

ANNUAL

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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 6000 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 2019-2020 provides information to all stakeholders about the performance of the Health Service. The report highlights services provided, operational achievements and challenges during the 2019-2020 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, Narelle Harrison
Graphic Design:	Digital Outlaw
Printing:	Sovereign Press

## **We CARE**

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**T**EAMWORK

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**C**OMPASSION

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**A**CCOUNTABILITY

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**R**ESPECT

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**E**XCELLENCE

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### **OUR VISION**

To be a vibrant provider of care.

### **OUR MISSION**

To enable all people in our community to be connected, healthy and live well.

### **OUR ROLE**

Beaufort and Skipton Health Service is committed to delivering a range of health and community services to improve the health and well-being of the Beaufort and Skipton communities.

# NATURE AND RANGE 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 services to support clinicians
- 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 Collection Service

## 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

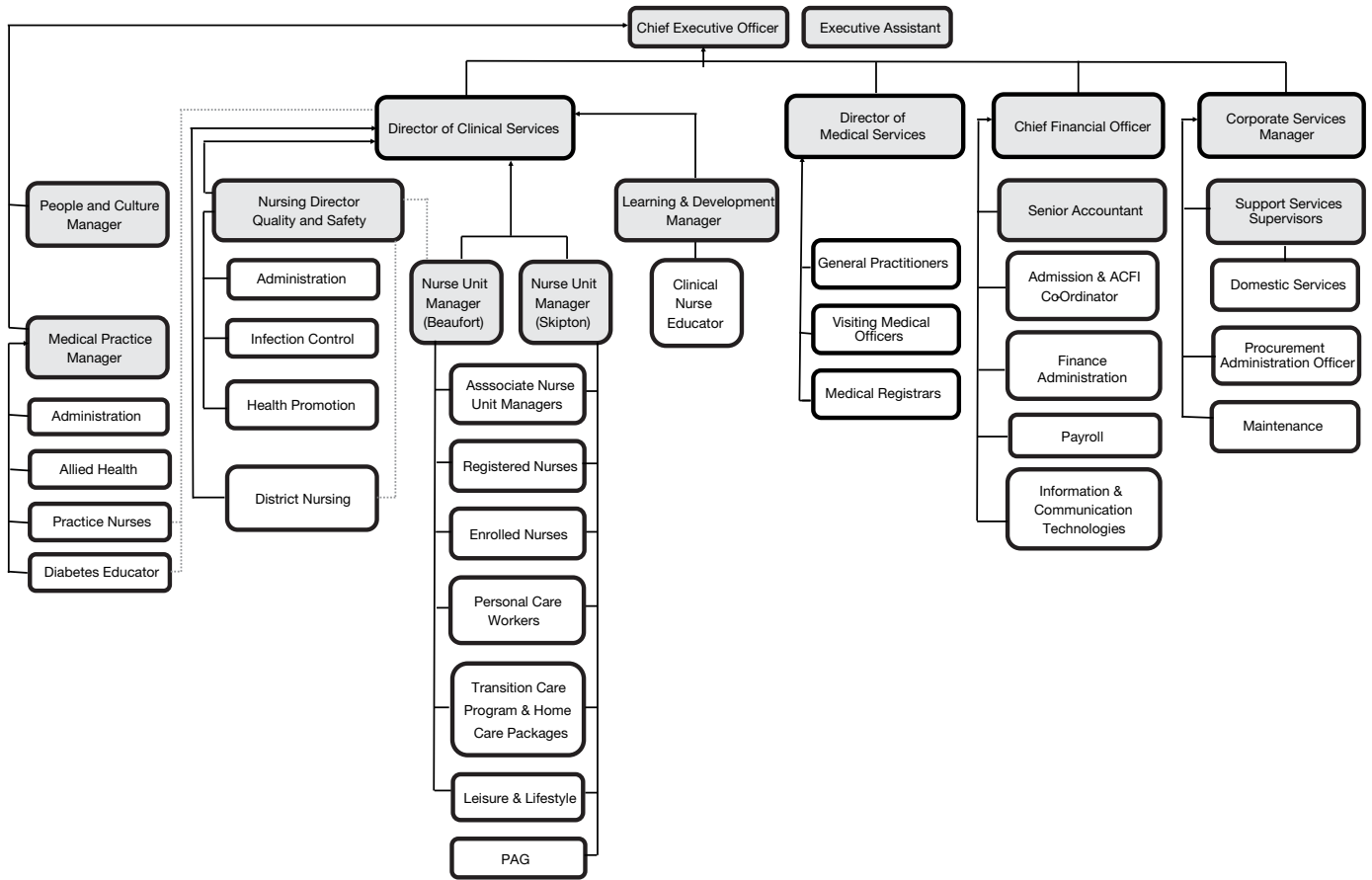
## COMMUNITY SERVICES

- 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 Directors we are pleased to present the Beaufort and Skipton Health Service Annual Report for 2019–2020.

The year has seen unprecedented changes in the health environment, in particular, COVID-19 global pandemic, the Victorian State of Emergency and the public health response as we worked with visitor restrictions and infection control measures to keep our residents, patients and staff safe.

In addition, to this complex environment the Health Service has continued to achieve some significant results, which would not have been possible, without the valuable contribution of our 182 staff, volunteers and Board Directors. We would like to recognise the commitment, dedication and expertise of the Beaufort and Skipton Health Service staff and Visiting Medical Officers / General Practitioners.

Several key executive positions were appointed; Dr. Craig Winter, Director of Medical Services, Mary Cushing, Director of Clinical Services and Chris Nykoluk, Chief Finance Officer. This completes the executive team and delivers leadership stability.

This year Dr. Phil Kyaw, completed his studies and was awarded his fellowship with the Royal Australian College of General Practitioners. Dr. Mohammed Al Naima finished his contract with the health service on 14 January 2020. Dr. Tibby Mackinnon has provided the majority of the locum services while we seek a permanent General Practitioner for Skipton.

In early February the Health Service's Beaufort Medical Clinic closed when doctor Dr. Pushpa Ravindranayagam opened a private medical clinic in Beaufort and Dr. Phil Kyaw, joined the practice. We are pleased to have Dr Chamika Gamage, Dr. Phil Kyaw and Dr. Pushpa Ravindranayagam providing Visiting Medical Officer services to our health service.

The COVID-19 pandemic has prompted changes to how we see our clients, with doctors and allied health staff conducting appointments via telephone or telehealth. We refreshed the Pandemic Plan, the outbreak management response, made changes to visitors and how the community enter the facilities with screening on each attendance.

In partnership with the Grampians Region Health Services, established a Pandemic Cluster Plan to ensure a co-ordinated COVID-19 response across the region.

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

- Refreshed our Strategic Plan 2020-2023, with a new vision, mission and values and goals statements.
- Conducted the Community Health Needs survey, with the strong response rate we have included the communities health priorities into the Strategic Plan for action.
- Consumer feedback over the year consisted of 42 compliments and 31 complaints. This feedback is important in helping us to improve our services.
- Staff engagement has been a key focus for the year with a range of activities conducted, such as Leader Rounding, Executive Safety Walk Rounds, staff events and health message days.
- All recommendations from two organization wide reviews – Organisational Cultural Review and the Independent Medical Review have been successfully implemented.
- The innovative 'Care of Older Person' (COOPs) Program, delivered in partnership with Ballarat Health Services, has seen the number of Registered Nurses in the program increase to 56 from ten local health services in the Grampians Region. The academic component of the program is delivered in affiliation with Australian Catholic University.
- The foundation has been set for the rollout of our Healthy Eating Program, with the majority of catering foods now in the 'green zone'.
- Our financial position has seen a considerable improvement in reducing our deficit over the year. Procurement processes and contracts have been reviewed and delivered savings as part of our Financial Management Improvement Plan.
- Several organisational restructures have seen an improvement in efficiency and role clarity.
- A gap analysis has been completed against the new Aged Care Quality and Safety Standards and the new National Safety and Quality in Health Care Standards, with an action plan that prepares us for future accreditations.

- The Rural and Isolated Practice Endorsed Registered Nurse (RIPERN) model of care for Urgent Care Services was implemented, through a nurse led model, in partnership with General Practitioners.
- The Community Advisory Committee increased the number of Consumer Representatives from our communities and assisted in the development of the Community Health Needs Survey.
- Achieving 100% compliance with mandatory training and staff flu vaccinations.
- The framework for promoting a positive workplace culture; preventing bullying, harassment and discrimination was implemented along with response processes to allegations of inappropriate conduct.
- The commencement of the Beaufort Nursing Home refurbishment has seen the adaption of existing rooms to create three ensuited single rooms. Residents in these rooms are enjoying the modernized amenities. This work continues into 2021.
- Two community events were held, focusing on the rights of people with dementia in our community and the Safe TALK workshop to inform the community on how to identify and connect with someone with thoughts of suicide and refer them for help.
- In partnership with the Pyrenees Shire and Department of Environment, Land, Water and Planning (DEWLP), Beaufort and Skipton Health Service's Bioenergy Straw Pellet system for the Skipton campus was launched.
- The Health Service's medical clinics accreditation status was renewed following survey in September 2019. Congratulations to all staff involved in this service.

We would like to acknowledge the generous donations received from the Guthrie Family Trust, Beaufort Service Group and the Skipton Opportunity Shop. The BSHS Foundation made a generous donation of two new 12 seater commuter vans for resident's outings. This donation has been enabled through the proud sponsorship from the Beaufort Community Bank and Goldwind.

The Board of Directors has seen Peta Clark and Carita Clancy, step off the board at 30 June 2020. Peta Clark served on the Board for three years, as the Chair of the Finance, Audit and Risk Management Committee, a valued member of the Board Development Committee and Board. Carita Clancy served on the Board for five years and was an active member of the Remuneration Committee and Board Representative on the BSHS Foundation. We gratefully thank Peta and Carita for their dedicated service and commitment to Beaufort and Skipton Health Service.

The Board of Directors were pleased to elect David Lenehan into the position as Board Chair. David has a wealth of experience following a career in health service administration, including 26 years in psychiatric services and 20 years as a health service CEO, prior to his retirement. We welcomed Dr. Daniel Terry, Tanya Barun and Jo Hall as new Board Directors. Dr. Daniel Terry holds an academic position with Federation University, having extensive post-doctoral research experience in rural health, rural workforce and chronic ill health. Tanya Barun is a Registered Nurse and holds Commerce/Accounting qualifications.

Tanya is currently employed as a General Manager, overseeing a large residential aged care facility and retirement village. Jo Hall has significant experience working in public health as Legal Counsel at Alfred Health and Medico-Legal Counsel at Monash Health. Jo is currently working in a para-legal role with a sub-regional health service.

Our condolences go out to the families and colleagues of our following staff members who passed away during the year.

Narelle Corbett was a valued staff member for over four years, working in numerous departments at the Skipton Campus. Narelle brought great energy and compassion to those she cared for and those she worked with. Her great love was her time at Day Centre where she embraced her role, bringing great delight and laughter to all she came in contact with. Narelle is truly missed by all and fondly remembered.

Jon Trigg worked with Beaufort and Skipton Health Service for 18 months and was a dedicated Personal Carer. Jon was known for his wicked sense of humor, his passion for aged care and his loyalty to his friends and family. Jon is missed by all who knew him.

Maree Drew was a Beaufort local who commenced her role in Domestic Services at Beaufort and Skipton Health Service in 1995, prior to retiring in 2018, due to health reasons. Maree was known as a genuine, caring and positive person who was loved by many. Maree is sadly missed by her family, friends and work colleagues.

The COVID-19 pandemic has caused delays to several projects and strategies since March 2020. The Health Service continues to face challenges to secure a medical workforce, improve staff relationships and achieve financial sustainability.

We are looking forward to continuing to deliver safe and high quality services with our communities in 2020 – 2021.



**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 2020

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 2020.



**David Lenehan**  
Board Chair

Beaufort & Skipton Health Service  
23 September 2020



# BOARD DIRECTORS

as at 30 June 2020

The Beaufort and Skipton Health Service Board of Directors 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:

David Lenehan

## DEPUTY CHAIR:

Karlie Tucker

## MEMBERS:

David Lenehan

Karlie Tucker

Carita Clancy

Jenny Trengove

Peta Clark

Tony Edney

Tanya Barun

Jo Hall

Dr. Daniel Terry

Jim Fletcher (Board Delegate)

### **Finance Audit and Risk Committee**

Peta Clark (Committee Chair)

Tanya Barun

David Lenehan

Nigel Jarvis (Independent Non Board Member)

## RESPONSIBLE MINISTERS AND OFFICERS

Responsible Ministers and Officers for the reporting period 1 July 2019 – 30 June 2020.

### **Jenny Mikakos**

Minister for Health

Minister for Ambulance Services

### **Martin Foley MP**

Minister for Mental Health

### **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..



as at 30 June 2020

#### CHIEF EXECUTIVE OFFICER:

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

#### DIRECTOR OF CLINICAL SERVICES:

Mary Cushing  
*RN, GradDipAdvNurs(CritCare) DipProjMan*

#### DIRECTOR OF MEDICAL SERVICES:

Dr. Amir Rahimi  
(Resigned: 06/11/2019)

Dr. Craig Winter  
*MB, BS, FACEM, MBA, GMQ*  
(Commenced: 13/01/2020)

#### CHIEF FINANCIAL OFFICER:

Shelley Wood  
(Resigned: 04/10/2019)

Chris Nykoluk  
*BCom (Acct) CPA*  
(Commenced: 25/11/2019)

#### CORPORATE SERVICES MANAGER:

Darren White

#### VISITING MEDICAL OFFICERS (GENERAL PRACTITIONERS)

**(as at 30 June 2020)**

Dr. Pushpa Ravindranayagam  
(Moved to Beaufort Family Practice –  
January 2020)

Dr. Phyto (Phil) Kyaw  
(Moved to Beaufort Family Practice –  
January 2020)

Dr. Chamika Gamage  
(Beaufort Family Practice)

Dr. Malcolm Anderson  
(Skipton Medical Practice)

Dr. Mohammed Al Naima  
(Skipton Medical Practice - until 14/01/2020)

Dr. Elizabeth (Tibby) Mackinnon  
(Skipton Medical Practice) (Locum - 21/04/2020)

## WORKFORCE DATA

Hospitals Labour Category	June Current Month FTE*		Average Monthly FTE**	
	2019	2020	2019	2020
Nursing	52.90	53.13	56.35	53.54
Admin	20.17	17.34	18.42	17.54
Hotel and Allied Services	35.69	35.43	35.25	35.59
Hospital Medical Officers	-	-	0.71	-
Ancillary Staff	3.48	3.42	3.83	3.59

Recruitment, selection and employment within Beaufort and Skipton Health Service comply with employment conditions as specified in relevant Health Awards and Enterprise Bargaining Agreements.

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.

Beaufort and Skipton Health Service acknowledges its moral, financial and legal responsibility to effectively manage all of its OH&S risks. The Health Service's approach is to enhance the safe working environments for staff, contractors, consumers and visitors by reducing, if not eliminating so far as is reasonably practicable, all health and safety risks.

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

The Health Service's OH&S performance against the established measure is summarised below.

Occupational Health and Safety Statistics	2019-2020	2018-2019	2017-2018
The number of reported hazards/incidents for the year per 100 FTE	6.31	1.74	7.83
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.80	0	1.74
The average cost per WorkCover claim for the year ('000)	\$81,454.00	\$Nil	\$39,736.50

## OCCUPATIONAL VIOLENCE

Occupational violence statistics	2019-2020
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	25
Number of occupational violence incidents reported per 100 FTE	23.15
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

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

### 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 2019-2020 Lost time: is defined as greater than one day.

## FINANCIAL SUMMARY

	2020 \$000's	2019 \$000's	2018 \$000's	2017 \$000's	2016 \$000's
*Operating Result	594	(1,191)	(1,297)	(728)	(298)
Total Revenue	16,357	15,939	14,209	12,577	12,750
Total Expenses	(16,431)	(17,149)	(17,145)	(14,383)	(13,508)
<b>Net Result from Transactions</b>	<b>(74)</b>	<b>(1,210)</b>	<b>(2,936)</b>	<b>(1,806)</b>	<b>(758)</b>
Total Other Economic Flows	(65)	102	3	(133)	15
<b>Net Result</b>	<b>(139)</b>	<b>(1,108)</b>	<b>(2,933)</b>	<b>(1,939)</b>	<b>(743)</b>
Total Assets	25,722	26,505	21,645	21,398	23,565
Total Liabilities	10,094	9,624	8,956	6,890	6,194
<b>Net Assets / Total Equity</b>	<b>15,628</b>	<b>16,881</b>	<b>12,689</b>	<b>14,508</b>	<b>17,371</b>

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

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

	2020 \$000's	2019 \$000's	2018 \$000's	2017 \$000's	2016 \$000's
<b>*Net Operating Result</b>	594	(1,191)	(1,297)	(728)	(298)
Capital and specific items					
Capital purpose income	791	1,062	310	252	766
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	(23)	(104)	(252)	(395)	(888)
Depreciation and amortisation	(1,440)	(977)	(1,582)	(935)	(338)
Impairment of non financial assets	0	0	0	0	0
Finance costs (other)	0	0	(115)	0	0
<b>Net result from transactions</b>	<b>(74)</b>	<b>(1,210)</b>	<b>(2,936)</b>	<b>(1,806)</b>	<b>(758)</b>

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

Beaufort and Skipton Health Service's financial result for the 2019-2020 year has been a standout for the Health Service, despite the challenges presented by the COVID-19 pandemic in the latter half of the year. Through cost reduction strategies and with support from the Victorian Department of Health and Human Services, the Health Service recorded a \$594k operating surplus.

Whilst the COVID-19 pandemic has, in some instances, changed the way Beaufort and Skipton Health Service has provided community care - for example embracing telehealth - the Health Service has continued to provide the quality care and services expected by the communities in our service area. While there has not been any reductions made to the services provided there has been an impact of the pandemic reducing the revenues of the Health Service in this financial year.

The Medical Practice at the Beaufort campus closed in February 2020, with the clinic moving to a private practice arrangement outside of Beaufort and Skipton Health Service.

Exciting and innovative investments in renewable energy are underway that will reduce the organisation's emissions and provide reductions in utility expenditure in future years. The refurbishment project continues on the Beaufort Nursing Home and with the addition of sensory gardens at each site to be completed soon, will provide enhanced spaces for residents.

The ongoing financial sustainability of the Health Service remains a focus leading into the next financial year.

## SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR

First time application of the revised AASB Revenue Standards saw adjustments to the opening balances for the year. Adjustment for \$1,113,600 of capital grants received in prior years as Deferred Capital Grant Revenue, to be recognised as capital income as the specified capital works projects progress. The application of the revised standards resulted in an increased balance of Deferred Capital Grant Revenue and Income Received in Advance as at 30 June 2020.

## OPERATIONAL AND BUDGETARY OBJECTIVES AND PERFORMANCE AGAINST OBJECTIVES

Each year the Beaufort and Skipton health service establishes an operational budget, guided by the Health Service's strategic objectives. In addition, the budget takes account of the service delivery profile which has been designed to meet community needs. In 2019-2020 the health service aimed to achieve a break-even result before capital and specific items and achieved a surplus of \$594,000.

## CONSULTANCIES

### Details of consultancies (under \$10,000)

In 2019-2020, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019-2020 in relation to these consultancies is \$7,179 (excl. GST).

### Details of consultancies (valued at \$10,000 or greater)

In 2019-2020, there were two consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-2020 in relation to these consultancies is \$53,999 (excl. GST).

Details of individual consultancies can be viewed at [www.bshs.org.au](http://www.bshs.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)
Studer Group Australia Pty Ltd	Coaching Services	01/07/2019	30/06/2020	\$43,780	\$43,780	N/A
Porter Novelli	Media And Communications	01/11/2019	28/01/2020	\$10,219	\$10,219	N/A

## 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 2019-2020 is \$0.735 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)
Total (excluding GST)	\$562,497	\$172,233	\$Nil
			\$172,233

## 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 2019-2020, one 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 - \$29.60  
(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.

## 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.

## 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*.

## PUBLIC INTEREST DISCLOSURE ACT 2012

Alleged improper conduct by the Beaufort and Skipton Health Service, its employees or the Board of Directors 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 *Public Interest 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 Public Interest Disclosure Co-ordinator  
Meryn Pease  
merynp@bshs.org.au

or

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

## 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.

## EX-GRATIA EXPENSES

Beaufort and Skipton Health Service made no ex-gratia payments during the financial year.

## 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.

## LOCAL JOBS ACT 2003

Beaufort and Skipton Health Service complies with the requirements of the *Local Jobs Act 2003*. There were no reportable disclosures during the 2019-2020 reporting period.

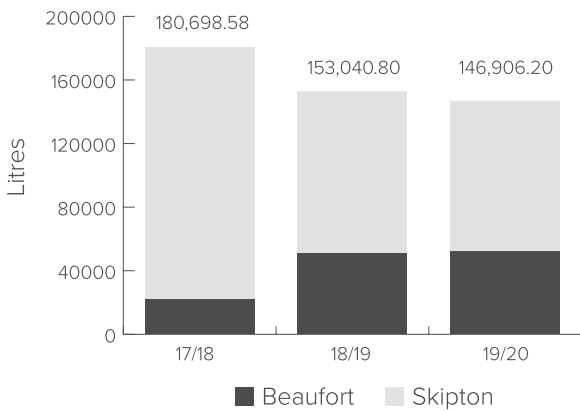
## CAR PARKING FEES

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.

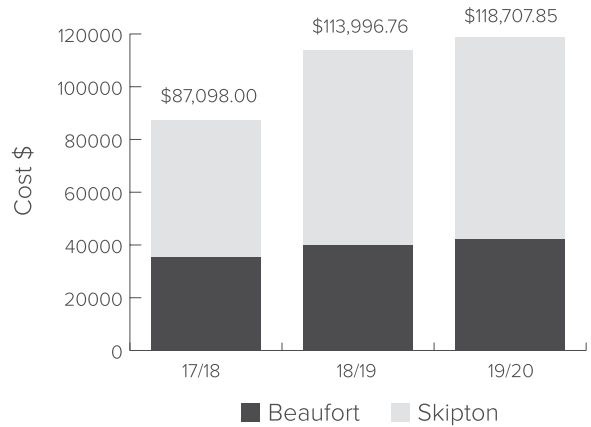
# ENVIRONMENTAL PERFORMANCE

In 2019-2020 we continue to focus of challenges in relation to energy efficiencies and environmental sustainability impacts. With solar installations and building project completions, improved results are expected.

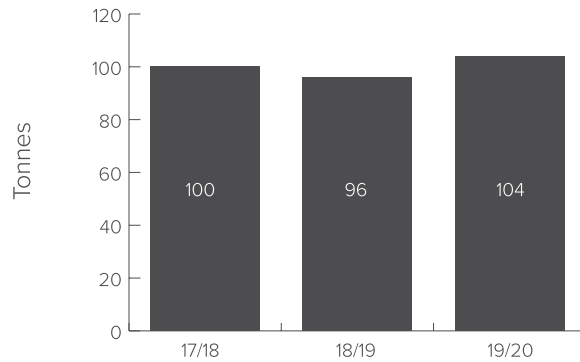
**Beaufort and Skipton LPG Litres Used**



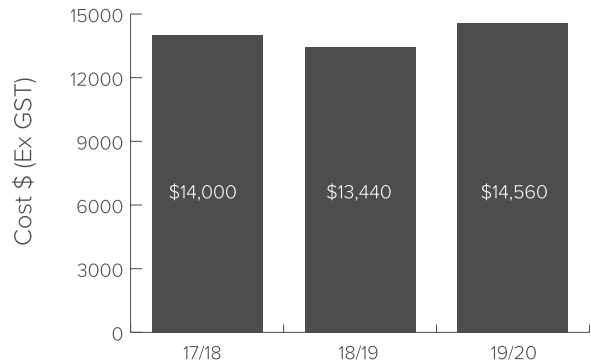
**Beaufort and Skipton LPG Cost**



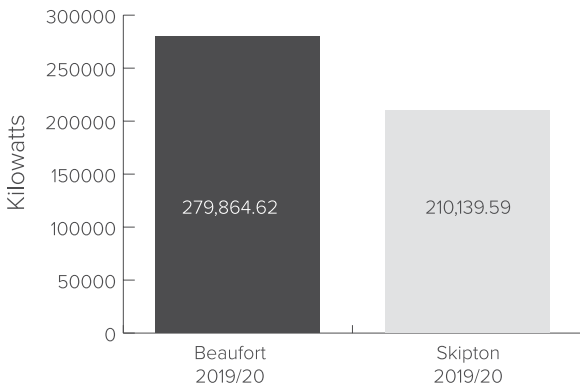
**Woodchip Boiler Tonnes Used**



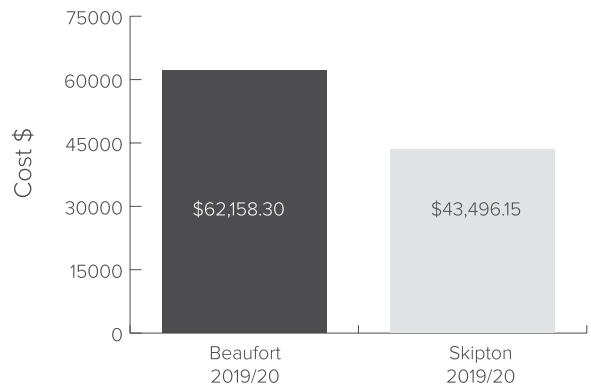
**Woodchip Boiler Cost**



**Beaufort and Skipton Electricity Used**



**Beaufort and Skipton Electricity Cost**



## FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, David Lenehan, on behalf of the Responsible Body<sup>(1)</sup>, certify that the Beaufort and Skipton Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



**David Lenehan**  
*Board Chair*  
Beaufort and Skipton Health Service  
23 September 2020

## 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  
23 September 2020

## 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  
23 September 2020

## 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  
23 September 2020

## 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  
23 September 2020

## PART A: STRATEGIC PRIORITIES - HEALTH 2020

The response by Beaufort and Skipton Health Service to the COVID-19 pandemic has diverted resources and effort away from some elements of the Statement of Priorities. Accordingly, some Statement of Priority initiatives were paused during 2019-2020 and are identified as such throughout this report.

In 2019–2020 Beaufort and Skipton Health Service contributed to the achievement of the Government’s commitments within Health 2040: Advancing health, access and care by:

### BETTER HEALTH

#### GOALS:

- A system geared to prevention as much as treatment
- Everyone understands their own health and risks
- Illness is detected and managed early
- Healthy neighbourhoods and communities encourage healthy lifestyles

#### STRATEGIES:

- Reduce Statewide Risks
- Build Healthy Neighbourhoods
- Help people to stay healthy
- Target health gaps

#### DELIVERABLE:

- Improve the health literacy of consumers with chronic disease to enable them to understand their condition and its management.

#### OUTCOME:

- Not achieved.
- Health Promotion officer has connected with the Beaufort Medical Group and conducted a facilitated discussion on chronic health issues, including mental health. Planned for re-engagement post COVID-19
- Clinical informatics have enabled the development of accurate chronic disease presentation numbers through the Community Health program which has allowed us to develop targeted education for the most common chronic disease presentations.
- This work will continue and has been added into the 20/21 organisational quality improvement plan.

#### DELIVERABLE:

- Partner with the Primary Care Partnership to develop and implement healthy eating strategies for staff as part of the Healthy Workplaces Achievement program which, in turn, will result in better informed local communities.

#### OUTCOME:

- Achieved
- A Healthy Eating Advisory Committee has progressed the implementation of healthy snacks and meals provided by the health service, following a comprehensive staff feedback. This has raised staff awareness and understanding of the benefits of healthy eating for themselves, their families and the community.



## BETTER ACCESS

---

### GOALS:

- Care is always being there when people need it
- Better access to care in the home and community
- People are connected to the full range of care and support they need
- Equal access to care

### STRATEGIES:

- Plan and invest
- Unlock innovation
- Provide easier access
- Ensure fair access

### DELIVERABLES:

- Deliver actions identified in the Partnering in Healthcare Statement of Intent which will:
  - Include family and carers in care planning
  - Deliver education for consumers and healthcare professionals on the implementation of the new Australian Charter of Healthcare Rights in Victoria.
- In partnership with Grampians region health services, develop an improved discharge planning process so patients may return to the local community and access support at home if required.

### OUTCOMES:

- Achieved
- All residents and family members have received education and information on the new Charter of Healthcare Rights, with all residents accepting and signing the new charter.
- Strategies to further measure feedback from residents and families in regard to their level of satisfaction with their inclusion into care processes and planning.
- Health professionals have received education on the new Charter of Healthcare Rights.
- A small working group has revised the referral pathways, completed the discharge planning flowchart and resources to enable a smooth transition for patients back home into the community.
- The Transition Care Program enables close relationship with external providers across both local communities, so that appropriate services are accessed for consumers.

## BETTER CARE

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### GOALS:

- Targeting zero avoidable harm
- Healthcare that focusses on outcomes
- Patients and carers are active partners in care
- Care fits together around people's needs

### STRATEGIES:

- Put quality First
- Join up care
- Partner with patients
- Strengthen the workforce
- Embed evidence
- Ensure equal care

### DELIVERABLES:

- Establish a Rural and Isolated Practice Endorsed Registered Nurse model of care for Beaufort and Skipton Health Service's Urgent Care Centre as part of the alliance with Hepburn Health Service.
- Establish a framework and implement monthly executive walk rounds and engage with staff and consumers in this process.
- Develop an organisational plan for improvement based on the learning gained from the walk rounds.

### OUTCOMES:

- Achieved
- The RIPERN model of care for Urgent Care Centres has been introduced successfully at Beaufort campus.
- Three Registered Nurses have successfully completed the RIPERN training program.
- Framework and monthly executive safety walk rounds have been established.
- Feedback from the Executive Safety Walk-Rounds has been documented on the improvement plan and actioned.

## SPECIFIC PRIORITIES FOR 2019-20

In 2019-20 Beaufort and Skipton Health Service contributed to the achievement of the Government's priorities by:

### SUPPORTING THE MENTAL HEALTH SYSTEM

---

*Improve service access to mental health treatment to address the physical and mental health needs of consumers.*

---

#### DELIVERABLE:

- Partner with the local Rotary club and Lifeline to deliver the suicide prevention strategy 'safeTALK' workshop in the community so that the local community is better resourced and informed to identify and connect with someone with thoughts of suicide and refer them for help.

#### OUTCOME:

- Achieved.
- A 'safeTALK' event was successfully held with thirty community and staff participants. Positive feedback was received from people who attended

### ADDRESSING OCCUPATIONAL VIOLENCE

---

*Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.*

*Implement the department's security training principles to address identified security risks.*

---

#### DELIVERABLE:

- Beaufort and Skipton Health Service will deliver staff training based on the occupational violence and aggression training principles and in line with its security risk assessment, to front line clinical staff.

#### OUTCOME:

- Achieved.
- One hundred percent compliance with staff completing the Workplace Violence and Aggression in Healthcare e-learning module.
- Code Black and Code Grey policies have been revised and endorsed.
- Currently sourcing appropriate external training for staff.

## SPECIFIC PRIORITIES (CONTINUED)

### ADDRESSING BULLYING AND HARASSMENT

*Actively promote positive workplace behaviours, encourage reporting and action on all reports.*

*Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.*

#### DELIVERABLES:

- By 30 November 2019 Beaufort and Skipton Health Service will implement:
  - The Framework for promoting a positive workplace culture; preventing bullying, harassment and discrimination, and
  - The Workplace culture and bullying, harassment and discrimination training; guiding principles for Victorian health services.

#### OUTCOMES:

- Achieved.
- Board of Directors issued a statement outlining zero tolerance to poor behaviours in the workplace.
- The statement has been widely promoted through staff meetings, staff newsletter and local media.
- Workplace bullying policy has been updated to reflect the seven principles in the framework.
- All allegations of bullying in the workplace are fully investigated and managed.
- Promotion of Beaufort and Skipton Health Service values and the associated 'Above and Below the Line Behaviours' have been revised with staff input.
- One hundred percent of staff completed the Prevention of Bullying and Harassment in the Workplace training.
- Contact officers have been appointed and completed training for the role.

### SUPPORTING VULNERABLE PATIENTS

*Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.*

#### DELIVERABLE:

- Facilitate the screening of the 'Dignity of Risk' movie and expert panel discussion within the community to improve community awareness of the issues relating to risk and people with dementia.

#### OUTCOME:

- Achieved
- Promotional material was circulated in the community, with the event being successfully held with community attendance which enabled better understanding of people living with dementia in our community.

## SPECIFIC PRIORITIES (CONTINUED)

### SUPPORTING ABORIGINAL CULTURAL SAFETY

*Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.*

#### DELIVERABLE:

- Conduct cultural safety training and implement awareness strategies for staff across the organisation.

#### OUTCOME:

- Not achieved.
- Cultural safety training organised with the support from the Ballarat Multicultural Centre and associated resources.
- The planned event has been paused due to COVID-19 pandemic and state restrictions.
- Cultural safety training and awareness strategies for staff across the organisation is included in the 2020-2021 Operational Plan.

### ADDRESSING FAMILY VIOLENCE

*Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.*

#### DELIVERABLES:

- Beaufort and Skipton Health Service will continue to collaborate with regional health services and external stakeholders in the implementation of the Strengthening Hospital Responses to Family Violence initiative including:
  - Whole of health service staff training
  - Strengthen referral pathways for specialist Family Violence Services.

#### OUTCOMES:

- Achieved
- Ten training sessions were conducted with over eighty percent of staff across the organisation having completed the training.
- Promotional activities and events held over the sixteen days of activism to build staff and community awareness and action.
- Referral pathways revised with local specialist Family Violence Services.

## SPECIFIC PRIORITIES (CONTINUED)

### IMPLEMENTING DISABILITY ACTION PLANS

*Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.*

#### DELIVERABLE:

- Progress implementation of strategies articulated in the Beaufort and Skipton Health Service Disability Action plan and provide a copy of the final plan to the Department of Health and Human Services by 30 December 2019.

#### OUTCOME:

- Achieved.
- The Beaufort and Skipton Health Service Disability Action Plan was provided to the Department of Health and Human Services by 30 December, 2019.
- Disability, Dementia and Dyslexia training resources uploaded and available on the Education portal
- Investigation conducted for additional funding opportunities in partnership with BIRCH program to increase staff and community knowledge, resources and management of consumers with dementia.

### SUPPORTING ENVIRONMENTAL SUSTAINABILITY

*Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.*

#### DELIVERABLE:

- Install the Bioenergy Straw Pellet system at Skipton Campus with a measurable reduction in liquid petroleum gas consumption.

#### OUTCOME:

- Not achieved.
- The project group with consumer representative and cross sector representation established.
- Preferred provider recommended to the Pyrenees Shire November meeting and approved.
- The global pandemic has slowed the project due to importing restrictions out of Europe and within Australia.
- Installation of the Bioenergy Straw Pellet system at the Skipton campus, with a measurable reduction in liquid petroleum gas consumption item will be included in the 2020-2021 Operational Plan.

## PART B: PERFORMANCE PRIORITIES

KEY PERFORMANCE INDICATOR	TARGET	RESULT
---------------------------	--------	--------

### Accreditation

Compliance with the Aged Care Standards	Full compliance	Achieved
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### Infection prevention and control

Compliance with the Hand Hygiene Australia program	83%	86.3%
Percentage of healthcare workers immunised for influenza	84%	86%

\* Hand Hygiene - Quarter 4 data is not available due to COVID-19. Result is based on available data.

### Patient experience

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*

\* Less than 42 responses were received for the period due to the relative size of the Health Service

### 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)	0.00	0.60
Average number of days to paying Trade Creditors	60 days	25 days
Average number of days to receiving Patient Fee Debtors	60 days	18 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.88
Number of days of available cash	14 days	-10.2 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	-10.2 days
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	\$594,000

# STATEMENT OF PRIORITIES

KEY PERFORMANCE INDICATOR	TARGET	RESULT
<b>Organisational Culture</b>		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	84%
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%	94%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	89%
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%	99%
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%	82%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	90%
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%	63%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	71%
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%	86%

## PART C: ACTIVITY AND FUNDING

FUNDING TYPE	2019–2020 ACTIVITY ACHIEVEMENT
<b>Small Rural</b>	
Small Rural Acute	14 WIES Equivalents
<b>Small Rural Primary Health &amp; HACC</b>	
Counselling / Casework	Service hours - 574
<b>Small Rural Residential Care</b>	
Bed days	16,145

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
<b>Report of Operations</b>		<b>Attestations</b>	
<i>Charter and Purpose</i>		Attestation on Data Integrity	13
FRD 22H Manner of establishment and the relevant Ministers	02	Attestation on managing Conflicts of Interest	13
FRD 22H Purpose, functions, powers and duties	02	Attestation on Integrity, fraud and corruption	13
FRD 22H Nature and range of services provided	04		
FRD 22H Activities, programs and achievements for the reporting period	06-07	<b>Other reporting requirements</b>	
FRD 22H Significant changes in key initiatives and expectations for the future	16-21	• Reporting of outcomes from Statement of Priorities 2019–20	16-21
		• Occupational Violence reporting	10
<i>Management and Structure</i>		• Reporting of compliance Health Purchasing Victoria policy	15
FRD 22H Organisational structure	05	• Reporting obligations under the <i>Safe Patient Care Act 2015</i>	13
FRD 22H Workforce data/employment and conduct principles	10	• Reporting of compliance regarding Car Parking Fees (if applicable)	13
FRD 22H Occupational Health and Safety	10		
<i>Financial Information</i>		<b>Additional information available on request</b>	
FRD 22H Summary of the financial results for the year	11	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	12	• Declarations of pecuniary interests have been duly completed by all relevant officers;	
FRD 22H Operational and budgetary objectives and performance against objectives	12	• Details of shares held by senior officers as nominee or held beneficially;	
FRD 22H Subsequent events	11	• Details of publications produced by the entity about itself, and how these can be obtained;	
FRD 22H Details of consultancies under \$10,000	12	• Details of changes in prices, fees, charges, rates and levies charged by the Health Service;	
FRD 22H Details of consultancies over \$10,000	12	• Details of any major external reviews carried out on the Health Service;	
FRD 22H Disclosure of ICT expenditure	12	• 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;	
<b>Legislation</b>		• Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;	
FRD 22H Application and operation of <i>Freedom of Information Act 1982</i>	13	• 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 <i>Building Act 1993</i>	13	• Details of assessments and measures undertaken to improve the occupational health and safety of employees;	
FRD 22H Application and operation of <i>Public Interest Disclosure Act 2012</i>	13	• 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	13	• 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 <i>Carers Recognition Act 2012</i>	13	• 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	14		
FRD 22H Additional information available on request	24		
<b>Other relevant reporting directives</b>			
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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 2020 and the financial position of Beaufort and Skipton Health Service at 30 June 2020.

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 23 September 2020.

**Member of Responsible Body**

**Accountable Officer**

**Chief Finance and Accountable Officer**



David Lenehan  
Chair

Meryn Pease  
Chief Executive Officer

Chris Nykoluk  
Chief Finance and Accounting Officer

Beaufort  
23/09/2020

Beaufort  
23/09/2020

Beaufort  
23/09/2020

## Independent Auditor's Report

### To the Board of Beaufort and Skipton Health Service

<b>Opinion</b>	<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"> <li>• balance sheet as at 30 June 2020</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 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>
<b>Basis for Opinion</b>	<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>
<b>Board's responsibilities for the financial report</b>	<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>

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**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  
1 October 2020



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

**BEAUFORT AND SKIPTON HEALTH SERVICES**  
**COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>Income from Transactions</b>			
Operating Activities	2.1	16,292,682	15,821,773
Non-Operating Activities	2.1	64,478	116,855
<b>Total Income from Transactions</b>		<b>16,357,160</b>	<b>15,938,628</b>
<b>Expenses from Transactions</b>			
Employee Expenses	3.1	(12,284,678)	(13,004,284)
Supplies and Consumables	3.1	(723,606)	(809,447)
Depreciation and Amortisation	4.2(b)	(1,439,801)	(977,471)
Other Operating Expenses	3.1	(1,983,278)	(2,357,726)
<b>Total Expenses from Transactions</b>		<b>(16,431,363)</b>	<b>(17,148,928)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(74,203)</b>	<b>(1,210,300)</b>
<b>Other Economic Flows included in Net Result</b>			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	(222)	-
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(2,408)	(34,305)
Other Gain/(Loss) from Other Economic Flows	3.2	(62,789)	136,386
<b>Total Other Economic Flows included in Net Result</b>		<b>(65,419)</b>	<b>102,081</b>
<b>Net Result for the Year</b>		<b>(139,622)</b>	<b>(1,108,219)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	-	5,300,079
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>5,300,079</b>
<b>Comprehensive Result for the Year</b>		<b>(139,622)</b>	<b>4,191,860</b>

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

**BEAUFORT AND SKIPTON HEALTH SERVICES**  
**BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	6,069,929	6,357,863
Receivables	5.1	809,077	762,343
Other Financial Assets	4.1	477,567	393,482
Other Non-Financial Assets	5.4	107,295	92,094
<b>Total Current Assets</b>		<b>7,463,868</b>	<b>7,605,782</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4.2(a)	17,753,776	18,340,291
Receivables	5.1	504,355	559,362
<b>Total Non-Current Assets</b>		<b>18,258,131</b>	<b>18,899,653</b>
<b>Total Assets</b>		<b>25,721,999</b>	<b>26,505,435</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.2	1,630,701	1,167,350
Provisions	3.4	2,881,577	2,676,169
Other Liabilities	5.3	5,224,984	5,484,148
<b>Total Current Liabilities</b>		<b>9,737,262</b>	<b>9,327,667</b>
<b>Non-Current Liabilities</b>			
Borrowings	6.1	84,203	-
Provisions	3.4	272,351	296,363
<b>Total Non-Current Liabilities</b>		<b>356,554</b>	<b>296,363</b>
<b>Total Liabilities</b>		<b>10,093,816</b>	<b>9,624,030</b>
<b>Net Assets</b>		<b>15,628,183</b>	<b>16,881,405</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	14,594,007	14,594,007
Specific Purpose Reserve		330,105	-
Contributed Capital		11,378,023	11,378,023
Accumulated Surpluses/(Deficits)		(10,673,952)	(9,090,625)
<b>Total Equity</b>		<b>15,628,183</b>	<b>16,881,405</b>

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

**BEAUFORT AND SKIPTON HEALTH SERVICES**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020**

		Property, Plant & Equipment Revaluation Surplus	Restricted Purpose Reserve	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	Note					
<b>Balance as at 30 June 2018</b>		9,293,928	50,000	11,378,023	(8,032,406)	12,689,545
Net Result for the Year		-	-	-	(1,108,218)	(1,108,219)
Other Comprehensive Income for the Year	4.2(f)	5,300,079	-	-	-	5,300,079
Transfer from/(to) accumulated deficits		-	(50,000)	-	50,000	-
<b>Balance as at 30 June 2019</b>		<b>14,594,007</b>	<b>-</b>	<b>11,378,023</b>	<b>(9,090,625)</b>	<b>16,881,405</b>
Opening Balance Adjustment on Adoption of AASB 15	8.9	-	-	-	(1,113,600)	(1,113,600)
<b>Resated Balance as at 30 June 2019</b>	4.2(f)	<b>14,594,007</b>	<b>-</b>	<b>11,378,023</b>	<b>(10,204,225)</b>	<b>15,767,805</b>
Net Result for the Year		-	-	-	(139,622)	(139,622)
Other Comprehensive Income for the Year		-	-	-	-	-
Transfer from/(to) accumulated deficits		-	330,105	-	(330,105)	-
<b>Balance as at 30 June 2020</b>	4.2(f)	<b>14,594,007</b>	<b>330,105</b>	<b>11,378,023</b>	<b>(10,673,952)</b>	<b>15,628,183</b>

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

**BEAUFORT AND SKIPTON HEALTH SERVICES**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

		2020 \$	2019 \$
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Grants from Government		11,693,345	10,463,790
Capital Grants from Government		82,231	1,041,965
Capital Donations and Bequests Received		210,704	20,432
Patient Fees Received		1,909,152	2,248,159
Interest Received		64,478	120,389
Other Receipts		2,405,356	1,652,971
GST Received From/(Paid to) ATO		221,296	271,168
<b>Total Receipts</b>		<b>16,586,561</b>	<b>15,818,874</b>
<b>Payments</b>			
Employee Benefits Expenses Paid		(12,226,533)	(12,736,529)
Payments for Supplies & Consumables		(3,603,353)	(3,277,924)
<b>Total Payments</b>		<b>(15,829,887)</b>	<b>(16,014,453)</b>
<b>Net Cash flows from/(used in) Operating Activities</b>	8.1	<b>756,674</b>	<b>(195,579)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Non-Financial Assets		(801,226)	(467,416)
Proceeds from Disposal of Financial Assets		-	271,217
Proceeds from Disposal of Non-Financial Assets		2,322	-
<b>Net Cash flows from/(used in) Investing Activities</b>		<b>(798,904)</b>	<b>(196,199)</b>
<b>Cash Flows from Financing Activities</b>			
Receipt of Accommodation Deposits		2,028,819	2,184,843
Repayment of Accommodation Deposits		(2,359,785)	(1,925,463)
Proceeds from Borrowings		85,262	-
<b>Net Cash flows from/(used in) Financing Activities</b>		<b>(245,704)</b>	<b>259,380</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(287,934)</b>	<b>(132,398)</b>
Cash and Cash Equivalents at Beginning of Financial Year		6,357,863	6,490,261
<b>Cash and Cash Equivalents at End of Financial Year</b>	6.1	<b>6,069,929</b>	<b>6,357,863</b>

*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 2020. 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). 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 authorised by the Assistant Treasurer.

Beaufort & Skipton Health Service is a not-for-profit entity and therefore 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 substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2020 and the comparative information presented in these financial statements for the year ended 30 June 2019.

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 reviewed on an ongoing basis. 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.

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

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

#### **COVID-19 Pandemic**

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Beaufort and Skipton Health Service.

In response, Beaufort and Skipton Health Service placed restrictions on non-essential visitors, implemented reduced visitor hours, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services, Note 3.1 The cost of delivery of our services and Note 4.2 Property, plant and equipment.



### **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 separately in the 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.

### **Intersegment 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 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 output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Beaufort & Skipton Health Service 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 Beaufort & Skipton Health Service's operations.

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

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

**Specific Restricted Purpose Surplus**

The Specific Restricted Purpose Surplus is established where 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 Note 2.1.

## 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(a): Income from Transactions

	Note	Total 2020 \$	Total 2019 \$
Government Grants (State) - Operating		7,727,745	6,557,717
Government Grants (Commonwealth) - Operating		3,475,217	3,252,891
Government Grants (State) - Capital		577,311	1,041,965
Other Capital purpose income (including capital donations)		210,704	20,432
Patient and Resident Fees		2,001,875	2,473,205
Commercial Activities <sup>(i)</sup>	2.1(b)	1,016,008	1,505,976
Assets received free of charge or for nominal consideration		10,990	-
Other Revenue from Operating Activities (including non-capital donations)		1,272,833	969,586
<b>Total Income from Operating Activities</b>		<b>16,292,682</b>	<b>15,821,773</b>
Other Interest	2.1(c)	64,478	116,855
<b>Total Income from Transactions</b>		<b>16,357,160</b>	<b>15,938,628</b>

<sup>(i)</sup> Commercial activities represent business activities which the health service enter into to support their operations.

### Footnote

Government Grant (State) – Operating includes funding of \$0.30m which was spent due to the impacts of COVID-19.

#### Impact of COVID-19 on revenue and income

As indicated at Note 1, Beaufort and Skipton Health Service's response to the pandemic has been a focus on preparation and prevention. This has not resulted in reduced provision of services, however, Beaufort and Skipton Health Service's revenue has been indirectly affected due to reduced activity. Beaufort and Skipton Health Service has also incurred direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on the Beaufort and Skipton Health Service. Beaufort and Skipton Health Service received essential personal protective equipment free of charge under the state supply arrangement.

Temporary increases to Subsidies and Supplements, and a COVID-19 Support Supplement for Residential Aged Care operations have been received from the Australian Government Department of Health.

#### Government Grants

Income from grants to refurbish the Beaufort Nursing Home is recognised as Beaufort and Skipton Health Service satisfies its obligations under the transfer. This aligns with Beaufort and Skipton Health Service's obligation to refurbish the Nursing Home buildings. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works progress.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Beaufort and Skipton Health Service has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, the Beaufort and Skipton Health Service recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a financial instrument, in accordance with AASB 9; or
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as unearned income (refer note 5.3).

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

#### Performance Obligations

The types of government grants recognised under AASB 15 Revenue from Contracts with Customers includes:

- Commonwealth Home Support Programme Grants (CHSP)
- Western Victoria Primary Health Network - Chronic Conditions of Care Grant (CCMC)
- other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for CHSP grants are the number of hours of care provided to eligible people through Allied Health and Therapy Services, The performance obligations for CCMC grants are the number of occasions of care provided through Allied Health and Therapy Services to eligible people living with chronic and complex conditions, in accordance with the grant agreement.

For other grants with performance obligations the Beaufort and Skipton Health Service exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

## Note 2.1: Income from Transactions (cont)

### Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Beaufort and Skipton Health Service without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Beaufort and Skipton Health Service recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Beaufort and Skipton Health Service recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

### Patient and Resident Fees

Patient and resident fees are recognised as revenue as performance obligations are satisfied, when the service is completed; and over time when the patient or resident simultaneously receives and consumes the service as it is provided. Where the performance obligations are satisfied but not yet billed, a contract asset is recorded.

Resident fees are recognised as revenue over time as Beaufort and Skipton Health Service provides accommodation. This is calculated on a daily basis and invoiced monthly.

There has been no change in the recognition of revenue from patient and resident fees as a result of the adoption of AASB 15.

### Commercial activities

Revenue from commercial activities are recognised when, or as, the performance obligations for the services to the customers are satisfied. Where the performance obligations are satisfied but not yet billed, a receivable is recorded.

There has been no change in the recognition of revenue from commercial activities as a result of the adoption of AASB 15.

### Other Income

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

There has been no change in the recognition of revenue from commercial activities as a result of the adoption of AASB 15.

## Note 2.1(b): Fair value of assets and services received free of charge or for nominal consideration

	2020	2019
	\$	\$
Assets received free of charge or for nominal consideration	10,990	-
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>10,990</b>	<b>-</b>

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery, and distributed the products to health services as resources provided free of charge.

## Note 2.1(c): Other Income

	2020	2019
	\$	\$
Other Interest	64,478	116,855
<b>Total Other Income</b>	<b>64,478</b>	<b>116,855</b>

### Interest Income

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

### Note 3: The Cost of Delivering 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 2020 \$	Total 2019 \$
Salaries and Wages	8,686,676	8,962,181
On-Costs	2,119,612	2,203,043
Agency Expenses	1,312,183	1,714,463
Workcover Premium	166,207	124,597
<b>Total Employee Expenses</b>	<b>12,284,678</b>	<b>13,004,284</b>
Drug Supplies	34,741	63,108
Medical and Surgical Supplies	145,136	114,836
Other Supplies and Consumables	543,729	631,503
<b>Total Supplies and Consumables</b>	<b>723,606</b>	<b>809,447</b>
Fuel, Light, Power and Water	275,427	293,583
Repairs and Maintenance	158,216	107,838
Maintenance Contracts	144,472	178,038
Medical Indemnity Insurance	26,671	25,461
Other Administrative Expenses	983,597	1,364,716
Expenditure for Capital Purposes	394,895	388,090
<b>Total Other Operating Expenses</b>	<b>1,983,278</b>	<b>2,357,726</b>
Depreciation Expense	1,439,801	977,471
<b>Total Other Non-Operating Expenses</b>	<b>1,439,801</b>	<b>977,471</b>
<b>Total Expenses from Transactions</b>	<b>16,431,363</b>	<b>17,148,928</b>

#### Impact of COVID-19 on expenses

As indicated at Note 1, Beaufort and Skipton Health Service's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional usage and expenditure on Personal Protective Equipment (PPE) following the Commonwealth Government usage guidelines, and increased expenditure on Salaries and Wages; including additional staffing for infection control, leisure and lifestyle and increased expenditure on leave and leave coverage. Beaufort and Skipton Health Service also received essential personal protective equipment free of charge under the state supply arrangement. Following introduction of the restrictions on non-essential visitors and implementation of reduced visitor hours, investment has been made in information and communication technology to facilitate social connectedness for our residents.

#### 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 premium

#### Supplies and Consumables

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

#### Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses; and
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

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

	2020 \$	2019 \$
<i>Net gain/(loss) on non-financial assets</i>		
Net gain on disposal of property plant and equipment	(222)	-
<b>Total Net Gain/(Loss) on Non-Financial Assets</b>	<b>(222)</b>	<b>-</b>
<i>Net gain/(loss) on financial instruments at fair value</i>		
Allowance for impairment losses of contractual receivables	(3,467)	(34,305)
Other Gains/(Losses) from Other Economic Flows	1,059	-
<b>Total Net Gain/(Loss) on Financial Instruments</b>	<b>(2,408)</b>	<b>(34,305)</b>
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability	(62,789)	136,386
<b>Total Other Gains/(Losses) from Other Economic Flows</b>	<b>(62,789)</b>	<b>136,386</b>
<b>Total Other Gains/(Losses) from Economic Flows</b>	<b>(65,419)</b>	<b>102,081</b>

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**

Net gain/(loss) on financial instruments includes:

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

#### **Other gains/(losses) from other economic flows**

Other gains/(losses) include:

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

### Note 3.3: Analysis of Expense and Revenue by Internally Managed and Restricted Purpose Funds

	Expense		Revenue	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Commercial Activities</b>				
Medical Practice	1,442,516	1,877,152	911,567	1,396,296
<b>Total</b>	<b>1,442,516</b>	<b>1,877,152</b>	<b>911,567</b>	<b>1,396,296</b>

#### Change to Operations

The Beaufort Medical Practice commercial activity ceased operations in February 2020. Skipton Medical Practice commercial activity continues.

### Note 3.4: Employee Benefits in the Balance Sheet

	2020	2019
	\$	\$
<b>Current Provisions</b>		
<b>Employee Benefits</b>		
Annual Leave		
- Unconditional and expected to be settled within 12 months	855,872	791,850
- Unconditional and expected to be settled after 12 months	146,699	132,642
Long Service Leave		
- Unconditional and expected to be settled within 12 months	194,873	180,932
- Unconditional and expected to be settled after 12 months	1,345,597	1,256,807
Accrued Days Off		
- Unconditional and expected to be settled within 12 months	18,360	16,586
<b>Total Current Provisions</b>	<b>2,561,401</b>	<b>2,378,817</b>
<b>Provisions related to Employee Benefit On-Costs</b>		
- Unconditional and expected to be settled within 12 months	133,638	123,671
- Unconditional and expected to be settled after 12 months	186,537	173,681
<b>Total Current Provisions</b>	<b>2,881,577</b>	<b>2,676,169</b>
<b>Non-Current Provisions</b>		
Conditional Long Service Leave	242,090	263,434
Provisions related to Employee Benefit On-Costs	30,261	32,929
<b>Total Non-Current Provisions</b>	<b>272,351</b>	<b>296,363</b>
<b>Total Provisions</b>	<b>3,153,928</b>	<b>2,972,532</b>

#### Note 3.4(a): Employee Benefits and Related On-Costs

	2020	2019
	\$	\$
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional Long Service Leave Entitlements	1,733,029	1,617,457
Annual Leave Entitlements	1,127,893	1,040,053
Accrued Days Off	20,655	18,659
<b>Total Current Employee Benefits and Related On-Costs</b>	<b>2,881,577</b>	<b>2,676,169</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional Long Service Leave	272,351	296,363
<b>Total Non-Current Employee Benefits and Related On-Costs</b>	<b>272,351</b>	<b>296,363</b>
<b>Total Employee Benefits and Related On-Costs</b>	<b>3,153,928</b>	<b>2,972,532</b>

#### Note 3.4(b): Movement in On-Cost Provision

Opening Balance at the Start of the Year	330,281	317,321
Additional provisions recognised	162,599	133,418
Effect of changes in the discount rate	(7,849)	17,048
Reduction due to transfer out	(134,595)	(137,506)
<b>Closing Balance at the end of the year</b>	<b>350,436</b>	<b>330,281</b>

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

#### **Employee Benefit Recognition**

Provision is made for benefits accruing to employees in respect of accrued days off, 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 annual leave and accrued days off are measured at:

- Nominal value – 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**

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 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 value – if Beaufort & Skipton Health Service expects to settle wholly within 12 months; or
- Present value – if Beaufort & Skipton Health Service does not expect to settle wholly 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Defined Benefit Plans (i):</b>				
First State Super	-	3,009	-	-
<b>Defined Contribution Plans:</b>				
First State Super	716,343	665,264	-	-
Hesta	201,547	186,007	-	-
Other	65,825	62,632	-	-
<b>Total</b>	<b>983,715</b>	<b>916,912</b>	-	-

(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 the defined benefit and defined contribution plans. 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 health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of 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 Superannuation Plans**

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

## Note 4: Key Assets to Support Service Delivery

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	Total	Total
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Current</b>				
<b>Financial Assets at Amortised Cost</b>				
Grampians Rural Health Alliance	477,567	393,482	477,567	393,482
<b>Total Current</b>	<b>477,567</b>	<b>393,482</b>	<b>477,567</b>	<b>393,482</b>
<b>Represented by:</b>				
Grampians Rural Health Alliance	477,567	393,482	477,567	393,482
<b>Total</b>	<b>477,567</b>	<b>393,482</b>	<b>477,567</b>	<b>393,482</b>

### 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.

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

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

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

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

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

In accordance with FRD 103H *Non-financial physical assets*, 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 AASB 13 *Fair Value Measurement* paragraph 29, Beaufort Skipton Health Service has assumed 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's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

##### **Vehicles**

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 2020.

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)

### Note 4.2(a): Gross Carrying Amount and Accumulated Depreciation

	2020	2019
	\$	\$
<b>Land</b>		
Land at Fair Value (Freehold)	865,650	865,650
<b>Total Land</b>	<b>865,650</b>	<b>865,650</b>
<b>Buildings</b>		
Buildings under Construction	693,766	148,216
Buildings at Fair Value	16,556,597	16,532,000
Less Accumulated Depreciation	(1,199,820)	-
<b>Total Buildings</b>	<b>16,050,543</b>	<b>16,680,216</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	1,329,620	1,208,456
Less Accumulated Depreciation	(817,655)	(650,721)
<b>Total Plant and Equipment</b>	<b>511,965</b>	<b>557,735</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	236,408	220,258
Less Accumulated Depreciation	(104,533)	(71,615)
<b>Total Medical Equipment</b>	<b>131,876</b>	<b>148,643</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Fair Value	555,038	423,349
Less Accumulated Depreciation	(361,296)	(335,302)
<b>Total Motor Vehicles</b>	<b>193,742</b>	<b>88,047</b>
<b>Total Property, Plant and Equipment</b>	<b>17,753,776</b>	<b>18,340,291</b>

### Note 4.2(b): Reconciliations of the Carrying Amount of each Class of Assets

	Land	Buildings	Plant and Equipment	Medical Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
<b>2020</b>						
<b>Balance at 1 July 2019</b>	<b>865,650</b>	<b>16,680,217</b>	<b>557,735</b>	<b>148,643</b>	<b>88,046</b>	<b>18,340,291</b>
Additions	-	585,967	129,537	16,151	131,690	863,344
Disposals	-	(7,514)	(2,543)	-	-	(10,057)
Revaluation increments/(decrements)	-	-	-	-	-	-
Net Transfers Between Classes	-	(8,307)	8,307	-	-	-
Depreciation (refer Note 4.3)	-	(1,199,819)	(181,071)	(32,917)	(25,994)	(1,439,801)
<b>Balance at 30 June 2020</b>	<b>865,650</b>	<b>16,050,543</b>	<b>511,965</b>	<b>131,876</b>	<b>193,742</b>	<b>17,753,776</b>
<b>2019</b>						
<b>Balance at 1 July 2018</b>	<b>626,000</b>	<b>12,016,532</b>	<b>746,753</b>	<b>103,615</b>	<b>57,367</b>	<b>13,550,267</b>
Additions	-	106,003	226,954	72,299	62,160	467,416
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	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)
<b>Balance at 30 June 2019</b>	<b>865,650</b>	<b>16,680,217</b>	<b>557,735</b>	<b>148,643</b>	<b>88,046</b>	<b>18,340,291</b>

#### Land and Buildings and Leased Assets Carried at Valuation

A full revaluation of Beaufort and Skipton Health Service's land and buildings was performed by the Valuer-General of Victoria (VGV) in 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. 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 effective date of the valuation for both land and buildings was 30 June 2019.

In compliance with FRD103H, in the year ended 30 June 2020, Beaufort and Skipton Health Service's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from Department of Treasury and Finance the Valuer General Victoria Indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate an average increase of 2% across all land parcels and a 3% increase in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings no managerial revaluation was required.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land indice of 12% and a decrease in the building indice of 13% would be required.

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

### Note 4.2(c): Fair Value Measurement Hierarchy for Assets

	Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 i	Level 2 i	Level 3 i
<b>Balance as at 30 June 2020</b>				
<b>Land at fair value</b>				
Non-Specialised Land	260,000	-	260,000	-
Specialised Land	605,650	-	-	605,650
<b>Total of Land at fair value</b>	<b>865,650</b>	<b>-</b>	<b>260,000</b>	<b>605,650</b>
<b>Buildings at fair value</b>				
Non-Specialised Buildings	495,000	-	495,000	-
Specialised Buildings	14,861,777	-	-	14,861,777
<b>Total of Buildings at fair value</b>	<b>15,356,777</b>	<b>-</b>	<b>495,000</b>	<b>14,861,777</b>
<b>Plant, Equipment and Vehicles at fair value</b>				
- Motor Vehicles	193,742	-	193,742	-
- Medical Equipment	131,876	-	-	131,876
- Plant and Equipment	511,965	-	-	511,965
<b>Total of Plant, Equipment and Vehicles at fair value</b>	<b>837,583</b>	<b>-</b>	<b>193,742</b>	<b>643,841</b>
<b>Total</b>	<b>17,060,010</b>	<b>-</b>	<b>948,742</b>	<b>16,111,268</b>

	Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 i	Level 2 i	Level 3 i
<b>Balance as at 30 June 2019</b>				
<b>Land at fair value</b>				
Non-Specialised Land	260,000	-	260,000	-
Specialised Land	605,650	-	-	605,650
<b>Total of Land at fair value</b>	<b>865,650</b>	<b>-</b>	<b>260,000</b>	<b>605,650</b>
<b>Buildings at fair value</b>				
Non-Specialised Buildings	495,000	-	495,000	-
Specialised Buildings	16,037,000	-	-	16,037,000
<b>Total of Buildings at fair value</b>	<b>16,532,000</b>	<b>-</b>	<b>495,000</b>	<b>16,037,000</b>
<b>Plant, Equipment and Vehicles at fair value</b>				
- Motor Vehicles	88,047	-	88,047	-
- Medical Equipment	148,643	-	-	148,643
- Plant and Equipment	557,735	-	-	557,735
<b>Total of Plant, Equipment and Vehicles at fair value</b>	<b>794,425</b>	<b>-</b>	<b>88,047</b>	<b>706,378</b>
<b>Total</b>	<b>18,192,075</b>	<b>-</b>	<b>843,047</b>	<b>17,349,028</b>

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

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

	Land	Buildings	Plant and Equipment
	\$	\$	\$
<b>Balance at 1 July 2019</b>	605,650	16,532,000	706,377
Additions/(Disposals)	-	24,595	153,994
Transfers in/(out) of Level 3	-	-	-
Gains or (losses) recognised in net result			
- Depreciation	-	(1,199,819)	(213,988)
Items recognised in other comprehensive income			
- Revaluation	-	-	-
<b>Closing Balance at 30 June 2020</b>	<b>605,650</b>	<b>15,356,776</b>	<b>646,383</b>

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

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

**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	Community Service Obligation 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**

	2020 \$	2019 \$
<b>Property, Plant and Equipment Revaluation Surplus</b>		
Balance at the beginning of the reporting period	14,594,007	9,293,928
Revaluation Increment		
- Land (refer Note 4.3(b))	-	239,650
- Buildings	-	5,060,429
<b>Balance at the end of the reporting period*</b>	<b>14,594,007</b>	<b>14,594,007</b>
<b>* Represented by:</b>		
- Land	582,550	582,550
- Buildings	14,011,457	14,011,457
	<b>14,594,007</b>	<b>14,594,007</b>

### Note 4.3: Depreciation

	2020	2019
	\$	\$
Buildings	1,199,819	774,791
Plant and Equipment	181,071	143,928
Medical Equipment	32,917	27,271
Motor Vehicles	25,994	31,481
<b>Total Depreciation</b>	<b>1,439,801</b>	<b>977,471</b>

#### Depreciation

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

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

	2020	2019
Buildings		
- Structure Shell Building Fabric	7-40 years	7-40 years
- Site Engineering Services	7-30 years	7-30 years
- Fitout	7-15 years	7-15 years
- Trunk Reticulated Building Systems	7-20 years	7-20 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
- 5.4 Other assets

### Note 5.1: Receivables

	2020	2019
	\$	\$
<b>Current</b>		
<b>Contractual</b>		
Trade Debtors	248,432	398,801
Patient Fees	467,468	224,376
Accrued Revenue	61,010	115,341
<i>Less Allowance for Impairment Losses of Contractual Receivables</i>		
Patient Fees	(37,772)	(34,305)
<b>Total Contractual Receivables</b>	<b>739,137</b>	<b>704,213</b>
<b>Statutory Receivables</b>		
GST Receivable	69,940	58,130
<b>Total Statutory Receivables</b>	<b>69,940</b>	<b>58,130</b>
<b>Total Current Receivables</b>	<b>809,077</b>	<b>762,343</b>
<b>Non-Current</b>		
<b>Statutory</b>		
Department of Health & Human Services	504,355	559,362
<b>Total Non-Current Receivables</b>	<b>504,355</b>	<b>559,362</b>
<b>Total Receivables</b>	<b>1,313,432</b>	<b>1,321,705</b>

### Note 5.1(a): Movement in the Allowance for Impairment Losses of Contractual Receivables

	2020	2019
	\$	\$
<b>Balance at Beginning of Year</b>	34,305	27,268
Increase/(Decrease) in Allowance Recognised in the Net Result	19,834	34,305
Reversal of unused allowance recognised in the net result	(16,367)	(27,268)
<b>Balance at End of Year</b>	<b>37,772</b>	<b>34,305</b>

### Receivables Recognition

Receivables consist of:

- Contractual receivables which consists of debtors in relation to goods and services. 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 predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. 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 attributable transaction cost.

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.

### Impairment Losses of Contractual Receivables

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.

Refer to Note 7.1(c) Contractual receivables at amortised costs for Beaufort and Skipton Health Service's contractual impairment losses.

## Note 5.2: Payables

	2020	2019
	\$	\$
<b>Current</b>		
<b>Contractual</b>		
Trade Creditors	66,199	542,767
Accrued Salary and Wages	328,185	388,647
Accrued Expenses	182,423	235,936
Deferred Capital Grant Revenue	5.2(a) 618,520	-
Contract Liabilities - Income Received in Advance	5.2(b) 435,374	-
<b>Total Payables</b>	<b>1,630,701</b>	<b>1,167,350</b>

(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 and salary and wages payable represent liabilities for goods and services
- 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 Net 60 days.

### Note 5.2(a): Deferred Capital Grant Revenue

	2020
	\$
Grant Consideration for Capital Works recognised that was included in the Deferred Grant Liability Balance (adjusted for AASB 1058) at the beginning of the year	1,113,600
Government Grant (State) Consideration for Property, Plant and Equipment Received During the Year	-
Government Grant (State) Consideration for Property, Plant and Equipment Recognised During the Year	(495,080)
<b>Closing Balance of Deferred Grant Consideration Received for Capital Works</b>	<b>618,520</b>

Grant consideration was received from the Department of Health and Human Services for the Refurbishment of Beaufort Nursing Home, Sensory Gardens at the Beaufort and Skipton Sites and the Skipton Bioenergy project. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Beaufort and Skipton Health Service satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) As a result, Beaufort and Skipton Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

### Note 5.2(b) Contract Liabilities

	2020
	\$
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	-
Add: Payments received for performance obligations yet to be completed during the period	1,080,701
Less: Revenue recognised in the reporting period for the completion of a performance obligation	-
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(645,327)
<b>Closing Balance of Deferred Grant Consideration Received for Capital Works</b>	<b>435,374</b>

Contract liabilities relate to consideration received in advance from customers where services are being provided over a specified timeframe.

### Note 5.2(c) Grant Consideration

	2020
	\$
Revenue recognised from performance obligations satisfied in previous periods	66,234
Transaction price allocated to the remaining performance obligations from contracts with customers to be recognised in:	
Not longer than one year	79,495
<b>Closing Balance of Deferred Grant Consideration Received for Capital Works</b>	<b>145,729</b>

Government grant consideration was received from the Department of Health and Human Services to fund specific programs to service the needs of the community. Grant income is recognised when the relevant services are provided by Beaufort and Skipton Health Service. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

### Maturity Analysis of Payables

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

**Note 5.3: Other Liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Monies Held in Trust*		
- Refundable Accommodation Deposits and Bonds	5,052,104	5,443,235
- Patient Monies Held in Trust	62,036	1,870
Grampians Rural Health Alliance	110,844	39,043
<b>Total Other Liabilities</b>	<b>5,224,984</b>	<b>5,484,148</b>
<b>*Monies Held in Trust Represented by:</b>		
Cash Assets	5,114,140	5,445,105
<b>Total</b>	<b>5,114,140</b>	<b>5,484,148</b>

*Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities*

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to the Group upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the Aged Care Act 1997.

**Note 5.4: Other Non-Financial Assets**

	2020	2019
	\$	\$
<b>Current</b>		
Prepayments	107,295	92,094
<b>Total Other Non-Financial Assets</b>	<b>107,295</b>	<b>92,094</b>

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in prior to 30 June 2020 and covering a term extending beyond that period.

## 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 Borrowings
- 6.2 Cash and Cash Equivalents
- 6.3 Commitments for expenditure

#### Note 6.1: Borrowings

	2020 \$	2019 \$
<b>Non Current</b>		
Advances from Government (i)	84,203	-
<b>Total Cash and Cash Equivalents</b>	<b>84,203</b>	<b>-</b>

(i) This is an unsecured loan which bears no interest.

#### Maturity analysis of borrowings

Please refer to Note 7.1(b) for the maturity analysis of borrowings.

#### Defaults and breaches

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

#### Note 6.2: Cash and Cash Equivalents

	2020 \$	2019 \$
Cash on hand	3,637	780
Cash at Bank (CBS)	6,066,292	6,357,083
<b>Total Cash and Cash Equivalents</b>	<b>6,069,929</b>	<b>6,357,863</b>
<b>Represented By</b>		
Cash for Health Services Operations (as per Cash Flow Statement)	6,069,929	6,357,863
<b>Total Cash and Cash Equivalents</b>	<b>6,069,929</b>	<b>6,357,863</b>

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

For the cash flow statement purposes, the cash flow statement includes monies held in trust.

#### Note 6.3: Commitments for Expenditure

	2020 \$	2019 \$
<b>Capital Expenditure Commitments</b>		
Not later than 1 year	975,806	693,869
Longer than 1 year but not longer than 5 years	-	28,298
<b>Total Capital Expenditure Commitments Payable</b>	<b>975,806</b>	<b>722,167</b>
<b>Operating Expenditure Commitments</b>		
Not later than 1 year	52,525	58,374
<b>Total Operating Expenditure Commitments Payable</b>	<b>52,525</b>	<b>58,374</b>
<b>Operating Leases</b>		
Not later than 1 year	-	8,759
<b>Total Non-cancellable Operating Leases Payable</b>	<b>-</b>	<b>8,759</b>
<b>Total Commitments for Expenditure (inclusive of GST)</b>	<b>1,028,331</b>	<b>789,300</b>
Less GST recoverable from the Australian Tax Office	(93,485)	(71,755)
<b>Total Commitments for Expenditure (exclusive of GST)</b>	<b>934,846</b>	<b>717,545</b>

#### Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed 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.

## 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's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

##### Note 7.1(a): Financial Instruments: Categorisation

2020	Financial Assets at Amortised Cost	Financial Liabilities at	Total
	\$	\$	\$
<b>Contractual Financial Assets</b>			
Cash and Cash Equivalents	6,069,929	-	6,069,929
Receivables	739,137	-	739,137
Other Financial Assets	-	-	-
<b>Total Contractual Financial Assets (i)</b>	<b>6,809,066</b>	<b>-</b>	<b>6,809,066</b>
<b>Financial Liabilities</b>			
Payables	-	248,622	248,622
Advances from Government	-	84,203	84,203
<b>Total Financial Liabilities (i)</b>	<b>-</b>	<b>332,825</b>	<b>332,825</b>

2019	Financial Assets at Amortised Cost	Financial liabilities at amortised cost	Total
	\$	\$	\$
<b>Contractual Financial Assets</b>			
Cash and Cash Equivalents	6,357,863	-	6,357,863
Receivables	704,213	-	704,213
Other Financial Assets	393,482	-	393,482
<b>Total Contractual Financial Assets (i)</b>	<b>7,455,558</b>	<b>-</b>	<b>7,455,558</b>
<b>Financial Liabilities</b>			
Payables	-	778,703	778,703
<b>Total Financial Liabilities (i)</b>	<b>-</b>	<b>778,703</b>	<b>778,703</b>

(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).

### Categories of Financial Assets under AASB9 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.

Beaufort and Skipton Health Service 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.

## Note 7.1: Financial Instruments (cont.)

### 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.

	Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates			
				Less than 1 Month \$	1-3 Months \$	3 months 1 Year \$	1-5 Years \$
<b>2020</b>							
<b>Financial Liabilities at Amortised Cost</b>							
<i>At Amortised cost</i>							
Payables	5.2	248,622	248,622	248,622	-	-	-
Advances from Government	6.1	84,203	84,203	-	-	-	84,203
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	5,052,104	5,052,104	151,563	303,126	1,353,964	3,243,451
- Other	5.3	1,226,774	1,226,774	-	-	1,226,774	-
<b>Total Financial Liabilities</b>		<b>6,611,703</b>	<b>6,611,703</b>	<b>400,185</b>	<b>303,126</b>	<b>2,580,738</b>	<b>3,327,654</b>
<b>2019</b>							
<b>Financial Liabilities at Amortised Cost</b>							
<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	-
<b>Total Financial Liabilities</b>		<b>6,651,498</b>	<b>6,651,498</b>	<b>1,330,647</b>	<b>326,594</b>	<b>1,499,700</b>	<b>3,494,557</b>

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

### Note 7.1(c): Contractual Receivables at Amortised Cost

	Note	Provision Balance	Current	Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years
<b>2020</b>							
<b>Expected Loss Rate</b>			0.0%	0.0%	0.1%	0.9%	25.6%
Gross Carrying Amount of Contractual Receivables	5.1	776,909	196,392	192,336	110,058	136,121	142,002
<b>Loss Allowance</b>		<b>37,772</b>	<b>40</b>	<b>45</b>	<b>62</b>	<b>1,238</b>	<b>36,387</b>
<b>2019</b>							
<b>Expected Loss Rate</b>			0.0%	0.0%	0.0%	31.0%	15.7%
Gross Carrying Amount of Contractual Receivables	5.1	738,518	354,876	76,241	12,478	39,778	139,805
<b>Loss Allowance</b>		<b>34,305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,344</b>	<b>21,961</b>

### Impairment of financial assets under AASB 9 *Financial Instruments*

Beaufort & Skipton Health Service records the allowance for expected credit loss for the relevant financial instruments in accordance with AASB 9's "Expected Credit Loss" approach. Subject to AASB 9 *Financial Instruments*, impairment assessment include 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 *Financial Instruments*. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments*. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments*, the identified impairment loss would be immaterial.

### Contractual receivables at amortised cost

Beaufort & Skipton Health Service applies AASB 9 *Financial Instruments* 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. 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 health service's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, Beaufort & Skipton Health Service determines the opening loss allowance and closing loss allowance at the end of the financial year as discussed above.

**Note 7.1: Financial Instruments (cont.)**

**Note 7.1(c): Contractual receivables at amortised costs (cont)**

**Reconciliation of the movement in the loss allowance for contractual receivables**

	2020	2019
	\$	\$
<b>Opening Loss Allowance</b>	34,305	27,268
Increase/(Decrease) in Allowance Recognised in the Net Result	19,834	34,305
Reversal of allowance written off during the year as uncollectable	-	-
Reversal of unused allowance recognised in the net result	(16,367)	(27,268)
<b>Balance at End of Year</b>	<b>37,772</b>	<b>34,305</b>

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**

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 *Financial Instruments* 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 has been recognised at 30 June 2020.

**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 Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Subsequent Events
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 8.9 Changes in Accounting Policy
- 8.10 AASBs Issued that are not yet Effective
- 8.11 Glossary

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

	2020	2019
	\$	\$
<b>Net Result for the Year</b>	<b>(139,622)</b>	<b>(1,108,219)</b>
<b>Non-Cash Movements</b>		
Depreciation and Amortisation	1,439,801	977,471
Grampians Rural Health Alliance	(12,284)	15,386
Long Service Leave Revaluation	62,789	-
Adjustment Prior Years Capital Work In Progress	(54,604)	-
Allowance for Impairment Losses on Contractual Receivables	3,467	7,037
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss on Disposal of Non Financial Assets	222	-
Less Cash Inflow/(Outflow) from Investing and Financing Activities	(1,059)	-
<b>Movements in Assets and Liabilities</b>		
Change in operating assets and liabilities		
(Increase)/Decrease in Receivables	4,807	(422,192)
(Increase)/Decrease in Prepayments	(15,202)	(61,577)
Increase/(Decrease) in Payables	(650,247)	279,869
Increase/(Decrease) in Provisions	118,607	116,646
<b>Net Cash Inflows from Operating Activities</b>	<b>756,674</b>	<b>(195,578)</b>

## 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	
<b>Responsible Ministers</b>		
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services, Minister for the Coordination of Health and Human Services: COVID-19	01/07/2019	30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019	30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019	30/06/2020
<b>Governing Board</b>		
Mr D Lenehan (Chair of the Board)	01/07/2019	30/06/2020
Mrs K Tucker	01/07/2019	30/06/2020
Mrs P Clark	01/07/2019	30/06/2020
Ms C Clancy	01/07/2019	30/06/2020
Mrs J Trengove	01/07/2019	30/06/2020
Mr A Edney	01/07/2019	30/06/2020
Ms T Barun	01/07/2019	30/06/2020
Ms J Hall	01/07/2019	30/06/2020
Mr D Terry	01/07/2019	30/06/2020
<b>Accountable Officer</b>		
Mrs M Pease - Chief Executive Officer	01/07/2019	30/06/2020
<b>Remuneration of Responsible Persons</b>		
<b>Income Band</b>	<b>2020</b>	<b>2019</b>
	No.	No.
\$0 - \$9,999	9	8
\$60,000 - \$69,999	-	1
\$70,000 - \$79,999	-	1
\$240,000 - \$249,999	1	-
<b>Total Numbers</b>	<b>10</b>	<b>10</b>
	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>272,803</b>	<b>208,451</b>

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Beaufort & Skipton Health Service's controlled entities financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

During 2019, there were two changes in accountable officers. One of these Accountable Officers (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 2019 Beaufort & Skipton Health Service paid \$48,438 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.

	2020	2019
<b>Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)</b>	<b>\$</b>	<b>\$</b>
Short term benefits	440,758	601,833
Post-employment benefits	37,548	48,544
Other long-term benefits	-	4,353
Terminations benefits	7,044	119,958
<b>Total Remuneration (i)</b>	<b>485,350</b>	<b>774,688</b>
<b>Total Number of Executives</b>	<b>7</b>	<b>8</b>
<b>Total Annualised Employee Equivalent (ii)</b>	<b>3.06</b>	<b>4.66</b>

(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 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.

**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.

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 Officers of Beaufort & Skipton Health Service are deemed to be KMPs.

	Period	
<b>Responsible Ministers</b>		
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services, and Minister for the Coordination of Health and Human Services: COVID-19	01/07/2019	30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019	30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019	30/06/2020
<b>Governing Board</b>		
Mr D Lenehan (Chair of the Board)	01/07/2019	30/06/2020
Mrs K Tucker	01/07/2019	30/06/2020
Mrs P Clark	01/07/2019	30/06/2020
Ms C Clancy	01/07/2019	30/06/2020
Mrs J Trengove	01/07/2019	30/06/2020
Mr A Edney	01/07/2019	30/06/2020
Ms T Barun	01/07/2019	30/06/2020
Ms J Hall	01/07/2019	30/06/2020
Mr D Terry	01/07/2019	30/06/2020
<b>Executive Directors</b>		
Mrs M Pease - Chief Executive Officer	01/07/2019	30/06/2020
Dr A Rahimi - Director of Medical Services	01/07/2019	6/11/2019
Dr C Winter - Director of Medical Services	13/01/2020	30/06/2020
Mrs M Cushing - Director of Clinical Services	15/07/2019	30/06/2020
Mr D White - Corporate Services Manager	01/07/2019	30/06/2020
Mr C Nykoluk - Chief Financial Officer	25/11/2019	30/06/2020
Mr J Mathewson - Acting Director Finance and Administration	5/10/2019	24/11/2019
Ms S Wood - Director of Finance and Administration	01/07/2019	4/10/2019

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.

	2020	2019
	\$	\$
<b>Compensation - KMPs</b>		
Short term employee benefits (i)	693,792	792,146
Post-employment benefits	57,317	59,582
Other long-term benefits	-	4,353
Terminations benefits	7,044	127,058
<b>Total Compensation (ii)</b>	<b>758,153</b>	<b>983,139</b>

(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.

Acting Director Finance and Administration, Jim Mathewson, was employed by Western District Health Service, information regarding their total remuneration during the reporting period are disclosed within the respective financial statements of Western District Health Service.

#### Significant transactions with government-related entities

Beaufort & Skipton Health Service received funding from the Department of Health and Human Services of \$7,840,340. (2019:\$7,315,272).

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 Victoria 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 2020.

There were no related party transactions required to be disclosed for the Beaufort & Skipton Service Board of Directors and Executive Officers in 2020.

#### Note 8.5: Remuneration of Auditors

	2020	2019
	\$	\$
<b>Victorian Auditor-General's Office</b>		
Audit of Financial Statements	20,500	19,500
<b>Total Remuneration of Auditors</b>	<b>20,500</b>	<b>19,500</b>

#### Note 8.6: Subsequent Events

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Beaufort and Skipton Health Service at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Beaufort and Skipton Health Service, its operations, its future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 11 October 2020 and the state of disaster is still in effect. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Beaufort and Skipton Health Service, the results of the operations or the state of affairs of Beaufort and Skipton Health Service in the future financial years.

### 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	
	5.34%	4.83%
	2020	2019
	\$	\$
Revenue	449,690	306,372
Expenses	(437,405)	(321,756)
<b>Net Result</b>	<b>12,285</b>	<b>(15,384)</b>
Assets	477,567	393,483
Liabilities	(110,843)	(39,043)
<b>Net Assets</b>	<b>366,724</b>	<b>354,440</b>
<b>Equity</b>	<b>366,724</b>	<b>354,440</b>

\* 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

### Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operation at balance date.

### Note 8.8: Economic Dependency

Beaufort & Skipton Health Service is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department of Health and Human Services will not continue to support Beaufort & Skipton Health Service.

## Note 8.9: Changes in Accounting Policy

### Leases

Beaufort and Skipton Health Service has applied AASB 16 with a date of initial application of 1 July 2019. Beaufort and Skipton Health Service has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Beaufort and Skipton Health Service determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – ‘Determining whether an arrangement contains a Lease’. Under AASB 16, Beaufort and Skipton Health Service assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to AASB 16, Beaufort and Skipton Health Service has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

### Leases classified as operating leases under AASB 117

As a lessee, Beaufort and Skipton Health Service previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Beaufort and Skipton Health Service. Under AASB 16, Beaufort and Skipton Health Service recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Beaufort and Skipton Health Service recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Beaufort and Skipton Health Service’s incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Beaufort and Skipton Health Service has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

### Impacts on Financial Statements

On transition to AASB 16, Beaufort and Skipton Health Service applied AASB 16 only to contracts that were previously identified as leases. Beaufort and Skipton Health Service identified \$8,759 disclosed as operating lease commitments at 30 June 2019. These lease commitments met the recognition exemption criteria under AASB 16 and, accordingly, there was no financial impact due to applying AASB 16.

## Note 8.9: Changes in Accounting Policy (cont)

### Revenue from Contracts with Customers

In accordance with FRD 121 requirements, Beaufort and Skipton Health Service has applied the transitional provision of AASB 15, under modified retrospective method. Under this transition method, Beaufort and Skipton Health Service applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. No adjustments were required. Comparative information as not been restated.

Note 2.1 Income from Transactions includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

### Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Beaufort and Skipton Health Service has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Beaufort and Skipton Health Service applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. Comparative information has not been restated.

Note 2.1 Income from Transaction includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

### Transition Impact of Financial Statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers* ; and
- AASB 1058 *Income of Not-for-Profit Entities*

Impact on Balance Sheet due to the adoption of AASB 15 and AASB 1058 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15) at 1 July 2019.

	Notes	Balance at 30 June 2019 \$	Impact of New Accounting Standards AASB 15, 1058 \$	Restated Balance at 1 July 2019 \$
<b>Balance Sheet</b>				
Deferred Capital Grant Revenue	5.2	-	1,113,600	1,113,600
<b>Total Impact on Liabilities</b>		-	<b>1,113,600</b>	<b>1,113,600</b>
Accumulated Surplus/(Deficit)		(9,090,625)	(1,113,600)	(10,204,225)
<b>Total Impact on Equity</b>		<b>(9,090,625)</b>	<b>(1,113,600)</b>	<b>(10,204,225)</b>

#### Note 8.10: AASB's Issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 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 2020, 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 17 <i>Insurance Contracts</i>	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.
- *Conceptual Framework for Financial Reporting*.

### Note 8.11: 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 *Presentation of Financial Statements* .

#### 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 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, 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-term and long-term trade debt and accounts payable, grants, taxes and interest payable.

#### **Produced assets**

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

#### **Public financial corporation sector**

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They can 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-term 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 Beaufort & Skipton Health Service.

#### **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



 NOTES

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# Beaufort & Skipton

Health Service



## BEAUFORT CAMPUS

28 Havelock Street, Beaufort Victoria 3373

**P:** +61 3 5349 1600

***Incorporating:***

Beaufort Hospital, Beaufort Hostel,  
Beaufort Nursing Home and  
Beaufort and Skipton Community Health

## SKIPTON CAMPUS

Blake Street, Skipton Victoria 3361

**P:** +61 3 5340 1100

***Incorporating:***

Skipton Hospital, Brigadoon Hostel,  
Mackinnon Nursing Home, Skipton Medical Practice  
and Beaufort and Skipton Community Health