Key Performance indicator

Operating Result (\$m)	0.145	0.671
Trade creditors	<60	45
Patient fee debtors	<60	7
Adjusted current asset ratio	0.70	1.33
Number of days with available cash	14 days	55

*Victorian Healthcare Associated Infection Surveillance

* **Data used from period 18 April – 19 August 2016

Report of Operations (continued)

Activity performance

Service	2016-17	2015-16	2014-15
Acute bed days (incl. same day)			
Private / compensable	395	378	449
Public	2647	3209	3173
Total bed days incl. same day	3107	3587	*3659
TPC bed days incl. home stay	447	486	580
Inpatients treated incl. same day	1216	1379	1518
Same day patients	671	820	1017
Haemodialysis discharges	528	678	797
Ave. length of stay incl. same day	2.6	2.6	2
Acute occupancy	56%	63%	58%
Operating theatre			
Caesar / obstetric	1	2	2
General	10	17	22
Dental	13	28	25
Births			
Births	5	23	22
Births on bypass	0	2	0
Aged care			
Flexible low care bed days	6733	5996	5480
Flexible low care occupancy	92%	82%	75%
Flexible low care places	25	-	-
Flexible high care bed days	5406	5512	5343
Flexible high care occupancy	99%	100%	98%
Flexible high care places	19	-	-
Respite bed days	96	44	48
Flexible home care places	0	-	-
Flexible home care occupancy	0	-	-
Ambulatory care			
Emergency presentations	2112	2184	2199
Non-emergency presentations	496	593	815
Minor procedures	255	282	234
Radiology	1166	1229	1521
Community Home Support Service Hours (HACC PYP and CHSP)			
Allied health	155	974	1152
Meals	3600	4334	4399
Domestic assistance	6075	5122	5113
Nursing	1307	1871	1538
Personal care	1209	1727	2513
Social support group	5675	4782	9615
Property maintenance	795	795	806
Flexible respite	10	163	178

*includes TCP

Report of Operations (continued)

Activity performance

Service	2016-17	2015-16	2014-15
Volunteer services			
Volunteer network (hrs)	3535	2683	2526
Volunteer network (kms)	46612	54989	56095
Volunteer occasions of service	6060	5172	4909
Men's shed			
Orbost attendances	1648	1543	1369
Primary care			
Allied health assistant (non HACC)	1353	1098	909
ATAPS	431	314	-
Counselling – FPBF funded	345	148	177
Counselling (school)	108	53	148
Dental	2797	2995	2489
Dietitian –FPBF funded	967	929	909
District nursing (non HACC)	386	232	628
Family services (disability respite and FSP)	1876	1775	2053
Financial Counsellor	322	387	415
Health promotion (hrs)	581	341	369
Housing support	1686	1314	1023
Koori health worker-client consult hours*	*600	*600	208
Koori maternal and child health	1454	664	1084
Maternal and child health	2449	3184	3040
Parent outreach	95	29	0
Speech Pathology – FPBF funded	611	730	400
Women's and adolescent health (schools)	144	327	188
Youth services scheme (Mowhawks)	164	116	127
Small Rural Health Services Primary Health Occasions of Service			
Diabetes nurse	241	278	365
Physiotherapy	646	1202	1333
Women's and adolescent health (non-school)	215	194	179
Cardiac rehab *includes Smoking Cessation	70	126	*200
Counselling (non-school)	226	209	249
Occupational therapist (non HACC)	784	1090	1005

Quality of Care Performance

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

Environmental Performance

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

Attestations

Attestation for compliance with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes

I, Meryn Pease certify that Orbest Regional Health has complied with Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Orbest Regional Health Audit Committee has verified this.



Meryn Pease
Chief Executive Officer
Orbest
16 August 2017

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

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



Meryn Pease
Chief Executive Officer
Orbest
16 August 2017

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 2016-17 are summarised opposite. All these applications were processed in accordance with the provisions of *Freedom of Information Act 1982* within the legislated timeframes.

Requests received	57
Fully granted	57
Partially	0
Denied	0
Other:	
Withdrawn	0
Not proceeded	0
Not processed	0
No documents	0
In progress (carried into 2017-18)	0

Of these 57 requests received, 1 request falls *Outside the FOI Act*. In addition, there were a total of 20 requests received to which the Act did not apply (including Coroners Court, Subpoenas, Victorian Workers compensation and Police requests.) There were also 96 requests received from other Health Agencies.

Ex Gratia payments

Orbost Regional Health made no ex gratia payments for the year ending 30 June 2017.

Consultancies engaged during 2016-17

Consultancies over \$10,000

In 2016-17 there were 2 consultancies where the total fee payable to the consultants was \$10 000 or greater. The total expenditure incurred during 2016-17 in relation to this consultancy was \$49,584 (excl. GST). Details of individual consultancies are below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (ex. GST) (\$)	Expenditure in 2016/17 (ex. GST) (\$)	Future Expenditure (ex. GST) (\$)
Studer Group Aust. Pty Ltd	Staff coaching services	September 2016	June 2017	\$43,500	\$29,584	\$13,916
Gippsland Lakes Community Health	East Gippsland Health Services Strategic Plan	March 2017	March 2017	\$20,000	\$20,000	-

Consultancies under \$10,000

In 2016-17 there were 7 consultancies where the total fees payable to the consultants was less than \$10 000. The total expenditure incurred during 2016-17 in relation to these consultancies is \$19,723 (excl. GST).

Other information and disclosures (continued)

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2016-17 is \$1,136,394 (excluding GST) With the details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
(Total) (excluding GST)	(Total=Operational expenditure and Capital Expenditure) (excluding GST)		
1,136	0	1,130	6

Occupational Violence

Occupational violence statistics	2016-17
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported	19
4. Number of occupational violence incidents reported per 100 FTE	17.31
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Definitions

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

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

Incident - occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.

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

Lost time – is defined as greater than one day.

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

Other information and disclosures (continued)

Victorian Industry Participation Policy Act 2003

During 2016/17, Orbst Regional Health had no projects that commenced or were completed to which the *Victorian Industry Participation Policy (VIPPP)* applied.

National Competition Policy

Orbst 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 Orbst Regional Health.

Compliance with the Building Act 1993

During 2015/16, Orbst 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

Orbst Regional Health was not required to disclose any issues under the Protected Disclosure Act 2012 (the Act) in the financial year 2016/17.

Application and operation of Carers Recognition Act 2012

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

Compliance with Safe Patient Care Act 2015

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

Availability of additional information (FRD 22H)

In compliance with the requirements of FRD 22H (Section 6.19) *Standard Disclosures in the Report of Operations*, details in respect of the items listed below have been retained by Orbst Regional Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- (a) Declarations of pecuniary interests have been duly completed by all relevant officers;
- (b) Details of shares held by senior officers as nominee or held beneficially;
- (c) Details of publications produced by Orbst 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 Orbst Regional Health;
- (e) Details of any major external reviews carried out on Orbst Regional Health;

- (f) Details of major research and development activities undertaken by Orbst 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 Orbst 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 Orbst 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 Orbst Regional Health, the purposes of each committee and the extent to which those purposes have been achieved;
- (l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Disclosure Index

Disclosure Index

The annual report of Orbost Regional Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of Orbost Regional Health's compliance with statutory disclosure requirements.

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Orbost Regional Health

Comprehensive Operating Statement

For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Revenue from operating activities	2.1	14,967	14,401
Revenue from non-operating activities	2.1	202	168
Employee expenses	3.1	(9,820)	(9,205)
Non salary labour costs	3.1	(1,600)	(1,603)
Supplies and consumables	3.1	(596)	(475)
Other expenses	3.1	(2,482)	(2,612)
Net result before capital and specific items		671	673
Capital purpose income	2.1	242	294
Depreciation	4.3	(1,123)	(1,143)
Net Result after capital and specific items		(210)	(177)
Other economic flows included in net result			
Revaluation of Long Service Leave	2.1	2	-
Comprehensive result		(208)	(177)

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

Orbost Regional Health

Balance Sheet

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	6.1	1,979	2,410
Receivables	5.1	399	235
Investments and other financial assets	4.1	4,687	2,976
Other Current Assets	5.3	109	43
Total current assets		7,173	5,664
Non-current assets			
Receivables	5.1	207	77
Property, plant & equipment	4.2	10,208	11,030
Total non-current assets		10,415	11,107
TOTAL ASSETS		17,588	16,771
Current liabilities			
Payables	5.4	408	506
Provisions	3.3	2,546	2,316
Other current liabilities	5.2	2,418	1,595
Total current liabilities		5,372	4,416
Non-current liabilities			
Provisions	3.3	324	257
Total non-current liabilities		324	257
TOTAL LIABILITIES		5,696	4,673
NET ASSETS		11,892	12,100
EQUITY			
Property, plant & equipment revaluation surplus	8.1(a)	8,050	8,050
Restricted specific purpose surplus	8.1(a)	2,086	2,036
Contributed capital	8.1(b)	7,689	7,689
Accumulated deficit	8.1(c)	(5,933)	(5,675)
TOTAL EQUITY		11,892	12,100
Contingent assets and contingent liabilities	8.1(c)		
Commitments	7.3 6.2		

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 2017

		Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015		8,050	1,986	7,689	(5,448)	12,276
Net result for the year		-	-	-	(177)	(177)
Transfer from accumulated surplus	8.1(c)	-	50	-	(50)	-
Balance at 1 July 2016		8,050	2,036	7,689	(5,675)	12,100
Net result for the year		-	-	-	(210)	(210)
Other comprehensive income for the year		-	-	-	2	2
Transfer from accumulated surplus	8.1(c)	-	50	-	(50)	-
Balance at 30 June 2017		8,050	2,086	7,689	(5,933)	11,892

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

Orbost Regional Health

Cash Flow Statement

For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		10,339	10,121
Capital grants from government		51	285
Patient and resident fees received		1,011	1,085
Donations and bequests received		43	7
GST Received from ATO		-	-
Interest received		159	161
Other Receipts		3,243	2,657
Total receipts		14,846	14,315
Employee expenses paid		(9,521)	(9,251)
Non salary labour costs		(378)	(458)
Fee for service medical expenses		(1,222)	(1,146)
Payments for supplies & consumables		(694)	(451)
Other Payments		(2,297)	(2,093)
Total payments		(14,111)	(13,398)
NET CASH FLOW FROM/(USED) IN OPERATING ACTIVITIES	8.2	735	917
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(311)	(370)
Proceeds from sale of non-financial assets		23	42
Purchase of investments		(879)	66
NET CASH FLOW FROM/(USED) IN INVESTING ACTIVITIES		(1,166)	(262)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD			
		(431)	655
Cash and cash equivalents at beginning of financial year		2,410	1,755
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	1,979	2,410

This Statement should be read in conjunction with the accompanying notes

Notes to the Financial Statements

For the Year Ended 30 June 2017

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Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Basis of presentation

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

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

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

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

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

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Orbost Regional Health for the period ending 30 June 2017. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASBs, 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 & Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

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

The annual financial statements were authorised for issue by the Board of Orbost Regional Health on 31st August 2017.

(b) Reporting entity

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

Its principal address is:

104 Boundary Road

Orbost

Victoria 3888.

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

Objectives and funding

Orbost Regional Health's overall objective is to improve population health for the whole community and promote healthy ageing, as well as improve the quality of life to Victorians.

Orbost Regional Health is predominantly funded by accrual based grant funding for the provision of outputs.

(c) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 1: Summary of significant accounting policies (continued)

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 when new indices are published by the Valuer General 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 replacement value.

Judgements, estimates and assumptions are required to be made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(d) Principles of consolidation

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 2: Funding delivery of our services

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

To enable the hospital to fulfil its objective it receives income based on parliamentary appropriations. The hospital also receives income from the supply of services.

Structure

2.1 Analysis of revenue by source

2.2 Assets received free of charge or for nominal consideration

Note 2.1: Analysis of revenue by source

	Admitted Patients	Non- Admitted	RAC	Aged Care	Primary Health	Other	Total
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Government Grants	5,759	-	1,739	775	1,686	379	10,339
Indirect contributions by Department of Health	144	-	-	-	-	-	144
Patient & Resident Fees	71	-	843	147	115	-	1,176
Commercial Units- Diagnostic Imaging	-	-	-	-	-	51	51
Commercial Units - Medical Centre	-	-	-	-	-	1,813	1,813
Other Revenue from Operating Activities	865	-	1	181	262	135	1,444
Total Revenue from Operating Activities	6,840	-	2,583	1,103	2,063	2,379	14,967
Donations	43	-	-	-	-	-	43
Interest	149	-	11	-	-	-	159
Total Revenue from Non-Operating Activities	192	-	11	-	-	-	202
Capital Purpose Income (excluding interest)	242	-	-	-	-	-	242
Total Capital Purpose Income	242	-	-	-	-	-	242
Revaluation of Long Service Leave	-	-	-	-	-	2	2
Total other economic flows included in net result	-	-	-	-	-	2	2
Total Revenue	7,274	-	2,594	1,103	2,063	2,381	15,413

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 2.1: Analysis of revenue by source (continued)

	Admitted Patients	Non- Admitted	RAC	Aged Care	Primary Health	Other	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Government Grants	5,413	-	1,631	1,019	1,705	369	10,138
Indirect contributions by Department of Health	16	-	-	-	-	-	16
Patient & Resident Fees	237	-	724	215	125	-	1,301
Commercial Units- Diagnostic Imaging	-	-	-	-	-	55	55
Commercial Units - Medical Centre	-	-	-	-	-	1,796	1,796
Other Revenue from Operating Activities	691	-	10	14	205	176	1,096
Total Revenue from Operating Activities	6,357	-	2,365	1,247	2,036	2,395	14,401
Donations	7	-	-	-	-	-	7
Interest	139	-	22	-	-	-	161
Total Revenue from Non-Operating Activities	145	-	22	-	-	-	168
Capital Purpose Income (excluding interest)	51	-	200	40	3	-	294
Total Capital Purpose Income	51	-	200	40	3	-	294
Total Revenue	6,553	-	2,588	1,288	2,038	2,395	14,862

Department of Health and Human Services 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 2017

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

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

Medical Equipment

TOTAL

2017 \$'000	2016 \$'000
27	-
27	-

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

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

Amounts disclosed as revenue are where applicable, net of returns, allowances 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 Orbost 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 Orbost 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 04/2017.

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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 2: Funding Delivery of our services (continued)

Donations and Other Bequests

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

Interest Revenue

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

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 Kooris liaison officers, 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.

Note 3: The cost of delivering our services

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

Structure

3.1 Analysis of expenses by source

3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds

3.3 Provisions

3.4 Superannuation

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 3.1: Analysis of expenses by source

	Admitted Patients	Non- Admitted	RAC	Aged Care	Primary Health	Other	Total
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Employee Expenses	4,927	16	1,219	1,104	1,532	1,021	9,820
Non Salary Labour Costs – Commercial Units - Diagnostic Imaging	-	-	-	-	-	49	49
Non Salary Labour Costs Commercial Units – Medical Centre	-	-	-	-	-	1,222	1,222
Non Salary Labour Costs – Other	103	-	21	22	153	30	329
Supplies and Consumables	278	1	119	34	118	46	596
Other Expenses from Continuing Operations	1,261	-	580	202	179	259	2,482
Total Expenditure from Operating Activities	6,569	17	1,939	1,362	1,983	2,627	14,498
Depreciation & Amortisation (refer note 4.3)	562	-	337	112	56	56	1,123
Total Other Expenses	562	-	337	112	56	56	1,123
Total Expenses	7,130	17	2,276	1,475	2,039	2,684	15,621

	Admitted Patients	Non- Admitted	RAC	Aged Care	Primary Health	Other	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Employee Expenses	4,583	16	1,155	1,011	1,399	1,041	9,205
Non Salary Labour Costs – Commercial Units - Diagnostic Imaging	-	-	-	-	-	49	49
Non Salary Labour Costs Commercial Units – Medical Centre	-	-	-	-	-	1,146	1,146
Non Salary Labour Costs – Other	114	5	8	32	204	47	409
Supplies and Consumables	270	-	94	25	39	47	475
Other Expenses from Continuing Operations	1,566	-	432	152	206	255	2,612
Total Expenditure from Operating Activities	6,532	21	1,688	1,221	1,849	2,584	13,896
Depreciation & Amortisation (refer note 4.3)	572	-	343	114	57	57	1,143
Total Other Expenses	572	-	343	114	57	57	1,143
Total Expenses	7,104	21	2,031	1,335	1,906	2,641	15,039

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 3.1: Analysis of expenses by source (continued)

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;
- fringe benefits tax;
- leave entitlements;
- termination payments;
- workcover premiums; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Grants and other transfers

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

Other operating expenses

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

Supplies and consumables

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

Bad and doubtful debts

Refer to Note 4.1 *Investments and other 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 amount.

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.

Net gain/ (loss) on non-financial assets

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

Revaluation gains/ (losses) of non-financial physical assets

Refer to Note 4.2 *Property plant and equipment*.

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

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying amount 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 4.1 *Investments and other financial assets*; and
- disposals of financial assets and derecognition of financial liabilities.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 3.1: Analysis of expenses by source (continued)

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

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

Note 3.2: Analysis of expense by internally managed and restricted specific purpose funds

	Expense		Revenue	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Commercial Activities				
Private Practice and Other Patient Activities	2,143	2,105	1,918	1,975
Other Activities				
Gippsland PHN Funded Programs	413	439	407	381
Anglicare Funded Program	44	40	44	39
TOTAL	2,600	2,584	2,369	2,395

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 3.3 Employee benefits in the balance sheet

	2017 \$'000	2016 \$'000
Current Provisions		
Employee Benefits		
- Accrued Salaries and Wages	109	83
Annual leave		
- Unconditional and expected to be settled within 12 months	796	580
- Unconditional and expected to be settled after 12 months	132	241
Long Service Leave		
- Unconditional and expected to be settled within 12 months	143	115
- Unconditional and expected to be settled after 12 months	1,104	1,040
Accrued Days Off		
- Unconditional and expected to be settled within 12 months	16	20
	2,299	2,079
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	108	88
- Unconditional and expected to be settled after 12 months	139	149
	247	237
Total Current Provisions	2,546	2,316
Non-Current Provisions		
Employee Benefits	292	233
Provisions related to Employee Benefit On-Costs	33	24
Total Non-Current Provisions	324	257
	2,870	2,572
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	1,387	1,285
Annual Leave Entitlements	1,034	928
Accrued Wages and Salaries	109	83
Accrued Days Off	16	20
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	324	257
Total Employee Benefits and Related On-Costs	2,870	2,572
(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	1,542	1,576
Provision made during the year		
- Revaluations	(2)	-
- Expense recognising Employee Service	333	162
Settlement made during the year	(162)	(196)
Balance at end of year	1,711	1,542

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 3.3: Employee benefits in the balance sheet (continued)

Provisions

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. 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, and accumulating sick leave are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

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

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

Long service leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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

Termination benefits

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

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

On-costs related to employee expense

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 3.4: Superannuation

	Paid Contribution for the Year		Contributions Outstanding at Year End	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(i) Defined benefit plans:				
First State Super (formerly Health Super)	19	17	-	-
Defined contribution plans:				
First State Super (formerly Health Super)	546	557	11	8
HESTA	209	168	-	-
Other	24	23	-	-
Total	797	765	11	8

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

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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 3.4: *Superannuation*.

Superannuation liabilities

Orbest Regional Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4: Key Assets to support service delivery

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

Structure

4.1 Investments and other financial assets

4.2 Property, plant & equipment

4.3 Depreciation and amortisation

Note 4.1: Investments and other financial assets

	Operating	Fund
	2017	2016
	\$'000	\$'000
CURRENT		
Loans and receivables		
Term Deposit		
Australian Term Deposit > 3 months	4,687	2,976
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	4,687	2,976
Represented by:		
Health Service Investments	2,274	1,395
Other Money Held in Trust	10	5
Accommodation Bonds (Refundable Entrance Fees)	2,402	1,575
TOTAL INVESTMENTS	4,687	2,976

(b) Ageing analysis of investments and other financial assets

Please refer to note 7.1 (c) 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 7.1 (c) for the nature and extent of credit risk arising from investments and other financial assets.

Investments and other financial assets

Hospital investments must be in accordance in Standing Direction 3.7.2 – Treasury and Investment Risk Management. 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

Note 4.1: Investments and other financial assets (continued)

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.

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

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

Doubtful debts

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2017 \$'000	2016 \$'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	23	6
Buildings at Fair Value	11,487	11,402
Less Acc'd Depreciation	(2,537)	(1,685)
Total Buildings	8,973	9,723
Plant and Equipment		
Plant and Equipment at Fair Value	592	565
Less Acc'd Depreciation	(402)	(392)
Total Plant and Equipment	190	173
Medical Equipment		
Medical Equipment at Fair Value	1,179	1,175
Less Acc'd Depreciation	(928)	(898)
Total Medical Equipment	251	277
Motor Vehicles		
Motor Vehicles at Fair Value	429	446
Less Acc'd Depreciation	(240)	(226)
Total Motor Vehicles	189	240
Computers & Communication		
Computers & Communication at Fair Value	164	201
Less Acc'd Depreciation	(137)	(167)
Total Computers & Communication	26	34
Furniture & Fittings		
Furniture & Fittings at Fair Value	302	317
Less Acc'd Depreciation	(206)	(216)
Total Furniture & Fittings	95	101
TOTAL PROPERTY, PLANT & EQUIPMENT	10,208	11,030

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: 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 2015	483	10,402	208	346	50	88	235	24	11,836
Additions	-	-	14	63	6	33	114	141	371
Disposals	-	-	(1)	(1)	(4)	-	(27)	-	(33)
Net Transfers between Classes	-	159	-	-	-	-	-	(159)	-
Depreciation (note 4.3)	-	(845)	(47)	(132)	(18)	(19)	(82)	-	(1,143)
Balance at 1 July 2016	483	9,717	173	277	34	101	240	6	11,030
Additions	-	-	68	97	6	16	20	103	308
Disposals	-	-	(3)	-	(1)	-	(7)	-	(10)
Net Transfers between Classes	-	86	-	-	-	-	-	(86)	-
Depreciation (note 4.3)	-	(853)	(48)	(122)	(14)	(22)	(64)	-	(1,123)
Balance at 30 June 2017	483	8,950	190	251	26	95	189	23	10,208

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 2017

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2017 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value				
Non-specialised land	235	-	235	-
Specialised land	248	-	-	248
Total of land at fair value	483	-	235	248
Buildings at fair value				
Non-specialised buildings	381	-	381	-
Specialised buildings	8,569	-	-	8,569
Total of building at fair value	8,950	-	381	8,569
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	189	-	190	-
- Plant and equipment	190	-	189	-
- Computers and Communications	26	-	26	-
- Furniture and Fittings	95	-	95	-
Total of plant, equipment and vehicles at fair value	501	-	501	-
Medical equipment at fair value				
Total medical equipment at fair value	251	-	251	-
Assets under construction at fair value				
Lochiel House refurbishment	23	-	23	-
Total assets under construction at fair value	23	-	23	-
	10,208	-	1,391	8,817

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 2017

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2016 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
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	399	-	399	-
Specialised buildings	9,318	-	-	9,318
Total of building at fair value	9,717	-	399	9,318
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	240	-	240	-
- Plant and equipment	173	-	173	-
- Computers and Communications	34	-	34	-
- Furniture and Fittings	101	-	101	-
Total of plant, equipment and vehicles at fair value	549	-	549	-
Medical equipment at fair value				
Total medical equipment at fair value	277	-	277	-
Assets under construction at fair value				
Lochiel House refurbishment	6	-	6	-
Total assets under construction at fair value	6	-	6	-
	11,030	-	1,465	9,566

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: Property, plant & equipment (continued)

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

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 7.1);
- superannuation expense (refer to Note 3.4);
- 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 3.3).

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 monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

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 AASBs 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 7.1);
- superannuation expense (refer to Note 3.4); 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 3.3).

Fair value measurement

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

The fair value measurement is based on the following assumptions:

- that the transaction to sell the asset or transfer the liability takes place either in the principal market (or the most advantageous market, in the absence of the principal market), either of which must be accessible to the Health Service at the measurement date;

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: Property, plant & equipment (continued)

- that the Health Service uses the same valuation assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

In considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with Health Services. Health Services and their valuers therefore need to have a shared understanding of the circumstances of the assets. A Health Service has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.

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

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

These indicators, as a minimum, include:

External factors:

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

In addition, Health Services need to assess the HBU as part of the 5-year review of fair value of non-financial physical assets. This is consistent with the current requirements on FRD 103F *Non-financial physical assets* and FRD 107B *Investment properties*.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value

	2017		2016	
	Specialised Land \$'000	Specialised Buildings \$'000	Specialised Land \$'000	Specialised Buildings \$'000
Opening Balance	248	9,318	248	9,986
Purchases (sales)	-	86	-	159
Gains or losses recognised in net result				
- Depreciation	-	(835)	-	(827)
Subtotal	248	8,568	248	9,318
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Subtotal	-	-	-	-
Closing Balance	248	8,568	248	9,318
Unrealised gains/(losses) on non-financial assets	-	-	-	-
	248	8,569	248	9,318

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: Property, plant & equipment (continued)

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

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

Non-specialised land and non-specialised buildings

Non-specialised land and 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 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 amount (depreciated cost).

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: Property, plant & equipment (continued)

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

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

	Valuation technique (i)	Significant unobservable inputs (i)
Specialised Land Crown land - Boundary Road, Orbost	Market Approach	Community Services Obligation (CSO) adjustment
Specialised buildings Hospital Buildings, Lochiel House, Medical Centre	Depreciated replacement cost	Replacement cost per square metre
Hospital Buildings, Lochiel House, Medical Centre	Useful life of specialised buildings	Useful life of specialised buildings

The significant unobservable inputs have remained unchanged from 2016.

Refer to Note 7.4 for guidance on fair value measurement indicative expectations.

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 4.4 *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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.2: Property, plant & equipment (continued)

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

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

Plant, equipment and vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss. 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 amount and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly in equity 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 normally transferred to accumulated funds on derecognition of the relevant asset.

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 4.3: Depreciation

	2017 \$'000	2016 \$'000
Depreciation		
Buildings	853	845
Plant & Equipment	48	47
Medical Equipment	122	132
Motor Vehicles	64	82
Computers & Communication	14	18
Furniture & Fittings	22	19
Total Depreciation	1,123	1,143

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.

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, residual value 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 and Human Services. Assets with a cost in excess of \$1,000 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.

	2017	2016
Buildings		
- Structure Shell Building Fabric	up to 40 years	up to 40 years
- Site Engineering Services and Central Plant	up to 25 years	up to 25 years
Central Plant		
- Fit Out	up to 13 years	up to 13 years
- Trunk Reticulated Building Systems	up to 13 years	up to 13 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

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 2017

Note 4.4: Jointly controlled operations and assets

Name of Entity	Principal Activity	Ownership Interest	
		2017 %	2016 %
Gippsland Health Alliance	Information Systems	5.23	5.22

In respect of any interest in joint operations, Orbost Regional Health recognises in the financial statements:

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

	2017 \$'000	2016 \$'000
Current Assets		
Cash and Cash Equivalents	217	87
Other Current Assets	109	33
Total Current Assets	325	120
Non Current Assets	(5)	(7)
Total Assets	321	113
Current Liabilities		
Other Current Liabilities	42	32
Total Current Liabilities	42	32
Net Assets	278	81

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

	2017 \$'000	2016 \$'000
Revenues		
Other	548	514
Total Revenue	548	514
Expenses		
Information Technology and Administrative Expenses	530	503
Total Expenses	530	503
Share of Net Result before Capital and Specific Items	18	11
Capital Purpose Income	179	-
Share of Net Result after Capital and Specific Items	197	-
Contingent Liabilities and Capital Commitments	Nil	Nil

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables

5.2 Other liabilities

5.3 Prepayments and other assets

5.4 Payables

Note 5.1: Receivables

	2017 \$'000	2016 \$'000
CURRENT		
Contractual		
Inter Hospital Debtors	34	32
Trade Debtors	240	127
Patient Fees	16	21
Medical Centre	26	34
Accrued Investment Income	79	15
Less Allowance for Doubtful Debts	(5)	(5)
	390	224
Statutory		
GST Receivable	9	11
	9	11
TOTAL CURRENT RECEIVABLES	399	235
NON CURRENT		
Statutory		
Long Service Leave - Department of Health & Human Services	207	77
TOTAL NON-CURRENT RECEIVABLES	207	77
TOTAL RECEIVABLES	606	312

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 5.1 Receivables (continued)

(a) Movement in the Allowance for doubtful debts

	2017 \$'000	2016 \$'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 7.1(c) for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables

Please refer to Note 7.1(c) for the nature and extent of credit risk arising from contractual 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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 5.2: Other Liabilities

	2017 \$'000	2016 \$'000
CURRENT		
Monies Held in Trust *		
- Accommodation Bonds (Refundable Entrance Fees)	2,402	1,575
- Other Trust Funds	10	5
GHA Other Current Liabilities	6	14
Total Other Liabilities	2,418	1,595
 * Total Monies Held in Trust		
Represented by the following assets:		
Investments (note 4.1)	2,412	1,580
TOTAL	2,412	1,580

Note 5.3: Prepayments and Other Assets

	2017 \$'000	2016 \$'000
CURRENT		
GHA Other Current Assets (refer Note 4.4)	109	33
Prepayments	-	10
TOTAL OTHER ASSETS	109	43

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 5.4: Payables

	2017 \$'000	2016 \$'000
CURRENT		
Contractual		
Trade Creditors (i)	304	371
Accrued Expenses	68	130
GHA Creditors	37	5
	408	506
Statutory		
PAYG Tax	-	-
	-	-
TOTAL CURRENT	408	506
TOTAL PAYABLES	408	506

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

(a) Maturity analysis of payables

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

(b) Nature and extent of risk arising from payables

Please refer to Note 7.1(c) for the nature and extent of risks arising from contractual payables.

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service 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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 6: How we finance our operations

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Cash and cash equivalents

6.2 Commitments for expenditure

Note 6.1: Cash and Cash 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.

	2017	2016
	\$'000	\$'000
Cash on hand	2	2
Cash at bank	27	32
Deposits at call	1,733	2,289
GHA Cash at bank	217	87
Total Cash and Cash Equivalents	1,979	2,410
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	1,979	2,410
Total Cash and Cash Equivalents	1,979	2,410

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

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 6.2: Commitments

a) Commitments

Capital expenditure commitments

Payable:

Land and buildings

Total capital expenditure commitments

Not later than one year

Later than 1 year and not later than 5 years

Later than 5 years

TOTAL

Lease commitments

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

Operating leases

Total lease commitments

Operating leases

Non-cancellable

Not later than one year

Later than 1 year and not later than 5 years

Total operating lease commitments

Total lease commitments

Total Commitments (inclusive of GST)

Less GST receivable from the Australian Tax Office

Total Commitments (exclusive of GST)

2017 \$'000	2016 \$'000
108	-
108	-
108	-
-	-
-	-
108	-
51	51
51	51
39	34
12	17
51	51
51	51
159	51
14	4
144	47

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7: Risks, contingencies & valuation uncertainties

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

Structure

- 7.1 Financial instruments
- 7.2 Net gain/ (loss) on disposal of non-financial assets
- 7.3 Contingent assets and contingent liabilities
- 7.4 Fair value determination

(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 2017

Note 7.1: Financial Instruments (continued)

Categorisation of financial instruments

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

	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
2016			
Contractual Financial Assets			
Cash and cash equivalents	2,410	-	2,410
Receivables			
- Trade Debtors	159	-	159
- Other Receivables	65	-	65
Other Financial Assets			
- Term Deposits	2,976	-	2,976
Total Financial Assets (i)	5,609	-	5,609
Financial Liabilities			
Payables	-	506	506
Other Financial Liabilities			
- Accommodation Bonds	-	1,575	1,575
- Other	-	19	19
Total Financial Liabilities (ii)	-	2,100	2,100

(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 2017

Note 7.1: Financial Instruments (continued)

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

	Total interest income/ (expense) \$'000
2017	
Financial Assets	
Cash and Cash Equivalents (i)	159
Total Financial Assets	159
Financial Liabilities	
At Amortised Cost	-
Total Financial Liabilities	-
2016	
Financial Assets	
Cash and Cash Equivalents (i)	161
Total Financial Assets	161
Financial Liabilities	
At Amortised Cost	-
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.

(c) 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 2017

Note 7.1: Financial Instruments (continued)

(c) Credit risk (continued)

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

	Government Agencies (AAA Credit rating)	Financial Institutions (AA Credit Rating)	Other	Total
	\$'000	\$'000	\$'000	\$'000
2017				
Financial Assets				
Cash and Cash Equivalents	1,000	979	-	1,979
Receivables				
- Trade Debtors	-	-	274	274
- Other Receivables (i)	-	-	116	116
Other Financial Assets				
- Term Deposit	-	4,687	-	4,687
Total Financial Assets	1,000	5,665	390	7,056
2016				
Financial Assets				
Cash and Cash Equivalents	-	2,410	-	2,410
Receivables				
- Trade Debtors	-	-	159	159
- Other Receivables (i)	-	-	65	65
Other Financial Assets				
- Term Deposit	-	2,976	-	2,976
Total Financial Assets	-	5,385	224	5,609

(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 2017

Note 7.1: Financial Instruments (continued)

(c) Credit risk (continued)

Ageing analysis of Financial Assets as at 30 June

			Past Due But Not Impaired			
	Consol'd Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	1-3 Months	3 Months - 1 Year	Impaired Financial Assets
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash Equivalents	1,979	1,979	-	-	-	-
Receivables						
- Trade Debtors	274	194	3	34	42	-
- Other Receivables	116	116	-	-	-	-
Other Financial Assets						
- Term Deposit > 90 days	4,687	4,687	-	-	-	-
Total Financial Assets	7,056	6,976	3	34	42	-
2016						
Financial Assets						
Cash and Cash Equivalents	2,410	2,410	-	-	-	-
Receivables						
- Trade Debtors	159	146	5	5	3	-
- Other Receivables	65	-	-	65	-	-
Other Financial Assets						
- Term Deposit > 90 days	2,976	2,976	-	-	-	-
Total Financial Assets	5,609	5,531	5	70	3	-

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 2017

Note 7.1: Financial Instruments (continued)

(d) 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
2017						
Financial Liabilities						
Payables	408	408	408	-	-	-
Other Financial Liabilities (i)						
- Accommodation Bonds	2,402	2,402	170	340	680	1,212
- Other	16	16	16	-	-	-
Total Financial Liabilities	2,826	2,826	594	340	680	1,212
2016						
Financial Liabilities						
Payables	506	506	506	-	-	-
Other Financial Liabilities (i)						
- Accommodation Bonds	1,575	1,575	160	320	480	615
- Other	19	19	19	-	-	-
Total Financial Liabilities	2,100	2,100	685	320	480	615

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7.1: Financial Instruments (continued)

(e)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
2017					
Financial Assets					
Cash and Cash Equivalents	1.81	1,979	-	1,979	-
Receivables					
- Trade Debtors	-	274	-	-	274
- Other Receivables	-	116	-	-	116
Other Financial Assets					
- Term Deposit > 90 days	2.69	4,687	4,687	-	-
		7,056	4,687	1,979	390
Financial Liabilities					
Payables	-	408	-	-	408
Other Financial Liabilities					
- Accommodation Bonds	-	2,402	-	-	2,402
- Other	-	16	-	-	16
		2,826	-	-	2,826

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7.1: Financial Instruments (continued)

(e)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
2016					
Financial Assets					
Cash and Cash Equivalents	2.24	2,410	-	2,410	-
Receivables					
- Trade Debtors	-	159	-	-	159
- Other Receivables	-	65	-	-	65
Other Financial Assets					
- Term Deposit > 90 days	2.92	2,976	2,976	-	-
		5,609	2,976	2,410	224
Financial Liabilities					
Payables	-	506	-	-	506
Other Financial Liabilities					
- Accommodation Bonds	-	1,575	-	-	1,575
- Other	-	19	-	-	19
		2,100	-	-	2,100

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Orbst 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 1.5 % (2016 2.8%);

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7.1: Financial Instruments (continued)

(e)Market Risk (continued)

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

	Carrying Amount	Interest Rate Risk			
		-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2017					
Financial Assets					
Cash and Cash Equivalents	1,979	(20)	(20)	20	20
Receivables					
- Trade Debtors	274	-	-	-	-
- Other Receivables	116	-	-	-	-
Other Financial Assets					
- Term Deposit > 90 days	4,687	(47)	(47)	47	47
Financial Liabilities					
Payables	408	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
- Accommodation Bonds	2,402	-	-	-	-
- Other	16	-	-	-	-
		(67)	(67)	67	67
2016					
Financial Assets					
Cash and Cash Equivalents	2,410	(24)	(24)	24	24
Receivables					
- Trade Debtors	159	-	-	-	-
- Other Receivables	65	-	-	-	-
Other Financial Assets					
- Term Deposit > 90 days	2,976	(30)	(30)	30	30
Financial Liabilities					
Payables	506	-	-	-	-
Other Financial Liabilities		-	-	-	-
- Accommodation Bonds	1,575	-	-	-	-
- Other	19	-	-	-	-
		(54)	(54)	54	54

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7.1: Financial Instruments (continued)

(f) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market process;

Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and

Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

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

	Carrying Amount	Fair value	Carrying Amount	Fair value
	2017 \$'000	2017 \$'000	2016 \$'000	2016 \$'000
Financial Assets				
Cash and Cash Equivalents	1,979	1,979	2,410	2,410
Receivables				
- Trade Debtors	274	274	159	159
- Other Receivables	116	116	65	65
Other Financial Assets				
- Term Deposit > 90 days	4,687	4,687	2,976	2,976
Total Financial Assets	7,056	7,056	5,609	5,609
Financial Liabilities				
Payables	408	408	506	506
Other Financial Liabilities				
- Accommodation Bonds	2,402	2,402	1,575	1,575
- Other	16	16	19	19
Total Financial Liabilities	2,826	2,826	2,100	2,100

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7.1: Financial Instruments (continued)

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Orbest 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.

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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. 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 6.1), 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 or 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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7.2: Net Gain/(Loss) on Disposal of Non-Financial Assets

	2017 \$'000	2016 \$'000
Proceeds from Disposals of Non-Current Assets		
Motor Vehicles	23	41
Medical equipment	-	1
Computers & Communication	-	-
Plant and Equipment	-	-
Total Proceeds from Disposal of Non-Current Assets	23	42
Less: Written Down Value of Non-Current Assets Sold		
Motor Vehicles	7	27
Medical equipment	-	1
Plant and Equipment	-	6
Computers and Communication	4	-
Total Written Down Value of Non-Current Assets Sold	10	33
Net gain/(loss) on Disposal of Non-Financial Assets	13	9

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement.

Impairment of non-financial assets

All 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 amount exceeds their possible recoverable amount. Where an asset's carrying amount 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 reversal 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 of disposal. 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 of disposal.

Note 7.3: Contingent Assets and Contingent Liabilities

No contingent assets or contingent liabilities existed as at 30 June 2017 (2016: nil).

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 7.4: Fair Value Determination

Asset class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	In areas where there is an active market: - vacant land - land not subject to restrictions as to use or sale	Level 2	Market approach	N/A
Specialised land	Land subject to restrictions as to use and/or sale Land in areas where there is not an active market	Level 3	Market approach	CSO adjustments
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market approach	N/A
Specialised buildings ⁽ⁱ⁾	Specialised buildings with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Dwellings ⁽ⁱ⁾	Employee housing	Level 2, where there is an active market in the area Level 3, where there is no active market in the area	Market approach Depreciated replacement cost approach	N/A Cost per square metre Useful life
Plant and equipment ⁽ⁱ⁾	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Vehicles	If there is an active resale market available; If there is no active resale market available	Level 2 Level 3	Market approach Depreciated replacement cost approach	N/A Cost per square metre Useful life

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8: Other disclosures

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

Structure

8.1 Equity

8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

8.3 Operating segments

8.4 Responsible persons disclosures

8.5 Executive officer disclosures

8.6 Related parties

8.7 Remuneration of auditors

8.8 Ex-gratia expenses

8.9 AASBs issued that are not yet effective

8.10 Events occurring after the balance sheet date

8.11 Alternative presentation of comprehensive operating statement

8.12 Glossary of terms and style conventions

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.1: Equity

	2017 \$'000	2016 \$'000
(a) Surpluses		
Property Plant and Equipment Revaluation Surplus (1)		
Balance at the beginning of the reporting period	8,050	8,050
Revaluation Increment		
- Motor Vehicles	-	-
- Land	-	-
- Buildings	-	-
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	2,036	1,986
Transfer to reserve from General Purpose Surplus	50	50
Balance at the end of the reporting period	2,086	2,036
Total Surpluses	10,136	10,086
(b) Contributed Capital		
Balance at the beginning of the reporting period	7,689	7,689
Balance at the end of the reporting period	7,689	7,689
(c) Accumulated Deficit		
Balance at the beginning of the reporting period	(5,675)	(5,448)
Transfer to reserve from General Purpose Surplus	(50)	(50)
Net Result for the Year	(208)	(177)
Balance at the end of the reporting period	(5,933)	(5,675)
Total Equity at end of financial year	11,892	12,100

(1) The property, plant and equipment asset revaluation surplus arises on the revaluation of property, plant and equipment.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Contributed capital

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

Property, plant & equipment revaluation surplus

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

Specific restricted purpose surplus

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

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

	2017	2016
	\$'000	\$'000
Net result for the period	(208)	(177)
Non-cash movements:		
Depreciation	1,123	1,143
Net (Gain)/Loss from Disposal of Non- Financial Physical Assets	(13)	(9)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(294)	3
(Increase)/decrease in other current assets	(66)	(11)
Increase/(decrease) in payables	(97)	24
Increase/(decrease) in other liabilities	(9)	(11)
Increase/(decrease) in provisions	298	(46)
Net Cash (Outflow)/Inflow from Operating Activities	735	917

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.3: Operating Segments

	RAC		Other		Health Service		Consol'd	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
REVENUE								
External Segment Revenue	2,583	2,565	2,381	2,395	10,290	9,740	15,254	14,701
Total Revenue	2,583	2,565	2,381	2,395	10,290	9,740	15,254	14,701
EXPENSES								
External Segment Expenses	(2,276)	(2,031)	(2,684)	(2,641)	(10,661)	(10,366)	(15,261)	(15,039)
Total Expenses	(2,276)	(2,031)	(2,684)	(2,641)	(10,661)	(10,366)	(15,261)	(15,039)
Net Result from ordinary activities	307	534	(303)	(246)	(371)	(626)	(367)	(338)
Interest Expense	-	-	-	-	-	-	-	-
Interest Income	11	22	-	-	149	139	159	161
Net Result for Year	317	556	(303)	(246)	(222)	(487)	(208)	(177)
OTHER INFORMATION								
Segment Assets	5,276	5,031	879	839	11,432	10,901	17,588	16,771
Total Assets	5,276	5,031	879	839	11,432	10,901	17,588	16,771
Segment Liabilities	1,709	1,402	285	234	3,703	3,037	5,696	4,673
Total Liabilities	1,709	1,402	285	234	3,703	3,037	5,696	4,673
Acquisition of Property, Plant and Equipment	117	165	-	4	191	202	308	371
Depreciation Expense	337	343	56	57	730	743	1,123	1,143

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)

Services

Admitted, Outpatients, Emergency, HACC, Primary Health.

Provider of Residential Aged Care

Commonwealth funded programs

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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.4: Responsible Persons Disclosures

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

Responsible Ministers:	Period
The Honourable Jill Hennessy, MLA, Minister for Health, Minister for Ambulance Services	1/07/2016 – 30/06/2017
The Honourable Martin Foley, MLA, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/07/2016 – 30/06/2017

Governing Boards

Narelle Macalister	1/07/2016-- 30/06/2017
Andrew Martin	1/07/2016 – 30/06/2017
Catrynes van der Vlugt	1/07/2016-- 30/06/2017
Teresa Royce	1/07/2016-- 30/06/2017
Stanley Weatherall	1/07/2016-- 30/06/2017
Elizabeth Mitchell	1/07/2016 -- 30/06/2017
Robyn Francis	1/07/2016 – 30/06/2017
Alastair Steel	1/07/2016 – 30/06/2017
Abby Ilton	1/07/2016 – 30/06/2017
Peter van den Oever	1/07/2016 – 30/06/2017
Damien Courtier	1/07/2016 – 30/06/2017

Accountable Officer

Meryn Pease	01/07/2016 - 22/01/2017
Bruce Hurley	23/01/2016 - 23/03/2017
Meryn Pease	24/03/2017 - 30/06/2017

Remuneration

Remuneration received or receivable by responsible persons was in the range: \$210,000 - \$220,000 (\$160,000-\$170,000 in 2015-16).

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.5: Executive Officer Disclosures

Remuneration of executives

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

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

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

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

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

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

Share based payments are cash or other assets paid or payable as agreed between the health service and the employee, provided specific vesting conditions, if any, are met.

Remuneration of executive officers (including Key Management Personnel disclosed in note 8.6)	Total Remuneration	
	2017 \$ '000	2016 \$ '000
Short-term employee benefits	264	
Post-employment benefits	-	
Other long-term benefits	-	
Termination benefits	-	
Share-based payments	-	
Total remuneration	264	
Total number of executives	2	2
Total annualised employee equivalent (AFE)	2	2

(i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.

(ii) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.6).

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.6: Related Parties

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) of the hospital include the Portfolio Ministers and Cabinet Ministers and KMP as determined by the hospital. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968, and is reported within the Department of Parliamentary Services' Financial Report.

Key management personnel include:

Key Management Personnel	Position title
Meryn Pease	Chief Executive Officer
Joanne Marshall	Director of Clinical and Aged Care Services
Peter Quin	Director of Primary and Community Services
Narelle Macalister	Board Chair
Andrew Martin	Board Member
Catrynes van der Vlugt	Board Member
Theresa Royce	Board Member
Stanley Weatherall	Board Member
Elizabeth Mitchell	Board Member
Robyn Francis	Board Member
Alastair Steel	Board Member
Abby Ilton	Board Member
Peter van den Oever	Board Member
Damien Courtier	Board Member

Key management personnel of Orbest Regional Health are those responsible for planning, directing and controlling activities. These include Board members, the CEO and Executive staff.

Compensation for Key Management Personnel	2017 \$'000
Short term employee benefits	477

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.6: Related Parties (continued)

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

Significant transactions with government-related entities

Orbost Regional Health received funding from the Department of Health and Human Services \$7.4 million (2016:\$7.9 million).

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

Government-related entity	Transaction	2017 \$'000	2016 \$'000
Dental Health Services Victoria	funding received	501	520
Other DHHS entities consolidated	sale of services	190	236
Other DHHS entities consolidated	purchase of goods and services	(401)	(354)
Victorian Managed Insurance Agency	purchase of services	(99)	(84)
Victorian Department of Education and Training	funding received	143	117
Department of Treasury and Finance	deposit with	1,000	-
Commonwealth Government consolidated	funding received	2,512	1,665

Note 8.7: Remuneration of auditors

	2017 \$'000	2016 \$'000
Victorian Auditor-General's Office		
Audit or review of financial statement	15	15
Other internal audit services	21	21
	36	36

Note 8.8: Ex gratia expenses

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.9: AASB's issued that are not yet effective

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>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 amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 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.
AASB 15 <i>Revenue from Contracts with customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.9: AASB's issued that are not yet effective (continued)

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Note 8.10: Events Occurring after the Balance Sheet Date

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

Note 8.11: Alternative presentation of comprehensive operating statement

	2017 \$'000	2016 \$'000
Interest	159	161
Sales of goods and services	3,712	3,496
Grants	10,534	10,439
Other Income	994	757
Total revenue	15,399	14,853
Employee expenses	(9,820)	(9,205)
Depreciation	(1,123)	(1,143)
Other operating expenses	(4,678)	(4,691)
Total expenses	(15,622)	(15,039)
	-	-
Net result from transactions - Net operating balance	(223)	(186)
Long Service Leave revaluation	2	
Net gain/ (loss) on sale of non-financial assets	13	9
Total other economic flows included in net result	15	9
Items that may be reclassified subsequently to net result		
Changes to financial assets available-for-sale revaluation surplus	-	-
	-	-
Total other economic flows included in net result	-	-
Net result	(208)	(177)

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.14: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

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

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

Amortisation

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

Associates

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

Comprehensive result

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

Commitments

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex gratia expenses

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

Note 8.14: Glossary of terms and style conventions (continued)

Financial asset

A financial asset is any asset that is:

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

Financial instrument

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

Financial liability

A financial liability is any liability that is:

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

Financial statements

A complete set of financial statements comprises:

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

Note 8.14: Glossary of terms and style conventions (continued)

Grants and other transfers

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

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

General government sector

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

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

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

Interest income

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

Investment properties

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

Joint Arrangements

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

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

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

Liabilities

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

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.14: Glossary of terms and style conventions (continued)

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

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

Non-profit institution

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

Payables

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

Produced assets

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

Public financial corporation sector

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

Estimates are not published for the public financial corporation sector.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2017

Note 8.14: Glossary of terms and style conventions (continued)

Public non-financial corporation sector

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

Receivables

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

Sales of goods and services

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

Supplies and services

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

Taxation income

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

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

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

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

Style conventions

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

The notation used in the tables is as follows:

zero, or rounded to zero

(xxx.x) negative numbers

201x year period

201x-1x year period

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and the financial position of Orbost Regional Health at 30 June 2017.

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 31 August 2017.



Narelle Macalister
Board Member
Orbost
31 August 2017



Meryn Pease
Accountable Officer
Orbost
31 August 2017



Amanda Henry
Chief Finance & Accounting Officer
Orbost
31 August 2017

Independent Auditor's Report



Independent Auditor's Report

To the Board of Orbost Regional Health

Opinion	<p>I have audited the financial report of Orbost Regional Health (the health service) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2017• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including a summary of significant accounting policies• board member's, accountable officer's and chief finance officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Independent Auditor's Report

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
31 August 2017



Ron Mak
as delegate for the Auditor-General of Victoria



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