

ANNUAL

20
19

REPORT



Beaufort & Skipton
Health Service

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ESTABLISHMENT OF BEAUFORT AND SKIPTON HEALTH SERVICE

Beaufort and Skipton Health Service was established on 1 October 1996 and incorporates the Ripon Peace Memorial Hospital and the Skipton and District Memorial Hospital. With the opening of Beaufort Primary Care Facility in 1996, and the Community Health Centre in Skipton in 2001, Beaufort and Skipton Health Service plays a key role in the provision of public health services for the needs of a diverse community.

Beaufort and Skipton Health Service serves nearly 5000 people in the Beaufort, Skipton and the surrounding area.

Our catchment area extends from Derrinallum and Lismore in the South, to Lexton and Amphitheatre in the North, and stretches to include Streatham, Linton and Snake Valley. Beaufort and Skipton Health Service covers portions of the Pyrenees, Corangamite and Golden Plains Shires.

THE ANNUAL REPORT

This Annual Report 2018 - 2019 provides information to all stakeholders about the performance of the Health Service. The report highlights services provided, operational achievements and challenges during the 2018/2019 financial year.

TRADITIONAL OWNERS

Beaufort and Skipton Health Service acknowledges the traditional owners of the land, the Wadawurrung and the Djab Wurrung community.

Beaufort and Skipton Health Service acknowledges the support of the Victorian and Commonwealth Governments.

ACKNOWLEDGEMENTS

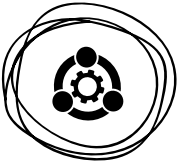
Editors: Meryn Pease
 Graphic Design: Digital Outlaw
 Printing: Sovereign Press

OUR VALUES



WE SURPASS **EXCELLENCE**

We deliver person centred care to our patients, residents, community and staff



WE CREATE **TEAMWORK**

We create strong professional relationships in our teams



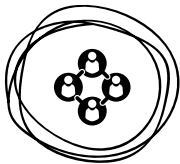
WE SHOW **RESPECT**

We show respect for ourselves and others



WE VALUE **TRUST**

We value trust by demonstrating our integrity, responsibility and competence



WE CONNECT **COMMUNITY**

VISION

We are a vital community link for the people of Beaufort and Skipton.

MISSION

Ensure that all people can access appropriate timely care in their community.

STRATEGY STATEMENT

We support all people in our community to be healthy and well.

We provide quality, safe, connected and personal care close to home.

OVERVIEW OF SERVICES

Beaufort and Skipton Health Service provides programs and services across two campuses. The clinical areas are divided into Acute Health, Residential Aged Care (nursing home and hostel), Home Based Services (e.g. District Nursing and Transition Care Program), Community Programs (e.g. Health Promotion), Allied Health and Medical Practice services.

CLINICAL

- Acute Inpatient Unit
- Infection Control
- Palliative Care
- Urgent Care
- Bed based Transition Care Program

RESIDENTIAL SERVICES INCLUDING RESPITE

- Beaufort Hostel
- Skipton Hostel
- Beaufort higher care needs
- Skipton higher care needs
- Lifestyle Team

MEDICAL CLINICS

- General Practitioners
- Practice Nurses
- Pathology Service with private provider (Beaufort)
- Pathology Collection Service (Skipton)

SUPPORT SERVICES

- Accommodation (staff & students)
- Building projects
- Catering (internal and meals on wheels)
- Cleaning, linen & waste
- Finance and administration
- Maintenance
- Procurement and contracts management / Fleet vehicles

VISITING SERVICES

- Maternal & Child Health (Skipton)
- Hearing assessment & management (Beaufort)
- Speech Pathology
- Optometry

COMMUNITY SERVICES

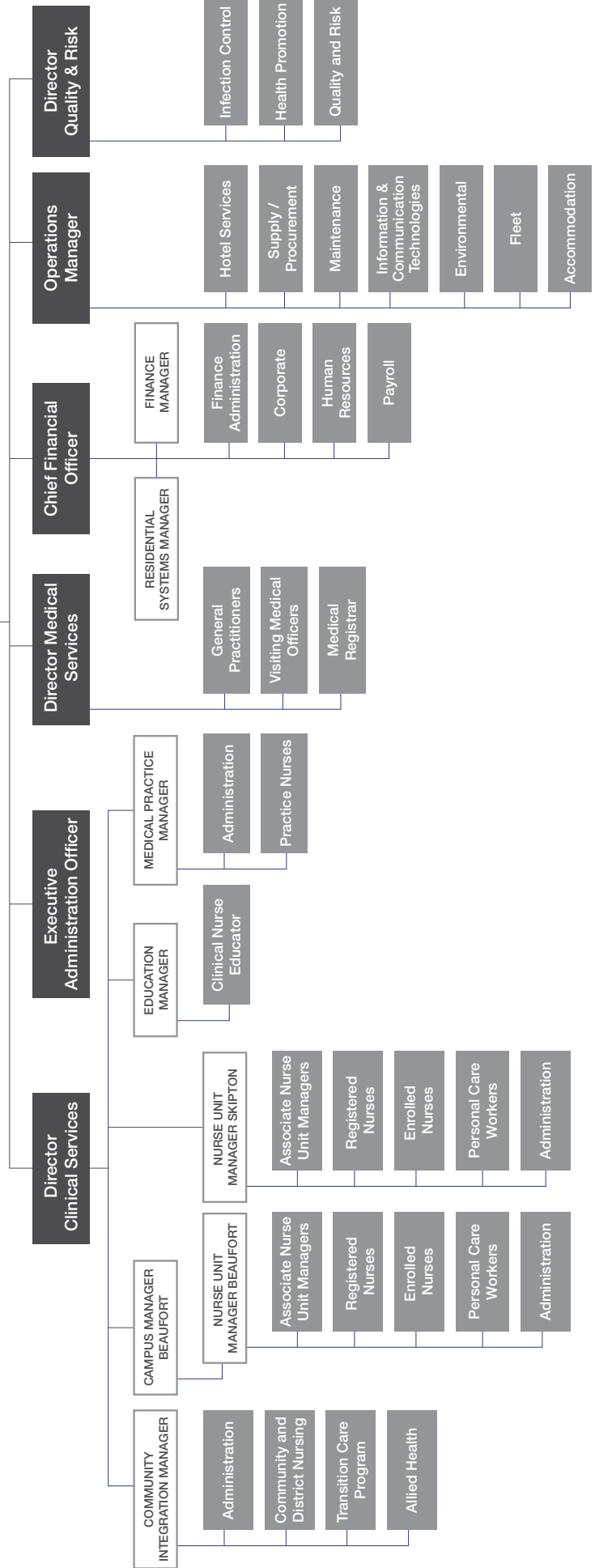
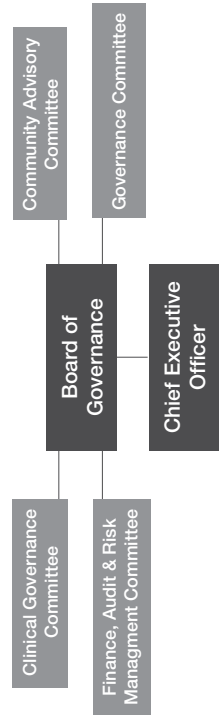
- Chronic disease management
- Community Nursing / District Nursing
- Community Transport
- Diabetes Education
- Dietetics
- Health Promotion
- Home Care Packages
- Occupational Therapy
- Physiotherapy
- Podiatry
- Social Support Groups (men's group, women's group, gait and balance, strength training and Beaufort Blokes)
- Social Work (mental health support)
- Transition Care Program

DEVELOPMENT & IMPROVEMENT

- Accreditation programs
- Consumer feedback
- Community engagement
- Education, Training and Professional Development
- Information & Communication Technology
- Occupational Health & Safety
- Organisational Development
- Quality & Safety
- People & Culture
- Graduate Nurse Program
- Undergraduate clinical placements



ORGANISATIONAL STRUCTURE





BOARD CHAIR AND CHIEF EXECUTIVE OFFICERS REPORT

On behalf of the staff and Board of Governance we are pleased to present the Beaufort and Skipton Health Service Annual Report for 2018 – 19.

The year has seen significant changes across the organisation and the achievements that you will read about in this report would not have been possible without the valuable contribution of our 180 staff, volunteers and Board Directors. We would like to recognise the commitment, dedication and expertise of the Beaufort and Skipton Health Service staff and General Practitioners.

Our General Practitioners provide the essential medical oversight of our clinical services. Dr Mohammed Al Naima achieved fellowship with the Royal Australian College of General Practitioners and Dr Phil Kyaw has progressed along the fellowship pathway.

Dr Pushpa Ravindranayagam was recognized for ten years of dedicated service she has provided to the local communities of Beaufort and Skipton Health Service. Dr Pushpa has also provided essential supervision and support to nursing staff developing advanced skills and doctors who are seeking fellowship status.

We also farewelled Dr Jessica Purnama (Medical Registrar) in January 2019, following her registrar placement with our health service.

There have been significant achievements over the past 12 months with some key activities being:

- Successfully achieved full accreditation for acute services with the National Safety and Quality in Health Care Standards in December.
- Successfully achieved full accreditation against the Aged Care Standards. Residential Aged Care (Beaufort Hostel and Nursing Home, and Skipton Hostel and Nursing Home) had a full audit in May 2019 that resulted in all the Aged Care National Standards being met.
- Community Services accreditation audit against the Aged Care Common Care Standards was held in June and the services successfully achieved full accreditation.
- The delivery of Home Care Packages for older people in our community commenced
- Consumer feedback over the year consisted of 63 compliments and 24 complaints. The feedback provides an opportunity to deliver focused improvements.
- The Care of the Older Persons graduate nurse program has expanded to involve 24 graduates across five health services within the Grampians Region.
- An independent medical review and organizational culture review were conducted with outcomes and action plans developed and progressing.
- Our focus on improved communication with the community and staff has been elevated with a quarterly community newsletter, monthly staff newsletter and increased Facebook posts.
- The Community Advisory Committee has seen a refresh and refocus on community listening and feedback with an increase in consumer membership.
- Beaufort and Skipton Health Service have partnered with the Pyrenees Shire and the Streatham Straw Alliance with the exciting Skipton Hospital Straw Heating Project. The project was made possible through funding from the Victorian Government's Renewable Communities program, Department of Health and Human Services and Department of Environment, Land, Water and Planning (DELWP). This exciting project involves the installation of a bio energy system which will be fuelled by remnant straw stubble sourced from local farms, which is then converted to straw pellets. The plant will generate enough energy to meet the hot water and hydronic heating requirements of the Skipton Hospital and will lead the way in the practical application of renewable energy.
- Three applications for funding under the Significant Facilities Refurbishment Initiatives have been successful. We appreciate the support of DHHS for this funding, which will deliver dementia friendly, sensory gardens at Beaufort Hostel and Skipton Nursing Home and additional ensuites in the Beaufort Nursing Home.
- The education program has been busy receiving clinical students from Monash University, Federation University, Australian Catholic University and the University of Notre Dame.



- Our resident's and staff participated in the Beaufort Community Walkfest, as part of the healthy lifestyles promotion.
- In partnership with Dementia Australia our BIRCH pathway projects at Skipton Nursing Home were launched. In particular, the garden shed with mural made by the year five and six students at the Skipton Primary School and generous donations from the Skipton Opportunity Shop and local community. Other activities included the buffet breakfast, scarf project, activity stations and trolley for resident engagement.

We would like to acknowledge the generous donations received from the Skipton Opportunity Shop and Beaufort Service Group to improve facilities and resources for our residents.

The senior leadership of the organization has been through significant change over the past 12 months. We are now settling and moving forward with a new executive team.

The financial deficit of the organisation remains an area of focus and internal structures, contracts, procurement and revenue strategies are being progressed to improve efficiencies where possible.

The Board of Governance, Executive and staff at Beaufort and Skipton Health Service fondly remember Belinda Horsley, a highly respected nurse, community member and friend. A memorial commemoration was unveiled in recognition of Belinda's enduring commitment and outstanding service over 28 years to the Beaufort and Skipton Health Service and communities.

The Board of Governance increased to seven members with the appointment of Tony Edney (2 October 2018) and David Lenehan (2 April 2019). Tony and David respectively bring a wealth of experience in the areas of legal compliance and health leadership and governance.

Rathi Dawson stepped down from the Board after six years of service. Rathi held the chair of the Board for three consecutive years and has seen significant progress in connection with the community and service developments over this time. Thank you Rathi for your leadership.

We are looking forward to continuing to deliver safe and high quality services to our communities in 2019-2020.

David Lenehan
Board Chair

Beaufort and Skipton
Health Service

Meryn Pease
Chief Executive Officer

Beaufort and Skipton
Health Service

RESPONSIBLE BODIES DECLARATION AS AT 30 JUNE 2019

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Beaufort and Skipton Health Service for the year ending 30 June 2019.

David Lenehan
Board Chair

Beaufort & Skipton Health Service

28 August 2019



BOARD DIRECTORS

as at 30 June 2019

The Beaufort and Skipton Health Service Board of Governance oversees the strategic direction and management of Health Service 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 CHAIR:

Rathi Dawson

DEPUTY CHAIR:

Karlie Tucker (Elected Deputy Chair:
28 November 2017 – 28 November 2018)

Peta Clark (Elected Deputy Chair: 28 November 2018)

MEMBERS:

Carita Clancy

Jenny Trengrove

Karlie Tucker

Tony Edney

David Lenehan

Jim Fletcher (Board Delegate)

Finance Audit and Risk Committee

Peta Clark (Chair)

Jenny Trengrove

Tony Edney

Nigel Jarvis (Independent Member)

RESPONSIBLE MINISTERS AND OFFICERS

Responsible Ministers and Officers for the reporting period 1 July 2018 – 30 June 2019.

The Hon. Jill Hennessy MP

(01/07/2018 - 29/11/2018)

Minister for Health: Ambulance Services

Member for Altona

Jenny Mikakos

(29/11/2018 - 30/06/2019)

Minister for Health: Ambulance Services

Martin Foley MP

01/07/2018 - 30/06/2019)

Minister for Mental Health

Member for Albert Park

The Governing Body

Beaufort and Skipton Health Service is incorporated under the *Health Services Act 1988* by the Governor-in-Council, acting under Section 64A and Section 65 of the *Health Services Act 1988 (The Act)*. The incorporation came into effect on 1 October 1996.

EXECUTIVE MANAGEMENT

as at 30 June 2019

Chief Executive Officer:

Vicki Poxon (Resigned: 5 October 2018)

Interim Chief Executive Officer:

Peter Birkett (8 October 2018 – 27 February 2019)

Current Chief Executive Officer:

Meryn Pease

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

(Commenced: 27 February 2019)

The Board of Governance has invested in the Chief Executive the operational responsibility to manage the Health Service with due diligence and to deliver effective services and programs for a diverse rural community. The Chief Executive has operational management responsibility for budgetary accountability and strategic planning to meet the future health needs of the community.

Interim Director of Clinical Services:

Kym Peter (21 January to 19 June 2019)

Director of Clinical Services:

Rebecca Van Wollingen

(Resigned: 1 February 2019)

The role of Director of Clinical Services is integral within the Beaufort and Skipton Health Service organisation, with responsibility for the clinical leadership of all nursing, allied health, community health and personal care workers. Providing leadership and accountability for ensuring our care is of the highest standard and meets all relevant Accreditation Standards.

Director of Medical Services:

Dr. Rick Lowen (Resigned: 31 January 2019)

Dr. Amir Rahimi (Commenced: 17 September 2018)

The Director of Medical Services (DMS) works closely with the medical workforce at Beaufort and Skipton Health Service to ensure that clinical practice reflects current best practice in rural health care. The DMS is responsible for ensuring that all medical practitioners working in each Health Service are appropriately qualified and experienced (credentialing) and that their role and practice is appropriate to the appointing Health Service (definition of scope of clinical practice). After medical practitioners are appointed, the DMS is responsible for reviewing their ongoing performance, supporting their continuing professional development and engaging them with Health Service priorities and strategy.

Chief Financial Officer:

Christena Renouf

(Resigned: 28 June 2019)

The Chief Financial Officer (CFO) has responsibility for the financial management of Beaufort and Skipton Health Service including accurate and timely budget reports for the Board of Governance and staff. The CFO also has operational responsibility for financial reporting, finance, payroll and taxation systems. An important aspect of this role is to build strong teams to ensure transparent processes and exceptional consumer experience is assured.

Corporate Services Manager:

Darren White

(Commenced: 3 September 2018)

The Corporate Services Manager (CSM) is responsible for the non-clinical aspects of the operations of the Health Service. The role ensures efficiencies and effective systems are delivered and maintained. The role provides procurement, oversight and ensures the Health Service meets compliance as mandated by Health Purchasing Victoria. Further management of Occupational Health and Safety is an essential role undertaken by the Corporate Services Manager.

Director of Quality and Risk:

Katrina Perroud

(Resigned: 31 May 2019)

The Director of Quality and Risk is responsible for the implementation and ongoing monitoring of Quality and Risk Management systems at Beaufort and Skipton Health Service in line with standards that govern our Health Service and legislative obligations relevant to the care band services we provide. The Director of Quality & Risk works with all stakeholders to ensure consumers receive care and services that are personal, effective, connected and safe.

VISITING MEDICAL OFFICERS (GENERAL PRACTITIONERS)

(as at 30 June 2019)

Dr Pushpa Ravindranayagam (Beaufort)

Dr Phyo (Phil) Kyaw (Beaufort)

Dr Malcolm Anderson (Skipton)

Dr Mohammed Al Naima (Skipton)

Dr. Jessica Purnama (Resigned 31/01/2019)

WORKFORCE DATA

| Hospitals Labour Category | June Current Month FTE* | | June YTD FTE** | |
|------------------------------|----------------------------|-------|-------------------|-------|
| | 2018 | 2019 | 2018 | 2019 |
| Nursing | 53.54 | 52.90 | 55.60 | 56.35 |
| Admin | 16.33 | 20.17 | 12.09 | 18.42 |
| Hotel and Allied Services | 40.23 | 35.69 | 41.25 | 35.25 |
| Hospital Medical Officers | 0.87 | - | 0.36 | 0.371 |
| Ancillary Staff | 3.05 | 3.048 | 3.50 | 3.83 |

MERIT AND EQUITY

Beaufort and Skipton Health Service is committed to upholding the principles of merit and equity in all aspects of the employment relationship to ensure fair and transparent processes for recruitment, selection, transfer and promotion of staff.

Policies and procedures are in place to ensure employment related decisions are based on merit, and relevant legislation is complied with. Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed.

OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety Act 2004 was established to secure the health, safety and welfare of employees and other people in the workplace. It is also there to protect the public and to eliminate workplace risk through the involvement of stakeholders in developing and implementing health, safety and welfare standards.

The safety of staff, clients and visitors is a high priority at the Health Service. Staff are actively encouraged to report problems or incidents. The quality activities program conducts regular audits and safety procedures.

Workplace Incidents:

- the number of reported hazards/incidents for the year per 100 full-time equivalent staff members: 2
- the number of 'lost time' standard claims for the year per 100 full-time equivalent staff members: Nil
- the average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe): Nil

| | Incidents Total | No. of Claims | Ave Cost Per Claim |
|----------------|--------------------|------------------|--------------------|
| 2018-19 | 2 | 0 | \$0.00 |
| 2017-18 | 9 | 2 | \$39,736.50 |
| 2016-17 | 436 | 7 | \$48,809.43 |

STATEMENT OF PRIORITIES

PART A: STRATEGIC PRIORITIES

In 2018-19 Beaufort and Skipton Health Service will contribute to the achievement of the Government's commitments by:

| GOALS | STRATEGIES | DELIVERABLES | OUTCOMES |
|--|---|--|---|
| <p>BETTER HEALTH</p> <p>A system geared to prevention as much as treatment</p> <p>Everyone understands their own health and risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p> | <p>BETTER HEALTH</p> <p>Reduce State-wide Risks</p> <p>Build Healthy Neighbourhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p> | <p>Collaborate with the Beaufort Apex Club to support Transition Care Program clients on their return home. Apex to provide household services that the client requests including cleaning of house; collection of firewood and dropping in for a "wellness check" on a regular basis.</p> | <p>Our collaboration with the Beaufort Apex has resulted in two clients being able to access support not otherwise available. Screening continues by District Nursing staff and Transition Care Program staff to determine that assistance is appropriate.</p> |
| | | <p>Develop policies, procedures and staff training to support the partnership with Apex.</p> | <p>Discussion with the Beaufort Apex Club has occurred and in collaboration, determination made that no formal process is to be developed.</p> |
| <p>BETTER ACCESS</p> <p>Care is always there when people need it</p> <p>More access to care in the home and community</p> <p>People are connected to the full range of care and support they need</p> <p>There is equal access to care</p> | <p>BETTER ACCESS</p> <p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p> | <p>Actively collaborate with the Grampians Regional Partnership led by Ballarat Health Services to embed a strong response and support for those experiencing family violence. Provide training and education opportunities to staff and the community, which will enable staff and GPs to understand appropriate referral pathways.</p> | <p>Non clinical staff education presentation has been developed. Clinical procedure for response to Family Violence has been developed and ratified at the Quality and Safety committee. The first of four clinical staff training sessions have been completed, with positive feedback by staff attending.</p> |
| | | <p>Actively work with Grampians health services to roll out and embed clinical governance policies and procedures that meets the expectations of the Victorian Clinical Governance Framework.</p> | <p>Actively work with Grampians health services to roll out and embed clinical governance policies and procedures that meets the expectations of the Victorian Clinical Governance Framework.</p> |

STATEMENT OF PRIORITIES

PART A: CONTINUED

| GOALS | ACTION | DELIVERABLES | OUTCOMES |
|--|--|--|--|
| <p>BETTER CARE</p> <p>Target zero avoidable harm</p> <p>Healthcare that focusses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p> | <p>BETTER CARE</p> <p>Put Quality First</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p> | <p>Improve the consumer experience through the implementation of continuous quality improvement projects in partnership with residents and families as a result of the work with Dementia Australia.</p> | <p>The Official opening of Skipton 'Garden Shed' project (Birch), took place on 3 April 2019.</p> <p>The following projects have been completed with positive feedback received from residents;</p> <ul style="list-style-type: none"> • Buffet breakfast • Activity stations • Scarf project • Activity trolley • Garden Shed with mural made by students from the local Skipton Primary School. <p>The Skipton Hostel kitchenette refurbishment was completed in May 2019. The kitchenette design included input from both staff and residents and will promote resident use.</p> <p>Staff have developed skills in implementing small consumer focused projects.</p> |
| | | <p>Develop a contract with Ballarat Health Services to review and implement recommendations that improves the quality and variety of meals. Dietician recommendations from the contract will enable staff working in aged care to manage unexplained weight loss or weight gain.</p> | <p>This review is waiting on a follow up meeting with the Grampians Alliance to finalise a new menu across the Alliance.</p> |
| <p>Specific 2018-19 priorities (mandatory)</p> | <p>DISABILITY ACTION PLANS</p> <p>Draft disability action plans are completed in 2018-19.</p> | <p>Submit a draft disability action plan to the department by 30 June 2019. The draft plan will outline the approach to full implementation within three years of publication.</p> | <p>The draft Disability Action Plan has been developed and reviewed in collaboration with the clinical leadership group.</p> <p>The 'Diversity Plan' was completed and reviewed by Mary Slater (Diversity DHHS). It was identified that 75% of planned actions are completed. Progress has been made with the remaining 25%.</p> <p>The 'Wellness and Reablement Plan' has been accepted by the sector development team. 75% of planned actions have been completed and the remaining 25% are in progress.</p> |

| GOALS | ACTION | DELIVERABLES | OUTCOMES |
|--|--|--|---|
| Specific 2018-19 priorities (mandatory) | VOLUNTEER ENGAGEMENT Ensure that the health service executives have appropriate measures to engage and recognise volunteers. | Review the volunteer program (policies, procedures and systems) in partnership with consumers and volunteers by November 2018 to increase volunteer opportunities. | A formal recruitment process has been established, including the development of application forms, interview questions and a position description for volunteers. Beaufort and Skipton Health Service formal advertising for new volunteers is now complete. Recruitment of six new volunteers were secured as a result of the campaign. An afternoon tea was held in June for 'Volunteer Week', as a thank you to all our volunteers and guest speaker (Yvonne Shady) presented. |
| | BULLYING AND HARASSMENT Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff. | Instigate a staff working party to review results from the 2018 People Matter Survey to develop and implement an action plan. Regularly report outcomes from the working party to the Board and all staff. | Staff forums were held to discuss the action plan. The People Matters survey was conducted in May 2019. A 'People and Culture Manager' has been appointed. The managers and staff feel supported to raise and action issues or concerns. One allegation of staff bullying and harassment was investigated and completed. |
| | | Incorporate bullying and harassment education into annual mandatory training. | This was launched as an e-learning module on the Grampians Learning Hub in 2018, with all data reported on a monthly basis. 90% of staff have completed the learning module. |
| | LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. | Ensure all human resource policies are reviewed and updated to acknowledge Beaufort and Skipton Health Service commitment to LGBTI in line with Rainbow eQuality guidelines. | Membership of regional LGBTIQ meetings continues. Strategies to identify the Health service as LGBTI welcoming is in progress. Reception staff are aware of welcoming statements – requesting preferred name, pronouns. The New Patient Registration form for the Medical practice has been reviewed and modified to align with LGBTIQ consumer preferences. |
| | | Investigate implementation of Rainbow Tick accreditation by February 2018. | A decision was made not to progress formal Rainbow tick accreditation at this time. LGBTIQ welcoming strategies are included in the Diversity Plan. |

STATEMENT OF PRIORITIES

PART A: CONTINUED

| GOALS | ACTION | DELIVERABLES | OUTCOMES |
|--|--|--|--|
| Specific 2018-19 priorities (mandatory) | OCCUPATIONAL VIOLENCE Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented. | Actively work to gain White Ribbon accreditation. | The accreditation requirements have been reviewed and a decision was made to not progress with White Ribbon accreditation at this time. A strong focus on responding to Family Violence in the health service and community continues with the Strengthening Hospital Response to Family Violence (SHRFV) project that closely aligns with White Ribbon strategies. |
| | | Beaufort and Skipton Health Service will continue to provide training to staff to meet Department of Health and Human Services occupational violence and aggression training principles. | 70% of planned actions on the Occupational Aggression prevention plan have been completed. A review of the 'Management of Clinical Aggression' policy has been completed. A security review has been completed by an external provider. |
| | ENVIRONMENTAL SUSTAINABILITY Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling. | Implement a measurement to manage the use of A4 equivalent copy paper (reams). | The 'Skipton Straw Heater Project' Official Launch was held on 15 May 2019, with good community engagement. This project delivers a sustainable communities philosophy and engagement. The waste management contract has been reviewed and recyclable options included in a new contract to be negotiated. New printers with swipe card access have been purchased. |

PART B: PERFORMANCE PRIORITIES

| KEY PERFORMANCE INDICATOR | TARGET | RESULT |
|--|---|------------------|
| Accreditation | | |
| Compliance with NSQHS Standards accreditation | Full compliance | Achieved |
| Compliance with the Commonwealth's Aged Care Accreditation Standards | Full compliance | Achieved |
| Infection prevention and control | | |
| Compliance with the Hand Hygiene Australia program | 80% | 92% |
| Percentage of healthcare workers immunised for influenza | 80% | 84% |
| Patient experience | | |
| Victorian Healthcare Experience Survey - data submission | Full compliance | Achieved |
| Victorian Healthcare Experience Survey – patient experience Quarter 1 | 95% positive experience | Full compliance* |
| Victorian Healthcare Experience Survey – patient experience Quarter 2 | 95% positive experience | Full compliance* |
| Victorian Healthcare Experience Survey – patient experience Quarter 3 | 95% positive experience | Full compliance* |
| Victorian Healthcare Experience Survey – discharge care Quarter 1 | 75% very positive experience | Full compliance* |
| Victorian Healthcare Experience Survey – discharge care Quarter 2 | 75% very positive experience | Full compliance* |
| Victorian Healthcare Experience Survey – discharge care Quarter 3 | 75% very positive experience | Full compliance* |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1 | 70% | Full compliance* |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2 | 70% | Full compliance* |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3 | 70% | Full compliance* |
| <i>* Less than 42 responses were received for the period due to the relative size of the Health Service</i> | | |
| Adverse Events | | |
| Sentinel events – root cause analysis (RCA) reporting | All RCA reports submitted within 30 business days | Achieved |
| Effective Financial Management | | |
| Finance | | |
| Operating result (\$m) | -0.65 | -1.19 |
| Average number of days to paying Trade Creditors | 60 days | 33 days |
| Average number of days to receiving Patient Fee Debtors | 60 days | 7 days |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | 0.93 |
| Number of days of available cash | 14 days | 32.9 days |
| Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month. | 14 days | 32.9 days |
| Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June. | Variance ≤ \$250,000 | \$120,000 |

PART B: CONTINUED

| KEY PERFORMANCE INDICATOR | TARGET | RESULT |
|--|--------|--------|
| Organisational Culture | | |
| People matter survey - percentage of staff with an overall positive response to safety and culture questions | 80% | 83% |
| People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have” | 80% | 91% |
| People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area” | 80% | 90% |
| People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager” | 80% | 88% |
| People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others” | 80% | 84% |
| People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation” | 80% | 89% |
| People matter survey – percentage of staff with a positive response to the question, “This Health Service does a good job of training new and existing staff” | 80% | 58% |
| People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised” | 80% | 65% |
| People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here” | 80% | 91% |

PART C: ACTIVITY AND FUNDING

| FUNDING TYPE | ACHIEVEMENT |
|--|----------------------|
| Small Rural | |
| Small Rural Acute | 308 WIES Equivalents |
| Small Rural Primary Health & HACC | |
| Counselling / Casework | Service hours - 520 |
| Small Rural Residential Care | |
| Bed days | 16,242 |
| Health Workforce | |
| Graduate Nurses | 2 |

FINANCIAL SUMMARY

| | 2019 \$000's | 2018 \$000's | 2017 \$000's | 2016 \$000's | 2015 \$000's |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| *Operating Result | (1,191) | (1,297) | (728) | (298) | 91 |
| Total Revenue | 15,939 | 14,209 | 12,577 | 12,750 | 11,822 |
| Total Expenses | (17,149) | (17,145) | (14,383) | (13,508) | (12,446) |
| Net Result from Transactions | (1,210) | (2,936) | (1,806) | (758) | (624) |
| Total Other Economic Flows | 102 | 3 | (133) | 15 | 0 |
| Net Result | (1,108) | (2,933) | (1,939) | (743) | (624) |
| Total Assets | 26,505 | 21,645 | 21,398 | 23,565 | 22,402 |
| Total Liabilities | 9,624 | 8,956 | 6,890 | 6,194 | 4,288 |
| Net Assets / Total Equity | 16,881 | 12,689 | 14,508 | 17,371 | 18,114 |

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

Beaufort and Skipton Health Service 2018-2019 financial result

The 2018-19 financial year has been a challenging one for Beaufort and Skipton Health Service with a continuing deficit reported of \$1.2 million operating and a net result for the year of \$1.1 million. This represents a \$560K overspend on our operating budget.

This result, although a decreased deficit on last year, reflects the rising costs of providing the quality range of services that our community has come to know and expect from their health service. Delivering public health services in a rural setting is increasingly expensive. Like all rural based businesses, we face greater challenges and sometimes unique ones when it comes to attracting and retaining staff. Attracting qualified and experienced clinical staff to deliver the safe range of services we offer therefore comes with increased ongoing costs, such as the impacts from the EBA increase.

Our cost structures are often governed by forces outside of our control (i.e. employment awards, utility pricing, sector reviews) and are growing at rates that can only be kept up with through revenue generation strategies and efficiency savings. The Board and Executive of BSHS will continue to work with DHHS and report on our financial position and viability against our financial management improvement plan.

This next year will see renewable energy alternatives implemented at our Skipton campus, enabling us to manage our energy expenditure into the future and contribute to ongoing environmental sustainability. The refurbishment of the Beaufort Nursing Home and the addition of a sensory dementia garden at each site over the next eighteen months show BSHS' commitment to providing improved services and support to our community.

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

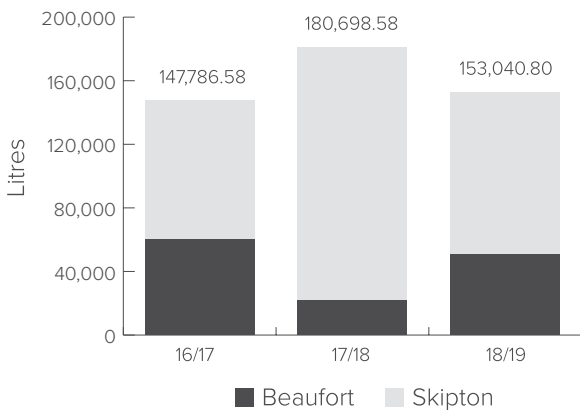
| | 2019 \$000's | 2018 \$000's | 2017 \$000's | 2016 \$000's | 2015 \$000's |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| *Net Operating Result | (1,191) | (1,297) | (728) | (298) | 91 |
| Capital and specific items | | | | | |
| Capital purpose income | 1,062 | 291 | 252 | 766 | 230 |
| Specific income | 0 | 0 | 0 | 0 | 0 |
| Assets provided free of charge | 0 | 0 | 0 | 0 | 0 |
| Assets received free of charge | 0 | 0 | 0 | 0 | 0 |
| Expenditure for capital purpose | (104) | (252) | (395) | (888) | (879) |
| Depreciation and amortisation | (977) | (1,582) | (935) | (338) | (66) |
| Impairment of non financial assets | 0 | 0 | 0 | 0 | 0 |
| Finance costs (other) | 0 | (115) | 0 | 0 | 0 |
| Net result from transactions | (1,210) | (2,955) | (1,806) | (758) | (624) |

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

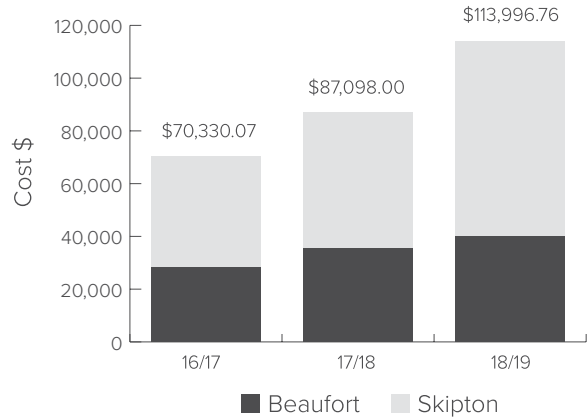
ENVIRONMENTAL PERFORMANCE

In 2018/19 we continued with the challenge of improving efficiencies and reducing costs through careful environmental impact management. Proudly we can see strong momentum in this area and our community is aware of our progress in this area.

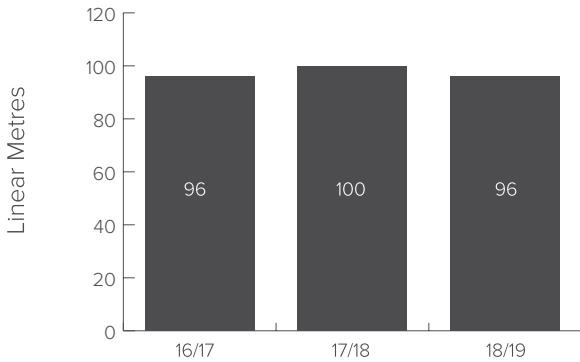
Beaufort and Skipton LPG Litres Used



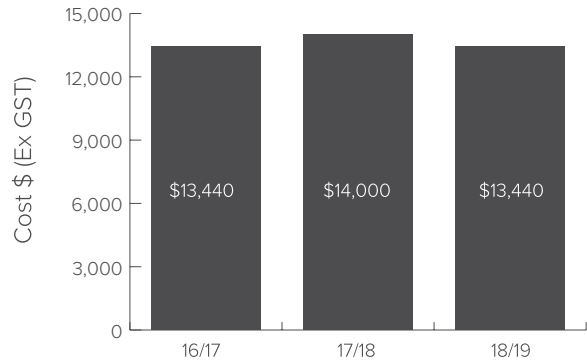
Beaufort and Skipton LPG Cost



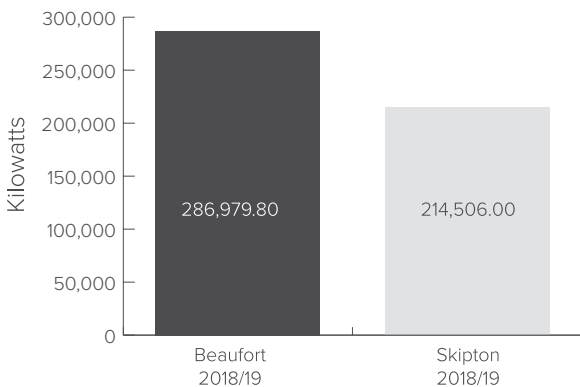
Woodchip Boiler Linear Metres Litres Used



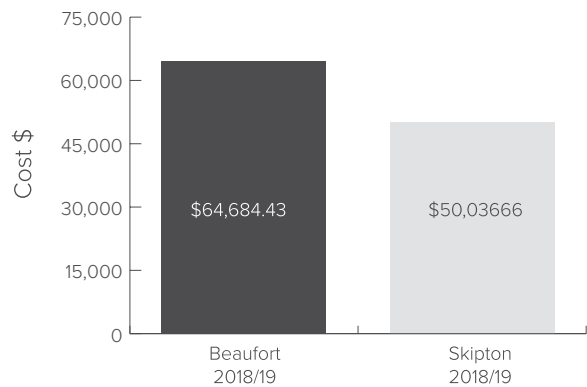
Woodchip Boiler Cost



Beaufort and Skipton Electricity Used



Beaufort and Skipton Electricity Cost



FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I David Lenehan, on behalf of the Responsible Body, certify that Beaufort and Skipton Health Service has complied with the applicable Standing Directions 2018 under the Financial Management Act 1994 and Instructions.



David Lenehan
Board Chair
Beaufort and Skipton Health Service
28 August 2019

DATA INTEGRITY COMPLIANCE ATTESTATION

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



Meryn Pease
Accountable Officer
Beaufort and Skipton Health Service
28 August 2019

HEALTH PURCHASING VICTORIA (HPV) COMPLIANCE ATTESTATION

I, Meryn Pease certify that Beaufort and Skipton Health Service 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
Accountable Officer
Beaufort and Skipton Health Service
28 August 2019

CONFLICT OF INTEREST

I, Meryn Pease, certify that Beaufort and Skipton Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Beaufort and Skipton Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Meryn Pease
Accountable Officer
Beaufort and Skipton Health Service
28 August 2019

INTEGRITY, FRAUD AND CORRUPTION COMPLIANCE ATTESTATION

I, Meryn Pease certify that Beaufort and Skipton Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Beaufort and Skipton Health Service during the year.



Meryn Pease
Accountable Officer
Beaufort and Skipton Health Service
28 August 2019



OTHER INFORMATION AND DISCLOSURES

CONSULTANCIES

Details of consultancies (under \$10,000)

In 2018-19, there were 11 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-19 in relation to these consultancies is \$44,678 (excl. GST).

Details of consultancies (over \$10,000)

In 2018-19, there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies is \$113,170.00 (excl. GST).

Details of individual consultancies can be viewed at www.bsbs.org.au.

| Consultant | Purpose of Consultancy | Start Date | End Date | Total Approved Project Fee (Ex GST) | Expenditure 2018-19 (Ex GST) | Future Expenditure (Ex GST) |
|--------------------------------|------------------------------------|------------|------------|-------------------------------------|------------------------------|-----------------------------|
| Fiona Lukaitis | Quality Dashboard Consultancy | 23/11/2018 | 23/11/2018 | \$10,545 | \$10,545 | N/A |
| Studer Group Australia Pty Ltd | Coaching Services | 1/07/2018 | 31/01/2019 | \$11,284 | \$11,284 | N/A |
| HR on Track | HR Services Consulting | 4/07/2018 | 7/02/2019 | \$19,330 | \$19,330 | N/A |
| Porter Novelli | Media And Communications | 1/08/2018 | 30/11/2018 | \$32,301 | \$32,301 | N/A |
| Biruu Health Pty Ltd | ACAR & RHIF Application Consulting | 6/08/2018 | 5/09/2018 | \$39,709 | \$39,709 | N/A |
| | | | | \$113,170 | \$113,170 | N/A |

BUILDING ACT 1993

Beaufort and Skipton Health Service complies with the Building Act 1993 and Standards for Publicly Owned Buildings November 1994, as under FRD22H (Section 5.18b)

CARERS RECOGNITION ACT 2012

Carers are valued and are important members of the community. The Health Service actively promotes recognition of their vital role. Policies have been established to ensure employees understand their obligations in relation to this Act, and carry out their duties to reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

CAR PARKING FEES

Beaufort and Skipton Health Service is not required to comply with the Department of Health and Human Services hospital circular on car parking fees as it does not operate any fee paying car park spaces.

COMPETITIVE NEUTRALITY

Any negotiations entered into have been in line with the Government's policy on National Competition as outlined in the Guide to Implementing Competitively Neutral Pricing Principles.

EX-GRATIA EXPENSES

No ex-gratia payments were incurred during the financial year.

LOCAL JOBS ACT 2003

In 2018-19 there were no contracts requiring disclosure under the Local Jobs First Policy.

SAFE PATIENT CARE ACT 2015

The hospital has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

FREEDOM OF INFORMATION ACT 1982

The Freedom of Information Act provides applicants with the opportunity to request information. Exemptions can apply that relate to privacy or patients and third parties. Requests at Beaufort and Skipton Health Service are handled in accordance with the provision of the Freedom of Information Act 1982.

During 2018-19, 1 request was received by the Health Service, which was satisfactorily resolved. All applications must be made in writing to The Chief Executive Officer who is the designated Freedom of Information officer on the 'Freedom of Information Application Form'. Legislated fees apply as per the list below:

Application Fees

- Application fee - \$28.40 (non-refundable unless fee is waived)

Access Charges

- Search charges - \$20 per hour or part of an hour
- Supervision charges - \$5 per quarter hour
- Photocopying charges - 20c per black and white A4 page
- **Providing access in a form other than photocopying** - The reasonable costs incurred by the agency in providing the copy.
- Further information may be found on the FOI website, and in the Freedom of Information (FOI) Act 1982.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

In accordance with FRD 22H (6.5) the following costs have been incurred by Beaufort and Skipton Health Service.

The total ICT expenditure incurred during 2018-19 is \$0.749 million (excluding GST) with the details shown below:

| Business As Usual (BAU) ICT expenditure | Non-Business as Usual (non-BAU) ICT expenditure | | |
|---|---|---|-------------------------------------|
| | Total expenditure | Operational expenditure (excluding GST) | Capital expenditure (excluding GST) |
| \$568,374.70 | \$180,142.13 | \$0 | \$180,142.13 |

INFORMATION PRIVACY ACT 2000 AND HEALTH RECORDS ACT 2001

Policies have been established to ensure that health information of patients, residents and clients remains confidential and secure. All consumers of our service receive a brochure which outlines how their health information will be used and by whom. The Chief Executive is the designated Privacy Officer and manages all enquiries relating to these two Acts. No written requests were received during the reporting period in relation to the Privacy Act.

OCCUPATIONAL VIOLENCE

| Occupational Violence Statistics | 2018-19 |
|--|---------|
| 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. | 25 |
| 4. Number of occupational violence incidents reported per 100 FTE | 21.36 |
| 5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition. | 0 |

Definitions:

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 2018-2019 Lost time: is defined as greater than one day.

PROTECTED DISCLOSURE ACT 2012

Alleged improper conduct by the Beaufort and Skipton Health Service, its employees or the Board of Governance is taken very seriously. This can include corrupt conduct, substantial mismanagement of public resources or conduct involving substantial risk to public health or safety.

The Protected Disclosure Act 2012 is designed to protect people who disclose information about serious wrongdoings within the Victorian Public Sector and to provide a framework for the investigation of these matters.

Disclosures of improper conduct by Beaufort and Skipton Health Service or its employees may be made to:

The Protected Disclosure Co-ordinator
Meryn Pease
merynp@bashs.org.au

or

The Ombudsman Victoria
Level 22, 459 Collins Street, Melbourne, 3000
Tel: 9613 6222 Toll free: 1800 806 314

The annual report of the Beaufort and Skipton Health Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

| Legislation Requirement | Page | Legislation Requirement | Page |
|--|----------------|---|-------|
| Report of Operations | | Attestations | |
| <i>Charter and Purpose</i> | | Attestation on Data Integrity 19 | |
| FRD 22H Manner of establishment and the relevant Ministers | 02-08 | Attestation on managing Conflicts of Interest | 19 |
| FRD 22H Purpose, functions, powers and duties | 03 | Attestation on Integrity, fraud and corruption | 19 |
| FRD 22H Nature and range of services provided | 04 | | |
| FRD 22H Activities, programs and achievements for the reporting period | 04,06-07,11-14 | Other reporting requirements | |
| FRD 22H Significant changes in key initiatives and expectations for the future | 06-07 | • Reporting of outcomes from Statement of Priorities 2018–19 | 11-14 |
| | | • Occupational Violence reporting | 21 |
| <i>Management and Structure</i> | | • Reporting of compliance Health Purchasing Victoria policy | 19 |
| FRD 22H Organisational structure | 05 | • Reporting obligations under the Safe Patient Care Act 2015 | 20 |
| FRD 22H Workforce data/ employment and conduct principles | 10 | • Reporting of compliance regarding Car Parking Fees (if applicable) | 20 |
| FRD 22H Occupational Health and Safety | 10 | | |
| <i>Financial Information</i> | | Additional information available on request | |
| FRD 22H Summary of the financial results for the year | 17 | Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable): | |
| FRD 22H Significant changes in financial position during the year | 17 | • Declarations of pecuniary interests have been duly completed by all relevant officers; | |
| FRD 22H Operational and budgetary objectives and performance against objectives | 17 | • Details of shares held by senior officers as nominee or held beneficially; | |
| FRD 22H Subsequent events | 17 | • Details of publications produced by the entity about itself, and how these can be obtained; | |
| FRD 22H Details of consultancies under \$10,000 | 20 | • Details of changes in prices, fees, charges, rates and levies charged by the Health Service; | |
| FRD 22H Details of consultancies over \$10,000 | 20 | • Details of any major external reviews carried out on the Health Service; | |
| FRD 22H Disclosure of ICT expenditure | 21 | • Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations; | |
| Legislation | | • Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit; | |
| FRD 22H Application and operation of Freedom of Information Act 1982 | 21 | • Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services; | |
| FRD 22H Compliance with building and maintenance provisions of Building Act 1993 | 20 | • Details of assessments and measures undertaken to improve the occupational health and safety of employees; | |
| FRD 22H Application and operation of Protected Disclosure 2012 | 21 | • A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations; | |
| FRD 22H Statement on National Competition Policy | 20 | • A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved; | |
| FRD 22H Application and operation of Carers Recognition Act 2012 | 20 | • Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement. | |
| FRD 22H Summary of the entity's environmental performance | 18 | | |
| FRD 22H Additional information available on request | 22 | | |
| Other relevant reporting directives | | | |
| FRD 25D Local Jobs First Act disclosures | 20 | | |
| SD 5.1.4 Financial Management Compliance attestation | 19 | | |
| SD 5.2.3 Declaration in report of operations | 07 | | |



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Beaufort and Skipton Health Service

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

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

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

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

We authorise the attached financial statements for issue on 28/08/2019.



David Lenehan
Board Chair
Beaufort
28/08/2019



Meryn Pease
Chief Executive Officer
Beaufort
28/08/2019



Shelley Wood
Chief Finance & Accounting
Officer
Beaufort
28/08/2019

Independent Auditor's Report

To the Board of Beaufort and Skipton Health Service

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
5 September 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

**BEAUFORT AND SKIPTON HEALTH SERVICE
COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

| | Note | 2019 \$ | 2018 \$ |
|--|--------|---------------------|---------------------|
| Income from Transactions | | | |
| Operating Activities | 2.1 | 15,821,773 | 14,092,802 |
| Non-Operating Activities | 2.1 | 116,855 | 97,114 |
| Total Income from Transactions | | 15,938,628 | 14,189,916 |
| Expenses from Transactions | | | |
| Employee Expenses | 3.1 | (13,004,284) | (12,126,452) |
| Supplies and Consumables | 3.1 | (809,447) | (751,001) |
| Depreciation and Amortisation | 3.1 | (977,471) | (1,582,141) |
| Other Operating Expenses | 3.1 | (2,357,726) | (2,685,274) |
| Total Expenses from Transactions | | (17,148,928) | (17,144,868) |
| Net Result from Transactions - Net Operating Balance | | (1,210,300) | (2,954,952) |
| Other Economic Flows included in Net Result | | | |
| Net Gain/(Loss) on Sale of Non-Financial Assets | 3.2 | - | 18,948 |
| Net Gain/(Loss) on Financial Instruments at Fair Value | 3.2 | (34,305) | - |
| Other Gain/(Loss) from Other Economic Flows | 3.2 | 136,386 | 2,519 |
| Total Other Economic Flows included in Net Result | | 102,081 | 21,467 |
| Net Result for the Year | | (1,108,219) | (2,933,485) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to Net Result | | | |
| Changes in Property, Plant and Equipment Revaluation Surplus | 4.2(b) | 5,300,079 | 1,114,817 |
| Total Other Comprehensive Income | | 5,300,079 | 1,114,817 |
| Comprehensive Result for the Year | | 4,191,860 | (1,818,668) |

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

**BEAUFORT AND SKIPTON HEALTH SERVICE
BALANCE SHEET AS AT 30 JUNE 2019**

| | Note | 2019 \$ | 2018 \$ |
|---|--------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 6.1 | 6,357,863 | 6,490,261 |
| Receivables | 5.1 | 762,343 | 565,193 |
| Other Financial Assets | 4.1 | 485,576 | 698,038 |
| Total Current Assets | | 7,605,782 | 7,753,492 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 4.2(a) | 18,340,291 | 13,550,267 |
| Receivables | 5.1 | 559,362 | 341,357 |
| Total Non-Current Assets | | 18,899,653 | 13,891,624 |
| Total Assets | | 26,505,435 | 21,645,116 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Provisions | 3.4 | 2,676,169 | 2,328,649 |
| Payables | 5.2 | 1,167,350 | 887,480 |
| Other Liabilities | 5.3 | 5,484,148 | 5,212,205 |
| Total Current Liabilities | | 9,327,667 | 8,428,334 |
| Non-Current Liabilities | | | |
| Provisions | 3.4 | 296,363 | 527,237 |
| Total Non-Current Liabilities | | 296,363 | 527,237 |
| Total Liabilities | | 9,624,030 | 8,955,571 |
| Net Assets | | 16,881,405 | 12,689,545 |
| EQUITY | | | |
| Property, Plant and Equipment Revaluation Surplus | 4.2(f) | 14,594,007 | 9,293,928 |
| Unrestricted Specific Purpose Reserve | | - | 50,000 |
| Contributed Capital | | 11,378,023 | 11,378,023 |
| Accumulated Surpluses/(deficits) | | (9,090,625) | (8,032,406) |
| Total Equity | | 16,881,405 | 12,689,545 |

This statement should be read in conjunction with the accompanying notes

BEAUFORT AND SKIPTON HEALTH SERVICE
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

| | Property, Plant & Equipment Revaluation Surplus | Unrestricted Specific Purpose Surplus | Contributed Capital | Accumulated Surpluses/ (Deficits) | Total |
|---|--|--|------------------------|---|-------------------|
| Note | | | | | |
| Balance as at 30 June 2017 | 8,179,111 | 50,000 | 11,378,023 | (5,098,921) | 14,508,213 |
| Net Result for the Year | - | - | - | (2,933,485) | (2,933,485) |
| Other Comprehensive Income for the Year | 1,114,817 | - | - | - | 1,114,817 |
| Balance as at 30 June 2018 | 9,293,928 | 50,000 | 11,378,023 | (8,032,406) | 12,689,545 |
| Net Result for the Year | - | - | - | (1,108,219) | (1,108,219) |
| Other Comprehensive Income for the Year | 5,300,079 | - | - | - | 5,300,079 |
| Transfer from/(to) accumulated deficits | - | (50,000) | - | 50,000 | - |
| Balance as at 30 June 2019 | 14,594,007 | - | 11,378,023 | (9,090,625) | 16,881,405 |

This statement should be read in conjunction with the accompanying notes

BEAUFORT AND SKIPTON HEALTH SERVICE
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 \$ | 2018 \$ |
|---|----------------------|---------------------|
| Note | | |
| Cash Flows from Operating Activities | | |
| Receipts | | |
| Operating Grants from Government | 10,463,790 | 8,150,223 |
| Capital Grants from Government | 1,041,965 | 168,648 |
| Proceeds from Donations Received | - | 25,476 |
| Capital Donations and Bequests Received | 20,432 | 56,403 |
| Patient Fees Received | 2,248,159 | 2,678,092 |
| Interest Received | 120,389 | 104,246 |
| Other Receipts | 1,652,971 | 2,516,402 |
| Other Capital Receipts | - | 41,605 |
| GST Received From/(Paid to) ATO | 271,168 | 154,869 |
| Total Receipts | 15,818,874 | 13,895,964 |
| Payments | | |
| Employee Benefits Expenses Paid | (12,736,529) | (11,542,120) |
| Payments for Supplies & Consumables | (3,277,923) | (3,343,337) |
| Payments for Capital Expense | - | (93,024) |
| Total Payments | (16,014,452) | (14,978,481) |
| Net Cash flows from/(used in) Operating Activities | 8.1 (195,578) | (1,082,517) |
| Cash Flows from Investing Activities | | |
| Purchase of Non-Financial Assets | (467,416) | (399,437) |
| Purchase of Financial Assets | - | (536,564) |
| Proceeds from Disposal of Financial Assets | 271,217 | 265,347 |
| Proceeds from Disposal of Non-Financial Assets | - | 26,364 |
| Net Cash flows from/(used in) Investing Activities | (196,199) | (644,290) |
| Cash Flows from Financing Activities | | |
| Receipt of Accommodation Deposits | 2,184,843 | 2,069,280 |
| Repayment of Accommodation Deposits | (1,925,463) | (592,463) |
| Other Investment Transfer | - | 3,493,561 |
| Net Cash flows from/(used in) Financing Activities | 259,380 | 4,970,378 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (132,397) | 3,243,571 |
| Cash and Cash Equivalents at Beginning of Financial Year | 6,490,261 | 3,246,690 |
| Cash and Cash Equivalents at End of Financial Year | 6.1 6,357,864 | 6,490,261 |

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

Basis of preparation

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

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

Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Beaufort & Skipton Health Service for the period ending 30 June 2019. 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 Australian Accounting Standards (AASBs), which include interpretations issued by the Australian Accounting Standards Board (AASB). The AASBs include Australian equivalents to International Financial Reporting Standards. They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Beaufort & Skipton Health Service is a not-for-profit entity and therefore where applicable applies the additional Australian paragraphs applicable to not-for-profit health services under the AASBs.

(b) Reporting Entity

The financial statements include all of the controlled activities of Beaufort & Skipton Health Service.

Its principal address is:
28 Havelock Street
Beaufort, Victoria, 3373

A description of the nature of Beaufort & Skipton Health Service operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

(c) Basis of Accounting Preparation and Measurement

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

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

The financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

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

All amounts shown in the financial statements are expressed to the nearest dollar. Minor discrepancies in the tables between totals and sum of components are due to rounding.

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

Judgements, estimates and assumptions are required to be made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are 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. Management have made judgements and estimates specifically in the following areas:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Defined benefit superannuation expense (refer to Note 3.5 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

Commitments and contingent assets and liabilities are presented on a gross basis.

(d) Principles of Consolidation

Beaufort & Skipton Health Service does not have any consolidated reporting entities.

Inter-Segment Transactions

Transactions between segments within Beaufort & Skipton Health Service have been eliminated to reflect the extent of Beaufort & Skipton Health Service operations as a group.

(e) Jointly Controlled Operation

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

In respect of any interest in joint operations, Beaufort & Skipton Health Services recognises in the financial statements:

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

Beaufort & Skipton Health Services is a member of the Grampians Rural Health Alliance and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations).

(f) Equity Contributed Capital

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

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

Other transfers that are in the nature of contributions to or distributions, or that have been designated as contributed capital are also treated as contributed capital.

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Beaufort & Skipton 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.

(g) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.2, 3.4, 4.1, 5.1, 5.2 and 7.

Note 2: Funding Delivery of our Services

Beaufort & Skipton Health Service's overall objective is to provide quality health service that delivers person centred care to our patients, residents, community and staff. Beaufort & Skipton Health Service is predominantly funded by accrual based grant funding for the provision of outputs. Beaufort & Skipton Health Service also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

| | Total | Total |
|---|-------------------|-------------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Government Grants - Operating | 9,810,608 | 8,844,140 |
| Government Grants - Capital | 1,041,965 | 168,648 |
| Other Capital purpose income (including capital donations) | 20,432 | 122,736 |
| Patient and Resident Fees | 2,464,889 | 2,526,564 |
| Private Practice Fees | 8,316 | 4,875 |
| Commercial Activities ¹ | 1,505,976 | 1,479,627 |
| Assets received free of charge or for nominal consideration | - | - |
| Other Revenue from Operating Activities (including non-capital donations) | 969,587 | 946,212 |
| Total Income from Operating Activities | 15,821,773 | 14,092,802 |
| Capital Interest | - | - |
| Other Interest | 116,855 | 97,114 |
| Dividends | - | - |
| Total Income from Non-Operating Activities | 116,855 | 97,114 |
| Available-for-Sale Revaluation Surplus gain/ (loss) recognised | - | - |
| Total Other Income | - | - |
| Total Income from Transactions | 15,938,628 | 14,189,916 |

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

Revenue Recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised to the extent that it is probable that the economic benefits will flow to Beaufort & Skipton Health Service 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 Beaufort & Skipton Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Services use of the contributions.

The Department of Health and Human Services makes certain payments on behalf of Beaufort & Skipton Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue. Contributions are deferred as income in advance when the Health Service has a present obligation to repay them and the present obligation can be reliably measured.

Non-Cash Indirect Contributions from the Department of Health & Human Services

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health & Human Services
- Long Service Leave (LSL) Revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 03/2016 & 04/2017

Patient and Resident Fees

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

Revenue from Commercial Activities

Revenue from commercial activities such GP Clinic income are recognised on an accrual basis.

Donations and 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 specific restricted purpose surplus.

Interest Revenue

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

Sale of Investments

The gain/loss from the sale of an investment is recognised when the investment is realised.

Other Income

Other income includes non-property rental and bad debt reversals.

Note 3: The Cost of Delivering 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 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

Note 3.1: Expenses from Transactions

| | Total | Total |
|--|-------------------|-------------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Salaries and Wages | 8,962,181 | 8,212,762 |
| On-Costs | 2,203,043 | 2,291,913 |
| Agency Expenses | 1,714,463 | 1,447,631 |
| Fee for Service Medical Officer Expenses | - | 86,056 |
| Workcover Premium | 124,597 | 88,089 |
| Total Employee Expenses | 13,004,284 | 12,126,451 |
| Drug Supplies | 63,108 | 42,790 |
| Medical and Surgical Supplies (including Prostheses) | 114,836 | 103,138 |
| Diagnostic and Radiology Supplies | - | 1,016 |
| Other Supplies and Consumables | 631,503 | 604,057 |
| Total Supplies and Consumables | 809,447 | 751,001 |
| Fuel, Light, Power and Water | 293,583 | 231,691 |
| Repairs and Maintenance | 107,838 | 173,365 |
| Maintenance Contracts | 178,038 | 160,530 |
| Medical Indemnity Insurance | 25,461 | 18,474 |
| Other Administrative Expenses | 1,364,716 | 1,734,420 |
| Expenditure for Capital Purposes | 388,090 | 366,794 |
| Total Other Operating Expenses | 2,357,726 | 2,685,274 |
| Depreciation and Amortisation | 977,471 | 1,582,141 |
| Total Other Non-Operating Expenses | 977,471 | 1,582,141 |
| Total Expenses from Transactions | 17,148,928 | 17,144,867 |

Expense Recognition

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

Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses
- Work cover premiums
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans

Supplies and Consumables

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

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses; and
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

Non-Operating Expenses

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

Note 3.2: Other Economic Flows Included in Net Result

| | 2019 | 2018 |
|---|-----------------|---------------|
| | \$ | \$ |
| <i>Net gain/(loss) on sale of non-financial assets</i> | | |
| Net gain on disposal of property plant and equipment | - | 18,948 |
| Total Net Gain/(Loss) on Non-Financial Assets | - | 18,948 |
| <i>Net gain/(loss) on financial instruments at fair value</i> | | |
| Bad debts written off unilaterally | (34,305) | - |
| Total Net Gain/(Loss) on Financial Instruments at Fair Value | (34,305) | - |
| <i>Other gains/(losses) from other economic flows</i> | | |
| Net gain/(loss) arising from revaluation of long service liability | 136,386 | 2,519 |
| Total Other Gains/(Losses) from Other Economic Flows | 136,386 | 2,519 |
| Total Other Gains/(Losses) from Economic Flows | 102,081 | 21,467 |

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/ (loss) on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/ (loss) on financial instruments at fair value

Net gain/ (loss) on financial instruments at fair value includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets;
- disposals of financial assets and derecognition of financial liabilities.

Inventories

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

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Fair Value of Assets, Services 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.

Note 3.3: Analysis of Expense and Revenue by Special Purpose Funds

| | Expense | | Revenue | |
|----------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Business Unit | | | | |
| Medical Practice | 1,877,152 | 1,756,478 | 1,396,296 | 1,478,857 |
| Total | 1,877,152 | 1,756,478 | 1,396,296 | 1,478,857 |

Note 3.4: Employee Benefits in the Balance Sheet

| | 2019 | 2018 |
|---|------------------|------------------|
| | \$ | \$ |
| Current Provisions | | |
| Employee Benefits | | |
| Annual Leave | | |
| - Unconditional and expected to be settled within 12 months | 791,850 | 725,187 |
| - Unconditional and expected to be settled after 12 months | 132,642 | 124,767 |
| Long Service Leave | | |
| - Unconditional and expected to be settled within 12 months | 180,932 | 175,161 |
| - Unconditional and expected to be settled after 12 months | 1,256,807 | 1,032,378 |
| Accrued Days Off | | |
| - Unconditional and expected to be settled within 12 months | 16,586 | 12,417 |
| | 2,378,817 | 2,069,910 |
| Provisions related to Employee Benefit On-Costs | | |
| - Unconditional and expected to be settled within 12 months | 121,598 | 112,544 |
| - Unconditional and expected to be settled after 12 months | 173,681 | 144,643 |
| Accrued Days Off | | |
| - Unconditional and expected to be settled within 12 months | 2,073 | 1,552 |
| Total Current Provisions | 2,676,169 | 2,328,649 |
| Non-Current Provisions | | |
| Conditional Long Service Leave | 263,434 | 468,655 |
| Provisions related to Employee Benefit On-Costs | 32,929 | 58,582 |
| Total Non-Current Provisions | 296,363 | 527,237 |
| Total Provisions Provisions | 2,972,532 | 2,855,886 |
| (a): Employee Benefits and Related On-Costs | | |
| | 2019 | 2018 |
| | \$ | \$ |
| Current Employee Benefits and Related On-Costs | | |
| Unconditional Long Service Leave Entitlement | 1,617,457 | 1,358,481 |
| Annual Leave Entitlements | 1,040,053 | 956,199 |
| Accrued Days Off | 18,659 | 13,969 |
| Total Current Employee Benefits and Related On-Costs | 2,676,169 | 2,328,649 |
| Non-Current Employee Benefits and Related On-Costs | | |
| Conditional Long Service Leave | 296,363 | 527,237 |
| Total Non-Current Employee Benefits and Related On-Costs | 296,363 | 527,237 |
| Total Employee Benefits and Related On-Costs | 2,972,532 | 2,855,886 |
| (b): Movement in On-Cost Provision | | |
| Opening Balance at the Start of the Year | 1,888,237 | 1,600,485 |
| Provision made during the year | 375,313 | 610,679 |
| Revaluation LSL | 136,386 | 2,519 |
| Settlement made during the year | (349,730) | (325,446) |
| Closing Balance | 2,050,206 | 1,888,237 |

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

Employee Benefits Recognition

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

Provisions

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

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

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Beaufort & Skipton 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 salaries and wages, annual leave and accrued days off are measured at:

- Nominal – if Beaufort & Skipton Health Service expects to wholly settle within 12 months; or
- Present value – if Beaufort & Skipton Health Service does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

- Nominal – component that Beaufort & Skipton Health Service expects to settle within 12 months; or
- Present value – component that Beaufort & Skipton Health Service does not expect to settle within 12 months

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

Termination Benefits

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

On-Costs Related to Employee Benefits

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

Note 3.5: Superannuation

| | Paid Contribution for the Year | | Contribution Outstanding at Year End | |
|------------------------------------|--------------------------------|----------------|--------------------------------------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Defined Benefit Plans (i): | | | | |
| First State Super | 3,009 | 18,886 | - | - |
| Defined Contribution Plans: | | | | |
| First State Super | 665,264 | 704,733 | - | - |
| Hesta | 186,007 | 137,026 | - | - |
| Other | 62,632 | 39,505 | - | - |
| Total | 916,912 | 900,150 | - | - |

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

Employees of Beaufort & Skipton Health Service are entitled to receive superannuation benefits and Beaufort & Skipton Health Service contributes to both the defined benefit and defined contribution plans based on the relevant rules of each plan and upon actuarial advice. The defined benefit plans provide benefits based on years of service and final average salary.

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Beaufort & Skipton Health Service to the superannuation plans in respect of the Services of current Beaufort & Skipton 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.

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Beaufort & Skipton Health Service.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Beaufort & Skipton Health Service are disclosed above.

Defined Contribution Plans

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

Note 4: Key Assets to Support Service Delivery

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

Structure

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

Note 4.1: Investments and Other Financial Assets

| | Operating Fund | Operating Fund | Specific Purpose Fund | Specific Purpose Fund | Total | Total |
|--|----------------|----------------|-----------------------|-----------------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Current | | | | | | |
| Financial Assets at Amortised Cost | | | | | | |
| Term Deposits > 3 months | - | 221,217 | - | 50,000 | - | 271,217 |
| Prepayments | 92,094 | 30,517 | - | - | 92,094 | 30,517 |
| Grampians Rural Health Alliance | 393,482 | 396,304 | - | - | 393,482 | 396,304 |
| Total Current | 485,576 | 648,038 | - | 50,000 | 485,576 | 698,038 |
| Represented by: | | | | | | |
| Health Service Investments | 92,094 | 30,517 | - | 50,000 | 92,094 | 80,517 |
| Accommodation Bonds (Refundable Entrance Fees) | - | 221,217 | - | - | - | 221,217 |
| Grampians Rural Health Alliance | 393,482 | 396,304 | - | - | 393,482 | 396,304 |
| Total | 485,576 | 648,038 | - | 50,000 | 485,576 | 698,038 |

Investments Recognition

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

Investments are classified as financial assets at amortised cost.

Beaufort & Skipton Health Service classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. Beaufort & Skipton Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Beaufort & Skipton Health Service investments must comply with Standing Direction 3.7.2 - Treasury Management including Central Banking System.

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

Derecognition of Financial Assets

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

- The rights to receive cash flows from the asset have expired; or
- Beaufort & Skipton 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
- Beaufort & Skipton Health Service has transferred its rights to receive cash flows from the asset and either:
 - Has transferred substantially all the risks and rewards of the asset; or
 - Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of Financial Assets

At the end of each reporting period, Beaufort & Skipton Health Service assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Note 4.2: Property, Plant and Equipment

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

In accordance with FRD 103G, Beaufort & Skipton Health Service non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Fair value measurement

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

For the purpose of fair value disclosures, Beaufort & Skipton Health Service has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Beaufort & Skipton Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Beaufort & Skipton Health Service's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

In accordance with paragraph AASB 13.29, Beaufort Skipton 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.

Note 4.2: Property, Plant and Equipment (Cont)

Non-Specialised Land, Non-Specialised Buildings

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

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

Specialised Land and Specialised Buildings

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

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

The market approach is also used for specialised land and specialised buildings although 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 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 of the highest and significant unobservable inputs, specialised land would be classified as Level 3 assets.

For Beaufort & Skipton Health Service, the depreciated replacement cost method is used for the majority of specialised buildings, adjusted 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 Beaufort & Skipton Health Service specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Vehicles

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

Plant and Equipment

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

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

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

Note 4.2: Property, Plant and Equipment (cont)

(a): Gross Carrying Amount and Accumulated Depreciation

| | 2019 | 2018 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Land | | |
| Land at Fair Value (Freehold) | 865,650 | 626,000 |
| Total Land | 865,650 | 626,000 |
| Buildings | | |
| Buildings under Construction | 148,216 | 42,214 |
| Buildings at Fair Value | 16,532,000 | 15,446,791 |
| Less Acc'd Depreciation | - | (3,472,473) |
| Total Buildings | 16,680,216 | 12,016,532 |
| Plant and Equipment | | |
| Plant and Equipment at Fair Value | 1,208,456 | 1,399,651 |
| Less Acc'd Depreciation | (650,721) | (652,898) |
| Total Plant and Equipment | 557,735 | 746,753 |
| Medical Equipment | | |
| Medical Equipment at Fair Value | 220,258 | 147,959 |
| Less Acc'd Depreciation | (71,615) | (44,344) |
| Total Medical Equipment | 148,643 | 103,615 |
| Motor Vehicles | | |
| Motor Vehicles at Fair Value | 423,349 | 361,189 |
| Less Acc'd Depreciation | (335,302) | (303,822) |
| Total Motor Vehicles | 88,047 | 57,367 |
| Total Property, Plant and Equipment | 18,340,291 | 13,550,267 |

(b): Reconciliations of the Carrying Amount of each Class of Assets

Reconciliations of the carrying amounts of each class of assets for the entity at the beginning and end of the previous and current financial year is set out below.

| | Land | Buildings | Plant and Equipment | Medical Equipment | Motor Vehicles | Total |
|--------------------------------|----------------|-------------------|---------------------|-------------------|----------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2019 | | | | | | |
| Balance at 1 July 2018 | 626,000 | 12,016,532 | 746,753 | 103,615 | 57,367 | 13,550,267 |
| Additions | - | 106,003 | 226,954 | 72,299 | 62,160 | 467,416 |
| Revaluations | 239,650 | 5,060,429 | - | - | - | 5,300,079 |
| Net Transfers Between Classes | - | 272,044 | (272,044) | - | - | - |
| Depreciation (refer Note 4.3) | - | (774,791) | (143,928) | (27,271) | (31,481) | (977,471) |
| Balance at 30 June 2019 | 865,650 | 16,680,217 | 557,735 | 148,643 | 88,046 | 18,340,291 |
| 2018 | | | | | | |
| Balance at 1 July 2017 | 626,000 | 12,192,408 | 758,336 | 123,855 | 103,312 | 13,803,911 |
| Additions | - | 71,487 | 327,654 | - | - | 399,141 |
| Disposals | - | - | (178,045) | - | (7,416) | (185,461) |
| Revaluations | - | 1,114,817 | - | - | - | 1,114,817 |
| Depreciation (refer Note 4.3) | - | (1,362,180) | (161,192) | (20,240) | (38,529) | (1,582,141) |
| Balance at 30 June 2018 | 626,000 | 12,016,532 | 746,753 | 103,615 | 57,367 | 13,550,267 |

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Beaufort and Skipton Health Services owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

Note 4.2: Property, Plant and Equipment (cont)**(c): Fair Value Measurement Hierarchy for Assets**

| Balance as at 30 June 2019 | Carrying Amount | Fair value measurement at end of reporting period using: | | |
|---|-------------------|--|----------------|-------------------|
| | | Level 1 i | Level 2 i | Level 3 i |
| Land at fair value | | | | |
| Non-Specialised Land | 260,000 | - | 260,000 | - |
| Specialised Land | 605,650 | - | - | 605,650 |
| Total of Land at fair value | 865,650 | - | 260,000 | 605,650 |
| Buildings at fair value | | | | |
| Non-Specialised Buildings | 495,000 | - | 495,000 | - |
| Specialised Buildings | 16,037,000 | - | - | 16,037,000 |
| Total of Buildings at fair value | 16,532,000 | - | 495,000 | 16,037,000 |
| Plant, Equipment and Vehicles at fair value | | | | |
| - Motor Vehicles | 88,047 | - | 88,047 | - |
| - Medical Equipment | 148,643 | - | - | 148,643 |
| - Plant and Equipment | 557,735 | - | - | 557,735 |
| Total of Plant, Equipment and Vehicles at fair value | 794,425 | - | 88,047 | 706,378 |
| Total | 18,192,075 | - | 843,047 | 17,349,027 |

| Balance as at 30 June 2018 | Carrying Amount | Fair value measurement at end of reporting period using: | | |
|---|-------------------|--|----------------|-------------------|
| | | Level 1 i | Level 2 i | Level 3 i |
| Land at fair value | | | | |
| Non-Specialised Land | 140,000 | - | 140,000 | - |
| Specialised Land | 486,000 | - | - | 486,000 |
| Total of Land at fair value | 626,000 | - | 140,000 | 486,000 |
| Buildings at fair value | | | | |
| Specialised Buildings | 11,974,318 | - | - | 11,974,318 |
| Total of Buildings at fair value | 11,974,318 | - | - | 11,974,318 |
| Plant, Equipment and Vehicles at fair value | | | | |
| - Motor Vehicles | 57,367 | - | 57,367 | - |
| - Medical Equipment | 103,615 | - | - | 103,615 |
| - Plant and Equipment | 746,753 | - | - | 746,753 |
| Total of Plant, Equipment and Vehicles at fair value | 907,735 | - | 57,367 | 850,368 |
| Total | 13,508,053 | - | 197,367 | 13,310,686 |

i Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period. In the prior year, there was a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2019.

Note 4.2(d): Reconciliation of Level 3 Fair Value Measurement

| | Land | Buildings | Plant and Equipment |
|--|----------------|-------------------|---------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2018 | 486,000 | 11,974,318 | 850,368 |
| Additions/(Disposals) | - | 272,044 | 27,209 |
| Transfers in/(out) of Level 3 | - | - | - |
| Subtotal | 486,000 | 12,246,362 | 877,577 |
| Gains or (losses) recognised in net result | | | |
| - Depreciation | - | (774,791) | (171,200) |
| Subtotal | - | (774,791) | (171,200) |
| Items recognised in other comprehensive income | | | |
| - Revaluation | 119,650 | 5,060,429 | - |
| Subtotal | 119,650 | 5,060,429 | - |
| Closing Balance at 30 June 2019 | 605,650 | 16,532,000 | 706,377 |

Classified in accordance with the fair value hierarchy, see Note 4.2 (c). There have been no transfers between levels during the period.

| | Land | Buildings | Plant and Equipment |
|--|----------------|--------------------|---------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2017 | 486,000 | 11,897,908 | 827,859 |
| Additions/(Disposals) | - | - | 149,609 |
| Transfers in/(out) of Level 3 | - | 323,773 | 54,332 |
| Subtotal | 486,000 | 12,221,681 | 1,031,800 |
| Gains or (losses) recognised in net result | | | |
| - Depreciation | - | (1,362,180) | (181,432) |
| Subtotal | - | (1,362,180) | (181,432) |
| Items recognised in other comprehensive income | | | |
| - Revaluation | - | 1,114,817 | - |
| Subtotal | - | 1,114,817 | - |
| Closing Balance at 30 June 2018 | 486,000 | 11,974,318 | 850,368 |

Note 4.2 (e): Fair Value Determination

| Asset class | Likely valuation approach | Significant inputs (Level 3 only) |
|---------------------------|---------------------------------------|--------------------------------------|
| Non-specialised land | Market approach | N/A |
| Specialised land | Market approach | CSO adjustments |
| Non-specialised buildings | Market approach | N/A |
| Specialised buildings | Depreciated replacement cost approach | Cost per square metre Useful life |
| Plant and equipment | Depreciated replacement cost approach | Cost per unit Useful life |
| Vehicles | Market approach | N/A |
| | Depreciated replacement cost approach | Cost per unit Useful life |

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

| | 2019 \$ | 2018 \$ |
|--|-------------------|------------------|
| Property, Plant and Equipment Revaluation Surplus | | |
| Balance at the beginning of the reporting period | 9,293,928 | 8,179,111 |
| Revaluation Increment | | |
| - Land (refer Note 4.3(b)) | 239,650 | - |
| - Buildings | 5,060,429 | 1,114,817 |
| Balance at the end of the reporting period* | 14,594,007 | 9,293,928 |
| * Represented by: | | |
| - Land | 582,550 | 342,900 |
| - Buildings | 14,011,457 | 8,951,028 |
| | 14,594,007 | 9,293,928 |

Note 4.3: Depreciation and Amortisation

| | 2019 | 2018 |
|---------------------------|----------------|------------------|
| | \$ | \$ |
| Buildings | 774,791 | 1,362,180 |
| Plant and Equipment | 143,928 | 161,192 |
| Medical Equipment | 27,271 | 20,240 |
| Motor Vehicles | 31,481 | 38,529 |
| Total Depreciation | 977,471 | 1,582,141 |

Depreciation

All property, plant and equipment and other non-financial physical assets over \$1,000 that have finite useful lives are depreciated (i.e. excludes land assets held for sale and investment properties). Depreciation is calculated on a straight line basis, at a rate that allocates the asset value less any estimated residual value over its estimated useful life.

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

| | 2019 | 2018 |
|--------------------------------------|------------|-------------|
| Buildings | | |
| - Structure Shell Building Fabric | 7-40 years | 20-50 years |
| - Site Engineering Services | 7-30 years | 10-40 years |
| - Fitout | 7-15 years | 10-25 years |
| - Trunk Reticulated Building Systems | 7-20 years | 10-30 years |
| Plant and Equipment | 3-10 years | 3-10 years |
| Motor Vehicles | 5-10 years | 5-10 years |

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

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Beaufort & Skipton Health Service's operations.

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other liabilities

Note 5.1: Receivables

| | 2019 | 2018 |
|--|------------------|----------------|
| | \$ | \$ |
| Current | | |
| Contractual | | |
| Trade Debtors | 398,801 | 170,089 |
| Patient Fees | 224,376 | 228,042 |
| Accrued Investment Income | - | 3,534 |
| Accrued Revenue - Other | 115,341 | 89,699 |
| <i>Less Allowance for Doubtful Debts</i> | | |
| Patient Fees | (34,305) | (27,268) |
| Total Contractual | 704,213 | 464,096 |
| Statutory | | |
| GST Receivable | 58,130 | 101,097 |
| Total Statutory | 58,130 | 101,097 |
| Total Current Receivables | 762,343 | 565,193 |
| Non-Current | | |
| Statutory | | |
| Department of Health & Human Services | 559,362 | 341,357 |
| Total Non-Current Receivables | 559,362 | 341,357 |
| Total Receivables | 1,321,705 | 906,550 |

Note 5.1(a): Movement in the Allowance for Doubtful Debts

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$ | \$ |
| Balance at Beginning of Year | 27,268 | 11,011 |
| Increase/(Decrease) in Allowance Recognised in the Net Result | 34,305 | 16,257 |
| Reversal of unused allowance recognised in the net result | (27,268) | - |
| Balance at End of Year | 34,305 | 27,268 |

Receivables Recognition

Receivables consist of:

- Contractual receivables which include mainly debtors in relation to goods and services, and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Beaufort & Skipton Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables which include predominantly amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Beaufort & Skipton Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract. Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment. Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Beaufort & Skipton Health Service is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Doubtful Debts

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

Note 5.2: Payables

| | 2019 | 2018 |
|---|------------------|----------------|
| | \$ | \$ |
| Current | | |
| Contractual | | |
| Trade Creditors | 542,767 | 227,702 |
| Accrued Salary and Wages | 388,647 | 373,923 |
| Accrued Expenses | 235,936 | 123,924 |
| Statutory | | |
| GST Payable | - | 63,531 |
| Department of Health & Human Services (i) | - | 98,400 |
| Total Payables | 1,167,350 | 887,480 |

(i) Terms and conditions of amounts payable to the Department of Health & Human Services vary according to the particular agreement with the Department.

Payables Recognition

Payables consist of:

Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and Services provided to the Department prior to the end of the financial year that are unpaid; and

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

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

Note 5.3: Other Liabilities

| | 2019 | 2018 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Monies Held in Trust* | | |
| - Refundable Accommodation Deposits and Bonds | 5,443,235 | 5,185,726 |
| - Patient Monies Held in Trust | 1,870 | - |
| Grampians Rural Health Alliance | 39,043 | 26,479 |
| Total Other Liabilities | 5,484,148 | 5,212,205 |
| *Monies Held in Trust Represented by: | | |
| Cash Assets | 5,445,105 | 4,914,509 |
| Investments and Other Financial Assets | - | 271,217 |
| Grampians Rural Health Alliance | 39,043 | 26,479 |
| Total | 5,484,148 | 5,212,205 |

Note 6: How we Finance our Operations

This section provides information on the sources of finance utilised by Beaufort & Skipton Health Service during its operations and other information related to financing activities of Beaufort & Skipton Health Service.

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

Structure

6.1 Cash and Cash Equivalents

6.2 Commitments for expenditure

Note 6.1: Cash and Cash Equivalents

| | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash on hand | 780 | 930 |
| Cash at Bank (CBS) | 6,357,083 | 6,489,331 |
| Total Cash and Cash Equivalents | 6,357,863 | 6,490,261 |
| Represented By | | |
| Cash for Health Services Operations (as per Cash Flow Statement) | 6,357,863 | 6,490,261 |
| Total Cash and Cash Equivalents | 6,357,863 | 6,490,261 |

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks and deposits at call.

Note 6.2: Commitments for Expenditure

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$ | \$ |
| Capital Expenditure Commitments | | |
| Not later than 1 year | 693,869 | 386,731 |
| Longer than 1 year but not longer than 5 years | 28,298 | 425,062 |
| Total Capital Expenditure Commitments Payable | 722,167 | 811,793 |
| Operating Expenditure Commitments | | |
| Not later than 1 year | 58,374 | 10,570 |
| Total Operating Expenditure Commitments Payable | 58,374 | 10,570 |
| Operating Leases | | |
| Not later than 1 year | 8,759 | 29,558 |
| Later than 1 year and not later than 5 years | - | 8,759 |
| Total Non-cancellable Operating Leases Payable | 8,759 | 38,317 |
| Total Commitments for Expenditure (inclusive of GST) | 789,300 | 860,680 |
| Less GST recoverable from the Australian Tax Office | (71,755) | (78,244) |
| Total Commitments for Expenditure (exclusive of GST) | 717,545 | 782,436 |

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 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 expenditure cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Beaufort & Skipton Health Service has entered into commercial leases on certain computer equipment where it is not in the interest of Beaufort & Skipton Health Service to purchase these assets. These leases have an average life of 1 year with renewal terms included in the contracts. Renewals are at the option of Beaufort & Skipton Health Service. There are no restrictions placed upon the lessee by entering into these leases.

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial Instruments

Note 7.1: Financial Instruments

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

Note 7.1 (a): Financial Instruments: Categorisation

| 2019 | Financial Assets at Amortised Cost \$ | Financial Liabilities at Amortised Cost \$ | Total \$ |
|---|--|---|------------------|
| Contractual Financial Assets | | | |
| Cash and Cash Equivalents | 6,357,863 | - | 6,357,863 |
| Receivables | 704,213 | - | 704,213 |
| Other Financial Assets | 485,576 | - | 485,576 |
| Total Contractual Financial Assets (i) | 7,547,652 | - | 7,547,652 |
| Financial Liabilities | | | |
| Payables | - | 778,703 | 778,703 |
| Total Financial Liabilities (i) | - | 778,703 | 778,703 |

| 2018 | Contractual financial assets - loans and receivables \$ | Contractual financial liabilities at amortised cost \$ | Total \$ |
|---|--|---|------------------|
| Contractual Financial Assets | | | |
| Cash and Cash Equivalents | 6,490,261 | - | 6,490,261 |
| Receivables | 464,096 | - | 464,096 |
| Other Financial Assets | 667,521 | - | 667,521 |
| Total Contractual Financial Assets (i) | 7,621,878 | - | 7,621,878 |
| Financial Liabilities | | | |
| Payables | - | 351,626 | 351,626 |
| Total Financial Liabilities (i) | - | 351,626 | 351,626 |

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

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

Categories of financial instruments**Financial assets at amortised cost**

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

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

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

The Department recognises the following assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Beaufort & Skipton Health Service recognises the following liabilities in this category:

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

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

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

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

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

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

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

| 2019 | Note | Carrying Amount \$ | Nominal Amount \$ | Maturity Dates | | | |
|------------------------------------|------|-----------------------|----------------------|-------------------------|------------------|-----------------------|------------------|
| | | | | Less than 1 Month \$ | 1-3 Months \$ | 3 months 1 Year \$ | 1-5 Years \$ |
| Financial Liabilities | | | | | | | |
| <i>At Amortised cost</i> | | | | | | | |
| Payables | 5.2 | 1,167,350 | 1,167,350 | 1,167,350 | | | |
| Other Financial Liabilities (i) | | | | | | | |
| - Accommodation Deposits | 5.3 | 5,443,235 | 5,443,235 | 163,297 | 326,594 | 1,458,787 | 3,494,557 |
| - Other | 5.3 | 40,913 | 40,913 | | | 40,913 | |
| Total Financial Liabilities | | 6,651,498 | 6,651,498 | 1,330,647 | 326,594 | 1,499,700 | 3,494,557 |
| 2018 | | | | | | | |
| Financial Liabilities | | | | | | | |
| <i>At Amortised cost</i> | | | | | | | |
| Payables | 5.2 | 887,480 | 887,480 | 887,480 | | | |
| Other Financial Liabilities (i) | | | | | | | |
| - Accommodation Deposits | 5.3 | 5,185,726 | 5,185,726 | 51,857 | 98,529 | 445,972 | 4,589,368 |
| - Other | 5.3 | 26,479 | 26,479 | | | 26,479 | |
| Total Financial Liabilities | | 6,099,685 | 6,099,685 | 939,337 | 98,529 | 472,451 | 4,589,368 |

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

Note 7.1 (c): Contractual receivables at amortised costs

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

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

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

Contractual receivables at amortised cost

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

On this basis, the Beaufort & Skipton Health Service determines the opening loss allowance on initial application was immaterial.

Reconciliation of the movement in the loss allowance for contractual receivables

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

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

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

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

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

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet Date
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 8.9 AASBs Issued that are not yet Effective
- 8.10 Glossary

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

| | 2019 | 2018 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Net Result for the Year | (1,108,219) | (2,933,485) |
| Non-Cash Movements | | |
| Depreciation and Amortisation | 977,471 | 1,582,141 |
| Grampians Rural Health Alliance | 15,386 | (104,181) |
| Provision for Doubtful Debts | 7,037 | 16,257 |
| Movements included in Investing and Financing Activities: | | |
| Net (Gain)/Loss on Disposal of Non Financial Assets | - | 159,098 |
| Movements in Assets and Liabilities | | |
| Change in operating assets and liabilities | | |
| (Increase)/Decrease in Receivables | (422,192) | (341,997) |
| (Increase)/Decrease in Prepayments | (61,577) | (22,411) |
| Increase/(Decrease) in Payables | 279,869 | (19,752) |
| Increase/(Decrease) in Provisions | 116,646 | 581,813 |
| Net Cash Inflows from Operating Activities | (195,578) | (1,082,517) |

Note 8.2: Responsible Persons disclosures

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

| | Period | |
|--|------------|------------|
| Responsible Ministers | | |
| The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services | 01/07/2018 | 29/11/2018 |
| The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services | 29/11/2018 | 30/06/2019 |
| The Honourable Martin Foley, Minister for Mental Health | 01/07/2018 | 30/06/2019 |
| The Honourable Martin Foley, Minister for Housing, Disability and Ageing | 01/07/2018 | 29/11/2018 |
| The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers | 29/11/2018 | 30/06/2019 |
| Governing Boards | | |
| Mrs R Dawson - Chair of the Board | 01/07/2018 | 30/06/2019 |
| Ms C Clancy - Member of the Board | 01/07/2018 | 30/06/2019 |
| Mrs J Trengove - Member of the Board | 01/07/2018 | 30/06/2019 |
| Mrs P Clark - Member of the Board | 01/07/2018 | 30/06/2019 |
| Mrs K Tucker - Member of the Board | 01/07/2018 | 30/06/2019 |
| Ms D Power - Member of the Board | 01/07/2018 | 26/09/2018 |
| Mr A Edney - Member of the Board | 02/10/2018 | 30/06/2019 |
| Mr D Lenehan - Member of the Board | 01/04/2019 | 30/06/2019 |
| Accountable Officer | | |
| Mrs M Pease - Chief Executive Officer | 25/02/2019 | 30/06/2019 |
| Mr P Birkett - Acting Chief Executive Officer | 08/10/2018 | 27/02/2019 |
| Mrs V Poxon - Chief Executive Officer | 01/07/2017 | 05/10/2018 |

| Remuneration of Responsible Persons Income Band | 2019 | 2018 |
|--|-----------|-----------|
| | No. | No. |
| \$0 - \$9,999 | 8 | 9 |
| \$60,000 - \$69,999 | 1 | 0 |
| \$70,000 - \$79,999 | 1 | 0 |
| \$190,000 - \$199,999 | 0 | 1 |
| Total Numbers | 10 | 10 |

| | 2019 | 2018 |
|--|----------------|----------------|
| | \$ | \$ |
| Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to: | 156,027 | 190,635 |

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Beaufort & Skipton Health Service's controlled entities financial statements. Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

One Accountable Officer (acting Chief Executive Officer) was employed by Hesse Rural Health. Information regarding the remuneration of the Accountable Officer is disclosed within the respective financial statements of Hesse Rural Health.

During the year Beaufort & Skipton Health Service paid \$48,438. (2018: nil) to Hesse Rural Health in relation to services provided by the Accountable Officer.

Note 8.3: Remuneration of Executive Officers

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.

| | 2019 | 2018 |
|--|----------------|----------------|
| | \$ | \$ |
| Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4) | | |
| Short term employee benefits | 606,373 | 622,463 |
| Post-employment benefits | 48,544 | 65,565 |
| Other long-term benefits | 4,353 | - |
| Terminations benefits | 120,416 | 98,964 |
| Total Remuneration | 779,686 | 786,992 |
| Total Number of Executives | 8 | 11 |
| Total Annualised Employee Equivalent ⁱⁱ | 4.02 | 5.29 |

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Beaufort & Skipton Health Service under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

ii Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

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

Post-employment benefits 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. Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Other Factors Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and a number of executive officers resigned and were acting in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

Note 8.4: Related Parties

Beaufort & Skipton Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

- All key management personnel and their close family members;
- 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.

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

The Board of Directors and the Executive Directors of Beaufort & Skipton Health Service are deemed to be KMPs.

| | Period | |
|--|------------|------------|
| Portfolio Ministers | | |
| The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services | 01/07/2018 | 29/11/2018 |
| The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services | 29/11/2018 | 30/06/2019 |
| The Honourable Martin Foley, Minister for Mental Health | 01/07/2018 | 30/06/2019 |
| The Honourable Martin Foley, Minister for Housing, Disability and Ageing | 01/07/2018 | 29/11/2018 |
| The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers | 29/11/2018 | 30/06/2019 |
| Board Members | | |
| Mrs R Dawson - Chair of the Board | 01/07/2018 | 30/06/2019 |
| Ms C Clancy - Member of the Board | 01/07/2018 | 30/06/2019 |
| Mrs J Trengove - Member of the Board | 01/07/2018 | 30/06/2019 |
| Mrs P Clark - Member of the Board | 01/07/2018 | 30/06/2019 |
| Mrs K Tucker - Member of the Board | 01/07/2018 | 30/06/2019 |
| Ms D Power - Member of the Board | 01/07/2018 | 26/09/2018 |
| Mr A Edney - Member of the Board | 02/10/2018 | 30/06/2019 |
| Mr D Lenahan - Member of the Board | 01/04/2019 | 30/06/2019 |
| Executive Directors | | |
| Mrs V Poxon - Chief Executive Officer | 01/07/2018 | 05/10/2018 |
| Mrs M Pease - Chief Executive Officer | 25/02/2019 | 30/06/2019 |
| Mr P Birkett - Acting Chief Executive Officer | 08/10/2018 | 27/02/2019 |
| Mrs C Renouf - Chief Financial Officer | 01/07/2018 | 30/06/2019 |
| Ms S Metcaif - Operations Manager | 01/07/2018 | 02/08/2018 |
| Mr D White - Corporate Services Manager | 03/09/2018 | 30/06/2019 |
| Mrs R Van Wollingen - Director of Clinical Services | 01/07/2018 | 01/02/2019 |
| Mr P Peter - Acting Director of Clinical Services | 21/01/2019 | 21/06/2019 |

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.

| | 2019 | 2018 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Compensation - KMPs | | |
| Short term employee benefits (i) | 509,325 | 361,427 |
| Post-employment benefits | 43,198 | 39,751 |
| Total Compensation (ii) | 552,523 | 401,178 |

(i) Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

(ii) KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant transactions with government-related entities

Beaufort & Skipton Health Service received funding from the Department of Health and Human Services of \$7,315,272. (2018:\$5,909,374).

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

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Minister for Finance require the Beaufort & Skipton Health Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

Transactions with 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 Beaufort & Skipton Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for the Beaufort & Skipton Service Board of Directors and Executive Directors in 2019.

Note 8.5: Remuneration of Auditors

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$ | \$ |
| Victorian Auditor-General's Office | | |
| Audit of Financial Statements | 19,500 | 19,000 |
| Total Remuneration of Auditors | 19,500 | 19,000 |

Note 8.6: Events Occurring after the Balance Sheet Date

No events occurred after the balance sheet date.

Note 8.7: Jointly Controlled Operations

Beaufort & Skipton Health Service has an interest in a Jointly Controlled Operation. The Jointly Controlled Operation is Grampians Rural Health Alliance. Details of operations are listed as follows:

In June 2008, the Department of Health issued circular number 17/2008, which outlines government requirements for the operation of rural health Information and Communication Technology (ICT) alliances. The policy outlines the accepted governance model for the operation of the ICT alliances.

The policy requires public hospitals, public health services and multipurpose services which are declared or established under the Health Services Act 1988, to enter into the alliance for the region in which they operate, in accordance with a Joint Operation Agreement. Consistent with this policy, the Grampians Rural Health Alliance came into effect on 9th of December 2008.

| Grampians Rural Health Alliance | Ownership Interest | |
|---------------------------------|--------------------|----------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Revenue | 306,372 | 325,702 |
| Expenses | (321,756) | (284,198) |
| Net Result | (15,384) | 41,504 |
| Assets | 393,483 | 396,304 |
| Liabilities | (39,043) | (26,479) |
| Net Assets | 354,440 | 369,825 |
| Equity | 354,440 | 369,825 |

^{*} Figures obtained from the audited GRHA annual report.

Investments in Joint Operations

In respect of any interest in joint operations, Beaufort & Skipton Health Service 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 of the output by the operation
- Its expenses including its share of any expenses incurred jointly

Note 8.8: Economic Dependency

Beaufort & Skipton Health Service is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services.

The Department of Health and Human Services has provided confirmation that it will continue to provide the Beaufort & Skipton Health Service adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2020. On that basis, the financial statements have been prepared on a going concern basis.

Beaufort & Skipton Health Service continues to report a deficit net result, 2019: \$1,108,219 and 2018 \$2,933,485 and cash reserves have moved from \$6,490,261 in 2018 to \$6,357,863 in 2019. The current asset ratio continues to be below an adequate short term position (2019: 0.81 and 2018 0.92).

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

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

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

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on financial statements |
|--|--|---|--|
| AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments] | Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend Reduced Disclosure requirements. | 1 January 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 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 | Amends the measurement of trade receivables and the recognition of dividends as follows: - Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. - Dividends are recognised in the profit and loss only when: - the entity's right to receive payment of the dividend is established; - it is probable that the economic benefits associated with the dividend will flow to the entity; and - the amount can be measured reliably. | 1 January 2018 except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018. | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 15 Revenue from Contracts with Customers | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. | 1 January 2018 | 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. The standard is not expected to have a significant impact to Beaufort & Skipton Health Service. |
| AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 | This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. | 1 January 2018 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities | This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. | 1 January 2019 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period. |
| AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities | This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: - require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and - clarifies circumstances when a contract with a customer is within the scope of AASB 15. | 1 January 2019 | This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets AASB 15 • The "customer" does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or "equivalent means"; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions. |
| AASB 16 Leases | The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet which has an impact on net debt. | 1 January 2019 | The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. The standard is not expected to have a significant impact to Beaufort & Skipton Health Service. |
| AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059 | This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020. | 1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019) | This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year. |

Note 8.9: AASB's Issued that are not yet effective (cont)

| | | | |
|---|--|-----------------------|--|
| <p>AASB 2018-8 Amendments to Australian Accounting Standards - Right of Use Assets of Not-for-Profit entities</p> | <p>This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p> | <p>1 January 2019</p> | <p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p> |
| <p>AASB 1058 Income of Not-for-Profit Entities</p> | <p>This standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004.</p> | <p>1 January 2019</p> | <p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p> |

Note 8.10: Glossary of Terms and Style Conventions

Actuarial gains or losses on superannuation defined benefit plans

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

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

Amortisation

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

Associates

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

Comprehensive result

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

Commitments

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

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

Financial liability

A financial liability is any liability that is:

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

Financial statements

A complete set of financial statements comprises:

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

Grants and other transfers

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

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

General government sector

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

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 leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

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

Investment properties

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

Joint Arrangements

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

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

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

Liabilities

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

Net acquisition of non-financial assets (from transactions)

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

Net result

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

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

Net worth

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

Non-financial assets

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

Non-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.

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

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

Receivables

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

Sales of goods and services

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

Supplies and services

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

Taxation income

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

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

Transactions

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

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

Style conventions

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

The notation used in the tables is as follows:

zero, or rounded to zero
(xxx.x) negative numbers

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Beaufort & Skipton
Health Service

BEAUFORT CAMPUS

28 Havelock Street, Beaufort Victoria 3373

P: +61 3 5349 1600

Incorporating:

Beaufort Hospital, Gumley (Nursing Home),
Pickford (Hostel) and Beaufort Medical Practice

SKIPTON CAMPUS

Blake Street, Skipton Victoria 3361

P: +61 3 5340 1100

Incorporating:

Skipton Hospital, Brigadoon (Hostel),
Mackinnon (Nursing Home) and Skipton Medical Practice