

ANNUAL REPORT 2017/18

Improving the health & wellbeing of the East Gippsland Community by providing accessible, high quality & sustainable healthcare.



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PRESIDENT AND CEO REPORT

The Year in Review

It gives us great pleasure to present the 2017/18 Bairnsdale Regional Health Annual Report. The year has been one of change and development. It was the first year of the strategic plan; *Strategy 2017-2021*.

The organisation has a lot to be proud of this year. A new ward, the Tambo Ward, has been completed. Our clinical care results continue to improve and our work to ensure consumers are at the centre of everything we do has continued. The service has experienced growing demand with an increasing number of unwell patients using our service. To ensure this demand is met we continue to proactively and responsively work to attract the right workforce required.

We have ended the year with a small financial surplus predominately due to changes in the funding model over the 2017/18 year. The highlights of this activity for 2017/18 can be found in this report.

This year we farewelled Therese Tierney. Therese has successfully fulfilled the CEO role for the past six years. We thank her for her leadership and contribution to BRHS and wish her well in her retirement.

Robyn Hayles was welcomed as CEO, joining the Bairnsdale community from Geelong.

BRHS has a very committed, caring and professional team of staff. We thank all of them for their work over the past year and acknowledge their commitment to health. Health services are complex and they do not work without the variety of workers and roles that we have. Each plays a very important part in delivering care.

BRHS has an outstanding group of volunteers. The volunteers support the service in a number of ways including operating the Kiosk, the Bowerbirds Auxiliary, tending to patient flowers, and assisting with helping patients find their way. We would like to thank them for their time and contribution to the service.

This year was also the last year of service of two very valuable board members. Angela Hutson and Doug Vickers. Angela has been on the board for 18 years and President for six years. She has seen many changes in that time and we thank her for her governance, leadership and commitment to BRHS. Doug Vickers has served seven years on the board with six years as Vice President. He has driven the board to think ahead, ask difficult questions and shared his passion for understanding organisational culture. We thank Doug for his time, governance and commitment to BRHS.



A handwritten signature in black ink, appearing to be 'Peter Murphy'.

Peter Murphy
Acting President, Board of Management



A handwritten signature in black ink, appearing to be 'Robyn Hayles'.

Robyn Hayles
Chief Executive Officer

REPORT OF OPERATIONS

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Bairnsdale Regional Health Service for the year ending 30 June 2018.



Peter Murphy

Acting President, Board of Management
Bairnsdale Regional Health Service
23 July 2018

Establishment

Bairnsdale Regional Health Service (BRHS) was established under the Health Services Act 1988. The responsible Ministers from 1 July 2017 to 30 June 2018 were The Honourable Jill Hennessy MLA, Minister for Health, Minister for Ambulance Services and The Honourable Martin Foley, Minister for Housing, Disability & Ageing, Minister for Mental Health, Minister for Equality and Minister for Creative Industries.

Objectives, Functions, Powers and Duties

Bairnsdale Regional Health Service operates under a guiding Strategic Plan which outlines a clear Vision, Role Statement and a set of Strategic Objectives, Organisational Principles and Trademark Behaviours that define our organisation. Bairnsdale Regional Health Service is a sub-regional hospital within the Victorian Health system with a duty to improve the health and wellbeing of the East Gippsland community by providing accessible, high quality and sustainable health care. This year sees the implementation of the five year Strategic Plan 2017-2021.

Vision

Respected leader of outstanding health care.

Strategic Objectives

- Safe, effective care
- Skilled, valued and compassionate workforce
- Leadership, accountability and a sustainable future
- The consumer at the centre

Our Principles

Progressive

BRHS will ensure that our models of care are evidence based and contemporary and we are leaders of regional health care in a rural environment.

Accountable

BRHS will acknowledge our obligations through a culture of honesty, trust and absolute responsibility for its actions.

Competent

BRHS will demonstrate compassion, proficiency and knowledge as a learning organisation to ensure our care is always safe and effective.

Person Centred

BRHS will work in partnership with patients, families and carers to empower them to make informed decisions about their own health and create a positive patient experience.

Collaborative

BRHS will establish relationships that enhance the delivery of safe, effective and integrated and high quality health services for the community of East Gippsland.

Nature and range of services provided

BRHS provides a range of multi-disciplinary health services to a growing population over the East Gippsland Shire which is located in eastern Victoria, between 280 and 550 kilometres from Melbourne.

The East Gippsland Shire Estimated Resident Population as of 30th June 2017 is 45,960, with a population density of 0.02 persons per hectare.

Statistics	Population 45,960 ABS ERP 2017	Land area 2,093,144 hectares (20,931 km ²)	Population density 0.02 Persons per hectare
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BRHS regularly reviews its models of care, workforce sustainability and capital infrastructure to improve the care experience of the consumers we serve and to ensure we are positioned to respond to community growth, health needs and service demand.

BRHS incorporates a long established acute hospital, providing sub-acute inpatient services, a well-established modern theatre suite (two operating theatres), an emergency department and short stay unit, maternity services and a purpose built Oncology and Dialysis Unit. A modern Medical Imaging (x-ray) and Pathology (outsourced) service are situated alongside the pharmacy department.

In addition to acute care, BRHS also operates Maddock Gardens; a highly regarded 90-bed Aged Care facility, a full range of Allied Health Services, Dental, Community and District Nursing. The medical consulting suites offer patients local access to visiting medical specialists supported by the BRHS team.

BRHS provides services not just within the walls of the Hospital but also in the community and in consumers' homes.

@Hospital services are delivered in or at hospital. Consumers will typically be admitted as an inpatient, which may include day services or an overnight stay.

@Community services are delivered in a structured venue or centre that our consumers will attend. These consumers are outpatients.

@Home services are delivered to consumers in their home, including residential aged care and other group home situations. @Home services may include some short term services and support or acute/high levels of clinical service as a substitute to care in the hospital.

BRHS is the largest employer in the region with over 800 staff and an operating budget of \$82M. It is governed by a Board of Management of 10 members. The diversity of the services and the importance of the role BRHS has in the community creates a need for a well-defined system of good governance to ensure we meet the health needs of the community today and in the future. We need to ensure we have the community's confidence by working towards a robust future through sustainable growth and advocacy and continuing to ensure an environment that is progressive, safe and dynamic.

BRHS
@Home

- Allied Health Services (see full details in @Community)
- Residential Aged Care
 - Dementia Care
 - Respite Care
- Residential In Reach Service
- Hospital in the Home (HITH)
- Falls Prevention Group
- Post-Acute Care (PAC)
- Home Based Nursing Services
- Community Palliative Care
- Complex Care Co-ordination
- Rehabilitation in the Home

BRHS
@Community

- Visiting Medical Specialists
- Community Health Nursing
 - Women's Health
 - Adolescent Health
 - Breast Care Services
 - District Nursing
 - Prostate Cancer Specialist Nurse
- Cardiac Rehabilitation
- Continence Service
- Dental Services
- Diabetes Education
- Planned Activity Group (PAG)
- Pulmonary Rehabilitation
- Allied Health Services
 - Physiotherapy
 - Occupational Therapy
 - Speech Pathology
 - Social Work
 - Dietetics
 - Podiatry
- Lymphoedema Clinic
- Needle Exchange Program
- Complex Care

BRHS
@Hospital

- Dialysis
- Emergency Services
- Geriatric Evaluation and Management (GEM)
- Inpatient Rehabilitation
- Transition Care Program
- Medical Admitted Day Unit (MADU)
- General Medicine
- Medical Imaging
- Obstetrics & Gynaecology
- Oncology
- Paediatrics
- Pathology (Provider: Dorevitch Pathology)
- Pharmacy
- Stomal Therapy
- Surgical Care
- Maternity Services
- Inpatient Palliative Care
- Short Stay Unit (SSU)
- Allied Health Services
- Aboriginal Health
- Visiting Medical Specialists

BRHS
inSupport

- Executive Team and Support
- Volunteer Programs
- Risk & Safety
- Health Information Services
- Facilities
- Food Services
- ICT
- Health Library
- Finance
- Business Intelligence
- Communications
- Quality & Service Improvement
- Medical Workforce & Education
- Environmental Services
- People and Culture
- Administration

Visiting Specialists and Medical Officers

Anaesthetist

Dr Ben Turner

Cardiologists

Dr David Bertovic
Assoc Prof Justin Mariani
Dr James Shaw
Dr Anthony White

FACRRM

Dr Andre Wannenburg

Head, Neck, Nose & Throat

Mr Guillermo Hurtado

Gastroenterologists

Dr David Iser
Dr Matthew Kitson
Dr Jeremy Ryan
Dr Keith Noack
Dr Andrius Kalade

General Surgeons

Mr Gordon Arthur
Mr Adrian Aitken
Mr Servaise de Kock
Mr Anamitra Sarkar
Dr Bob Irungu (ACRRM General Surgery)

Gynaecologists

Dr Alexandra Bonner
Dr David Simon
Dr Anuradha Sarkar
Dr Hayley Messenger

Hospital in the Home (HITH)

Visiting Medical Officers

Dr Tom Alwyn
Dr Maria Bodenstern
Dr Ian Broom
Dr David Campbell
Dr Jane Greacen
Dr Greg Hayes
Dr Patrick Kinsella
Dr Elizabeth Wearne

Medical Administration

Dr David McConachy

Nephrologists

Dr David Hooke
Prof David Power

Neuropsychologist

Dr Helen Clausen

Oncologist

Dr Sachin Joshi

Ophthalmologist

Dr Pradeep Madhok
Dr Suheb Ahmed

Orthopaedic Surgeon

Mr Andries DeVilliers

Orthopaedic / Medico-Legal

Dr Stanley O'Loughlin

Paediatricians

Dr Peter Goss
Dr Jo McCubbin
Dr Saba Subramanian
Dr Sylvia Welgemoed

Paediatric Surgeon

Mr Chris Kimber

Occupational Physician

Dr Jane Greacen

General Physicians

Dr Marcel van der Heiden
Dr Kushantha Gunarathne

Geriatrician

Dr Craig Clarke

Haematologist

Dr Amanda Ormerod

Rehabilitation Physician

Dr David McConachy

Rheumatologists

Prof Peter Ryan
Dr Timothy Bennett

Urologists

Prof Mark Frydenberg
Assoc Prof Jeremy Grummet
Mr Adam Landau

Vascular Surgeon

Mr Peter Milne

Senior Medical Officers

Dr Mark Pritchard
Dr Don van Wyk
Dr Lindy Washington
Dr John Hambly
Dr Kris Gilbert

**Visiting Medical Officers
(General Practitioners)**

Dr Daniel Otuonye
Dr Daryl Smith
Dr David McConville
Dr John Urie
Dr Poh Ng
Dr Antoinette Mowbray
Dr Hulme Hay
Dr Naveen Joshi
Dr Peter Worboys
Dr Phillip Sewell
Dr Ross de Steiger
Dr Sema Yilmaz
Dr Laura Linden
Dr Romilly Hawter
Dr Sarah Wilmot
Dr Jarrod Miles
Dr Rob Phair
Dr Claire Rayner
Dr Ben Tang

Field Emergency Medical Officers

Dr Myles Chapman (East Gippsland)
Dr Greg Ivanoff (Central Gippsland)
Dr Sara Renwick-Lau (Mallacoota)

Subcontracted Services

Pathologists from Dorevitch Pathology
Radiologists from IMED Radiology
Echocardiogram/Stress Echocardiogram
Service from Precision Cardiac Imaging

Board of Management

Angela Hutson – President

Appointed 2000 (Retired 2018)

BA, Dip Ed, Masters (Educational Leadership),
Grad Dip Bus (Entrepreneurship), FAICD

Angela was the CEO of East Gippsland Institute of TAFE from 2004 – 2011. Angela is a member of the Regional Development Australia Gippsland Committee. She is a member of the Gunaikurnai Traditional Owner Land Management Board; a Board member of East Gippsland Water, Federation Training, and Workways Australia.

Chris Barry – Vice President

Appointed July 2015

BSc, GAICD

Chris is currently the Gippsland Emergency Management Leader for the Dept. Environment, Land & Water. He is a former CEO of several State Government, Statutory Authorities and Ministerial Taskforces.

He is currently a Director of Noweyung Inc. and Yoga Association Victoria and has previously been strongly involved in School Councils and Community Colleges.

Peter Murphy

Appointed July 2013

BA, LLB

Director of WG&M, has been practising law in East Gippsland for over 25 years, former Member of the Gippsland Law Association. Active member of a number of community and sporting organisations.

Doug Vickers

Appointed July 2011 (retired 2018)

Dip Ed & Grad Dip Ed

Principal, Bairnsdale West Primary School for over 10 years. East Gippsland Schools Network chair for past six years.

Public Service Medal in 2007 for working with the indigenous community and children with special needs.

Active member of a number of community and sporting groups.

Mendy Urie

Appointed July 2013

MBA, Masters (Strategic Foresight), Dip Mgt,
Past Div 1 Nurse and Midwife

Seven years as Councillor with East Gippsland Shire including three years as Mayor. Currently on Committee of Management of BRE Inc., President of Women4Evolution and consultant in individual and collective transformational practice.

Brendon Moar

Appointed July 2015

BPharm, MPS

Brendon is a local business owner and community pharmacist in East Gippsland for 11 years. Brendon is a member of Gippsland Primary Healthcare Network Clinical Advisory Council and is a member of Pharmacy Board of Australia notifications committee.

Brendon is passionate about the health and wellbeing of his local community.

Julie Small

Appointed July 2016

Julie is passionate about people, health and community and has strong personal and professional ties to the community in which she lives and works. Julie has been involved in numerous fundraising and community projects and is an active member of Bairnsdale Sunrise Rotary Club.

Julie has expertise in the areas of human resources management, occupational health and safety, reporting, and office management.

Chad Burrell

Appointed July 2017

BA, BCom, Grad Dip Fin Plan, CA

Chad has twenty years' experience working as a Chartered Accountant and Auditor with a focus on not for profit organisations and is a Director of a local Accounting Firm. He is actively involved in a number of community organisations.

Simon Fraser

Appointed July 2017

MBBS, FRACP (Child Health), FRACMA, FASCHM, MAICD

Paediatrician and Medical Administrator. Has lived in West Gippsland since 2005 and has held medical administration roles in a number of health services in Gippsland with a strong interest in Clinical Governance. His interests include choir work and musical theatre.

Ana Talko-Nicholas

Appointed July 2017

BA/LLB

Ana grew up in Bairnsdale and moved back to the area eight years ago. She has two young children at primary school in East Gippsland. She is a family lawyer practising family law, child protection law, family violence law and as an Independent Children's Lawyer. Ana has spent eight years working as a lawyer with Victorian Legal Aid assisting disadvantaged people in the community and has now opened her own law practice in Bairnsdale.



Bairnsdale Regional Health Service Board of Management 2017-2018

(L-R) Brendon Moar, Simon Fraser, Chad Burrell, Julie Small, Angela Hutson, Peter Murphy, Mendy Urie, Chris Barry, Ana Talko-Nicholas and Doug Vickers

Board of Management Attendance 2017/18

For the 2017/18 period there were 11 meetings held. No meeting was held in January, due to the annual Board break.

Angela Hutson	09/11
Doug Vickers	09/11
Julie Small	11/11
Mendy Urie	10/11
Peter Murphy	08/11
Chris Barry	04/11
(Approved leave of absence Jul-Dec 2017)	
Brendon Moar	10/11
Chad Burrell	10/11
Simon Fraser	11/11
Ana Talko-Nicholas	08/11

Board of Management Sub-Committees

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board of Management. The committee assists the Board in fulfilling its governance responsibilities relating to and including the accounting and financial reporting process, external and internal audit functions, the risk management system and legal and regulatory requirements. The committee meets a minimum of six times each year.

Committee members during 2017/18:

Jessica Cane (external contract member)
Chris Barry (Chair)
Doug Vickers (Acting Chair)
Brendon Moar
Chad Burrell

Clinical Credentialing Committee

The Clinical Credentialing Committee is a sub-committee of the Board of Management. The committee is responsible for assessing the professional expertise, competence, reputation and authenticity of the qualifications of medical staff seeking appointment or re-appointment to the medical staff of BRHS. The committee meets as required.

Committee members during 2017/18:

Angela Hutson (Chair)
Simon Fraser

Clinical Quality and Performance Committee

The Clinical Quality and Performance Committee is a sub-committee of the Board of Management. The committee works closely with the operational executive and management group to ensure clinical

performance and quality achieve the strategic goals of the organisation and meet consumer needs. The committee sets the foundations for an organisational culture that provides safe clinical practice and improved health outcomes for consumers. The committee's work is guided by an organisational Clinical Governance Framework that includes specific clinical targets and KPIs that monitor clinical safety, risk and care provision. The committee also oversees the clinical requirements of a number of expected Standards including the National Safety and Quality in Healthcare Standards to achieve Australian Council of Healthcare Standards Accreditation and accreditation by other bodies such as the Common Care (Home Care) Standards. The committee meets every second month (six times per year.)

Committee members during 2017/18:

Peter Murphy (Chair)
Mendy Urie
Simon Fraser

Community Advisory Committee

The Community Advisory Committee is a sub-committee of the Board of Management. Consumer Representatives during 2017/18:

Patricia Bryce (Co-Vice Chair 2017)
Kerri Easton (Co-Vice Chair 2017)
Peter Bryant
Jill Ellis
Rob Wilson
Denice Spence
Anna Cook
Jessica Murray
Jennifer Whitworth
Louise Kelly
Maria Beasley
Tony Brett

Board Members during 2017/2018 were:

Julie Small (Chair)
Ana Talko-Nicholas
Angela Hutson

The committee provides a structured partnership between consumer, community and the health service, creating a system that is responsive to patient, carer and consumer input to improve the safety and quality of care delivered. The committee has met bi-monthly and participated in the following as an example of the activities involved.

- Health Literacy Workgroup meetings
- Review of Accreditation requirements

Chief Executive Officer and Executive management

Robyn Hayles

Chief Executive Officer

BNsg, MPH, GAICD

The Chief Executive Officer (CEO) is responsible for the effective operation of BRHS and to ensure BRHS fulfils its strategic goals. The CEO is responsible for the integration of services to provide a seamless continuum of care to the community, for the general direction of all business of BRHS as a whole, and for advising and making recommendations to the Board of Management with respect to these activities.

David McConachy

Acting Chief Medical Officer

MBBS, DPRM, FACRM (RACP)

The Medical Services Directorate at BRHS supports the operation and development of the Medical Workforce, Pharmacy, and the oversight of Pathology services. In addition, the Allied Health and Oral Health Services are supported in this division. It also oversees the clinical and research governance of the health service, and works collaboratively with the East Gippsland Regional Clinical School to support medical student placements at BRHS. The directorate is also responsible for the training and development of Interns.

Bernadette Hammond

Director of Clinical Operations and Chief Nurse and Midwife

RN, RM, CCN, BNrsg, MHSM (Monash)

The Clinical Operations Directorate at BRHS incorporates a range of clinical, nursing, community and residential aged care services and provides the leadership, and has operational responsibility, for the 74 inpatient beds, peri-operative and surgical services, maternity services, both inpatient and community based programs; pharmacy, general medical inpatient care, the rehabilitation and sub-acute inpatient unit, home based nursing services including district nursing, hospital in the home, health independence programs - Residential In Reach and Complex Care programs, Maddocks Gardens (BRHS' 90-bed residential aged care facility), community based planned activity groups, renal dialysis and oncology units, patient liaison services, palliative care (inpatient and community), nursing and midwifery education including undergraduate, graduate and post-graduate programs. The Directorate has overall responsibility for ensuring patients receive the right care which is safe and effective at the right time in the right place.

Bernadette Brown

Director of People and Culture

BA (Hons), Dip Bus Mgt, Grad Dip Strategic HR Mgt

The Director is responsible for the provision of a range of people and culture services including recruitment, payroll/salary packaging, contract management, employee wellbeing programs; traineeships, industrial relations, Work Cover and OHS. It ensures the operational practices are consistent with the Fair Work Act, respondent Enterprise Agreements and other relevant legislation. The DPC provides advice and support to the Executive and Department Heads regarding change management and industrial relations matters. The position is also responsible for overseeing the provision of Administration and Reception services; Accommodation Coordination; and Communication & Marketing Services. The position chairs the Employee Health and Wellbeing Committee and is the Executive Sponsor of the Occupational Health and Safety Committee. The position sets the strategic direction for BRHS for Human Resource Management and Workforce Planning.

Rebecca Woodland

Acting Director of Innovation and Strategy

BA, MBusMgt

The Director, Innovation & Strategy is operationally responsible for the Aboriginal Health Unit, Alcohol & Other Drugs Program, Quality, Risk and Safety Program, and building Service Improvement capability to drive continuous improvement in the care of our community. The Directorate's brief includes the design and implementation of the mechanisms and systems that produce innovative solutions to complex problems whilst building capability and sustainability across BRHS, recognising that people are our greatest asset. These strategic projects ensure sustainable organisational integration of BRHS' vision and strategy across BRHS.

Tania Donaldson

Director of Business and Information Services, Chief Financial Officer (CFO) and Chief Procurement Officer (CPO)

CA, BBus, Grad Cert Computing

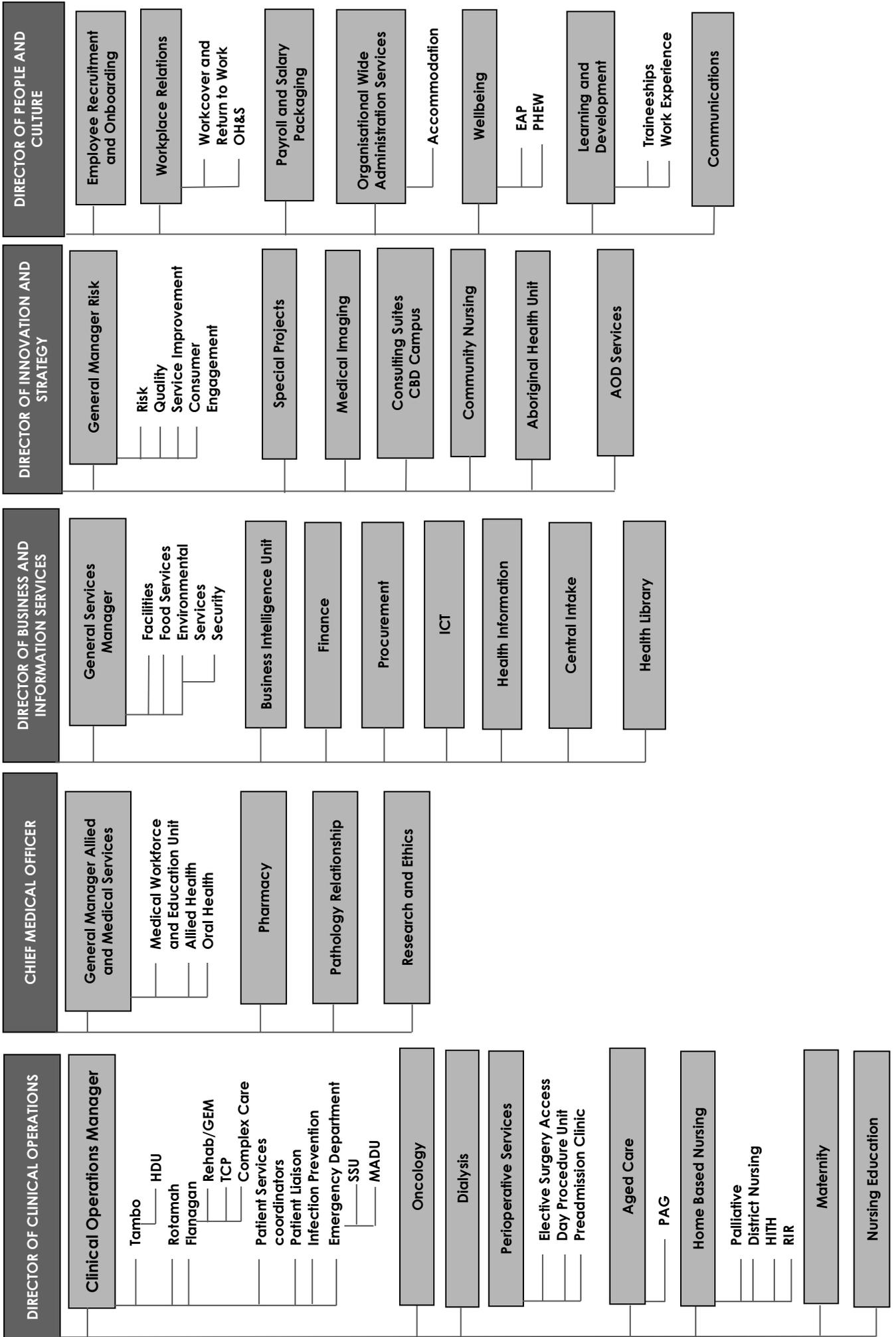
The Director is responsible for the provision of a range of support services including: Food Services; Environmental Services; Facilities; Procurement; Finance; ICT; Business Intelligence; Health Information; Central Intake; Consulting Suites and Health Library. It ensures the operational practices are consistent with the Financial Management Act 1994, Standing Directions of the Minister for Health and Health Purchasing Victoria guidelines. The position is responsible for the provision of clinical costing and budget creation. The position chairs the Information Management Committee and Procurement Committee and sets the strategic direction for BRHS for Finance, Procurement, Information Management and Asset Management. The division is also accountable for Emergency Management and Environmental Sustainability.



The BRHS Executive Team (L-R)

Bernadette Hammond, David McConachy, Tania Donaldson, Robyn Hayles (CEO), Rebecca Woodland, Bernadette Brown

CHIEF EXECUTIVE OFFICER



Key Initiatives, Projects and Future Plans

2017/18 was a busy year at BRHS. A number of key initiatives and projects were completed, supporting the future direction of the organisation. While the list is not exclusive key initiatives are listed below.

Key Initiatives and Projects include:

- The Tambo ward project was completed, providing a new ward and a High Dependency Unit which increases services available to care for unwell and unstable patients.
- Review and realignment of the Community Advisory Board to ensure delivery of the strategy of Consumers at the Centre.
- Improvement in discharge planning has occurred resulting in an increased timeliness in General Practitioners receiving information regarding a patient's hospital stay.
- Following last year's review of the operating theatres, planning for the implementation has been completed, this implementation will ensure we continue to meet demands for surgical requirements of our community.
- Partnerships work was advanced with the development of East Gippsland Health priorities and a number of Memorandums of Understandings between BRHS and other health services such as Omeo, Orbost and the Bush Nursing Centres.
- A focus on Strengthening Hospital Response to Family Violence has increased awareness of family violence amongst staff and built partnerships with a range of community agencies.
- Continued attendance at the Advisory Board to understand what worldwide best practice is and adapt it to our environment.
- The achievement of Australian College of Rural & Remote Medicine accreditation for training positions in Emergency and Adult Internal Medicine.
- The participation of BRHS in the creation of the regional Haematology services model.
- Strengthening the Mortality and Morbidity review process at BRHS with the addition of external consultants to the committees.
- In partnership with Gippsland & East Gippsland Aboriginal Co-operative, improved access by offering allied health services to the indigenous community.
- The representation and showcasing of BRHS at the Rural Medicine Australia Conference.
- The commencement of BRHS medical staff in formal General Practitioner training in Bairnsdale and Lakes Entrance.

Future Plans

BRHS will implement theatre schedule changes, these changes will result in less cancellations and increased availability of theatre for those people that need it.

BRHS will continue to develop services to meet the needs of the population, reviewing our consulting services, introducing a new respiratory service and advancing our telehealth strategy to ensure our community has local access to services when safe and appropriate to do so.

BRHS will continue to drive improvements in partnering with our consumers. This work will be supported by a partnership with Deakin University who will assist us to ensure our staff have contemporary skills in communicating and partnering. We will be a leading adopter in an approach to partnering with consumers called 'Your thoughts matter'.

Workforce Information

Employment Principles

BRHS ensures that all employment processes are implemented to assess applicants against pre-determined key selection criteria in order to appoint the most suitable applicant for the role.

Employment to BRHS is open to all applicants without systemic, hidden or apparent bias on the grounds of gender, race, disability, sexuality, age, marital status, pregnancy, potential pregnancy, breastfeeding, religious belief, medical record, irrelevant criminal record or trade union activity and reflects employment best practice. Appointments, employee conditions of employment and salary

classifications are applied in accordance with the applicable Enterprise Agreement. Employees are correctly classified in workforce data collections.

Code of Conduct

BRHS is committed to the Public Sector values and workplace equity principles. This includes equal opportunity, freedom from all forms of discrimination and creating and maintaining a work environment where all employees are treated with dignity and respect. The integrity of the organisation is based on embracing diversity and valuing human rights.

As a public health service, BRHS employees are required to abide by the 'Code of Conduct for Victorian Public Sector Employees' (Code of Conduct).

Certain professionals within the health service are subject to professional codes of conduct that establish specific behaviours relevant to their profession. Where this is the case individuals are expected to abide with the 'Code of Conduct for Victorian Public Sector Employees' in conjunction with their professional code of conduct.

BRHS and its employees will comply with the Public Sector Values; Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership, Human Rights.

BRHS has also established a set of Trademark Behaviours by which employees are contracted under the employment arrangements to demonstrate.

Trademark Behaviours

- Display trust and mutual respect
- Courage to change
- Step up and take responsibility
- Be positive & support others
- Learn and apply knowledge

Workforce Statistics

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2017	2018	2017	2018
Nursing	221.04	223.25	214.00	220.87
Administration and Clerical	98.48	102.87	94.70	99.81
Medical Support	48.16	44.55	47.42	43.78
Hotel and Allied Services	109.99	116.19	112.37	110.56
Medical Officers	6.28	5.58	5.63	5.33
Hospital Medical Officers	23.67	21.43	21.60	23.08
Sessional Clinicians	1.18	0.96	1.08	0.98
Ancillary Staff (Allied Health)	36.15	38.48	33.63	36.21
Total	544.95	553.31	530.43	540.62

Financial Results

	2018 \$000	2017 \$000	2016 \$000	2015 \$000	2014 \$000
– Total Revenue	93,145	88,615	80,797	74,504	71,307
– Total Expenses	95,349	88,781	83,681	76,525	71,473
– Other economic flows included in the net result for the year	(27)	175	18	0	0
– *Operating result	263	(357)	349	828	1,399
– Total Assets	77,359	74,324	74,387	74,752	73,042
– Total Liabilities	30,790	26,070	26,143	24,047	21,823
– Net Assets	46,569	48,254	48,245	50,705	51,219
– Total Equity	46,569	48,254	48,245	50,705	51,219

* The operating result is the result for which the health service is monitored in its Statement of Priorities, also referred to as the net result before capital and specific items. The result excludes capital items such as funding and donations for capital projects, depreciation of assets, interest on borrowings and revaluations of assets and liabilities. The net result for the year includes all revenue and expenses except revaluations. For 17-18 the operating result was \$263,441 surplus and the net result was \$2,231,354 deficit.

Significant changes in financial position

During the 2017/18 financial year, BRHS entered into an interest free loan with the Department of Health & Human Services for the procurement of an extensive solar panel system.

Operational and budgetary objectives

Bairnsdale Regional Health Service strives to meet the objectives as set out in our Strategic Plan and annual deliverables and those set out in government policy in the Statement of Priorities and related policies.

To achieve our objectives we need to have a comprehensive understanding of our resources and what the major influences are impacting those resources. We do this by working within the parameters of our Strategic Financial Plan and monitor and manage our resources to ensure the organisation can meet its obligations and grow the business.

The major influences on our business from a financial planning context are: Demographics and East Gippsland Population Growth; Infrastructure and Asset Management; Service Provision Needs; Ability to Recruit and Retain Medical Staff; Government Funding and Reform; Employee Entitlements; Technology; and Community and Consumer Opinion.

Bairnsdale Regional Health Service has achieved its annual deliverables for 2017/18 including activity levels apart from Acute WIES, required by policy and funding guidelines.

The particular highlights of the year include:

- The One Ward Project, including fully refurbishing the old Gabo Ward, exterior of building, walkway to Fraser and Bowerbirds entry and toilets was completed within budget.
- The refurbishment of the Gibbs Building (previously occupied by Community Mental Health), was completed and Home Based Nursing moved to the Day Street campus.
- The Technology One software implementation project was completed, with further training to take place in the new financial year after year end is completed.

Major changes or factors affecting achievement of operational objectives

There were no major changes or factors affecting the performance of Bairnsdale Regional Health Service during the 2017/18 financial year.

Events subsequent to balance date

There were no events subsequent to balance date for BRHS relating to the 2017/18 financial year.

Consultancies

There were 18 consultancies in this financial year. These consultancies cost \$108,314.

Consultancy Details <\$10,000	
Number of Consultancies	15
Total \$ of Consultancies (ex GST)	\$71,909
Consultancy Details >\$10,000	
Clocktower Medical Centre Community Based Internship Agreement	\$25,943
Robert Thomas Spychal External Reviews of Clinical Cases	\$10,462

Information and Communications Technology (ICT) expenditure

ICT expenditure represents an entity's costs in providing business-enabling ICT services and consists of the following costs elements:

- Operating and capital expenditure (including depreciation);
- ICT services - internally and externally sourced;
- Cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets; and
- Cost in providing ICT services to other organisations.

Non-Business As Usual (Non-BAU) expenditure- is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects.

Business As Usual (BAU) expenditure- includes all remaining ICT expenditure other than Non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.

The total Information and Communication Technology (ICT) expenditure incurred during 2017/18 is \$2,503,433 (excluding GST) with the details shown below:

Business As Usual (BAU)	\$2,216,547
ICT expenditure Total (excluding GST)	
Non-Business As Usual (non-BAU) ICT expenditure (Total= Operational Expenditure and Capital Expenditure) (excluding GST)	\$286,885
Non BAU Operational expenditure (excluding GST)	\$0
Non BAU Capital expenditure (excluding GST)	\$286,885

Occupational Violence

Health services are required to monitor and publicly report incidents of occupational violence which follows the Victorian Government's commitment to address occupational violence in healthcare.

BRHS Occupational violence statistics	2017/18
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported	281
4. Number of occupational violence incidents reported per 100 FTE	51.39
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	46.62%

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.

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2017/18.

Lost time – is defined as greater than one day.

Occupational Health and Safety (OH&S)

Bairnsdale Regional Health Service is committed to providing a safe environment for everyone and therefore complies with obligations under the *Occupational Health and Safety Act 2004*, *Occupational Health and Safety Regulations 2017* and other legislation and standards that support safety. Risk assessments, audits and workplace inspections are conducted to ensure the workplace environment is safe and records are retained by BRHS in line with archiving requirements. The BRHS Occupational Health & Safety Framework is an organisational framework based on AS/NZ 4804:2001 that describes how BRHS complies with the principles of occupational health & safety.

BRHS has an active OH&S committee made up of 16 trained Health & Safety Representatives and a number of additional staff in key roles that support workplace safety. Ongoing continuous improvement in workplace safety is implemented within the People and Culture work plan. BRHS has been successful in funding applications for additional CCTV equipment which has been installed in the past twelve months and provides even better coverage of the hospital campus.

National Competition Policy

Bairnsdale Regional Health Service complied with relevant policies with respect to the National Competition Policy, including:

- i. the requirements of the Government policy statement, Competitive Neutrality Policy Victoria; and
- ii. Subsequent reforms.

Environmental Performance

Bairnsdale Regional Health Service's Environmental Sustainability Committee has met bi-monthly during the 2017/18 financial year and worked on achieving targets as set out in the Environmental Management Framework. The Framework has been reviewed and updated to 2021.

BRHS recognises that environmental sustainability is one of the important issues for our global community and strives to maintain a high standard of environmental care in conducting our activities. Some key initiatives and achievements include:

- Expansion of sensor lighting
- Agreement to install 700 kW solar panels on main hospital building
- Agreement to install 80 kW solar panels on aged care facility
- Replacement lighting program using LED lights continues
- General battery disposal buckets placed throughout the hospital – 103 kg collected
- E-waste collected and recycled – 1,013 kg collected
- Used cooking oil collected and recycled – 860 litres collected

BRHS Energy Consumption (Electricity & Gas)

Financial Year	Total energy consumed (Gj)	CHG Emissions (tonnes CO2-e)
2013/14	23,448	3,975
2014/15	24,796	4,234
2015/16	26,374	4,486
2016/17	25,428	4,291
2017/18	25,127	4,159*

BRHS' energy consumption has decreased slightly during the last year, however overall energy consumption is heavily influenced by seasonal conditions. Mild winters and cooler summers are the major contributor to negative variations in energy usage. The major building expansion and refurbishment (Tambo Ward) and associated chiller package will require a full twelve months of monitoring to establish the level of increase in energy consumption.

The recent replacement of the MRI chiller package to a more energy efficient and reliable unit will have a significant energy saving impact in the delivery of this service; however, these energy savings will be more than offset by the increased energy consumption from the above mentioned Tambo Ward chiller.

A replacement program for old air conditioners to modern, energy efficient, inverter controlled units continues.

Installation of 780Kw of solar panels to be completed late 2018.

* Does not reflect indirect emissions. True emissions would be 4,500T

Statement of availability of additional information

Consistent with FRD 22H (Section 6.19) the details in respect of the items listed below have been retained by BRHS and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

- a) Declarations of pecuniary interests have been duly completed by all relevant officers
- b) Details of shares held by senior officers as nominee or held beneficially;
- c) Details of publications produced by the entity about itself, and how these can be obtained;
- d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- e) Details of any major external reviews carried out on the Health Service;
- f) 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;
- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes which are not otherwise detailed in the report of operations;
- k) 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;
- l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Victorian Industry Participation Policy Act 2003

BRHS is required to provide the following information for contracts commenced and/or completed in the financial year under the *Victorian Industry Participation Policy (VIPPP) Act 2003*.

- a) Bairnsdale Regional Health Service had one contract for Capital Building works to the value of \$3,608,238.85 that was completed in the 2017/18 financial year for which the VIPPP Plan was required.
- b) BRHS has one contract where 88.7 percent of 'local content' was committed under the contract that commenced in the reporting period to which a VIPPP Plan was required for the regionally based project.
- c) For the contract, the table below describes the total VIPPP Plan outcomes (local content, employment, engagement of apprentices/trainees and skills/technology transfer outcomes) achieved as a result of the contract.

Outcomes achieved					
Local content achieved (%)	New local jobs created	Existing jobs retained	New apprenticeships created	Existing apprenticeships retained	Skills technology transfer outcomes
88.7%	2	16	1	3	Apprentices received training on different tasks as the project progressed

- d) BRHS had one contract commence from September 2016 where the minimum formal weighting was applied for local content in the tendering evaluation of the VIPP Plan.
- e) BRHS had no conversations with the Industry Capability Network with respect to the registration and issue of an Interaction Reference Number.

The objectives of the Local Jobs First - VIPP are:

- promoting employment and business growth by expanding market opportunities for local industry;
- providing contractors with increased access to, and raised awareness of, local industry capability;
- exposing local industry to world's best practice in workplace innovation, e-commerce and use of new technologies and materials; and
- developing local industry's international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.

Freedom of Information (FOI) Act 1982

The *FOI Act 1982* gives people the right of access to information held by Bairnsdale Regional Health Service and applications for access to information and records are processed in accordance with the *FOI Act* by the Health Information Manager under delegation from the Director of Medical Services. BRHS's 'Freedom of Information Patient Information' brochure gives guidance for FOI applicants on how to make a request, costs involved and contact details. This brochure along with the Freedom of Information Application form is available on the BRHS website.

Health Services charge a fee for FOI requests in accordance with the guidelines set by the Department of Justice. Fees for Medico-Legal requests are also received. The revenue for this financial year is \$4,023.40. The FOI application fee is waived for those applicants holding a health care card, those who are of Aboriginal or Torres Strait Islander origin, or who demonstrate financial hardship.

In accordance with Part II of the *FOI Act 1982*, Bairnsdale Regional Health Service (BRHS) is required to publish certain statements relating to its functions, processes and documents held. This is contained in the Freedom of Information Statement II Publication of Information, which is available on the BRHS website.

Type of request	Number Processed
Freedom of Information	113
Medico-Legal	99
Total	212

The majority of requests for this financial year were acceded to.

Protected Disclosure Act 2012

Bairnsdale Regional Health Service was not required to disclose any issues under the *Protected Disclosure Act 2012* in the financial year 2017/18.

Carers Recognition Act 2012

Bairnsdale Regional Health Service is aware of and complies with the requirements of the *Carers Recognition Act 2012*, and was not required to make any disclosures during the reporting period. As a care support organisation, Bairnsdale Regional Health Service:

- takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles
- takes all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from BRHS have an awareness and understanding of the care relationship principles
- takes all practicable measures to ensure that BRHS and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

Building Act 1993

BRHS complies with the building and maintenance provisions of the *Building Act 1993*.

All reasonable steps have been taken to ensure that the building and maintenance provisions of the *Building Act 1993* and all fire safety measures fulfil their required purpose, and that procedures are in place for this to continue for the next twelve months.

The BRHS facilities have been maintained and will continue to be maintained for the next twelve months and any outstanding fire safety items that do not satisfy the Capital Development Guidelines Series 7 – Fire Risk Management dated August 2013, have been reported, reviewed and scheduled for action by a determined date. Emergency management and evacuation procedures are in place and exercised to meet Australian Standards AS 4083 or AS 3745.

Safe Patient Care Act 2015

Bairnsdale Regional Health Service has no matters to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015*.

STATEMENT OF PRIORITIES

The Statement of Priorities (SoP) is the formal funding and monitoring agreement between Victorian sub-regional and local health services and the Secretary for Health, and is in accordance with section 26 of the Health Services Act 1988 (Vic). The annual agreement facilitates delivery of or substantial progress towards the key shared objectives of financial viability, improved access and quality of service provision.

Statement of Priorities Part A

Strategic priorities

Bairnsdale Regional Health Service Statement of Priorities outcomes for 2017/18 are provided below:

Goals	Strategies	Health Service Deliverables	Outcomes
<p>Better Health</p> <p>A system geared to prevention as much as treatment</p> <p>Everyone understands their own health risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p>	<p>Better Health</p> <p>Reduced statewide risks</p> <p>Build healthy neighbourhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p>	<p>Reduce 'discharge against medical advice' for Aboriginal and Torres Strait Islander people by five per cent</p> <p>Implement Health Literate Hospital initiative (Patient Experience Framework 2017/18 Action Plan – 'Structured Opportunities for participation at the bedside' – patient centred daily care plan),</p> <p>As a lead health service, implement the Strengthening Hospital Responses to Family violence initiative in partnership with Omeo District Health and Orbst Regional Health.</p>	<p>DAMA rate is less than 5%. In 6 months Jan-June 2018 0.8% of Aboriginal and Torres Strait Islander people discharged themselves against medical advice.</p> <p>In addition BRHS unplanned readmission for ATSI clients has decreased by 12% compared to the last financial year.</p> <p>Bed side handovers occur enabling patient participation. Education regarding consumer centred care is offered regularly to all clinical staff.</p> <p>Advancement of the 'EPIC Nurse' program continues, enhancing patient input into daily care plans.</p> <p>A significant amount of preparation work has occurred in this space.</p> <p>Protocols and policies have been developed. Links made to community partners and an MOU developed and implemented.</p>

Goals	Strategies	Health Service Deliverables	Outcomes
<p>Better Access</p> <p>Care is always there when people need it</p> <p>More access to care in the home and community</p> <p>People are connected to the full range of care and support they need.</p> <p>There is equal access to care</p>	<p>Better Access</p> <p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>Increase the uptake of smoking cessation for inpatients. Offer it to 100% of patients on admission by October 2017 and audit uptake in June 2018.</p> <p>Implement 2017/18 action plan arising from the outcomes of Bairnsdale Regional Health Service operating theatre review and reduce cancellations by five percent.</p>	<p>Policy exists and updated for management of patients admitted who smoke, nicotine patches encouraged and frequently prescribed.</p> <p>Patient education regarding smoking in and around buildings continues. Audit occurred in March 2018.</p> <p>The goal of reducing cancellations by 5% has not yet been achieved. However a significant amount of both preparation and improvement work has occurred in the operating theatre space. This includes the preparation and design of a BRHS Surgical Services Patient Information Booklet and the improvement of patient discharge information.</p> <p>The outcomes of the Operating Theatre review include a contemporary approach to management of emergency surgery, staff fatigue and hospital initiated postponements. With the introduction of 10 hour shifts for theatre staff, and planned daily emergency surgery time, this will significantly reduce cancellations and create a far better consumer experience and more timely access, in particular to General Surgical procedures. The benefits of this will be</p>

Goals	Strategies	Health Service Deliverables	Outcomes
		<p>Implement Patient Flow action plan 2017/18 to improve hospital access.</p> <p>a) Increase average percent of patients discharged by 1000 hrs,</p> <p>b) Develop new pathway and admission process for consumers having Peripherally Inserted Central Catheter (PICC) lines inserted, and</p> <p>c) Implement procedure for discharge process.</p>	<p>evident as we enter an introductory phase due to commence early August 2018.</p> <p>BRHS have improved discharges pre 10 am by 3% however the daily number of patients discharged before 10am sits between 12- 15%. Between 45-50% of patients are discharged home before 12 midday. Further work is required to continue to systemise improvement to patient flow</p> <p>Clinical Operations Board in the Patient Support Coordinator office provides an organisational wide daily snapshot of flow, barriers to discharge are escalated, discussed and referrals are made as required to multidisciplinary stakeholders</p> <p>Pathway reviewed with new documents available for staff in the PROMPT system.</p> <p>SOP in PROMPT for Preparation for discharge and continues to be front and centre with EPIC nurse project.</p>

Goals	Strategies	Health Service Deliverables	Outcomes
		Complete medical workforce plan	Placed on hold as a result of personnel changes and a lack of resource availability.
		Complete One Ward / High Dependency Unit workforce plan	Complete
Better Care Target zero avoidable harm	Better Care Put quality first Join up care	Implement new clinical governance framework 2017/18 Action Plan	Complete and reviewed to align with forthcoming new National Standards
Healthcare that focusses on outcome	Partner with patients Strengthen the workforce	Align the Bairnsdale Regional Health Service Policy Framework 2017/2018 and procedures to the new Bairnsdale Regional Health Service organisational and governance structure.	All governing frameworks have been reviewed and updated. A review of the current structure has been completed with positions currently under recruitment.
Patients and carers are active partners in care	Embed evidence Ensure equal care Mandatory actions against the 'Target zero avoidable harm' goal		
Care fits together around people's needs	Develop and implement a plan to educate staff about obligations to report patient safety concerns	Restructure Quality, Risk and Safety program to organise resources for safety: a) To enable clinician engagement and participation, b) That result in transparent and effective clinical risk management that is accessible and makes sense to clinicians, and	Committee structure reviewed. Committees, Terms of Reference and memberships reviewed to include clinical engagement, Organisational governing frameworks reviewed.

Goals	Strategies	Health Service Deliverables	Outcomes
	<p>Establish agreements to involve with external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review)</p> <p>In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience</p>	<p>c) To foster an evidence based safety culture to embed systems that build organisational capability and capacity in relation to National clinical standards and ensure quality comes first</p> <p>Embed new Morbidity and Mortality (M&M) committees inclusive of external specialists for Obstetrics and Anaesthetics within Bairnsdale Regional Health Service's new Clinical Governance Framework.</p> <p>Support smaller health services within East Gippsland to strengthen their clinical governance.</p> <p>Review process of family initiated rapid response (Patient experience framework action plan 2017/18 – 'Structured Opportunities for participation at the bedside')</p>	<p>Clinical Quality reports revised monthly and as available.</p> <p>M&M committees are established and met regularly. BRHS is a member of the regional Obstetrics M&M committee. External Anaesthetic input has been engaged for the surgical M&M committee.</p> <p>MOU's have been signed with six Bush Nursing Centres. A committee to monitor clinical quality has been established. MOU's have been established with Omeo and Orbost Health Services.</p> <p>70% of patients indicated they understood they could ask for a review if they were concerned about their care. Education information for families has been reviewed and distributed on wards and in patients' bed side information.</p>

Statement of Priorities Part B

High quality and safe care

Key performance indicator	Target	2017/18 Actual
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	88.1%
Percentage of healthcare workers immunised for influenza 18 April 2017 – 19 August 2017	75%	77%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey - positive patient experience Quarter 1	95% positive experience	94% - Not Achieved (Jul to Sep result taken from Q2 Monitor)
Victorian Healthcare Experience Survey – positive patient experience Quarter 2	95% positive experience	93% - Not Achieved (Oct to Dec Result taken from Q3 Monitor)
Victorian Healthcare Experience Survey – positive patient experience Quarter 3	95% positive experience	90% - Not Achieved (Jan to Mar result taken from Q4 Monitor)
Victorian Healthcare Experience Survey - discharge care Quarter 1	75% very positive experience	75% - Achieved (Jul to Sep result taken from Q2 monitor)
Victorian Healthcare Experience Survey - discharge care Quarter 2	75% very positive experience	77% - Achieved (Oct to Dec result taken from Q3 monitor)
Victorian Healthcare Experience Survey - discharge care Quarter 3	75% very positive experience	75% - Achieved (Jan to Mar result taken from Q4 Monitor)
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 1	70%	80% - Achieved (Jul to Sep result taken from Q2 Monitor)
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 2	70%	77% - Achieved (Oct to Dec Result taken from Q3 Monitor)
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 3	70%	74% - Achieved (Jan to Mar result taken from Q4 Monitor)
Adverse events		
Number of sentinel events	Nil	1
Mortality – number of deaths in low mortality DRGs	Nil	NA*
* This indicator was withdrawn during 2017/18 and is currently under review by the Victorian Agency for Health Information		

Maternity and newborn⁽¹⁾		
Rate of singleton term infants without birth anomalies with APGAR score <7 at 5 minutes	≤ 1.6%	0%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	NA**
**Result not statistically relevant due to the relative size of the Health Service		
Continuing care		
Functional independence gain from an episode of Geriatric Evaluation & Management (GEM) admission to discharge relative to length of stay	≥ 0.39	0.43
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.014

(1) Perinatal Service Performance Indicator (PSPi) reports should be consulted for a description on the utility and business rules for these indicators. Note that data for 2018 is provisional.

Strong governance, leadership and culture

Key performance indicator	Target	2017/18 Actual
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	91%
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%	95%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	94%
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%	94%
People matter survey – percentage of staff with a position response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	90%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centre organisation”	80%	94%
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%	84%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	84%
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%	88%

Timely access to care

Key performance indicator	2017/18	
	Target	Actual
Emergency care		
Percentage of ambulance patients transferred within 40 minutes	90%	94%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	78%
Percentage of emergency patients with a length of stay less than four hours	81%	78%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	3

Effective financial management

Key performance indicator	Target	2017/18 Actual
Finance		
Operating result (\$m)	0.25	0.26
Average number of days to paying trade creditors	60 days	30 days
Average number of days to receiving patient fee debtors	60 days	27 days
Public and Private WIES ⁽²⁾ activity performance to target***	100%	94%
Adjusted current asset ratio	0.7	1.30
Number of days of available cash	14 days	67 days
*** The changes arising in the WIES funding model following the introduction of AR-DRG version 8 in 2016/17 have impacted Bairnsdale Regional Health Service's ability to recognise WIES activity in 2017/18. The department has acknowledged these issues at a system level and provided assurances around minimum funding levels throughout 2017/18.		

⁽²⁾ WIES is a Weighted Inlier Equivalent Separation.

Statement of Priorities Part C

Funding type	2017/18 Activity Achievement
Acute Admitted	
WIES Public	6,412
WIES Private	1,018
WIES DVA	152
WIES TAC	26
Acute Non-Admitted	
Home Enteral Nutrition	95
Specialist Clinics Public/Private	9,923

Subacute and Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	176
Subacute WIES – Rehabilitation Private	50
Subacute WIES – GEM Public	90
Subacute WIES – GEM Private	31
Subacute WIES – Palliative Care Public	40
Subacute WIES – Palliative Care Private	4
Subacute WIES - DVA	16
Aged Care	
Residential Aged Care	32,318
HACC-PYP	15,149
Primary Health	
Community Health / Primary Care Programs	1,454
Other	
Health Workforce	30.5

The data relating to delivered activity published in the Report of Operations may not be final as it was prepared before the final consolidation.



ATTESTATIONS

DATA INTEGRITY

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



Robyn Hayles
Chief Executive Officer
23 July 2018

CONFLICT OF INTEREST

I, Robyn Hayles, certify that Bairnsdale Regional 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 Bairnsdale Regional 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.



Robyn Hayles
Chief Executive Officer
23 July 2018

COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

I, Robyn Hayles, certify that Bairnsdale Regional Health Service has put in place appropriate internal controls and processes to ensure that it has complied with all requirements as 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 processed during this year.



Robyn Hayles
Chief Executive Officer
23 July 2018

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Peter Murphy, on behalf of the Responsible Body, certify that Bairnsdale Regional Health Service has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

A handwritten signature in black ink, appearing to read 'Peter Murphy', with a long horizontal flourish extending to the right.

Peter Murphy
Acting Board President
23 July 2018

Bairnsdale Regional Health Service

Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's declaration

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

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

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

We authorise the attached financial statements for issue on 23rd August 2018.



Peter Murphy
Acting President,
Board of Management

Bairnsdale Regional
Health Service

23 August 2018



Robyn Hayles
Accountable Officer

Bairnsdale Regional
Health Service

23 August 2018



Tania Donaldson
Chief Finance &
Accounting Officer

Bairnsdale Regional
Health Service

23 August 2018

Independent Auditor's Report

To the Board of Bairnsdale Regional Health Service

Opinion	<p>I have audited the financial report of Bairnsdale Regional Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2018• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
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Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
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Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
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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
24 August 2018



Ron Mak

as delegate for the Auditor-General of Victoria

**Bairnsdale Regional Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Revenue from operating activities	2.1	90,741	83,521
Revenue from non-operating activities	2.1	604	575
Employee expenses	3.1	(51,264)	(48,320)
Non salary labour costs	3.1	(8,344)	(7,891)
Supplies & consumables	3.1	(11,704)	(9,930)
Patient transport	3.1	(3,200)	(2,899)
Insurance	3.1	(1,199)	(1,110)
Commercial activities	3.1	(6,378)	(6,185)
Other expenses	3.1	(8,993)	(8,117)
Net Result Before Capital and Specific Items		263	(357)
Capital purpose income	2.1	1,800	4,519
Depreciation	4.4	(4,237)	(4,291)
Finance costs	3.3	(31)	(37)
Net Result After Capital and Specific Items		(2,205)	(165)
Other Economic Flows Included in Net Result			
Doubtful debts		(8)	-
Revaluation of long service leave		(19)	175
Total Other Economic Flows Included in Net Result		(27)	175
NET RESULT FOR THE YEAR		(2,231)	9
Other Comprehensive Income			
Items That Will Not Be Reclassified to Net Result			
Changes in property, plant and equipment revaluation surplus	8.1	546	-
Total Other Comprehensive Income		546	-
COMPREHENSIVE RESULT		(1,685)	9

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

Bairnsdale Regional Health Service
Balance Sheet
For the Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current Assets			
Cash and cash equivalents	6.2	27,142	24,403
Receivables	5.1	1,902	2,315
Inventories	5.2	428	490
Prepayment and other assets	5.4	495	533
Total Current Assets		29,967	27,742
Non-Current Assets			
Receivables	5.1	1,200	719
Property, plant & equipment	4.3	46,191	45,862
Total Non-Current Assets		47,392	46,581
TOTAL ASSETS		77,359	74,324
Current Liabilities			
Payables	5.5	4,657	1,918
Borrowings	6.1	272	69
Provisions	3.4	11,249	9,916
Other current liabilities	5.3	10,991	11,673
Total Current Liabilities		27,169	23,576
Non-Current Liabilities			
Borrowings	6.1	1,369	533
Provisions	3.4	2,252	1,960
Total Non-Current Liabilities		3,621	2,494
TOTAL LIABILITIES		30,790	26,070
NET ASSETS		46,569	48,254
Equity			
Property, plant & equipment revaluation surplus	8.1a	24,764	24,218
Restricted specific purpose surplus	8.1a	1,599	2,283
Contributed capital	8.1b	21,394	21,394
Accumulated (deficits)/surpluses	8.1c	(1,188)	360
TOTAL EQUITY		46,569	48,254

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

Bairnsdale Regional Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2018

	Note	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016		24,218	747	21,394	1,886	48,245
Net result for the year		-	-	-	9	9
Other comprehensive income for the year	8.1a	-	-	-	-	-
Transfer from/(to) accumulated surplus	8.1c	-	1,536	-	(1,536)	-
Balance at 30 June 2017		24,218	2,283	21,394	360	48,254
Net result for the year		-	-	-	(2,231)	(2,231)
Other comprehensive income for the year	8.1a	546	-	-	-	546
Transfer from/(to) accumulated surplus	8.1c	-	(684)	-	684	-
Balance at 30 June 2018		24,764	1,599	21,394	(1,188)	46,569

This Statement should be read in conjunction with the accompanying notes

Bairnsdale Regional Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		76,318	68,678
Capital grants from government		964	3,152
Patient and resident fees received		10,858	10,621
Donations and bequests received		254	322
GST received from/(paid to) ATO		(57)	110
Interest received		669	575
Capital donations and bequests received		810	1,007
Other receipts		4,017	3,961
Total Receipts		93,832	88,427
Employee expenses paid		(53,315)	(50,230)
Non salary labour costs paid		(8,449)	(8,058)
Payments for supplies and consumables		(13,578)	(12,018)
Finance costs		(31)	(37)
Other payments		(12,018)	(13,832)
Total Payments		(87,391)	(84,175)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	6,441	4,252
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(4,205)	(3,505)
Proceeds from sale of non-financial assets		146	65
NET CASH FLOW USED IN INVESTING ACTIVITIES		(4,059)	(3,440)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(63)	(65)
Proceeds of borrowings		1,101	-
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		1,039	(65)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		3,420	748
Cash and cash equivalents at beginning of year		12,730	11,982
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	16,151	12,730

This Statement should be read in conjunction with the accompanying notes

Bairnsdale Regional Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2018

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Basis of Preparation

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

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

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

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

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

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

Note 1.1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Bairnsdale Regional Health Service for the year ended 30 June 2018. The report provides users with information about Bairnsdale Regional Health Service's stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

The annual financial statements were authorised for issue by the Board of Bairnsdale Regional Health Service on 23 August 2018.

(b) Reporting entity

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

Its principal address is:

122 Day Street
Bairnsdale
Victoria 3875

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

(c) Basis of accounting preparation and measurement

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis.

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

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

Note 1.1: Summary of Significant Accounting Policies (continued)

Bairnsdale Regional Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Bairnsdale Regional Health Service's Capital and Specific Purpose Funds include unspent donations and receipts from fund-raising activities conducted solely in respect of these funds.

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

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.3 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.5 Superannuation);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet); and

Note 1.1: Summary of Significant Accounting Policies (continued)

Goods and services tax (GST)

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

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

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

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

(d) Principles of consolidation

Intersegment transactions

Transactions between segments within Bairnsdale Regional Health Service have been eliminated to reflect the extent of Bairnsdale Regional Health Service's 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, Bairnsdale Regional 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 has 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.

Bairnsdale Regional Health Service is a Member of the Gippsland Health Alliance and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.10 Jointly Controlled Operations).

Note 2: Funding Delivery of Our Services

Bairnsdale Regional Health Service's overall objective is to provide quality health services that meet the needs of the East Gippsland community by providing accessible, high quality and sustainable health care. Bairnsdale Regional Health Service is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure

2.1 Analysis of Revenue by Source

2.2 Assets Received Free of Charge or for Nominal Consideration

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 \$'000	Non-Admitted 2018 \$'000	ED 2018 \$'000	RAC 2018 \$'000	Aged Care 2018 \$'000	Primary Health 2018 \$'000	Other* 2018 \$'000	Total 2018 \$'000
Government grants	55,477	3,100	6,307	5,962	2,325	209	1,823	75,204
Indirect contributions by Department of Health & Human Services	524	-	-	-	-	-	-	524
Patient & resident fees	2,125	900	71	2,110	356	9	121	5,693
Commercial activities	-	-	-	-	-	-	6,213	6,213
Other Revenue from Operating Activities	644	181	541	862	433	132	313	3,107
Total Revenue from Operating Activities	58,771	4,182	6,919	8,933	3,114	351	8,470	90,741
Interest	344	-	-	260	-	-	-	604
Total Revenue from Non-Operating Activities	344	-	-	260	-	-	-	604
Capital purpose income	-	-	-	-	-	-	1,800	1,800
Total Capital Purpose Income	-	-	-	-	-	-	1,800	1,800
Total Revenue	59,115	4,182	6,919	9,193	3,114	351	10,270	93,145

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

Note 2.1: Analysis of Revenue by Source (continued)

	Admitted Patients 2017 \$'000	Non-Admitted 2017 \$'000	ED 2017 \$'000	RAC 2017 \$'000	Aged Care 2017 \$'000	Primary Health 2017 \$'000	Other* 2017 \$'000	Total 2017 \$'000
Government grants	48,971	3,601	5,967	6,014	2,116	206	1,597	68,472
Indirect contributions by Department of Health & Human Services	320	-	-	-	-	-	-	320
Patient & resident fees	2,053	753	83	2,139	409	8	110	5,554
Commercial activities	-	-	-	-	-	-	5,777	5,777
Other revenue from operating activities	1,327	126	377	797	402	123	246	3,399
Total Revenue from Operating Activities	52,671	4,479	6,427	8,950	2,928	336	7,730	83,521
Interest	347	-	-	228	-	-	-	575
Total Revenue from Non-Operating Activities	347	-	-	228	-	-	-	575
Capital purpose income	-	-	-	-	-	-	4,519	4,519
Total Capital Purpose Income	-	-	-	-	-	-	4,519	4,519
Total Revenue	53,018	4,479	6,427	9,178	2,928	336	12,250	88,616

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

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, Full Time Equivalent (FTE) has been used to allocate revenue across the programs.

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

Note 2.1: Analysis of Revenue by Source (continued)

Revenue recognition

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

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government grants and other transfers of income (other than contributions by owners)

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

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

Indirect contributions from the Department of Health and Human Services

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

Patient fees

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

Private practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as diagnostic imaging is recognised at the time invoices are raised.

Donations and other bequests

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

Interest revenue

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

Other income

Other income includes non-property rental, forgiveness of liabilities, and bad debt reversals.

Category groups

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

Note 2.1: Analysis of Revenue by Source (continued)

Admitted patient services (admitted patients)

Comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

Non admitted services

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

Emergency department services (EDS)

Comprises all emergency department services.

Aged care

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

Primary, community and dental health

Comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

Residential aged care

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

Other services excluded from national health care agreement (NHCA) (Other)

Comprises services not separately classified above, including: sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services and community care programs including sexual assault support, early parenting services and parenting assessment and skills development.

Note 2.2: Assets Received Free of Charge or For Nominal Consideration

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

Plant and equipment - public donations

TOTAL

	2018 \$'000	2017 \$'000
Plant and equipment - public donations	-	1
TOTAL	-	1

The revenues and assets recognised as a result of such transactions shall be measured at fair value of resources received.

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

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

Note 3: The Cost of Delivery of Our Services

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

Structure

3.1 Analysis of Expenses by Source

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

3.3 Finance Costs

3.4 Employee Benefits in the Balance Sheet

3.5 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 \$'000	Non-Admitted 2018 \$'000	ED 2018 \$'000	RAC 2018 \$'000	Aged Care 2018 \$'000	Primary Health 2018 \$'000	Other* 2018 \$'000	Total 2018 \$'000
Employee expenses	24,560	2,287	9,109	10,471	3,016	492	1,329	51,264
Non salary labour costs	6,108	40	1,745	375	-	-	76	8,344
Supplies & consumables	8,182	365	1,765	864	120	8	400	11,704
Patient transport	3,200	-	-	-	-	-	-	3,200
Insurance	1,199	-	-	-	-	-	-	1,199
Commercial activities	-	-	-	-	-	-	6,378	6,378
Other expenses	7,629	33	616	323	210	11	172	8,993
Total Expenditure from Operating Activities	50,877	2,725	13,235	12,033	3,346	511	8,355	91,081
Depreciation (refer note 4.4)							4,237	4,237
Finance costs (refer note 3.3)							31	31
Total Other Expenses	-	-	-	-	-	-	4,268	4,268
Total Expenses	50,877	2,725	13,235	12,033	3,346	511	12,623	95,349

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

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, FTE has been used to allocate expenditure across the programs.

Note 3.1.1: Analysis of expenses by source (continued)

	Admitted Patients 2017 \$'000	Non-Admitted 2017 \$'000	ED 2017 \$'000	RAC 2017 \$'000	Aged Care 2017 \$'000	Primary Health 2017 \$'000	Other** 2017 \$'000	Total 2017 \$'000
Employee expenses	24,463	2,028	7,384	9,770	2,918	423	1,334	48,320
Non salary labour costs	4,966	14	2,502	361	-	0	48	7,891
Supplies & consumables	6,656	331	1,659	916	105	4	260	9,930
Patient transport	2,899	-	-	1	-	-	-	2,899
Insurance	1,110	-	-	-	-	-	-	1,110
Commercial activities	-	-	-	-	-	-	6,185	6,185
Other expenses	6,816	63	492	343	318	11	73	8,117
Total Expenditure from Operating Activities	46,911	2,435	12,037	11,391	3,341	438	7,899	84,453
Depreciation (refer note 4.4)	-	-	-	-	-	-	4,291	4,291
Finance costs (refer note 3.3)	-	-	-	-	-	-	37	37
Total Other Expenses	-	-	-	-	-	-	4,328	4,328
Total Expenses	46,911	2,435	12,037	11,391	3,341	438	12,228	88,781

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

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, FTE has been used to allocate expenditure across the programs.

Note 3.1.1: Analysis of Expenses by Source (continued)

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

Employee expenses

Employee expenses include:

- Salaries and wages;
- Leave entitlements;
- Termination payments;
- Work cover premiums; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Grants and other transfers

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

Other operating expenses

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

- Supplies and consumables - Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- Fair value of assets, services and resources provided free of charge or for nominal consideration - Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.
- Borrowing costs of qualifying assets - In accordance with the paragraphs of *AASB 123 Borrowing Costs* applicable to not-for-profit public sector entities, Bairnsdale Regional Health Service continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Net gain/ (loss) on non-financial assets

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

- Revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.3 Property, plant and equipment).
- Net gains/(losses) on disposal of non-financial assets.

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Note 3.1.1: Analysis of Expenses by Source (continued)

Other gains/(losses) from other economic flows

Net gain/ (losses) from other economic flows include:

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

Derecognition of financial liabilities

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

Financial guarantee

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

Note 3.2: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	Expense		Revenue	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Activities				
Diagnostic imaging	5,449	5,296	5,862	5,429
Cafeteria	284	310	188	191
Central business district campus	236	232	26	22
Donations SPFI	54	48	25	16
Private consulting suites	355	299	112	120
Total	6,378	6,185	6,213	5,777

Note 3.3: Finance Costs

	2018 \$'000	2017 \$'000
Interest on long term borrowings	31	37
Total Finance Costs	31	37

Finance costs are recognised as expenses in the period in which they are incurred.

Finance costs include:

- interest on long-term borrowings (interest expense is recognised in the period in which it is incurred).

Note 3.4: Employee Benefits in the Balance Sheet

	2018 \$'000	2017 \$'000
Current Provisions		
Employee benefits (i)		
Accrued days off		
- Unconditional and expected to be settled wholly within 12 months (ii)	103	91
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	3,508	3,181
- Unconditional and expected to be settled wholly after 12 months (iii)	594	522
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	711	613
- Unconditional and expected to be settled wholly after 12 months (iii)	4,457	3,931
Other		
- Accrued wages	877	669
	10,250	9,008
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months (ii)	447	418
- Unconditional and expected to be settled after 12 months (ii)	553	490
	999	908
Total Current Provisions	11,249	9,916
Non-Current Provisions		
Employee benefits (i)	2,029	1,766
Provisions related to employee benefit on-costs	223	194
Total Non-Current Provisions	2,252	1,960
Total Provisions	13,501	11,877
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional LSL entitlement	5,736	5,045
Annual leave entitlements	4,533	4,111
Accrued wages and salaries	877	669
Accrued days off	103	91
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	2,252	1,960
Total Employee Benefits and Related On-Costs	13,501	11,877

Notes:

(i) Employee benefits consists of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.

(b) Movements in provisions

Movement in Long Service Leave:

Balance at start of year

Provision made during the year

- Revaluations

- Expense recognising Employee Service

Settlement made during the year

Balance at end of year

	2018 \$'000	2017 \$'000
Balance at start of year	7,005	6,369
Provision made during the year		
- Revaluations	19	(175)
- Expense recognising Employee Service	1,658	1,422
Settlement made during the year	(694)	(611)
Balance at end of year	7,988	7,005

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

Employee benefit recognition

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

Provisions

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

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

Employee benefits

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

Salaries and wages, annual leave and accrued days off

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

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

- Undiscounted value – if Bairnsdale Regional Health Service expects to wholly settle within 12 months; or
- Present value – if Bairnsdale Regional Health Service does not expect to wholly settle within 12 months.

Long service leave (LSL)

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

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

The components of this current LSL liability are measured at:

- Undiscounted value – if Bairnsdale Regional Health Service expects to wholly settle within 12 months;
- Present value – if Bairnsdale Regional Health Service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss following 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 expenses

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

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(i) Defined benefit plans:				
First State Super	52	62	-	-
Defined contribution plans:				
First State Super	2,862	2,746	-	-
H.E.S.T. Australia Ltd	1,408	1,303	-	-
Total	4,322	4,112	-	-

Employees of Bairnsdale Regional Health Service are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

Defined contribution superannuation plans

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

Defined benefit superannuation plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Bairnsdale Regional Health Service to the superannuation plans in respect of the services of current Bairnsdale Regional Health Service's 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.

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

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

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

Note 4: Key Assets to Support Service Delivery

Bairnsdale Regional 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 the hospital to be utilised for delivery of those outputs.

Structure

- 4.1 Other Financial Assets
- 4.2 Investments Accounted for Using the Equity Method
- 4.3 Property, Plant and Equipment
- 4.4 Depreciation

Note 4.1: Other Financial Assets

Other financial assets

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

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
- Bairnsdale Regional 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
- Bairnsdale Regional Health Service has transferred its rights to receive cash flows from the asset and either:
 - a) has transferred substantially all the risks and rewards of the asset; or
 - b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

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

Impairment of financial assets

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

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

Note 4.1: Investments and Other Financial Assets (continued)

Impairment of financial assets

In order to determine an appropriate fair value as at 30 June 2018 for its portfolio of financial assets, Bairnsdale Regional Health Service used the market value of investments held provided by the portfolio managers.

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

Doubtful debts

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

Note 4.2: Investments Accounted for Using the Equity Method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Published Fair Value	
			2018 %	2017 %	2018 \$'000	2017 \$'000
Jointly Controlled Entity						
Gippsland Health Alliance	Information Systems	Australia	12.51	12.04	1,658	893

Note 4.3: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2018 \$'000	2017 \$'000
Land		
Land at fair value	3,131	2,677
Crown land - other at fair value	682	590
Total Land	3,813	3,267
Buildings		
Buildings under construction at cost	4,094	2,119
Buildings at fair value	40,996	40,969
Less accumulated depreciation	10,836	8,101
Total Buildings	34,254	34,987
Plant and Equipment		
Plant and equipment at fair value	3,402	3,257
Less accumulated depreciation	2,020	1,828
Total Plant and Equipment	1,382	1,429
Medical Equipment		
Medical equipment at fair value	8,186	7,839
Less accumulated depreciation	5,223	4,855
Total Medical Equipment	2,963	2,985
Motor Vehicles		
Motor vehicles at fair value	957	931
Less accumulated depreciation	465	442
Total Motor Vehicles	492	489
Computers & Communication		
Computers & communication at fair value	4,517	3,618
Less accumulated depreciation	1,783	1,529
Total Computers & Communication	2,734	2,089
Furniture & Fittings		
Furniture & fittings at fair value	922	916
Less accumulated depreciation	369	299
Total Furniture & Fittings	553	617
Total Property, Plant & Equipment	46,191	45,862

Note 4.3: Property, Plant & Equipment (continued)

(b) Reconciliations of the carrying amounts of each class of asset

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Motor Vehicles \$'000	Computers \$'000	Furniture & Fittings \$'000	Total \$'000
Balance at 1 July 2016	3,267	35,421	1,566	3,690	537	1,391	893	46,765
Additions	-	2,033	121	116	102	1,062	70	3,505
Disposals	-	-	(28)	(16)	(53)	(6)	(14)	(116)
Net transfers between classes	-	260	-	-	-	-	(260)	-
Revaluation increments	-	-	-	-	-	-	-	-
Depreciation (note 4.4)	-	(2,727)	(230)	(806)	(98)	(358)	(72)	(4,291)
Balance at 1 July 2017	3,267	34,987	1,429	2,985	489	2,089	617	45,862
Additions	-	2,003	172	732	281	1,008	9	4,205
Disposals	-	-	(5)	(5)	(174)	(0)	(0)	(185)
Net transfers between classes	-	-	-	-	-	-	-	-
Revaluation increments	546	-	-	-	-	-	-	546
Depreciation (note 4.4)	-	(2,735)	(213)	(748)	(104)	(364)	(72)	(4,237)
Balance at 30 June 2018	3,813	34,254	1,382	2,963	492	2,734	553	46,191

Land and buildings carried at valuation

The Valuer-General Victoria undertook to re-value all of Bairnsdale Regional Health Service's owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014.

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

The latest indices indicated a managerial revaluation in 2018. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the land asset class of \$546,184 (\$Nil in 2017).

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

Note 4.3: Property, Plant & Equipment (continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2018

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Land at fair value				
Non-specialised land	3,131		3,131	
Specialised land	682			682
Total of land at fair value	3,813	-	3,131	682
Buildings at fair value				
Non-specialised buildings	4,483		4,483	
Specialised buildings	29,771			29,771
Total of building at fair value	34,254	-	4,483	29,771
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	492		492	
- Furniture & fittings	553			553
- Computers & communication	2,734			2,734
- Plant and equipment	1,382			1,382
Total of plant, equipment and vehicles at fair value	5,161	-	492	4,669
Medical equipment at fair value				
Total medical equipment at fair value	2,963			2,963
	46,191	-	8,107	38,084

Note

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

Note 4.3: Property, Plant & Equipment (continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Land at fair value				
Non-specialised land	2,677		2,677	
Specialised land	590			590
Total of land at fair value	3,267	-	2,677	590
Buildings at fair value				
Non-specialised buildings	4,663		4,663	
Specialised buildings	30,324			30,324
Total of building at fair value	34,987	-	4,663	30,324
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	489		489	
- Furniture & fittings	617			617
- Computers & communication	2,089			2,089
- Plant and equipment	1,429			1,429
Total of plant, equipment and vehicles at fair value	4,624	-	489	4,135
Medical equipment at fair value				
Total medical equipment at fair value	2,985			2,985
	45,862	-	7,829	38,034

Note

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

Note 4.3: Property, Plant & Equipment (continued)

(d) Reconciliation of Level 3 fair value

30 June 2018

Balance at 1 July 2017

Additions/(disposals)

Gains or losses recognised in net result

- Depreciation

Subtotal

Items recognised in other comprehensive income

- Revaluation

Subtotal

Balance at 30 June 2018

	Land	Buildings
Balance at 1 July 2017	590	30,324
Additions/(disposals)	-	1,975
Gains or losses recognised in net result		
- Depreciation		(2,528)
Subtotal	590	29,771
Items recognised in other comprehensive income		
- Revaluation	92	-
Subtotal	92	-
Balance at 30 June 2018	682	29,771

There have been no transfers between levels during the period.

30 June 2017

Balance at 1 July 2016

Additions/(disposals)

Gains or losses recognised in net result

- Depreciation

Subtotal

Items recognised in other comprehensive income

- Revaluation

Subtotal

Balance at 30 June 2017

	Land	Buildings
Balance at 1 July 2016	590	30,874
Additions/(disposals)	-	1,918
Gains or losses recognised in net result		
- Depreciation	-	(2,468)
Subtotal	590	30,324
Items recognised in other comprehensive income		
- Revaluation	-	-
Subtotal	-	-
Balance at 30 June 2017	590	30,324

Note 4.3: Property, Plant & Equipment (continued)

(e) fair value determination

	Example of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Vacant land and land not subject to restrictions as to use or sale	Level 2	Market approach	N/A
Specialised land	Land subject to restrictions as to use and/or sale	Level 3	Market approach	Community Service Obligation (CSO) adjustments
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market approach	N/A
Specialised buildings	Specialised buildings with limited alternative uses and/or substantial customisation eg. Prison, hospitals and schools	Level 3	Depreciated replacement cost approach	Direct cost per square metre Useful life of specialised buildings
Plant and Equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Useful life of plant and equipment
Vehicles	There is an active resale market available	Level 2	Market approach	N/A

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

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

(iii) CSO adjustment of 20% was applied to reduce the market approach value for Bairnsdale Regional Health Service's specialised land. There were no changes in valuation techniques throughout the period to 30 June 2018.

Note 4.3: Property, Plant & Equipment (continued)

Initial recognition

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

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

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

Subsequent measurement

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

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

For the purpose of fair value disclosures, Bairnsdale Regional 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, Bairnsdale Regional 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 Bairnsdale Regional Health Service's independent valuation agency. The estimates and underlying assumptions are reviewed on an ongoing basis.

Fair value measurement

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

Note 4.3: Property, Plant & Equipment (continued)

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

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

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

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

These indicators, as a minimum, include:

External factors:

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

Note 4.3: Property, Plant & Equipment (continued)

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

Non-specialised land and non-specialised buildings

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

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

In June 2018 a managerial valuation was carried out in accordance with FRD 103F to revalue the land to its fair value.

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, Bairnsdale Regional 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 it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

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

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

Note 4.3: Property, Plant & Equipment (continued)

An independent valuation of Bairnsdale Regional Health Service 's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

In June 2018 a managerial valuation was carried out in accordance with FRD 103F to revalue the land to its fair value.

Vehicles

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

Plant and equipment

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

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

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

Revaluations of non-current physical assets

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

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

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

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

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

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

Note 4.4: Depreciation

	2018	2017
	\$'000	\$'000
Depreciation		
Buildings	2,735	2,727
Plant & equipment	213	230
Medical equipment	748	806
Motor vehicles	104	98
Computers & communication	364	358
Furniture & fittings	72	72
Total Depreciation	4,237	4,291

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 *Property, Plant and Equipment*).

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	38 to 50 years	38 to 50 years
- Site Engineering Services and Central Plant	23 to 45 years	23 to 45 years
Plant & Equipment	3 to 15 years	5 to 15 years
Medical Equipment	3 to 15 years	5 to 10 years
Computers and Communication	3 to 10 years	3 to 10 years
Furniture and Fitting	4 to 30 years	10 to 14 years
Motor Vehicles	8 to 15 years	8 to 15 years

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

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Bairnsdale Regional Health Service's operations.

Structure

5.1 Receivables

5.2 Inventories

5.3 Other Liabilities

5.4 Prepayments and Other Non-Financial Assets

5.5 Payables

Note 5.1: Receivables

	2018 \$'000	2017 \$'000
Current		
Contractual		
Trade debtors	338	412
Patient fees	822	764
Accrued investment income	98	76
Accrued revenue	146	124
Less allowance for doubtful debts		
Trade debtors	(1)	(3)
Patient fees	(33)	(23)
	1,370	1,349
Statutory		
GST receivable	350	302
Accrued revenue - Department of Health and Human Services	182	664
	531	966
Total Current Receivables	1,902	2,315
Non-Current		
Statutory		
Long service leave - Department of Health and Human Services	1,200	719
Total Non-Current Receivables	1,200	719
Total Receivables	3,102	3,034

(a) Movement in the allowance for doubtful debts

	2,018 \$'000	2,017 \$'000
Balance at beginning of year	26	21
(Decrease)/increase in allowance recognised in net result	8	5
Balance at end of year	34	26

(b) Ageing analysis of receivables

Please refer to Note 5.1(c) for the ageing analysis of contractual receivables.

Receivables consist of:

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

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

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

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

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

Note 5.1: Receivables (continued)

(c) Ageing analysis of financial assets as at 30 June

	Consolidated Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
Cash and Cash Equivalents	27,142	27,142	-	-	-	-	-
Receivables (i)							
- Trade Debtors	337	199	94	33	11	-	-
- Other Receivables	1,033	764	154	33	82	-	-
Total Financial Assets	28,512	28,105	248	66	93	-	-
2017							
Financial Assets							
Cash and Cash Equivalents	24,403	24,403	-	-	-	-	-
Receivables (i)							
- Trade Debtors	409	320	11	66	11	-	-
- Other Receivables	941	771	121	21	27	-	-
Total Financial Assets	25,753	25,495	133	88	38	-	-

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

Note 5.2: Inventories

	2018 \$'000	2017 \$'000
Pharmaceuticals		
At cost	216	274
Medical and Surgical Lines		
At cost	212	217
Total Inventories	428	490

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

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

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

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

Note 5.3: Other Liabilities

	2018 \$'000	2017 \$'000
Current		
Monies held in trust		
- Resident monies held in trust	510	533
- Accommodation deposits	10,481	11,140
Total Other Liabilities	10,991	11,673
Total Monies Held in Trust		
Represented by the following assets:		
Cash assets (refer to Note 6.2)	10,991	11,673
Total Monies Held in Trust	10,991	11,673

Note 5.4: Prepayments and Other Non-Financial Assets

	2018 \$'000	2017 \$'000
Current		
Prepayments	187	256
GHA other current assets (refer Note 8.10)	300	270
Rental property bonds paid	8	8
Total Other Assets	495	533

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

Note 5.5: Payables

	2018 \$'000	2017 \$'000
Current		
Contractual		
Trade creditors	2,569	39
Accrued expenses	1,115	1,624
Salary packaging	14	12
PPI medical payable	1	1
Income in advance	211	75
Consultants payable	0	-
	3,911	1,751
Statutory		
GST payable	15	24
Department of Health and Human Services	731	142
	746	167
Total Current	4,657	1,918
Total Payables	4,657	1,918

(i) The average credit period is 40 days. No interest is charged on the other payables.

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

(a) Maturity analysis of payables

Please refer to Note 5.5 (a) for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

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

Note 5.5: Payables (continued)

Note 5.5 (a): Maturity analysis of financial liabilities as at 30 June

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

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000
2018						
Financial Liabilities						
Payables	3,911	3,911	-	-	-	-
Borrowings	1,641	1,641	12	6	254	1,369
Other financial liabilities (i)						
- Accommodation deposits	10,481	10,481	-	-	3,144	7,337
- Other	510	510	-	-	510	-
Total Financial Liabilities	16,543	16,543	3,922	6	3,909	8,705
2017						
Financial Liabilities						
Payables	1,751	1,751	1,751	-	-	-
Borrowings	602	602	6	11	52	533
Other financial liabilities (i)						
- Accommodation deposits	11,140	11,140	-	-	2,228	8,912
- Other	533	533	-	-	533	-
Total Financial Liabilities	14,026	14,026	1,757	11	2,813	9,446

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

Note 6: How We Finance Our Operations

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

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

Structure

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for Expenditure

Note 6.1: Borrowings

	2018 \$'000	2017 \$'000
Current		
Australian dollar borrowings		
– TCV loan (i)	72	69
– Department of Health and Human Services loan (ii)	200	-
Total Current	272	69
Non-Current		
Australian dollar borrowings		
– TCV loan (i)	467	533
– Department of Health and Human Services loan (ii)	902	-
Total Non-Current	1,369	533
Total Borrowings	1,641	602

(i) TCV loan is unsecured with a fixed rate of 5.88% over a total period of 20 years, ending in September 2024.

(ii) This is unsecured loan which bears no interest over a total period of five years, ending in June 2023.

Finance costs of the Health Service incurred during the year are accounted for as follows:

Amount of finance costs recognised as expenses	31	37
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(a) Maturity analysis of payables

Please refer to note 5.5(a) for the ageing analysis of borrowings.

(b) Defaults and breaches

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

(c) Operating lease liabilities

The operating leases relate to medical equipments held by Bairnsdale Regional Health Service with lease terms between five to ten years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

	2018 \$'000	2017 \$'000
Non-cancellable operating lease payable		
Not longer than one year	742	642
Longer than one year but not longer than five years	532	1,091
Longer than five years	-	-
	1,273	1,733

Note 6.1: Borrowings (continued)

Borrowing recognition

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

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases, in the manner described in Note 6.3 Commitments.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 7.1.

Note 6.2: Cash and Cash Equivalents

	2018 \$'000	2017 \$'000
Cash on hand	7	7
Cash at bank	1,815	1,392
Term deposits	25,000	23,000
Deposits at call	320	5
Total cash and cash equivalents	27,142	24,403
Represented by:		
Cash as per cash flow statement (i)	16,151	12,730
Cash for monies held in trust		
- Cash at bank	110	133
- Term deposits	10,881	11,540
- Deposits at call	-	-
Total cash for monies held in trust	10,991	11,673
Total cash and cash equivalents	27,142	24,403

(i) Cash and cash equivalents include salary packaging.

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

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

Note 6.3: Commitments for Expenditure

	2018 \$'000	2017 \$'000
(a) Commitments other than public private partnerships		
Capital Expenditure Commitments		
Payable:		
Buildings	-	1,718
Plant and equipment		-
Computers and communication	-	330
Total Capital Expenditure Commitments	-	2,048
Lease Commitments		
Commitments in relation to leases contracted for a the reporting date:		
<i>Operating leases - non-cancellable</i>	1,273	1,733
Total Lease Commitments	1,273	1,733
Total Commitments Other than Public Private Partnership (Inclusive of GST)	1,273	3,781

All amounts shown in the commitments note are nominal amounts inclusive of GST.

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

	2018 \$'000	2017 \$'000
(b) Commitments payable		
Capital Expenditure Commitments		
Less than 1 year		
Land and buildings	-	2,048
Computers & communication	-	-
Total Capital Expenditure Commitments	-	2,048
Lease Commitments Payable		
Less than 1 year	742	642
Longer than 1 year but not longer than 5 years	532	1,091
Total Lease Commitments	1,273	1,733
Total Commitments (Inclusive of GST)	1,273	3,781
Less GST Recoverable from the Australian Tax Office	(116)	(158)
Total Commitments (Exclusive of GST)	1,158	3,624

Note 7: Risks, Contingencies and Valuation Uncertainties

Bairnsdale Regional 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 hospital is related mainly to fair value determination.

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

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

Financial instruments: categorisation

	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
2018	\$'000	\$'000	\$'000
Contractual Financial Assets			
Cash and cash equivalents	27,142	-	27,142
Receivables			
- Other Receivables	1,370	-	1,370
Total Financial Assets ⁽ⁱ⁾	28,512	-	28,512
Financial Liabilities			
Payables	-	3,911	3,911
Borrowings	-	1,641	1,641
Other Financial Liabilities			
- Accommodation Deposits	-	10,481	10,481
- Resident Monies Held in Trust	-	510	510
Total Financial Liabilities ⁽ⁱ⁾	-	16,543	16,543
	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
2017	\$'000	\$'000	\$'000
Contractual Financial Assets			
Cash and cash equivalents	24,403	-	24,403
Receivables			
- Other Receivables	1,349	-	1,349
Total Financial Assets ⁽ⁱ⁾	25,753	-	25,753
Financial Liabilities			
Payables	-	1,751	1,751
Borrowings	-	602	602
Other Financial Liabilities			
- Accommodation Deposits	-	11,140	11,140
- Residents Monies Held in Trust	-	533	533
Total Financial Liabilities ⁽ⁱ⁾	-	14,026	14,026

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

Note 7.1: Financial Instruments (continued)

(b) Net holding gain on financial instruments by category

	Net holding gain/(loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment loss \$'000	Total \$'000
2018					
Financial Assets					
Cash and cash equivalents ⁽ⁱ⁾	-	604	-	-	604
Total Financial Assets	-	604	-	-	604
Financial Liabilities					
At amortised cost ⁽ⁱⁱ⁾	-	31	-	-	31
Total Financial Liabilities	-	31	-	-	31
2017					
Financial Assets					
Cash and cash equivalents ⁽ⁱ⁾	-	575	-	-	575
Total Financial Assets	-	575	-	-	575
Financial Liabilities					
At amortised cost ⁽ⁱⁱ⁾	-	37	-	-	37
Total Financial Liabilities	-	37	-	-	37

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

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense measured at amortised cost.

Note 7.1: Financial Instruments (continued)

Categories of financial instruments

Loan, receivables and cash

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

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

Financial liabilities at amortised cost

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. Bairnsdale Regional Health Service recognises the following liabilities in this category:

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

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Bairnsdale Regional Health Service concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Bairnsdale Regional Health Service does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Note 7.1: Financial Instruments (continued)

Categories of financial instruments

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

Impairment of financial assets

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

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

Reclassification of financial instruments

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

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

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

Note 7.1: Financial Instruments (continued)

Derecognition of financial liabilities

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

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

Note 7.2: Contingent Assets and Contingent Liabilities

No contingent assets or contingent liabilities as at 30 June 2018 (2017: nil).

Note 8: Other Disclosures

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

Structure

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

Note 8.1: Equity

	2018 \$'000	2017 \$'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	24,218	24,218
Revaluation Increments		
- Land	546	-
- Buildings	-	-
Balance at the End of the Reporting Period*	24,764	24,218
* Represented by:		
- Land	2,533	1,987
- Buildings	22,231	22,231
	24,764	24,218
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	2,283	747
Transfer to and from Restricted Specific Purpose Surplus		
- Medical fund	9	33
- Donations	(726)	444
- DHHS capital	34	1,058
Balance at the End of the Reporting Period	1,599	2,283
Total Surpluses	26,363	26,501
(b) Contributed Capital		
Balance at the beginning of the reporting period	21,394	21,394
Capital contribution received from Victorian Government	-	-
Balance at the End of the Reporting Period	21,394	21,394
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	360	1,886
Net result for the year	(2,231)	9
Transfers to and from surplus	684	(1,536)
Balance at the End of the Reporting Period	(1,188)	360
Total Equity at End of Financial Year	46,569	48,254

Note 8.1: Equity (continued)

Contributed capital

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

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

Property, plant & equipment revaluation surplus

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

Specific restricted purpose surplus

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

Note 8.2: Reconciliation of Net Result for the Year to Net Cash from Operating Activities

	2018 \$'000	2017 \$'000
Net Result for the Period	(2,231)	9
Non-Cash Movements:		
Depreciation	4,237	4,291
Provision for doubtful debts	8	5
Movements Included in Investing and Financing Activities		
Net loss from disposal of non financial physical assets	39	51
Movements in Assets and Liabilities:		
Change in operating assets and liabilities		
Decrease in receivables	(75)	23
Decrease in other assets	38	945
Decrease/(increase) in inventories	62	(28)
Increase/(decrease) in payables	2,739	(1,978)
Increase in provisions	1,624	933
Net Cash Inflow/(Outflow) from Operating Activities	6,441	4,252

Note 8.3: Responsible Persons Disclosures

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

Responsible Ministers

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

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

Governing Boards

A. Hutson

A. Talko-Nicholas

B. Moar

C. Barry

C. Burrell

D. Vickers

J. Small

M. Urie

P. Murphy

S. Fraser

Period

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

1/7/2017 - 30/6/2018

Accountable Officers

Mrs T. Tierney

Mrs R. Hayles

1/7/2017 - 30/6/2018

7/2/2018 - 30/6/2018

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

\$100,000 - \$199,999

\$200,000 - \$299,999

\$300,000 - \$399,999

Total Numbers

Total Remuneration	
2018 No.	2017 No.
10	9
1	-
1	-
-	1
12	10

Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to:

\$ 431,000 \$ 339,000

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

Note 8.4: Remuneration of Executives

Executive officers' remuneration

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

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

Short-term employee benefits

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

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

Long service leave, other long-service benefit or deferred compensation.

Termination benefits

Termination of employment payments, such as severance packages.

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

Short-term benefits
Post-employment benefits
Other long-term benefits

Total Remuneration

Total Number of Executives

Total Annualised Employee Equivalents (AEE) ⁽ⁱ⁾

Total Remuneration	
2018	2017
\$	\$
845,330	967,528
83,170	93,533
42,084	-
970,584	1,061,061
5	6
5.0	6.0

Notes:

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Bairnsdale Regional Health Service under AASB 124 Related Party Disclosures and are also reported within Note 8.5 Related Parties.

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

Note 8.5: Related Parties

Bairnsdale Regional Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Gippsland Health Alliance; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Bairnsdale Regional Health Service, directly or indirectly.

The Board of Directors and the Executive Directors of Bairnsdale Regional Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Bairnsdale Regional Health Service	A. Hutson	Chair of the Board
Bairnsdale Regional Health Service	A. Talko-Nicholas	Board member
Bairnsdale Regional Health Service	B. Moar	Board member
Bairnsdale Regional Health Service	C. Barry	Board member
Bairnsdale Regional Health Service	C. Burrell	Board member
Bairnsdale Regional Health Service	D. Vickers	Board member
Bairnsdale Regional Health Service	J. Small	Board member
Bairnsdale Regional Health Service	M. Urie	Board member
Bairnsdale Regional Health Service	P. Murphy	Board member
Bairnsdale Regional Health Service	S. Fraser	Board member
Bairnsdale Regional Health Service	T. Tierney	Chief Executive Officer
Bairnsdale Regional Health Service	R. Hayles	Chief Executive Officer
Bairnsdale Regional Health Service	B. Brown	Director
Bairnsdale Regional Health Service	B. Hammond	Director
Bairnsdale Regional Health Service	T. Donaldson	Director
Bairnsdale Regional Health Service	B. Coulton	Director
Bairnsdale Regional Health Service	D. Ellks	Director
Bairnsdale Regional Health Service	K. Banerjea	Director

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation - KMPs

Short-term employee benefits
Post-employment benefits
Other long-term benefits

Total (i)

	2018 (\$'000)	2017 (\$'000)
Short-term employee benefits	1,236	1,278
Post-employment benefits	120	122
Other long-term benefits	46	-
Total (i)	1,402	1,400

(i) KMPs are also reported in Note 8.3 Responsible Persons or Note 8.4 Remuneration of Executives.

Note 8.5: Related Parties (continued)

Significant transactions with government related entities

Bairnsdale Regional Health Service received funding from the Department of Health and Human Services, Commonwealth Department of Health and Dental Health Services Victoria of \$75 million (2017: \$68 million).

Bairnsdale Regional Health Service received an unsecured loan from Department of Health and Human Services in this year of \$1.1 million, which bears no interest over a total period of five years ending in June 2023.

Expenses incurred by Bairnsdale Regional 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 a Victorian Public Financial Corporation.

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

Transaction with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.

Except for the transaction listed below, there were no other related party transactions required to be disclosed for Bairnsdale Regional Health Service Board of Directors in 2018.

Specific disclosure note

During the year, Dr. John Urie, the husband of Mendy Urie, provided services as a visiting medical officer. The contract expired on 30 June 2018. For the current year the value billed under the contract was \$180,000 (2017: \$260,000).

Note 8.5: Related Parties (continued)

During the year, Angela Hutson was a board member of East Gippsland Water. The transactions involved provision of water supply to the health service. For the current year the value billed was \$198,000 (2017: \$177,000).

Key management personnel of the agencies pursuant to section 53(1)(b) of the FMA into the Entity's financial statements include:

Entity	Key Management Personnel	Position Title
Bairnsdale Medical Group	M. Urie	Wife of Principal
Corner Amcal Bairnsdale	B. Moar	Principal
East Gippsland Water	A. Hutson	Board Member

Note 8.6: Remuneration of Auditors

	2018 \$'000	2017 \$'000
Victorian Auditor-General's Office		
Audit or review of financial statements	38	37
Total Remuneration of Auditors	38	37

Note 8.7: Events Occurring after the Balance Sheet Date

No events occurred after the balance sheet date to effect this report. (2017: Nil)

Note 8.8: Ex-gratia Expenses

	2018 \$'000	2017 \$'000
Bairnsdale Regional Health Service has made the following ex-gratia expenses:		
Compensation for economic loss	8	6
Total Ex-Gratia Expenses	8	6

Note 8.9: AASBs Issued that are not yet Effective

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

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

Topic	Key requirements	effective date	Impact on financial statements
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends as follow: <ul style="list-style-type: none"> • Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. • Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> o the entity's right to receive payment of the dividend is established; o it is probable that the economic benefits associated with the dividend will flow to the entity; and o the amount can be measured reliably. 	1 January 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018	The assessment has indicated that there will be no significant impact for the public sector.

Note 8.9: AASBs Issued that are not yet Effective (continued)

AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	This Standard amends AASB 15 to clarify requirements for identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> • a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for- Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 <ul style="list-style-type: none"> • Statutory receivables are recognised and measured similarly to financial assets AASB 15 <ul style="list-style-type: none"> • The "customer" does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or "equivalent means"; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.

Note 8.9: AASBs Issued that are not yet Effective (continued)

AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>
AASB 1058 Income of Not-for-Profit Entities	<p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 Jan 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p>

Note 8.9: AASBs Issued that are not yet Effective (continued)

AASB 1059 Service Concession Arrangements: Grantor	<p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p> <p>The State has 2 types of PPPs:</p> <p>1. Social Infrastructure: A PPP that requires the government to make payments to the operator upon commencement of services:</p> <ul style="list-style-type: none"> • Operator finances and constructs the infrastructure; and • State pays unitary service payments over the term. 	1 Jan 2019	<p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> • Operator is providing public services using a service concession asset; • Operator manages at 'least some' of public services under its own discretion; • The State controls / regulates: <ul style="list-style-type: none"> o What services are to be provided; o To whom; and o At what price • State controls any significant residual interest in the asset. <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.</p> <p>Currently the social infrastructure PPPs are only recognised on the balance sheet at commercial acceptance. The arrangement will need to be progressively recognised as and when the asset is being constructed. This will have the impact of progressively recognising the financial liability and corresponding asset as the asset is being constructed.</p>
AASB 1059 Service Concession Arrangements: Grantor (continued)	<p>2. Economic Infrastructure: A PPP that is based on user pays model:</p> <ul style="list-style-type: none"> • Operator finances and constructs the infrastructure; • State does not pay for the cost of the construction; and • Operator charges asset users and recovers the cost of construction and operation for the term of the contract. 		<p>For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet. There will be no impact to net debt, as a deferred revenue liability will be recognised and amortised over the concession term.</p>
AASB 17 Insurance Contracts	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.</p>	1 Jan 2021	<p>The assessment has indicated that there will be no significant impact for the public sector.</p>

Note 8.9: AASBs Issued that are not yet Effective (continued)

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 2017-18 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement

Note 8.10: Jointly Controlled Operations

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest	
			2018 %	2017 %
Jointly Controlled Entity				
Gippsland Health Alliance	Information Systems	Australia	12.51	12.04

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

	2018 \$'000	2017 \$'000
Current Assets		
Cash and Cash Equivalents	1,045	633
Receivables	123	115
Other Current Assets	300	270
Total Current Assets	1,468	1,018
Non Current Assets		
Property, Plant and Equipment	266	12
Total Non Current Assets	266	12
Total Assets	1,734	1,030
Current Liabilities		
Accrued Expenses	66	107
Other Current Liabilities	11	30
Total Current Liabilities	77	137
Net Assets	1,658	893
Equity		
Accumulated surpluses	1,658	893
TOTAL EQUITY	1,658	893

Bairnsdale Regional Health Service's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2018 \$'000	2017 \$'000
Revenues		
Gippsland Health Alliance income	1,384	1,673
Capital income	738	-
Total Revenue	2,122	1,673
Expenses		
Information technology and administrative expenses	1,355	1,220
Depreciation	2	0
Total Expenses	1,357	1,220
Share of Jointly Controlled Entity's Net Result After Tax	765	453

Contingent Liabilities and Capital Commitments

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

Note 8.11: Financial Dependency

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

Note 8.12: Alternate Presentation of Comprehensive Operating Statement

	2018 \$'000	2017 \$'000
Grants	75,728	68,792
Interest and dividends	604	575
Fair Value of assets and services received free of charge or for nominal consideration	-	1
Sales of goods and services	-	11,983
Other Income	16,813	7,265
Total Revenue	93,145	88,616
Employee expenses	59,607	56,211
Operating Expenses		
Supplies and consumables	11,704	9,930
Non salary labour costs	8,344	7,891
Other	11,426	10,421
Finance costs	31	37
Depreciation	4,237	4,291
Total Expenses	95,349	88,781
	-	-
Net Result from Transactions - Net Operating Balance	(2,205)	(165)
Revaluation of long service leave	(19)	175
Changes in property, plant and equipment revaluation surplus	546	-
Other gains / (losses) from other economic flows	(8)	-
Total Other Economic Flows Included in Net Result	520	175
Items that will not be Reclassified Subsequently to Net Result		
Changes in property, plant and equipment revaluation surplus	-	-
NET RESULT	(1,685)	9

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

Disclosure index

The annual report of Bairnsdale Regional 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 Reference
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	3
FRD 22H	Purpose, functions, powers and duties	3
FRD 22H	Initiatives and key achievements	2, 14
FRD 22H	Nature and range of services provided	4-5
Management and structure		
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FRD 10A	Disclosure index	106-107
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FRD 21C	Responsible person and executive officer disclosures	8-12, 94-98
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FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	22
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FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	22
FRD 22H	Details of consultancies over \$10,000	17
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FRD 22H	Operational and budgetary objectives and performance against objectives	16-17
FRD 22H	Summary of the entity's environmental performance	19
FRD 22H	Significant changes in financial position during the year	16
FRD 22H	Statement on National Competition Policy	19

Legislation	Requirement	Page Reference
FRD 22H	Subsequent events	17
FRD 22H	Summary of the financial results for the year	16
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SD 5.2.3	Declaration in report of operations	3, 32-33
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Other requirements under Standing Directions 5.2		
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	<i>Carers Recognition Act 2012</i>	22
	<i>Victorian Industry Participation Policy Act 2003</i>	20-21
	<i>Building Act 1993</i>	22
	<i>Financial Management Act 1994</i>	3, 33, 34
	<i>Safe Patient Care Act 2015</i>	22

We acknowledge that
Bairnsdale Regional Health Service
is located on the traditional land of the
Gunaikurnai people and we pay our
respects to elders both past and present
and thank them for their contribution
to the development of our service.

My team is **BRHS**

CBD Campus

183 Main Street
Bairnsdale VIC 3875
P (03) 5150 3300

Day Street Campus

122 Day Street
Bairnsdale VIC 3875
P (03) 5150 3333

Ross Street Campus

Ross Street
Bairnsdale VIC 3875
P (03) 5152 0222

PO Box 474

Bairnsdale VIC 3875
E email@brhs.com.au
www.brhs.com.au