

# ANNUAL REPORT 2018-2019



NORTHEAST HEALTH WANGARATTA



**Front cover image:**

Hospital in the Home (HITH) nurses (L to R) Deanne Ryan, Tania Vickery, Susan Christie and Marika Vanstekelenburg wishing recent HITH patient Mr Ivan Wood a happy 101st Birthday.

**Back cover image:**

Physiotherapist Ashlee Martin with Rehabilitation in the Home (RITH) client Arnold Buzimkic.

# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER



Margaret Bennett- Chief Executive Officer  
Jonathan Green- Board Chair

In accordance with the Financial Management Act 1994, we are pleased to present the Northeast Health Wangaratta (NHW) Annual Report for the year ended 30 June 2019.

NHW had a highly successful year, delivering an extensive range of service improvements focused on safe, reliable and responsive care.

We are delighted that a particular highlight of the 2018-2019 year was the pre-election announcement by the Premier on the 29th October 2018 of \$10 million funding to enable the Maternity Unit to be redeveloped, along with further infrastructure upgrades to occur. This announcement was in addition to the previously allocated \$23 million redevelopment funding.

Throughout the year, planning and detailed design for the redevelopment has been undertaken in preparation for the appointment of a lead contractor by December 2019, prior to the commencement of two years building in early 2020. **The redevelopment will include:**

- A new 12 bed Intensive Care Unit
- Additional treatment spaces in the Emergency Department
- A new eight bed Short Stay Observation Unit in Emergency Department
- A Behavioural Assessment Room to support safe care of patients presenting to the Emergency Department with acute mental health or drug and alcohol issues
- The establishment of a new relocated Paediatric Unit
- Additional acute care medical beds.

**Additional infrastructure improvements undertaken during the 2018-2019 year saw an expenditure of \$2.365 million to complete the following projects:**

- Installation and upgrade of the Closed Circuit Television monitoring system
- Replacement of the washers and sterilisers in the Central Sterile Supply Department
- Installation and upgrade of fire-fighting infrastructure and fire sprinkler system in the acute block
- Installation of a new nurse call system.

## **A snapshot of our activity during the 2018-2019 year**

The year saw increases in the number of patients treated at NHW and also in the range and nature of services being provided. Key drivers of our activity pressure continue to relate to our role as a specialist referral centre for North East Victoria, where ageing and chronic illness are significant drivers of service demand within the 90,000 population NHW is privileged to serve. The community desire to have access close to home for complex medical services such as cardiology, respiratory medicine, oncology and palliative care are also significant drivers of demand.

- We treated 26,615 patients through our Emergency Department, an increase of 4.2% on the previous year.
- We admitted 20,692 patients, an increase of 8.1% on the previous year
- We undertook 6,704 surgical cases, a 2.9% increase on the previous year
- Our Day Stay Unit was opened for 1,134 additional shifts to manage inpatient bed demand, an increase of 20% on the previous year. The use of this space for admitted patients will continue as required until redevelopment works are completed
- Outpatient service provision increased to over 26,148 consultations, an increase of 3,648 on the previous year
- We conducted 66,356 occasions of service through our Medical Imaging Department, 1,492 less than the previous year, a decrease of 2.2% across all services. This reflected an increasing focus on ensuring only essential imaging services are undertaken
- We welcomed 670 babies during the financial year, which was three more than the previous year. We have maintained our commitment to working in close partnership with the surrounding Small Rural Health Services to enable the provision of safe maternity care across our region

# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

- Illoura Residential Aged Care Facility (RACF) continued to experience high demand and had an average occupancy of 97.74% during the year
- Community Nursing Services, encompassing a 7 day a week Hospital in the Home (HITH) service, routinely care for neonates through to elderly patients. The Palliative Care team have consistently cared for over 80 patients in their homes
- Dental services saw 7,410 individuals, across some 15,600 appointments, achieving 113% of the annual activity target.

## Financial Results

Reflecting on the impact of activity demand and the complexity of care, in 2018-2019 NHW was able to achieve the agreed Statement of Priorities target with an Operating deficit of \$1.293 million.

This Operating result, adjusted for capital and specific items, provided a \$0.809 million deficit net result from transactions shown in the Comprehensive Operating Statement.

The Board and Executive continue to work closely with the Department of Health and Human Services (DHHS) to ensure NHW's budget is sufficient to meet patient demand, particularly given the redevelopment that will occur over the forthcoming years.

## Patient Satisfaction and Consumer Engagement

The confidence, satisfaction and safety of our patients is our absolute focus. Patient satisfaction, as measured by the Victorian Health Experience Survey (VHES) demonstrated an average of 96.5% acute inpatient satisfaction, against a State average of 93%. Additionally, results of the annual survey of clients attending specialist clinics showed 93% satisfaction compared to the State average of 92%.

In order to further strengthen consumer and community consultation, the Community Advisory Committee was restructured in February 2019 to become a formal Board Sub-Committee. Particular areas of the Committee's focus during the year have included providing input into the Hume Oral Health Strategic Plan, the Care and Kindness Charter for NHW, our annual Quality Account and reviewing the content of many patient information publications.



## OUR care & kindness CHARTER

All Staff, Visiting Medical Officers and all Volunteers commit to:

Doing all we can to keep you safe

Caring for you with kindness & respect

Being your advocate

Providing exceptional care

Further information can be found displayed throughout Northeast Health or on our website:

[www.nhw.org.au/kindness](http://www.nhw.org.au/kindness)



Northeast Health Wangaratta  
*Every patient, Every time*



# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

## Provision of Care

A range of care and service achievements during the year included:

- Implementation of a prevention-focused Model of Care by our Dental Services team, with oral health education significantly increased. This has resulted in our dental waiting list decreasing by 36%.
- Establishment of a funded alliance between the Well Ageing Vision and Engagement (WAVE) Hub with the Council of the Ageing Australia (COTA). This will enable the development of a new service to assist community members to navigate the Aged Care system and services.
- Strengthening our engagement with Residents and Relatives in the planning and delivery of care at Illoura Residential Aged Care Facility.
- Expansion of programs to support the safety of staff and patients. These include: Strengthening Hospital Response to Family Violence; strengthening Aboriginal and Torres Strait Islander programs through the appointment of a Liaison Officer; commencing our journey towards Rainbow Tick accreditation to support cultural safety for staff and patients from the LGBTI community.
- Expansion of the Specialist Geriatrician Service has resulted in clinics being conducted in partnership with Small Rural Health Services.
- Commencing a new service, Rehabilitation in the Home (RITH), enabling patients to be discharged earlier and receive ongoing therapy in their homes.
- Embedding and evaluating our innovative Robotics Rehabilitation program, with 26 patients benefiting from this therapy service during the year.
- Undertaking a review of both our Operating Theatre service and Emergency Department to support the necessary changes in processes and staffing to meet growing patient demand and support staff workload and wellbeing.
- Supporting a partnership with the Murray Primary Health Network and the University of Melbourne to enable the development of an integrated care pathway for patients with Chronic Obstructive Pulmonary Disease (COPD), supported by the establishment of a Cardiac and Pulmonary Community of Practice for the clinicians involved in care provision.

- Embedding a four-level Daily Operating System (DOS) into daily practice to best manage demand and enable effective coordination of service delivery.
- Improving the advice provided to patients being discharged from the Emergency Department, utilising the documentation developed by Safer Care Victoria.

## Technology and Innovation

Northeast Health Wangaratta's focus on being innovative and using technology to enhance care and the environment of care has resulted in some exciting developments during the 2018-2019 year. In particular:

- Receiving approval and funding to implement a new Patient Administration System (PAS) for NHW and our Central Hume partnership agencies; Benalla Health, Alpine Health, Yarrawonga Health, Beechworth Health Service and Tallangatta Health Service.
- Progressing the expansion of a Digital ECG service, previously established with Alpine Health, to shortly include Yarrawonga Health, Benalla Health, Mansfield District Hospital and Beechworth Health Service.
- Omnicell automated medication cabinets were installed in the Paediatrics, Thomas Hogan Rehabilitation Centre and Maternity units, completing the rollout to all inpatient areas.
- Swipe-card access was implemented to all medication rooms in ward areas.

## Education

Northeast Health Wangaratta has a major focus on supporting and growing both our current and future workforce through the provision of a dynamic ongoing education program. Outcomes during the 2018-2019 year have included:

- Work experience placements at NHW for 54 students from 12 different high schools including local, regional and metropolitan areas.
- During SMART Time education 2,440 participants attended 241 sessions. Training covered a range of clinical and non-clinical topics including care of patients with a stroke, diabetes and delirium management as well as the activation of massive blood transfusion protocols.

# REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

- Attendance by 1,926 participants at 99 workshops that covered a range of topics including Advanced Life Support, Pain Management, Foetal Surveillance and Health Assessments of the older person.
- We trained our Board of Directors, Executive and a number of frontline staff in LGBTI Awareness as part of our progress to become a Rainbow Tick accredited organisation.
- Six Allied Health staff presenting at the North East & Goulburn Valley Allied Health Conference.
- A Middle Leadership Program, developed and introduced in 2019, focused on clinical leadership. This program was completed by 11 departments/wards with 74 staff participating.

## Research

During the year, we were successfully able to grow and mature our research program with the employment of a Research Development and Governance Officer.

- A local Research Advisory Service was established and increased the clarity of research governance procedures at NHW
- With the support of our newly-formed Research Committee 18 research projects were approved.
- Ten presentations were made at various health conferences nationally.

## Board of Directors

We thank the Board of Directors for their diligence, commitment and governance of NHW. The end of the financial year saw us farewell two Directors, Lisbeth Long and Paul Virgo and we thank them both for their service to NHW over their years of involvement.

## Our People

Our 2019 People Matter Survey was completed by 73% of our staff, an increase on our participation rate from last year. The survey demonstrated exceptionally positive results, particularly in our efforts to grow a more inclusive and safe culture. We remain committed to ensuring that NHW is an employer of choice and we are committed to developing further strategies to maximise staff wellbeing and engagement.

During the year, we developed our revised Disability Action Plan and appointed our first Disability Team Leader. This role provides support and guidance to our staff who have a disability and continues to grow and promote NHW as an all-abilities workplace.

We were successful in being approved for the Independent Facilitator Trial project launched by the Premier. NHW, along with Albury Wodonga Health, Tallangatta Health and Corryong Health, are working with an Independent Facilitator to better support staff who experience workplace issues, like bullying and conflict.

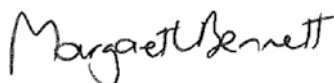
In conclusion, we acknowledge and thank all who have supported NHW during the 2018-2019 year, including the DHHS, NHW Board of Directors, our partner agencies, our Visiting Medical Specialists and the Executive team, along with our wonderful team of 1,444 staff and 349 volunteers.

We commend our Annual Report to you and have pleasure in sharing the wonderful achievements of our team during the 2018-2019 year.

We continue to be absolutely focused on NHW's Vision, Mission and Values as we face the challenges and opportunities in the year ahead.



Jonathan Green  
Board Chair



Margaret Bennett  
Chief Executive Officer

# OUR STRATEGIC PLAN 2015-2020

## Our Vision:

To be recognised leaders in rural healthcare

## Our Mission:

To provide healthcare that enhances the quality of life of people in North East Victoria

## Our Values:

Caring  
Respect  
Fairness

Excellence  
Integrity

## Commitments & Strategies:

Clinical Services  
Organisational Management  
Facilities & Environment

Quality & Innovation  
People, Learning & Research  
Community & Partnerships

### What we will achieve by 2020...

Building on the very substantial successes over the past five years, there are six themes that have been identified that exemplify service development objectives for us over the next five years. They also set the foundations for longer-term service developments:

#### Access

We will enhance access through expansion of our capability and capacity to meet acute and community demand 24/7 and by maintaining our current high service level to the local community and residents of our neighbouring areas.

#### Service integration through partnerships

We will collaborate with other health service providers and ensure that patients receive seamless and integrated care wherever they need to be treated. We will develop and support clinical and corporate partnerships and alliances with other health service providers, including Albury Wodonga Health and Melbourne hospitals, local primary and community health providers such as GPs, Gateway Health, the Murray Primary Health Network and the Rural City of Wangaratta. We will also work with district health services in the region together with aged care and disability service providers.

#### Identify and respond to gaps

We will identify and respond to service gaps – including specialist outpatient services and services to assist our community to achieve 'well ageing'.

#### Innovative service and workforce models

We will continue to develop innovations in service delivery, including through our workforce and smarter use of information and communication technologies.

#### Redeveloping core infrastructure

We will focus on redeveloping core infrastructure that is fit-for-purpose to meet increased demand.

#### Building on our community consultation

We will continue building on our community consultation and engagement frameworks to ensure the community we serve continues to have confidence in our ability to meet their healthcare needs.



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[www.facebook.com/NortheastHealthWangaratta](https://www.facebook.com/NortheastHealthWangaratta)



# DISCLOSURE INDEX

The Annual Report of Northeast Health Wangaratta is prepared in accordance with all relevant Victorian Legislation. This Financial Reporting Directions (FRD) index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
<b>Ministerial Directions</b>		
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	17
FRD 22H	Purpose, functions, powers and duties	5
FRD 22H	Nature and range of services provided	10,11
FRD 22H	Activities, programs and achievements for the reporting period	1-4
FRD 22H	Significant changes in key initiatives and expectations for the future	1-4
<b>Management and structure</b>		
FRD 22H	Organisational structure	10-11
FRD 22H	Workforce data/ employment and conduct principles	16
FRD 22H	Occupational Health and Safety	20
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	37
FRD 22H	Significant changes in financial position during the year	1-4
FRD 22H	Operational and budgetary objectives and performance against objectives	1-4
FRD 22H	Subsequent events	89
FRD 22H	Details of consultancies under \$10,000	20
FRD 22H	Details of consultancies over \$10,000	20
FRD 22H	Disclosure of ICT expenditure	22
<b>Legislation</b>		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	18
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	19
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FRD 22H	Statement on National Competition Policy	17
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# DISCLOSURE INDEX

Legislation	Requirement	Page Reference
<b>Other relevant reporting directives</b>		
FRD 25C	Local Jobs First Policy disclosure	18
SD 5.1.4	Financial Management Compliance attestation	9
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<b>Attestations</b>		
	Attestation on Data Integrity	8
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<b>Other reporting requirements</b>		
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	Reporting of Occupational Violence	20
	Reporting of compliance Health Purchasing Victoria policy	8
	Reporting obligation under the <i>Safe Patient Care Act 2015</i>	18

# RESPONSIBLE BODIES DECLARATION

## Attestation on Responsible Bodies Declaration in the Report of Operations

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Northeast Health Wangaratta for the year ended 30 June 2019.



**Jonathan Green**  
Board Chair

Wangaratta  
30 June 2019

## Attestation on Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Margaret Bennett (CEO), certify that Northeast Health Wangaratta has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the *Health Services Act 1988 (Vic)* and has critically reviewed these controls and processes during the year; except for the following material non-compliance issues that have been reported to HPV. Northeast Health Wangaratta reports the following material non-compliance issues:

1. Waste Management Services compliance, due to transition delays.
2. Continence Management Products compliance, limited subcategories.



**Margaret Bennett**  
Chief Executive Officer

Wangaratta  
30 June 2019

## Attestation on Data Integrity

I, Margaret Bennett (CEO), certify that Northeast Health Wangaratta has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Northeast Health Wangaratta has critically reviewed these controls and processes during the year.



**Margaret Bennett**  
Chief Executive Officer

Wangaratta  
30 June 2019

# RESPONSIBLE BODIES DECLARATION

## Attestation on Conflict of Interest

I, Margaret Bennett (CEO), certify that Northeast Health Wangaratta 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 Northeast Health Wangaratta and directors 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 Board meeting.



**Margaret Bennett**  
**Chief Executive Officer**

Wangaratta  
30 June 2019

## Attestation to Financial Management Compliance

I, Jonathan Green (Board Chair), on behalf of the Board, certify that Northeast Health Wangaratta has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.

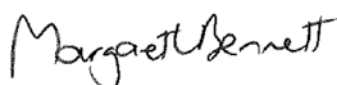


**Jonathan Green**  
**Board Chair**

Wangaratta  
30 June 2019

## Attestation to Integrity, Fraud and Corruption

I, Margaret Bennett (CEO), certify that Northeast Health Wangaratta has put in place appropriate internal controls and processes to ensure that Integrity, Fraud and Corruption risks have been reviewed and addressed at Northeast Health Wangaratta during the year.



**Margaret Bennett**  
**Chief Executive Officer**

Wangaratta  
30 June 2019

# ORGANISATIONAL STRUCTURE

Board of Directors

Chief Executive Officer

## Chief Operating Officer/ Deputy CEO

Bio-Medical Engineer Liaison  
Business Intelligence  
Communication & Clerical  
Environmental Services  
Facilities & Maintenance  
Finance  
Food Services  
Health Information Services  
Hume Rural Health Alliance  
Liaison  
ICT Services  
Information Systems  
Legislative Compliance  
Medical Imaging  
Nuclear Medicine  
Policy & Guideline  
Administration  
Security  
Sub-regional Corporate Services  
Supply Department  
Volunteer & Creative Services  
Telehealth

## Director Medical Services

Freedom of Information  
Hospital Medical Officers  
Medical Administration  
Medico-Legal  
Pathology  
Pharmacy  
Sub-regional Clinical Governance  
Visiting Medical Officers

## Director Clinical Services- Nursing & Midwifery

Acute Care Coordination  
Admission & Day Stay Unit  
Breast Care  
Community Palliative Care  
Community Service Intake  
Critical Care  
Dialysis  
District Nursing Service (DNS)  
Emergency Department  
Home Care Packages  
Hospital in the Home (HITH)  
Infection Prevention & Control/  
Staff Health Clinic  
Illoura Residential Aged Care  
Maternity Services  
Medical Ward  
Nursing Administration  
Oncology  
Organ & Tissue Donation  
Paediatric Ward  
Palliative Care  
Pastoral & Spiritual Care  
Perioperative Services  
Post Acute Care (PAC)  
Regional Infection Control  
Residential In-Reach Service  
(RIR)  
Surgical Ward  
Thomas Hogan Rehabilitation  
Centre  
Transition Care Program (TCP)  
Wound Care

## Executive Support Services

Auxiliaries  
Community Engagement  
Corporate Events  
Executive & Board  
Administration  
Fundraising  
Media



Director Community Health, Partnerships & Well Ageing	Director Performance Improvement	Director Education & Research	Director People & Culture
<p>Allied Health Services:</p> <ul style="list-style-type: none"> <li>Aboriginal Health</li> <li>Community Rehabilitation</li> <li>Complex Care</li> <li>Diabetes Education</li> <li>Dietetics</li> <li>Health Promotion</li> <li>Occupational Therapy</li> <li>Physiotherapy</li> <li>Speech Pathology</li> <li>Social Work</li> <li>Stomal Therapy</li> <li>Sub-acute Health Improvement</li> </ul> <p>Community Partnerships</p> <p>Dental Services</p> <p>Outpatient Clinics</p>	<p>Accreditation Programs</p> <p>Clinical Audit</p> <p>Community Participation</p> <p>Consumer Experience</p> <p>Hardwiring Excellence Program</p> <p>Innovation &amp; Improvement</p> <p>Medico-Legal</p> <p>Public Reporting</p> <p>Risk Management:</p> <ul style="list-style-type: none"> <li>Clinical</li> <li>Organisational</li> </ul>	<p>Clinical Consultancy Network</p> <p>Clinical Support Network</p> <p>Graduate Programs</p> <p>Library Services</p> <p>Research Governance</p> <p>Staff Training Programs</p> <p>Student &amp; Traineeship Programs</p> <p>Tertiary Education Liaison</p>	<p>Accommodation</p> <p>Employee Relations &amp; Culture</p> <p>Injury Management</p> <p>Occupational Health &amp; Safety (OH&amp;S)</p> <p>Payroll</p> <p>Recruitment &amp; Onboarding</p> <p>Salary Packaging</p> <p>Staff Wellbeing</p> <p>Strategic Culture Initiatives</p> <p>Workforce</p> <ul style="list-style-type: none"> <li>Allied Health</li> <li>Medical</li> <li>Non Clinical</li> <li>Nursing</li> </ul>

# BOARD OF DIRECTORS



**Mr Jonathan Green**  
**Board Chair**

B.A, LL.B, GAICD, Authorised Real Estate Representative

Jonathan is currently a Director of Insite Real Estate, a Wangaratta-based real estate agency. Jonathan is also an experienced commercial and property lawyer, having practised locally for ten years before moving into the real estate industry. He maintains his legal qualifications and still practices law on a limited basis.

Jonathan is the Chair of the Remuneration Committee and Chair of the Medical Appointments Committee.



**Ms Alison Maclean**  
**Deputy Board Chair**

Alison's career experience has been largely in the Government and community sectors. Alison brings to the Board skills in corporate governance, partnerships, risk and audit.

Alison is the Chair of the Audit and Risk Committee.



**Mr Martin Hession**  
**Board Director**

BSc, former Lic Estate Agent, former Fellow of the Aust Property Inst, former Assoc Mbr of the Inst of Actuaries of London & the Inst of Actuaries of Aust.

Martin has held many senior management and committee portfolios in commercial and land development and real estate since 1977. He has worked with governments, local authorities, business partners and investors.

Martin is Chair of the Finance Committee and Chair of the Redevelopment Project Control Group.



**Dr Roger Barker**  
**Board Director**

M.B.B.S GradDip Anaesthetics  
FANZCA

Roger is a retired Specialist Anaesthetist with many years experience working across the public and private sectors in North East Victoria.

Roger is Chair of the Quality and Safety Committee and Chair of the Human Research Ethics Committee



**Mr Matthew Joyce**  
**Board Director**  
MBA

Matthew is the Managing Director of WCL Management Services, a transport and technology consultancy organisation focusing on major events and project management.



**Ms Ann Wearne**  
**Board Director**  
Adv Mgmt

Ann is a former CEO of Ovens & King Community Health Service and previously held various Director roles in the Department of Human Services. Ann's focus is on clinical, corporate and financial governance.

Ann is Chair of the Community Advisory Committee.

# BOARD OF DIRECTORS



**Ms Lisbeth Long**  
**Board Director**

B Economics, Cert Community Participation, MAICD

Lisbeth has held senior Executive roles in various States including; Caltex Aust Petroleum, Adelaide Brighton Cement and Pasminco Mining. She has expertise in strategy and leadership, community development and engagement, human resources, indigenous affairs and project management and has worked extensively with local communities and federal and state governments across remote and rural Australia. Lisbeth has served on several local Boards including GOTAFE and is currently engaged in the education field with a particular focus on addressing social and economic disadvantage.



**Mr Paul Virgo**  
**Board Director**

BS. Master Mgmt Studies, MBA

Paul is a multi-disciplinary professional. He is a graduate of The Australian Defence Force Academy and the Royal Military Academy and The Royal Military College, Duntroon. He holds comprehensive academic qualifications in business, program and project management, information technology and staff management.



**Ms Cheryl Clutterbuck**  
**Board Director**

RN, RM, Dip Bus, Adv Dip Bus

Cheryl has held many nursing and nurse management roles extending over a 30 year career. She has been on several Boards and currently holds executive positions in Rotary and CFA. She is also a volunteer in Carevan Albury, Op Shop, Dederang Mount Beauty Football/Netball Club and Red Cross.

# EXECUTIVE



## **Chief Executive Officer**

Ms Margaret L Bennett  
Grad Dip Bus Admin, RN, RM,  
MAICD

The Chief Executive Officer (CEO) is responsible to the Board for the efficient and effective management of Northeast Health Wangaratta. Prime responsibilities include the development and implementation of operational and strategic planning, maximising service efficiency and quality improvement and minimising and managing risk.



## **Director of Medical Services**

Dr John M Elcock  
BMedSci(Hons) MBBS MBA  
FRACGP FRACMA FCHSM GAICD

The Director of Medical Services has professional responsibility for the recruitment, credentialing and management of Visiting Medical Officers, Staff Specialists and Hospital Medical Officers across all clinical services. The role works with other members of the Executive to provide clinical governance, strategic planning and resource management for the health service.



## **Chief Operating Officer/ Deputy CEO**

Mr Tim Griffiths  
B.Bus (Acct), GradCert (Export),  
GradCert (ComLaw), GradDip  
(MarLogistics), MBT, GAICD

The Chief Operating Officer/Deputy CEO has overall responsibility for the effective delivery of corporate and operational support services. The role is also responsible for financial management, governance and reporting requirements to the Board, Department of Health & Human Services and external bodies.



## **Director of Clinical Services- Nursing & Midwifery**

Ms Rebecca Weir  
MN, GradCert Crit Care, BSciN, RN

The Director of Clinical Services- Nursing & Midwifery has professional responsibility for nursing and midwifery across clinical streams and executive responsibility for clinical services.

Other major areas of responsibility include Clinical Leadership and Standards of Practice, Nursing and Midwifery credentialing and resource management, service and strategic planning.



# EXECUTIVE



## **Director of Performance Improvement**

Ms Michelle Butler  
RN, DipApp Sci (Dental Therapy),  
Grad Dip Health Admin

The Director of Performance Improvement oversees patient safety and quality across NHW. The position is responsible for the maintenance of accreditation status, clinical and organisational risk management, medico legal issues, innovation and improvement, consumer experience, public reporting and coordination of the Hardwiring Excellence program.



## **Director of Education & Research**

Dr Helen Haines (to May 2019)  
PhD, MPH, BN, GAICD

The Director of Education and Research services is responsible for facilitating workforce capability by fostering educational partnerships and collaborations; supporting career pathway options and relevant transitional training programs; coordinating skill development, maintenance and advancement; providing a contemporary professional development calendar and suite of training resources; and improving outcomes of care by facilitating the adoption of evidence-based practice. The role is deeply committed to ensuring a healthy community through engagement with lifelong learning and continuous practice development.



## **Director Community Health, Partnerships & Well Ageing**

Mr David Kidd  
B.Pod., MPH, Grad Dip. HM

The Director of Community Health, Partnerships and Well Ageing is responsible for the planning and delivery of the Dental, Allied Health and Ambulatory Care, Specialist Outpatients clinics and various projects.

A focus of the role is implementation of the Well Ageing Vision and Engagement (WAVE) initiative and development of contemporary models of service delivery to expand care beyond the hospital walls and in collaboration with other organisations.



## **Director of People & Culture**

Ms Fiona Shanks  
B. (HRM) Dip. Bus. Mgt. CAHRI,  
GAICD

The role of Director of People & Culture is instrumental in assisting the Executive Team's effective management of NHW's 1,400 plus staff members and volunteers. The role sees the importance of building sustainable rural and remote employment opportunities by focusing on people, their professional goals and wellbeing that promote a healthy organisation culture in a fast-changing, highly competitive public sector health market.

# STAFF

Labour Category	June Current Month FTE		June YTD FTE	
	2019	2018	2019	2018
Nursing	420.92	403.23	423.45	388.71
Admin/Clerical	134.26	134.29	134.16	131.49
Medical Support	74.02	75.57	74.33	73.70
Hotel/Allied	108.97	97.51	103.66	98.38
Medical	1.00	1.25	1.12	1.03
Hospital Medical Officers	54.48	53.31	53.53	52.87
Sessional Clinical	7.82	5.82	6.30	5.70
Allied Health	86.71	67.54	79.51	61.64
<b>Grand Total</b>	<b>888.18</b>	<b>838.52</b>	<b>876.06</b>	<b>813.52</b>

Northeast Health Wangaratta commits to the application of employment and conduct principles for all staff. All employees at Northeast Health Wangaratta have been correctly classified in workforce data collections.

## LIFE GOVERNORS

<b>M Wilson</b>	<b>E G O'Keefe</b>
<b>R A Underwood</b>	<b>P Fiddes</b>
<b>S Leith</b>	<b>J Mounsey</b>
<b>S J Oxley</b>	<b>E Dinning</b>
<b>C E Cunningham</b>	

# STATEMENTS OF COMPLIANCE

## Minister for Health in the State of Victoria

Northeast Health Wangaratta was established under the *Health Services Act 1988*. The responsible Ministers during the reporting period were:

### 1 July 2018 to 29 November 2018

The Hon. Jill Hennessy MP  
Minister for Health  
Minister for Ambulance Services

Martin Foley MP  
Minister for Housing, Disability and Ageing  
Minister for Mental Health

### 29 November 2018 to 30 June 2019

The Hon Luke Donnellan MP  
Minister for Child Protection  
Minister for Disability, Ageing and Carers

Martin Foley MP  
Minister for Mental Health

Jenny Mikakos MP  
Minister for Health  
Minister for Ambulance Services

## Carers Recognition Act 2012

Northeast Health Wangaratta has appropriate procedures in place to comply with the *Carers Recognition Act 2012* through the provision of ensuring that all staff and volunteers respect and recognise carers, support them as individuals, recognise their commitment and dedication to the people in their care, respect their views and cultural identity and support their social wellbeing.

## Protected Disclosure Act 2012

Northeast Health Wangaratta does not tolerate improper conduct, nor the taking of reprisals against those who come forward to disclose this conduct. We take any allegations of misconduct seriously and actively encourage staff to promptly raise complaints and concerns through the appropriate pathways.

Northeast Health Wangaratta has in place a Protected Disclosure policy which provides staff with the procedures for disclosure in accordance with the *Protected Disclosure Act 2012* by way of handling and notifying any disclosures.

During this reporting period there were no disclosures made to Northeast Health Wangaratta that were directed to the Independent Broad-based Anti-Corruption Commission (IBAC).

To make a disclosure direct to IBAC please visit their website at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

## National Competition Policy

Northeast Health Wangaratta applies competitive neutral costing and pricing arrangements to significant business units within its operations. These arrangements are in line with Government policy and the model principles applicable to the health sector.

# STATEMENTS OF COMPLIANCE

## Safe Patient Care Act 2015

Northeast Health Wangaratta has in place appropriate policies and procedures to enforce the *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015*. Amendments to the *Safe Patient Care Act 2015* were passed by the 59th Parliament and commenced on 01/03/2019 and will be phased in over 5 stages. Northeast Health Wangaratta has no matters to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015* for the 2018-2019 year.

## Local Jobs First Act 2003 - Contracts 2018-2019

Northeast Health Wangaratta acknowledges it is required to abide by the principles of the *Local Jobs First Act 2003* (LJFP). In 2018-2019 there were no projects commenced to which the LJFP applies.

To ensure that all requirements are in place that assures compliance to the LJFP policy requirements, Northeast Health Wangaratta has:

- Delegated the Northeast Health Wangaratta Procurement Team the responsibility for Registration of future projects requiring ICN registration.
- LJFP requirements and statements are incorporated as part of our RFT documents
- Northeast Health Wangaratta has a nominated LJFP Authorised Administrator to ensure future Projects over \$1 million are appropriately captured and compliant with LJFP guidelines and requirements.

## Freedom of Information Act 1982, Information Privacy Act 2000 & Health Records Act 2001

Northeast Health Wangaratta holds numerous types of documents in order to conduct its business. These documents include, but are not limited to, patient medical records, policies and guidelines, financial records, staff records, training videos, meeting minutes, contracts etc.

As an Agency under the *Freedom of Information (FOI) Act 1982*, requests to access information from Northeast Health Wangaratta may be made by contacting the Northeast Health Wangaratta Freedom of Information Administration Officer at [foi@nhw.org.au](mailto:foi@nhw.org.au) or on (03) 5722 5233. Further information on health information may be found in the Northeast Health Wangaratta brochure "What Happens to Information About Me?", found at <https://www.northeasthealth.org.au/patients-visitors/>.

A written application or FOI Consent form may then be submitted for consideration by the FOI Administration Officer. If the request is a valid request and the document is not an exempt document under the Act, the request will be processed. An application fee and access charges will be applied (as determined by the FOI Act). The charges for the current year are available from the FOI Administration Officer.

Exempt documents include, but are not limited to, documents containing personal information about other people, internal working papers and documents provided to Northeast Health Wangaratta in confidence.

Total Requests processed in 2018-2019: 149

Requests denied: 0

In accordance with the *Freedom of Information Act 1982*, Northeast Health Wangaratta reports on these requests annually to the Office of the Victorian Information Commissioner.



# STATEMENTS OF COMPLIANCE

## Building Act 1993

Northeast Health Wangaratta complies with the provisions of the *Building Act 1993* and the National Construction Code in accordance with the Department of Health and Human Services (DHHS) Capital Development Guidelines (Assistant Treasurer *Guideline Building Act 1993/ Standards for Publicly Owned Buildings 1994/ Building Regulations 2005 and Building Code of Australia 2004*).

Northeast Health Wangaratta complies with the DHHS Fire Risk Management Guidelines by having a five-yearly fire audit conducted on all acute and sub-acute buildings including Illoura Residential Aged Care Facility by an independent Fire Safety Engineer. This report was last undertaken in 2016 with the recommendations now completed as illustrated in our Annual Fire Safety reports sent to DHHS in September each year for the Hospital and Illoura campuses.

## Statement of Additional Information (FRD 22 H)

In compliance with the requirements of FRD 22H (Section 5.19) Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by Northeast Health Wangaratta 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 interest 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 Northeast Health Wangaratta about the activities of the Health Service and where they can be obtained;
- d. Details of changes in prices, fees, charges, rates and levies charged by Northeast Health Wangaratta;
- e. Details of any major external reviews carried out on Northeast Health Wangaratta;
- f. Details of major research and development activities undertaken by Northeast Health Wangaratta 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 Northeast Health Wangaratta 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 Northeast Health Wangaratta 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 Northeast Health Wangaratta, 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.

# STATEMENTS OF COMPLIANCE

## Consultancies 2018-2019

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

In 2018-2019, there were eight consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-2019 in relation to these consultancies was \$26,439 (excl. GST).

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

In 2018-2019, there were six consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018-2019 in relation to these consultancies was \$83,524 (excl. GST). Details of individual consultancies are detailed in the table below.

Consultant	Purpose of consultancy	Total approved project fee 2018-19 (\$ excl. GST)	Expenditure 2018-19 (\$ excl. GST)	Future Expenditure 2019-20 (\$ excl. GST)
Chauncy Pty Ltd	Emergency Department Review	12,041	12,041	Nil
Worklogic Pty Ltd	Residential Aged Care Workplace review	12,397	12,397	Nil
The University of Melbourne	Chronic Care Connections	13,636	13,636	Nil
Timar Consulting	Surgery Services Review	10,950	10,950	Nil
Workplace HR Solutions	Risk Management Project & Review	11,500	11,500	Nil
Cosgraves Property Advisers	Land & Building Revaluation	23,000	23,000	Nil
<b>TOTAL</b>		<b>83,524</b>		

## Expenditure on Government Advertising during 2018-2019

Northeast Health Wangaratta had nil expenditure on Government advertising during the 2018-2019 period.

## Occupational Violence

The 2018-2019 Statement of Priorities requires all health services to monitor and publically report incidents of occupational violence. Northeast Health Wangaratta has in place appropriate policies and procedures for the reporting, disclosure and handling of incidents of occupational violence.

Occupational violence statistics	2018-19
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.22
Number of accepted WorkCover claims with lost time injury with an occupational violence and aggression cause per 1,000,000 hours worked	1.35
Number of occupational violence incidents reported	185
Number of occupational violence incidents reported per 100 FTE	21.12
Percentage of occupational violence and aggression incidents resulting in a staff injury, illness or condition	16%

There were 51 incidents that related to two very complex patients who were with Northeast Health Wangaratta for several months.

# STATEMENTS OF COMPLIANCE

## Occupational Health and Safety Act 2004

Northeast Health Wangaratta complies with the *Occupational Health and Safety Act 2004* and its associated regulations and compliance codes to meet the Australian Council of Health Care Standards requirement. The organisation monitors its compliance through the Occupational Health and Safety Committee, which reports to the Board of Directors. All staff injuries and hazards in the workplace are reported and investigated via the "Riskman" web-based incident management system, which is available to all staff members. We support our staff both in the provision of training to reduce risk of injury and, if injury does occur, a comprehensive return to work program.

### Occupational Health and Safety Incidents per 100 FTE equivalent

Year	Incidents	FTE	FTE/100	Incident Rate
2016-2017	243	803.63	8.03	30.26
2017-2018	263	859.87	8.59	30.61
2018-2019	270	875.33	8.75	30.85

### Number of lost time standard claims per 100 staff members

Year	Standard Claims	Per 100	Lost time
2016-2017	7	8.03	0.87
2017-2018	8	8.59	0.93
2018-2019	8	8.75	0.91

### Average cost per the claims for the year

(including payments to date and an estimate of outstanding claims costs as advised from Worksafe)

Year	Claim Costs \$	Number of Claims	Avg Cost per Claim \$
2016-2017	1,160,181	31	37,425
2017-2018	1,532,753	37	41,426
2018-2019	1,145,389	39	29,368

\*(Standard & Non- standard of total premium sensitive claims as advised)

### No of Workplace Deaths 0

**Definition** - 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** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

**Accepted Workcover claims** – Accepted Workcover claims that were lodged in 2018-2019.

**Lost time** – is defined as greater than one day.

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

# STATEMENTS OF COMPLIANCE

## Statement on Environmental Performance

Northeast Health Wangaratta is committed to caring for the environment and to demonstrate this the following initiatives were implemented over the 2018-2019 period:

- Reduced water consumption costs for Community Care Centre, University of Melbourne, Margaret Boyd Education Centre and the WJ Smith building by changing to a smaller water metre for these areas.
- Continued upgrade of light fittings to LED's in the WJ Smith building, Emergency Department, Theatre and the Pathology Lab.
- Reduced electricity consumption by installation of more energy-efficient pumps on sterilisers and in the kitchen and theatre block.
- Installed a 365 day time clock on the building management system so that air conditioning in buildings not used on public holidays automatically turns off.
- A more energy efficient solar system providing hot water to the following areas: Emergency Department, Pharmacy, Medical Imaging, Theatre 4, Human Resource & Staff Accommodation and Oncology. A similar system was also commissioned for Dental, Pathology and the Outpatient Clinics. The energy obtained from the sun provides the bulk of our hot water needs over the summer months.

### Figures for energy consumption over the 2018-2019 year:

**Total GJ of energy consumed:** 40,364.

This is slightly up on last year due to the very hot weather in January.

## Information and Communication Technology (ICT) expenditure

During 2018-2019, Northeast Health Wangaratta spent \$3.346 m (excluding GST) on ICT Business As Usual (BAU) expenditure and \$0.606 m (excluding GST) on Capital expenditure, with the details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total = Operational expenditure and Capital expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$3.346 m	\$0.606 m	\$ Nil	\$0.606 m



# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
<b>Better Health</b> A system geared to prevention as much as treatment  Everyone understands their own health and risks  Illness is detected and managed early  Healthy neighbourhoods and communities encourage healthy lifestyles	<b>Better Health</b> Reduce state-wide risks	Northeast Health Wangaratta to lead and support the implementation of the Strengthening Hospital Response to Family Violence (SHRFV) model of care across Central Hume health services of Mansfield District Hospital, Yarrawonga Health, Benalla Health and Alpine Health and achieve year two Key Performance Indicators including: completion of module one and two staff training; development of a website and intranet staff information page; establishment of an organisational policy and assessment review; undertaking 16 days' promotion and community events along with a Family Violence forum.	<b>Achieved</b> Lead and partner performance indicators achieved. Central Hume area roll-out continued. Social work support provided to partner organisations. Staff training completed across five services in Module One and Two. Website development and intranet inclusions completed. New area-wide video developed. Policy and procedure review completed across the area. Contact Officer training and support coordinated.
	Build healthy neighbourhoods	Northeast Health Wangaratta to lead a Department of Health & Human Services (DHHS) and Healthy Eating Advisory Service funded project across the health services of Mansfield, Alexandra, Yarrawonga, Benalla and Beechworth to reduce the availability of high sugar content beverages for sale.	<b>Achieved</b> Reduction of Sugar Sweetened Beverages Project was led by Northeast Health Wangaratta - six health services across Central Hume collaborated to work towards implementing the Victorian Healthy Choices: policy guidelines for hospitals and health services. Agreed project deliverables have been successfully achieved.
	Target health gaps	Progressive implementation of stage two and three of the Well Ageing Vision and Engagement (WAVE) initiative, to further strengthen the availability of information to support older people within the Rural City of Wangaratta to access services.	<b>Achieved</b> Stage two – Info Hub implemented with consistent patronage. Stage three – Community Info sessions implemented in Q2 and now occurring monthly in partnership with local services and Council of the Aged (COTA). New partnership with Council of the Aged enabled Northeast Health Wangaratta to obtain Aged Care navigation Federal funding. Project Officer now recruited to support and train volunteers in Aged Care Service Navigation.

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
	Help people to stay healthy	Fully implement and evaluate the Chronic Obstructive Pulmonary Disease (COPD) model of care across the Central Hume.	<b>Achieved</b> Partnership with Murray Primary Health Network and University of Melbourne enabled the development of an evidenced-based Model of Care for Chronic Obstructive Pulmonary Disease (COPD). Additional outcomes included; the creation and distribution of a patient-held record for Chronic Obstructive Pulmonary Disease care; training of health professional in health coaching, cardiac and pulmonary rehabilitation and QUIT. A cardiac and pulmonary rehabilitation community of practice has been established.
		Implement the RESPOND obesity research trial in collaboration with Deakin University.	<b>Achieved</b> The RESPOND research trial has been implemented. Health Prevention staff have been trained in collective impact and cohort measurement. The Wangaratta area schools' baseline assessment is now complete. Project intervention to occur as planned in 2020.
		Support our local Aboriginal community to self-determine new ways and new relationships that enable and improve the long-term health and wellbeing of the Aboriginal community. Northeast Health Wangaratta will review Northeast Health Wangaratta's Bpanerang Nangara Aboriginal Health Plan and revise this partnership model in line with the <i>Korin Korin Balit-Djak Aboriginal Health Wellbeing and Safety Plan 2017-2027</i> .	<b>Achieved</b> Consultation regarding the development of an Aboriginal gathering place has been undertaken with Community members. Northeast Health Wangaratta established a partnership forward plan through consultation with the Aboriginal Community. Collaboration with Gateway Health, Benalla Health and Central Hume Primary Care Partnership has been established to align the development of Reconciliation Action Plans, staff training and policies. An Aboriginal Health Liaison Officer position now in place for 2019-2020 onwards.

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
<b>Better Access</b> Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	<b>Better Access</b> Plan and invest	Progression of the \$22.175 million Capital Redevelopment project to achieve 2018-2019 project targets.	<b>Achieved</b> Northeast Health Wangaratta's Redevelopment project targets for 2018-2019 have been achieved. Masterplan Review and Schematic Design stage for the Emergency Department, Critical Care Unit, Medical Ward and Paediatrics Ward have been completed. The Redevelopment Detailed Design stage is also nearing completion.
	Unlock innovation	Implement and embed the Northeast Health Wangaratta Robotics Model of Care and develop future directions inclusive of regional and metropolitan partnerships.	<b>Achieved</b> A Regional Robotics Model of Care has been successfully implemented and is now embedded in Northeast Health Wangaratta's community services program. This Model of Care demonstrates the economic viability, positive patient outcome data and staff skills required for robotic care. Statistically significant improvements were shown in both functional and quality of life measures.
	Provide easier access	Implement and evaluate the Preventative Oral Health Value-based Model of Care in collaboration with Dental Health Services Victoria and Bendigo Health.	<b>Achieved</b> The Preventative Oral Health Value-based Model of Care was developed and tested. It was then refined in collaboration with Bendigo Health and Dental Health Services Victoria. The revised model is now implemented five days a week. The program's coordinator was nominated by Dental Health Services Victoria as a finalist for 2018 Dental Health Services Victoria Star of Public Dentistry Award. Oral health education has increased from 152 people treated to 1,149 and has reduced the dental waiting list by 36%.

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
	Ensure fair access	Progress implementation of the Northeast Health Wangaratta lead Digital Electrocardiograph (DECG) project to expand the availability of a Digital Electrocardiograph service for patients presenting to remote and rural Urgent Care Centres (UCC) with chest pain or suspected acute coronary syndrome.	<b>Achieved</b> Stage 1 implementation of the Digital Electrocardiograph project at Northeast Health Wangaratta and three Alpine Health sites is completed. Stage 2a implementation at Beechworth Health Service, Yarrawonga Hospital, Mansfield District Hospital and Benalla Health is partly completed and will be fully implemented in the 2019-2020 year.
		Establish a model to integrate telehealth into the Northeast Health Wangaratta and state digital health services to support equal access to care within the Central Hume.	<b>Achieved</b> Telehealth initiatives are embedded at Northeast Health Wangaratta and are an integral part of the digitising health strategy. Northeast Health Wangaratta Emergency Department provides telehealth services as needed to Small Rural Health Services Urgent Care Centres. Additionally, Northeast Health Wangaratta has established the Hume Telehealth Agency in partnership with local and metropolitan service providers, to provide telehealth specialist clinic appointments to patients, clients and residents in North East Victoria.

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
<b>Better Care</b> Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	<b>Better Care</b> Put quality first	Launch of the 'See it, Say It – speaking up for patient safety' campaign.	<b>Achieved</b> Patient Safety Program developed and introduced to allow for easier reporting of patient safety issues by staff. To be rolled out to patients in 2019-2020.
	Join up care	Expansion of Coordination Model to focus on acute complex patients to support patient transition and navigation from discharge to local community and General Practitioner services.	<b>Achieved</b> A coordination model has been expanded to enable supported discharge and a post discharge phone call for complex patients transitioning into Community and General Practitioner services. Early formal evaluation indicates a reduction in representations/readmissions of complex patients discharged from targeted services.
	Partner with patients	Explore evidence and benchmarked standards to reduce patient falls through the development of a model of care that partners with carers.	<b>Achieved</b> Northeast Health Wangaratta has implemented the End PJ Paralysis project on the Surgical Ward. This project aims to reduce length of stay, falls and pressure injuries, because of patients sitting out of bed for meals, patients getting dressed and mobilising
	Strengthen the workforce	Achieve Year 1 milestones within Northeast Health Wangaratta's Workforce and Wellbeing Plans.	<b>Achieved</b> Detailed survey of Staff Wellbeing issues and challenges completed. Year 1 milestones in Workforce plan completed.
	Embed evidence	Further progress the implementation and evaluation the Better Care Victoria Sepsis pathway pilot project.	<b>Achieved</b> The Sepsis Pathway has been embedded following completion of the pilot project. The data reported pathway implementation was cost effective and reduced hospital length of stay.
	Ensure equal care	Utilise the specialist services of a Geriatrician and Older Person's Nurse Practitioner to implement goal-directed care in partnership with Small Rural Health Services.	<b>Achieved</b> Visiting Geriatrician clinics have been established at Beechworth Health Service, Alpine Health (Myrtleford, Bright and Mt Beauty) and Yarrawonga Health.

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
<b>Specific 2018-2019 priorities (mandatory)</b>	<b>Disability Action Plans</b> Draft disability action plans are completed in 2018-2019.	Northeast Health Wangaratta will submit a Disability Action Plan to the Department of Health and Human Services by 30 June 2019 and outline the approach to fully implement the plan within the health service by 30 June 2020.	<b>Achieved</b> Disability Action Plan 2019-2022 endorsed by the Board and submitted to Department of Health & Human Services.
	<b>Volunteer engagement</b> Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Northeast Health Wangaratta's 350 volunteers will be formally recognised at an annual function in November with Board and Executive in attendance.	<b>Achieved</b> Northeast Health Wangaratta volunteers were formally recognised at the Annual Volunteers Celebration held on 18 September, with Board and Executive members in attendance.
		An annual survey will be undertaken to measure volunteer satisfaction and engagement.	<b>Achieved</b> An annual survey measuring Northeast Health Wangaratta volunteer's satisfaction and engagement was completed. 155 volunteers participated in the survey, which broadly indicated a positive outcome when looking at general satisfaction of their role and their contribution to Northeast Health Wangaratta.



# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
	<b>Bullying and harassment</b>  Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Implement and promote a Kindness Charter at Northeast Health Wangaratta. Provide organisation-wide leadership training with a specific emphasis on the promotion and leadership of positive workplace behaviours.	<b>Achieved</b>  Northeast Health Wangaratta's Care and Kindness Charter was launched and is visible and embedded into key documents.
		Strengthen quarterly detailed reporting to Executive and Board regarding the strategies in place to actively promote positive workplace behaviours along with the incident reporting data and outcomes of any investigations to enable detailed monitoring and identify the success of strategies established.	<b>Achieved</b>  Monthly reporting to the Board on Bullying and Harassment data and trends has been implemented.  Northeast Health Wangaratta is part of a North East Victoria Independent Facilitator Pilot Program, with the trial launched and operational onsite.
	<b>Occupational violence</b>  Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Annual Occupational Violence training will be provided to all relevant staff. Code Black awareness training will also be provided to all relevant staff.	<b>Achieved</b>  Northeast Health Wangaratta Occupational Violence, including Code Black Awareness training, for the 2018-2019 period has been completed. 109 frontline staff attended eight Frontline Adaptive Communication sessions offered during September 2018 and February 2019. Northeast Health Wangaratta has committed to ongoing occupational violence training for frontline staff who have contact with patients and visitors as part of an annual training program.

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
	<b>Environmental Sustainability</b> Actively contribute to the development of the Victorian Government's: <ul style="list-style-type: none"> <li>• policy to be net zero carbon by 2050 and improve environmental</li> <li>• sustainability by identifying and implementing projects, including</li> <li>• workforce education, to reduce material environmental impacts with</li> <li>• particular consideration of procurement and waste management, and</li> <li>• publicly reporting environmental performance data, including</li> <li>• measureable targets related to reduction of clinical, sharps and landfill</li> <li>• waste, water and energy use and improved recycling.</li> </ul>	Full implementation of Northeast Health Wangaratta's Environmental Sustainability Plan, commitments and measurable targets which are aligned with the 'VG Zero Carbon by 2050' Policy.	<b>Achieved</b> The Northeast Health Wangaratta Environmental Sustainability Plan has been fully implemented and is aligned with the Victorian Government Zero Carbon by 2050 Policy. The current plan, key commitments and targets are regularly updated and posted on the Northeast Health Wangaratta website.
		Northeast Health Wangaratta's Environmental Sustainability Committee will identify initiatives, projects and workforce awareness to contribute directly with the 'VG zero Carbon by 2050' Policy.	<b>Achieved</b> The Northeast Health Wangaratta Environmental Sustainability Committee is fully established with key achievements and initiatives posted on various communication platforms throughout the organisation.
		Northeast Health Wangaratta's website Environmental Sustainability page will capture and report environmental performance data against measurable targets.	<b>Achieved</b> The Northeast Health Wangaratta website page reports performance against established targets that form part of the Environmental Sustainability Plan.
		Waste, energy and water data, will be collected and measured against established targets and reported quarterly.	<b>Achieved</b> Waste, energy and water data is collected and reports are provided to the Board on a quarterly basis.

# STATEMENT OF PRIORITIES

## Part A: Strategic Priorities 2018-2019

Goals	Strategies	NHW Deliverables	Outcome
	<b>LGBTI</b> Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex-related interventions.	Develop and implement Northeast Health Wangaratta's action plan toward achieving Rainbow Tick accreditation.	<b>Achieved</b> The plan toward Rainbow Tick accreditation has been developed and is being implemented.

# STATEMENT OF PRIORITIES

## Part B: Performance Priorities 2018-2019

### High quality and safe care

Key performance indicator	Target	2018-2019 Result
<b>Accreditation</b>		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Not met*
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	80%	85%
Percentage of healthcare workers immunised for influenza	80%	95%
<b>Healthcare associated infections (HAI's)</b>		
Number of patients with surgical site infection	No outliers	No outliers
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Nil

\* Disclaimer - the 'not met' standard was quickly addressed with a full accreditation status having now been achieved.

Key performance indicator	Target	2018-2019 Result
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1	95%	97.8%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	95.4%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	96.8%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	79.3%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	84.7%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	79.5%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	84.1%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	78.8%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	82.5%

# STATEMENT OF PRIORITIES

## Part B: Performance Priorities 2018-2019

Key performance indicator	Target	2018-2019 Result
<b>Adverse events</b>		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	100%
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	3.5%
<b>Maternity and Newborn</b>		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.4%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0.0%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	64.1%
<b>Continuing Care</b>		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.156

### Strong governance, leadership and culture

Key performance indicator	Target	2018-2019 Result
<b>Organisational culture</b>		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	92%
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%	96%
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 positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	89%
People matter survey - percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	95%
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%	85%
People matter survey - percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	87%
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%	97%

# STATEMENT OF PRIORITIES

## Part B: Performance Priorities 2018-2019

### Timely access to care

Key performance indicator	Target	2018-2019 Result
<b>Emergency care</b>		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	87%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	79%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	71%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	7

Key performance indicator	Target	2018-2019 Result
<b>Elective surgery</b>		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	93.9%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	5.6%
Number of patients on the elective surgery waiting list <sup>1</sup>	630	583
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	6
Number of patients admitted from the elective surgery waiting list	2,624	2,545
<b>Specialist clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	88%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	100%

<sup>1</sup> the target shown is the number of patients on the elective surgery waiting list as at 30 June 2019

*\*Please note that some of the data used to inform the actuals for Part B and Part C for 2018-2019 was still in DRAFT at the time of printing this report.*



# STATEMENT OF PRIORITIES

## Part B: Performance Priorities 2018-2019

### Effective financial management

Key performance indicator	Target	2018-2019 Result
<b>Finance</b>		
Operating result (\$m)	-1.3	-1.29
Average number of days to paying trade creditors	60 days	62 days
Average number of days to receiving patient fee debtors	60 days	32 days
Public and Private WIES <sup>2</sup> activity performance to target	100%	100.93%
	0.7 or 3% improvement from health service base target	
Adjusted current asset ratio		0.79
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	5.3 days
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Not achieved

<sup>2</sup> WIES is a Weighted Inlier Equivalent Separation

*\*Please note that some of the data used to inform the actuals for Part B and Part C for 2018-2019 was still in DRAFT at the time of printing this report.*

# STATEMENT OF PRIORITIES

## Part C: Activity and Funding 2018-2019

Funding type	2018-2019 Activity Achievement
<b>Acute Admitted</b>	
WIES Public	12,235.91
WIES Private	2,323.33
WIES DVA	258.41
WIES TAC	119.68
<b>Acute Non-Admitted</b>	
Home Enteral Nutrition	77
Specialist Clinics	13,408
<b>Subacute &amp; Non-Acute Admitted</b>	
Subacute WIES - Rehabilitation Public	169
Subacute WIES - Rehabilitation Private	63
Subacute WIES - GEM Public	173
Subacute WIES - GEM Private	83
Subacute WIES - Palliative Care Public	28
Subacute WIES - Palliative Care Private	8
Subacute WIES - DVA	28
<b>Subacute Non-Admitted</b>	
Health Independence Program - Public	28,363
<b>Aged Care</b>	
Residential Aged Care	23,532
HACC	2,252
<b>Primary Health</b>	
Community Health / Primary Care Programs	5,123
Health Workforce	66

*\*Please note that some of the data used to inform the actuals for Part B and Part C for 2018-2019 was still in DRAFT at the time of printing this report.*

# OPERATIONAL PERFORMANCE

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
<b>Operating Result*</b>	<b>(1,293)</b>	<b>(2,537)</b>	<b>(2,291)</b>	<b>39</b>	<b>(343)</b>
Total Revenue	154,946	141,858	128,199	120,198	116,681
Total Expenses	(155,755)	(144,236)	(132,205)	(124,070)	(120,496)
<b>Net Result from Transactions</b>	<b>(809)</b>	<b>(2,378)</b>	<b>(4,006)</b>	<b>(3,872)</b>	<b>(3,815)</b>
Total Other Economic Flows	(1,316)	14	874	(583)	(349)
<b>Net Result</b>	<b>(2,125)</b>	<b>(2,364)</b>	<b>(3,132)</b>	<b>(4,455)</b>	<b>(4,164)</b>
Total Assets	114,949	98,604	93,406	94,238	95,287
Total Liabilities	43,451	40,353	32,791	30,491	27,420
<b>Net Assets/Total Equity</b>	<b>71,498</b>	<b>58,251</b>	<b>60,615</b>	<b>63,747</b>	<b>67,867</b>

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

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

	2019 \$000	2018 \$000
<b>Operating Result</b>	<b>(1,293)</b>	<b>(2,537)</b>
<u>Capital and specific items</u>		
Capital purpose income	6,585	7,349
Expenditure for capital purpose	(153)	(1,206)
Depreciation of amortisation	(5,948)	(5,984)
<b>Net result from transactions</b>	<b>(809)</b>	<b>(2,378)</b>

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

## **Northeast Health Wangaratta**

**ABN 13 157 273 279**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019**

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# Northeast Health Wangaratta

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

The attached financial statements for Northeast Health Wangaratta have been prepared in accordance with Direction 5.2 of the Standing Directions 2018 of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Northeast Health Wangaratta at 30 June 2019.

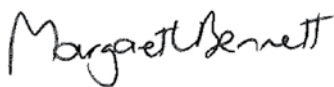
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 4 September 2019.



**Jonathan Green**  
Board Chair

**Wangaratta**  
4 September 2019



**Margaret Bennett**  
Chief Executive Officer

**Wangaratta**  
4 September 2019



**Matthew Fagence**  
Chief Finance & Accounting Officer

**Wangaratta**  
4 September 2019



# Independent Auditor's Report

## To the Board of Northeast Health Wangaratta

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

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**Auditor's  
responsibilities  
for the audit  
of the financial  
report**

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

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

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

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

---



MELBOURNE  
6 September 2019

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

# COMPREHENSIVE OPERATING STATEMENT

## FOR THE FINANCIAL YEAR ENDED 30 June 2019

	Notes	Total 2019 \$000	Total 2018 \$000
<b>Income from Transactions</b>			
Operating Activities	2.1	154,591	141,515
Non-Operating Activities	2.1	355	343
<b>Total Income from Transactions</b>		<b>154,946</b>	<b>141,858</b>
<b>Expenses from Transactions</b>			
Employee Expenses	3.1	(108,781)	(98,016)
Supplies and Consumables	3.1	(26,012)	(25,109)
Finance Costs	3.1	(78)	(49)
Other Operating Expenses	3.1	(14,936)	(15,078)
Depreciation and Amortisation	4.4	(5,948)	(5,984)
<b>Total Expenses from Transactions</b>		<b>(155,755)</b>	<b>(144,236)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(809)</b>	<b>(2,378)</b>
<b>Other Economic Flows Included in Net Result</b>			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	92	25
Net Gain/(Loss) on Financial Instruments at amortised cost	3.2	(18)	(9)
Other Gain/(Loss) from Other Economic Flows	3.2	(1,390)	(2)
<b>Total Other Economic Flows included in Net Result</b>		<b>(1,316)</b>	<b>14</b>
<b>NET RESULT FOR THE YEAR</b>		<b>(2,125)</b>	<b>(2,364)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2 (b)	15,372	-
<b>Total Other Comprehensive Income</b>		<b>15,372</b>	<b>-</b>
<b>Comprehensive Result for the Year</b>		<b>13,247</b>	<b>(2,364)</b>

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

# BALANCE SHEET

as at 30 June 2019

		Total 2019 \$000	Total 2018 \$000
	Notes		
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	15,956	2,371
Receivables	5.1	5,783	6,790
Investments and Other Financial Assets	4.1	-	12,121
Inventories		1,362	1,556
Prepayments and Other Non-Financial Assets		258	462
<b>Total Current Assets</b>		<b>23,359</b>	<b>23,300</b>
<b>Non-Current Assets</b>			
Receivables	5.1	3,883	2,771
Property, Plant and Equipment	4.2	87,411	72,213
Intangible Assets	4.3	296	320
<b>Total Non-Current Assets</b>		<b>91,590</b>	<b>75,304</b>
<b>TOTAL ASSETS</b>		<b>114,949</b>	<b>98,604</b>
<b>Current Liabilities</b>			
Payables	5.2	11,823	12,142
Borrowings	6.1	238	381
Provisions	3.4	21,988	18,604
Other Liabilities	5.3	4,471	5,363
<b>Total Current Liabilities</b>		<b>38,520</b>	<b>36,490</b>
<b>Non-Current Liabilities</b>			
Payables	5.2	86	163
Borrowings	6.1	432	632
Provisions	3.4	4,413	3,068
<b>Total Non-Current Liabilities</b>		<b>4,931</b>	<b>3,863</b>
<b>TOTAL LIABILITIES</b>		<b>43,451</b>	<b>40,353</b>
<b>NET ASSETS</b>		<b>71,498</b>	<b>58,251</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	4.2 (f)	74,298	58,926
Contributed Capital		39,072	39,072
Accumulated Deficits		(41,872)	(39,747)
<b>TOTAL EQUITY</b>		<b>71,498</b>	<b>58,251</b>

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 June 2019

		Property, Plant and Equipment Revaluation Surplus \$000	Contributed Capital \$000	Accumulated Deficits \$000	Total \$000
	Note				
<b>Balance at 1 July 2017</b>		<b>58,926</b>	<b>39,072</b>	<b>(37,383)</b>	60,615
Net result for the year		-	-	(2,364)	(2,364)
Other comprehensive income for the year	4.2 (b)	-	-	-	-
<b>Balance at 30 June 2018</b>		<b>58,926</b>	<b>39,072</b>	<b>(39,747)</b>	<b>58,251</b>
Net result for the year		-	-	(2,125)	(2,125)
Other comprehensive income for the year	4.2 (b)	15,372	-	-	15,372
<b>Balance at 30 June 2019</b>		<b>74,298</b>	<b>39,072</b>	<b>(41,872)</b>	<b>71,498</b>

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

# CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 June 2019

	Notes	Total 2019 \$'000	Total 2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		125,422	111,647
Capital Grants from Government		6,396	7,347
Patient and Resident Fees Received		13,682	13,022
Donations and Bequests Received		159	186
GST Received from/(paid to) ATO		4,490	3,720
Interest Received		355	343
Other Receipts		3,235	1,074
<b>Total Receipts</b>		<b>153,739</b>	<b>137,339</b>
Employee Expenses Paid		(105,331)	(94,804)
Payments for Supplies and Consumables		(26,012)	(21,305)
Payments for Medical Indemnity Insurance		(2,116)	(2,078)
Payments for Repairs and Maintenance		(1,130)	(1,201)
Finance Costs		(78)	(49)
Other Payments		(10,720)	(11,392)
<b>Total Payments</b>		<b>(145,387)</b>	<b>(130,829)</b>
<b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>	8.1	<b>8,352</b>	<b>6,510</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments		-	(5,162)
Purchase of Non-Financial Assets		(5,691)	(1,905)
Purchase of Intangible Assets		(80)	(289)
Proceeds from Disposal of Investments		12,121	-
Proceeds from Disposal of Non-Financial Assets		112	35
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>6,462</b>	<b>(7,321)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings		-	913
Repayment of Borrowings		(330)	-
Receipt of Accommodation Deposits		1,602	-
Repayment of Accommodation Deposits		(2,501)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(1,229)</b>	<b>913</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>13,585</b>	<b>102</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,371	2,269
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	6.2	<b>15,956</b>	<b>2,371</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Basis of Preparation

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

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

### Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Northeast Health Wangaratta for the year ended 30 June 2019. The report provides users with information about Northeast Health Wangaratta'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 Assistant Treasurer.

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

#### (b) Reporting entity

The financial statements include all the controlled activities of Northeast Health Wangaratta.

Its principal address is:

Green St  
Wangaratta  
Victoria 3677

A description of the nature of Northeast Health Wangaratta'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 set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.7 Economic Dependency).

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

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

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the 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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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 4.2 Property, Plant and Equipment);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Refer to Note 3.4 Employee Benefits in the Balance Sheet)

### **Goods and Service 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) 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, Northeast Health Wangaratta recognises in the financial statements

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

Northeast Health Wangaratta is a member of the Hume Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

### **(e) Comparatives**

Where applicable, the comparative figures have been restated to align with the presentation in the current year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 2: Funding Delivery of Our Services

The Health Services overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians. Northeast Health Wangaratta is predominantly funded by accrual based grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

#### Structure

##### 2.1 Income from Transactions

#### Note 2.1: Income from Transactions

	Total 2019 \$000	Total 2018 \$000
Government Grants - Operating	127,423	113,788
Government Grants - Capital	6,396	6,835
Other Capital purpose income (including capital donations)	189	514
Patient and Resident Fees	13,606	13,313
Commercial Activities (Note 3.3)	1,317	1,224
Donations and Bequests (Non Capital)	144	186
Other Revenue from Operating Activities	5,516	5,655
<b>Total Income from Operating Activities</b>	<b>154,591</b>	<b>141,515</b>
Other Interest	355	343
<b>Total Income from Non-Operating Activities</b>	<b>355</b>	<b>343</b>
<b>Total Income from Transactions</b>	<b>154,946</b>	<b>141,858</b>

Commercial Activities represent business activities which Northeast Health Wangaratta enter into to support their operations.

#### Revenue Recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised to the extent that it is probable that the economic benefits will flow to Northeast Health Wangaratta 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 tax

#### 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 the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### **Non-cash Contributions from the Department of Health and Human Services**

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health 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 relevant Department of Health and Human Services Hospital Circular.

### **Patient and Resident Fees**

Patient fees are recognised as revenue on an accrual basis.

### **Revenue from Commercial Activities**

Revenue from commercial activities such as private practice, coffee shop and property rental is recognised on an accrual basis.

### **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 is recognised as revenue when received. Other income includes non-property rental, training and seminar revenue

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 3: The Cost of Delivering Services

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

#### Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds
- 3.4 Employee Benefits in the Balance Sheet
- 3.5 Superannuation

#### Note 3.1: Expenses from Transactions

	Total 2019 \$000	Total 2018 \$000
Salaries and Wages	75,370	68,292
On-costs	20,524	17,340
Agency Expenses	403	301
Fee for Service Medical Officer Expenses	11,390	11,197
Workcover Premium	1,094	886
<b>Total Employee Expenses</b>	<b>108,781</b>	<b>98,016</b>
Drug Supplies	4,797	4,300
Medical and Surgical Supplies (including Prostheses)	8,147	8,128
Diagnostic and Radiology Supplies	5,233	4,958
Other Supplies and Consumables	7,835	7,723
<b>Total Supplies and Consumables</b>	<b>26,012</b>	<b>25,109</b>
Finance Costs	78	49
<b>Total Finance Costs</b>	<b>78</b>	<b>49</b>
Fuel, Light, Power and Water	1,559	1,432
Repairs and Maintenance	1,130	1,201
Maintenance Contracts	543	522
Medical Indemnity Insurance	2,116	2,078
Other Administrative Expenses	9,435	8,639
Expenditure for Capital Purposes	153	1,206
<b>Total Other Operating Expenses</b>	<b>14,936</b>	<b>15,078</b>
Depreciation and Amortisation (refer Note 4.3)	5,948	5,984
<b>Total Other Non-Operating Expenses</b>	<b>5,948</b>	<b>5,984</b>
<b>Total Expenses from Transactions</b>	<b>155,755</b>	<b>144,236</b>

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 3.1: Expenses from Transactions (continued)

#### Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses; and
- Workcover premiums.

#### Supplies and Consumables

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

#### Finance Costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred); and
- finance charges in respect of finance leases which are recognised in accordance with AASB 117 Leases.

#### Other Operating Expenses

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

- Fuel, Light, Power and Water
- Repairs and Maintenance
- Maintenance Contracts
- Medical Indemnity Insurance
- Other administrative expenses
- Expenditure for Capital Purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

#### Non Operating Expenses

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 3.2: Other Economic Flows

	Total 2019 \$000	Total 2018 \$000
<b>Net gain/(loss) on sale of non-financial assets</b>		
Net gain on disposal of property, plant and equipment	92	25
<b>Total net gain/(loss) on sale of non-financial assets</b>		
<b>Net gain/(loss) on financial instruments at amortised cost</b>		
Allowance for impairment losses of contractual receivables	(18)	(9)
<b>Total net gain/(loss) on financial instruments at fair value</b>		
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability	(1,390)	(2)
<b>Total other gains/(losses) from other economic flows</b>		
<b>Total other gains/(losses) from economic flows</b>	<b>(1,316)</b>	<b>14</b>

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

#### Net Gain/ (Loss) on Non-Financial Assets

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

- Revaluation Gains/ (Losses) of Non-Financial Physical Assets  
(Refer to Note 4.2 Property, Plant and Equipment).

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

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

#### Net Gain/ (Loss) on Financial Instruments at amortised cost

Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (Note 7.1); and
- disposals of financial assets and derecognition of financial liabilities.

#### Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.3 Intangible Assets.

#### Other Gains/ (Losses) from Other Economic Flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

#### Commercial Activities

Private Practice and Other Patient Activities

Coffee Shop/Catering

Property

**TOTAL**

Expense		Revenue	
Total	Total	Total	Total
2019	2018	2019	2018
\$000	\$000	\$000	\$000
624	465	47	39
939	894	928	825
842	798	342	360
<b>2,405</b>	<b>2,157</b>	<b>1,317</b>	<b>1,224</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

	Total 2019 \$000	Total 2018 \$000
<b>Current Provisions</b>		
Employee Benefits (i)		
Annual Leave		
- unconditional and expected to be settled within 12 months (nominal value) (ii)	3,029	2,610
- unconditional and expected to be settled after 12 months (present value) (iii)	4,272	3,380
Long Service Leave		
- unconditional and expected to be settled within 12 months (nominal value) (ii)	1,465	1,334
- unconditional and expected to be settled after 12 months (present value) (iii)	9,705	8,375
Accrued Days Off	198	157
Provisions related to Employee Benefit On-Costs		
- unconditional and expected to be settled within 12 months (nominal value) (ii)	1,015	877
- unconditional and expected to be settled after 12 months (present value) (iii)	2,304	1,871
<b>Total Current Provisions</b>	<b>21,988</b>	<b>18,604</b>
<b>Non-Current Provisions</b>		
Conditional Long Service Leave Entitlements	3,961	2,766
Provisions related to Employee Benefit On-Costs	452	302
<b>Total Non-Current Provisions</b>	<b>4,413</b>	<b>3,068</b>
<b>Total Provisions</b>	<b>26,401</b>	<b>21,672</b>

### (a) Employee Benefits and Related On-Costs

	Total 2019 \$000	Total 2018 \$000
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional Long Service Leave entitlements	12,444	10,777
Annual Leave Entitlements	9,346	7,670
Accrued Days Off	198	157
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional Long Service Leave Entitlements	4,413	3,068
<b>Total Employee Benefits and Related On-Costs</b>	<b>26,401</b>	<b>21,672</b>

(i) Employee benefits consist 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### (b) Movements in On-Costs Provision

	Total 2019 \$000
<b>Balance at start of year</b>	<b>3,050</b>
Additional provisions recognised	728
Unwinding of discount and effect of changes in the discount rate	331
Reduction due to transfer out	(338)
<b>Balance at end of year</b>	<b>3,771</b>

### Employee Benefit Recognition

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

### Provisions

Provisions are recognised when the Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

### Employee Benefits

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

### Annual Leave, and Accrued Days Off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

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

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

### Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

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

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 Expense

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 3.5: Superannuation

	Paid contribution for the year		Contribution outstanding at year end	
	Total 2019 \$000	Total 2018 \$000	Total 2019 \$000	Total 2018 \$000
<b>Defined benefit plans: (i)</b>				
Other	138	118	15	22
<b>Defined contribution plans:</b>				
Other	7,322	6,738	703	527
<b>Total</b>	<b>7,460</b>	<b>6,856</b>	<b>718</b>	<b>549</b>

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

Employees of Northeast Health Wangaratta are entitled to receive superannuation benefits and Northeast Health Wangaratta contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

#### Defined Benefit Superannuation Plans

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

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

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

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

#### Defined Contribution Superannuation Plans

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 4: Key Assets to Support Service Delivery

The 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 Investments and Other Financial Assets
- 4.2 Property, Plant and Equipment
- 4.3 Intangible Assets
- 4.4 Depreciation and Amortisation

### Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Total	Total
	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Current</b>						
<b>Loans and Receivables</b>						
Term Deposit						
Australian Dollar Bank Term						
Deposits > 3 months	-	11,783	-	338	-	12,121
<b>Total Investments and Other Financial Assets</b>	<b>-</b>	<b>11,783</b>	<b>-</b>	<b>338</b>	<b>-</b>	<b>12,121</b>
<b>Represented by:</b>						
Health Service Investments		6,422	-	338	-	6,760
Monies Held In Trust						
- Patient Monies		16	-	-	-	16
- Refundable Accommodation Deposits		5,345	-	-	-	5,345
<b>Total Investments and Other Financial Assets</b>	<b>-</b>	<b>11,783</b>	<b>-</b>	<b>338</b>	<b>-</b>	<b>12,121</b>

Northeast Health Wangaratta did not hold any term deposits as at 30 June 2019, as all funds are deposited in the Central Banking System (classified as Cash) as per the Standing Directions 2018 for the Assistant Treasurer.

#### Investments Recognition

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

Investments are classified as loans and receivables.

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

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

Northeast Health Wangaratta's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 4.1: Investments and Other Financial Assets (continued)

#### Derecognition of Financial Assets

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

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

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

#### Impairment of Financial Assets

At the end of each reporting period Northeast Health Wangaratta assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. All financial instrument assets are subject to annual review for impairment.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 4.2: Property, Plant and Equipment

#### Initial Recognition

Items of Property, Plant, Equipment and Vehicles are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. When an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

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

#### Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increments or decrements arise from differences between an asset's carrying amount and fair value. Revaluation increments are recognised in 'other comprehensive income' and are credited directly in equity to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result. Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes. Revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset. In accordance with FRD 103H, Northeast Health Wangaratta's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

#### Fair Value Measurement

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

For the purpose of fair value disclosures, the 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, Northeast Health determines whether transfers have occurred between levels in the hierarchy reassessing categorisation (based on the lowest 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 Northeast Health Wangaratta's independent valuation agency.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

#### Valuation hierarchy

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

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

#### Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

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

#### 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 2019.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

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

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

#### Vehicles

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

#### Plant and Equipment and Medical Equipment

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

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

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 4.2: Property, Plant and Equipment

#### (a) Gross Carrying Amount and Accumulated Depreciation

	Total 2019 \$000	Total 2018 \$000
<b>Land</b>		
Land at fair value		
Crown Land	1,628	1,487
Freehold Land	2,648	2,033
<b>Total Land</b>	<b>4,276</b>	<b>3,520</b>
<b>Buildings</b>		
Buildings at fair value	70,949	77,360
Less Accumulated Depreciation	-	16,773
<b>Total Buildings</b>	<b>70,949</b>	<b>60,587</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	12,898	9,617
Less Accumulated Depreciation	6,860	6,394
<b>Total Plant &amp; Equipment</b>	<b>6,038</b>	<b>3,223</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	12,687	12,404
Less Accumulated Depreciation	10,368	9,739
<b>Total Medical Equipment</b>	<b>2,319</b>	<b>2,665</b>
<b>Computers and Communications</b>		
Computers and Communication at Fair Value	1,115	693
Less Accumulated Depreciation	678	639
<b>Total Computers and Communications</b>	<b>437</b>	<b>54</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	1,008	993
Less Accumulated Depreciation	704	646
<b>Total Furniture and Fittings</b>	<b>304</b>	<b>347</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Fair Value	1,502	1,370
Less Accumulated Depreciation	870	890
<b>Total Motor Vehicles</b>	<b>632</b>	<b>480</b>
<b>Share of HRHA Assets</b>		
Property, Plant and Equipment at fair value	82	78
Less Accumulated Depreciation	41	19
Leased Assets	304	257
Less Accumulated Depreciation	215	157
	<b>130</b>	<b>159</b>
<b>Assets Under Construction at cost</b>	<b>2,326</b>	<b>1,178</b>
<b>Total</b>	<b>87,411</b>	<b>72,213</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## (b) Reconciliations of the Carrying Amounts of Each Class of Asset

	Land Buildings \$'000	Plant and Equipment \$'000	Medical Equipment \$'000	Computers and Comms \$'000	Furniture and Fittings \$'000	Motor Vehicles \$'000	Construction Assets Under \$'000	Share of HRHA Assets \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	<b>3,212</b>	<b>63,212</b>	<b>3,562</b>	<b>3,185</b>	<b>54</b>	<b>398</b>	<b>617</b>	<b>1,966</b>	<b>168</b>
Additions	308	-	92	171	27	1	104	1,189	72
Disposals	-	-	-	-	-	-	(10)	(58)	-
Net Transfers between Classes	-	1,692	39	35	-	10	-	(1,776)	-
Impairment Losses	-	-	-	-	-	-	-	-	-
(Recognised)/Reversed in Net Result	-	-	-	-	-	-	(143)	-	(143)
Depreciation and Amortisation (Note 4.3)	-	(4,317)	(470)	(726)	(27)	(62)	(231)	-	(81)
									<b>(5,914)</b>
<b>Balance at 30 June 2018</b>	<b>3,520</b>	<b>60,587</b>	<b>3,223</b>	<b>2,665</b>	<b>54</b>	<b>347</b>	<b>480</b>	<b>1,178</b>	<b>159</b>
Additions	-	62	2,503	273	423	14	421	1,944	50
Disposals	-	-	-	-	-	-	(20)	-	-
Net Transfers between Classes	-	9	777	10	-	-	-	(796)	-
Revaluation increments	756	14,616	-	-	-	-	-	-	-
Depreciation and Amortisation (Note 4.3)	-	(4,325)	(465)	(629)	(40)	(57)	(249)	-	(79)
									<b>(5,844)</b>
<b>Balance at 30 June 2019</b>	<b>4,276</b>	<b>70,949</b>	<b>6,038</b>	<b>2,319</b>	<b>437</b>	<b>304</b>	<b>632</b>	<b>2,326</b>	<b>130</b>
<b>Land and buildings carried at valuation.</b>									<b>87,411</b>

The Valuer-General Victoria undertook to re-value all of Northeast Health Wangaratta's 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 was 30 June 2019.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## (c) Fair Value Measurement Hierarchy for Assets

	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
<b>Balance at 30 June 2019</b>				
<b>Land at fair value</b>				
Non-specialised land	1,867	-	1,867	-
Specialised land	2,409	-	-	2,409
Total of Land at fair value	4,276	-	1,867	2,409
<b>Buildings at fair value</b>				
Non-specialised buildings	1,095	-	1,095	-
Specialised buildings	69,854	-	-	69,854
Total of Buildings at fair value	70,949	-	1,095	69,854
<b>Plant and equipment at fair value</b>				
- Motor vehicles	632	-	-	632
- Plant and equipment	6,038	-	-	6,038
- Share of HRHA Assets	130	-	-	130
- Furniture and fittings	304	-	-	304
- Computers and communications	437	-	-	437
Total of Plant, Equipment and Vehicles at fair value	7,541	-	-	7,541
<b>Medical equipment at fair value</b>				
Medical equipment	2,319	-	-	2,319
Total Medical Equipment at fair value	2,319	-	-	2,319
	85,085	-	2,962	82,123

(i) Classified in accordance with the fair value hierarchy.

(ii) There have been movements between Specialised land and Non-Specialised land during the period.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
<b>Balance at 30 June 2018</b>				
<b>Land at fair value</b>				
Non-specialised land	2,033	-	2,033	-
Specialised land	1,487	-	-	1,487
Total of Land at fair value	3,520	-	2,033	1,487
<b>Buildings at fair value</b>				
Non-specialised buildings	706	-	706	-
Specialised buildings	59,881	-	-	59,881
Total of Building at fair value	60,587	-	706	59,881
<b>Plant and equipment at fair value</b>				
- Motor vehicles	480	-	-	480
- Plant and equipment	3,223	-	-	3,223
- Share of HRHA Assets	159	-	-	159
- Furniture and fittings	347	-	-	347
- Computers and communications	54	-	-	54
Total of Plant, Equipment and Vehicles at fair value	4,263	-	-	4,263
<b>Medical equipment at fair value</b>				
Medical equipment	2,665	-	-	2,665
Total medical equipment at fair value	2,665	-	-	2,665
	71,035	-	2,739	68,296

(i) Classified in accordance with the fair value hierarchy.

(ii) There have been no transfers between levels during the period.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## (d) Reconciliation of Level 3 Fair Value

	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment
<b>Balance at 1 July 2018</b>	<b>1,487</b>	<b>59,881</b>	<b>4,263</b>	<b>2,665</b>
Additions/(Disposals)	-	71	4,168	283
Reclassified to level 3	581	-	-	-
Gains or Losses Recognised in Net Result				
- Depreciation	-	(4,239)	(890)	(629)
Items recognised in Other Comprehensive Income				
- Revaluation	341	14,140	-	-
<b>Balance at 30 June 2019</b>	<b>2,409</b>	<b>69,854</b>	<b>7,541</b>	<b>2,319</b>

	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment
<b>Balance at 1 July 2017</b>	<b>1,487</b>	<b>62,429</b>	<b>4,799</b>	<b>3,185</b>
Additions/(Disposals)	-	1,571	254	206
Gains or Losses Recognised in Net Result				
- Depreciation	-	(4,119)	(790)	(726)
<b>Balance at 30 June 2018</b>	<b>1,487</b>	<b>59,881</b>	<b>4,263</b>	<b>2,665</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### (e) Fair Value Determination

Asset Class	Valuation technique	Expected fair value level	Significant unobservable inputs
Non-specialised land	Market approach	Level 2	n.a.
Specialised land	Market approach	Level 3	Community Service Obligation (CSO) adjustment 20%
Non-specialised buildings	Market approach	Level 2	n.a.
Specialised buildings	Depreciated replacement cost	Level 3	Cost per square metre Useful life of PPE
Plant and equipment at fair value	Depreciated replacement cost	Level 3	Cost per unit Useful life of PPE
Vehicles	Depreciated replacement cost	Level 3	Cost per unit Useful life of PPE
Medical equipment at fair value	Depreciated replacement cost	Level 3	Cost per unit Useful life of PPE

### (f) Property, Plant & Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Revaluation Increment

- Land (refer Note 4.3 (b))

- Buildings (refer Note 4.3 (b))

**Balance at the end of the reporting period \***

\* Represented by:

- Land

- Buildings

Total 2019 \$000	Total 2018 \$000
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58,926 58,926

756 -

14,616 -

74,298 58,926

1,760 1,004

72,538 57,922

74,298 58,926

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 4.3: Intangible Assets

	Total 2019 \$000	Total 2018 \$000
Software	1,277	1,222
Share of HRHA Software	105	80
Less Accumulated Amortisation	(1,086)	(982)
<b>Total Intangible Assets</b>	<b>296</b>	<b>320</b>

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year.

	Total \$000
<b>Balance at 1 July 2017</b>	<b>237</b>
Additions	289
Disposals	(135)
Amortisation (Note 4.4)	(71)
<b>Balance at 1 July 2018</b>	<b>320</b>
Additions	80
Disposals	-
Amortisation (Note 4.4)	(104)
<b>Balance at 30 June 2019</b>	<b>296</b>

#### Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs (where applicable).

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Health Service.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 4.4: Depreciation and Amortisation

	Total 2019 \$000	Total 2018 \$000
<b>Depreciation</b>		
Buildings	4,325	4,317
Plant and Equipment	544	550
Medical Equipment	629	726
Computers and Communications	40	27
Furniture and Equipment	57	62
Motor Vehicles	249	231
<b>Total Depreciation</b>	<b>5,844</b>	<b>5,913</b>
<b>Amortisation</b>		
Intangible Assets	104	71
<b>Total Amortisation</b>	<b>104</b>	<b>71</b>
<b>Total Depreciation and Amortisation</b>	<b>5,948</b>	<b>5,984</b>

#### Depreciation

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

#### Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	7 to 38 years	15 to 45 years
- Site Engineering Services and Central Plant	7 to 38 years	12 to 35 years
Central Plant		
- Fit Out	7 to 15 years	10 to 19 years
- Trunk Reticulated Building Systems	7 to 15 years	10 to 19 years
Plant and Equipment	5 to 20 years	5 to 20 years
Medical Equipment	4 to 15 years	4 to 15 years
Computers and Communication	3 to 5 years	3 to 5 years
Furniture and Fitting	5 to 20 years	5 to 20 years
Motor Vehicles	4 years	4 years
Leased Assets	2 to 4 years	2 to 4 years
Intangible Assets	3 to 5 years	3 to 5 years

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## Note 5: Other Assets and Liabilities

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

### Structure

5.1 Receivables

5.2 Payables

5.3 Other Liabilities

### Note 5.1: Receivables

#### CURRENT

##### Contractual

Inter Hospital Debtors

Trade Debtors

Patient Fees

Accrued Investment Income

Accrued Revenue - Other

Less Allowance for Doubtful Debts

Trade Debtors

Patient Fees

##### Statutory

GST Receivable

Accrued Revenue - Department of Health and Human Services

Accrued Revenue - Dental Health Services Victoria (DHSV)

Accrued Revenue - Commonwealth

#### TOTAL CURRENT RECEIVABLES

#### NON-CURRENT

##### Contractual

Debtors Other

##### Statutory

Long Service Leave - Department of Health and Human Services

#### TOTAL NON-CURRENT RECEIVABLES

#### TOTAL RECEIVABLES

#### (a) Movement in the Allowance for impairment losses of contractual receivables

Balance at beginning of year

Amounts written off during the year

Increase/(decrease) in allowance recognised in net result

Balance at end of year

	Total 2019 \$000	Total 2018 \$000
<b>CURRENT</b>		
<b>Contractual</b>		
Inter Hospital Debtors	842	443
Trade Debtors	557	918
Patient Fees	1,151	1,225
Accrued Investment Income	-	42
Accrued Revenue - Other	1,773	2,148
Less Allowance for Doubtful Debts		
Trade Debtors	(15)	(15)
Patient Fees	(52)	(52)
	<b>4,256</b>	<b>4,709</b>
<b>Statutory</b>		
GST Receivable	434	919
Accrued Revenue - Department of Health and Human Services	729	809
Accrued Revenue - Dental Health Services Victoria (DHSV)	232	230
Accrued Revenue - Commonwealth	132	123
	<b>1,527</b>	<b>2,081</b>
<b>TOTAL CURRENT RECEIVABLES</b>	<b>5,783</b>	<b>6,790</b>
<b>NON-CURRENT</b>		
<b>Contractual</b>		
Debtors Other	36	35
	<b>36</b>	<b>35</b>
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	3,847	2,736
	<b>3,847</b>	<b>2,736</b>
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>3,883</b>	<b>2,771</b>
<b>TOTAL RECEIVABLES</b>	<b>9,666</b>	<b>9,561</b>
	Total 2019 \$000	Total 2018 \$000
<b>(a) Movement in the Allowance for impairment losses of contractual receivables</b>		
Balance at beginning of year	67	67
Amounts written off during the year	(18)	(9)
Increase/(decrease) in allowance recognised in net result	18	9
<b>Balance at end of year</b>	<b>67</b>	<b>67</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 5.1: Receivables (continued)

#### Receivables consist of:

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

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*.

Northeast Health Wangaratta is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## Note 5.2: Payables

### Current

	Total 2019 \$000	Total 2018 \$000
Trade Creditors	4,505	3,827
Accrued Salaries and Wages	3,265	3,154
Accrued Expenses	2,217	3,315
Income In Advance	63	208
Amounts Payable to Governments and Agencies	526	418
Share of HRHA Payables	432	577
	<b>11,008</b>	<b>11,499</b>

### Statutory

GST Payable	81	129
Department of Health and Human Services (Income In Advance)	734	514
	<b>815</b>	<b>643</b>

### Total Current

<b>11,823</b>	<b>12,142</b>
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### Non-Current

#### Contractual

Trade Creditors	86	163
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### Total Non-Current

<b>86</b>	<b>163</b>
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### Total Payables

<b>11,909</b>	<b>12,305</b>
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### Payables recognition

Payables consist of:

- Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and

- Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts. The normal credit terms for accounts payable are usually Nett 60 days.

### Maturity analysis of payables

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

## Note 5.3: Other Liabilities

### Current

	Total 2019 \$000	Total 2018 \$000
Monies Held in Trust *		
- Patient Monies Held in Trust	19	16
- Accommodation Deposits (Refundable entrance fees)	4,446	5,345
Other	6	2
<b>Total Other Liabilities</b>	<b>4,471</b>	<b>5,363</b>

### \* Total Monies Held in Trust

#### Represented by the following assets:

Cash and Cash Equivalents (refer to Note 6.2)	4,465	-
Investments and Other Financial Assets (refer to Note 4.1)	-	5,361
<b>Total</b>	<b>4,465</b>	<b>5,361</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## Note 6: How We Finance Our Operations

This section provides information on the sources of finance utilised by the 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

#### CURRENT

Finance Lease Liability (i)

Department of Health & Human Services - Loan (ii)

#### Total Current

#### NON-CURRENT

Finance Lease Liability (i)

Department of Health & Human Services - Loan (ii)

#### Total Non-Current

#### Total Borrowings

Total 2019 \$000	Total 2018 \$000
48	50
190	331
<b>238</b>	<b>381</b>
40	50
392	582
<b>432</b>	<b>632</b>
<b>670</b>	<b>1,013</b>

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased asset revert to the lessor in the event of a default.

(ii) They are unsecured loans which bear no interest.

#### (a) Maturity analysis of borrowings

Please refer to note 7.1(b) for the aging analysis of borrowings.

#### (b) Defaults and breaches

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

#### (c) Finance Lease Liabilities

The Finance Lease Liabilities relate to Northeast Health Wangaratta's share of the Hume Rural Health Alliance leases for IT equipment.

Minimum future lease payments (i)		Present value of minimum future lease payments	
2019 \$000	2018 \$000	2019 \$000	2018 \$000
48	50	48	50
40	50	40	50
<b>88</b>	<b>100</b>	<b>88</b>	<b>100</b>
88	100	88	100

#### Finance Lease Liabilities Payable

Not longer than one year

Longer than one year but not longer than five years

#### Minimum Future Lease Payments

Present value of minimum lease payments

The weighted average interest rate implicit in the finance lease is 6.0% (2018 6.0%).

(i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### **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 transfer substantially all the risks and rewards of ownership to the lessee. The Treasurer has approved the finance leases held by HRHA.

All other leases are classified as operating leases.

### **Finance Leases**

The Health Service does not hold any finance lease arrangements with other parties, other than those held in the HRHA joint venture, which have been recognised and disclosed in accordance with the policy outlined in Note 8.8.

### **Borrowings**

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing 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. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 6.2: Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and cash at bank, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value.

	Total 2019 \$000	Total 2018 \$000
Cash on Hand (excluding Monies held in trust)	74	47
Cash at Bank (excluding Monies held in trust)	11,417	2,324
Cash at Bank (Monies held in trust)	4,465	-
<b>Total Cash and Cash Equivalents</b>	<b>15,956</b>	<b>2,371</b>

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.

The cash flow statement includes monies held in trust.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## Note 6.3: Commitments for Expenditure

	Total 2019 \$000	Total 2018 \$000
<b>Capital Expenditure Commitments</b>		
Land and Buildings	207	1,872
<b>Total Capital Commitments</b>	<b>207</b>	<b>1,872</b>
Land and Buildings		
Not later than one year	207	1,872
<b>Total</b>	<b>207</b>	<b>1,872</b>
<b>Other Expenditure Commitments</b>		
Payable:		
Pathology	-	1,534
<b>Total Other Commitments</b>	<b>-</b>	<b>1,534</b>
Not later than one year	-	1,534
<b>Total</b>	<b>-</b>	<b>1,534</b>
<b>Non-cancellable Operating Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	2,554	3,418
<b>Total Lease Commitments</b>	<b>2,554</b>	<b>3,418</b>
<b>Non-cancellable Operating Lease Commitments</b>		
Less than one year	1,070	1,038
Longer than one year but not longer than 5 years	1,455	1,766
5 years or more	29	614
	<b>2,554</b>	<b>3,418</b>
<b>Total Commitments for expenditure (inclusive of GST)</b>	<b>2,761</b>	<b>6,824</b>
Less GST recoverable from the Australian Tax Office	(251)	(620)
<b>Total Commitments for expenditure (exclusive of GST)</b>	<b>2,510</b>	<b>6,204</b>

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

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

Northeast Health Wangaratta has entered into commercial leases on certain medical equipment and computer equipment where it is not in the interest of the Health Service to purchase these assets. These leases have an average life of between 1 and 6 years with renewal terms included in the contracts. Renewals are at the option of Northeast Health Wangaratta. There are no restrictions placed upon the lessee by entering into these leases.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 7: Risks, Contingencies and Valuation Uncertainties

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

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

2019

##### Contractual Financial Assets

Receivables

- Trade Debtors

- Other Receivables

##### Total Financial Assets

##### Financial Liabilities

Payables

Borrowings

Refundable Accommodation Deposits

Other Liabilities

##### Total Financial Liabilities (i)

Financial Assets at Amortised Cost \$000	Financial Liabilities at Amortised Cost \$000
15,956	-
1,420	-
2,872	-
<b>20,248</b>	<b>-</b>
-	11,094
-	670
-	4,446
-	25
<b>-</b>	<b>16,235</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## (a) Financial Instruments: categorisation (continued)

**2018**

### Contractual Financial Assets

Cash and Cash Equivalents

Receivables

- Trade Debtors

- Other Receivables

Other Financial assets

- Term Deposits

- Monies Held in Trust

### Total Financial Assets

### Financial Liabilities

Payables

Borrowings

Refundable Accommodation Deposits

Other Liabilities

### Total Financial Liabilities (i)

	Contractual Financial Assets - Receivables \$'000	Contractual Financial Liabilities Amortised Cost \$'000
Cash and Cash Equivalents	2,371	-
Receivables		
- Trade Debtors	1,381	-
- Other Receivables	3,363	-
Other Financial assets		
- Term Deposits	12,105	-
- Monies Held in Trust	16	-
<b>Total Financial Assets</b>	<b>19,236</b>	<b>-</b>
<b>Financial Liabilities</b>		
Payables	-	11,662
Borrowings	-	1,013
Refundable Accommodation Deposits	-	5,345
Other Liabilities	-	18
<b>Total Financial Liabilities (i)</b>	<b>-</b>	<b>18,038</b>

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

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

### Categories of financial assets under AASB 9

#### Financial Assets at Amortised Cost

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

- the assets are held by Northeast Health Wangaratta to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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

Northeast Health Wangaratta recognises the following assets in this category:

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 7.1 (a) Financial Instruments: categorisation (continued)

#### Categories of financial assets previously under AASB 139

**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).

Northeast Health Wangaratta recognises the following assets in this category:

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

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

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

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

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

	Note	Carrying Amount	Contractual Cash Flows	Maturity Dates				
				Less than 1 month	1-3 Months	3 months - 1 Year	1 - 5 Years	Over 5 Years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2019</b>								
<b>Financial Liabilities</b>								
<i>At Amortised Cost</i>								
Payables	5.2	11,094	11,094	11,008	-	-	86	-
Borrowings	6.1	670	670	23	46	169	285	147
Refundable Accommodation Deposits	5.3	4,446	4,446	4,446	-	-	-	-
Other Financial Liabilities	5.3	25	25	25	-	-	-	-
<b>Total Financial Liabilities</b>		<b>16,235</b>	<b>16,235</b>	<b>15,502</b>	<b>46</b>	<b>169</b>	<b>371</b>	<b>147</b>
<b>2018</b>								
<b>Financial Liabilities</b>								
<i>At Amortised Cost</i>								
Payables	5.2	11,662	11,662	11,499	-	-	163	-
Borrowings	6.1	1,013	1,013	31	62	288	632	-
Refundable Accommodation Deposits	5.3	5,345	5,345	5,345	-	-	-	-
Other Financial Liabilities	5.3	18	18	18	-	-	-	-
<b>Total Financial Liabilities</b>		<b>18,038</b>	<b>18,038</b>	<b>16,893</b>	<b>62</b>	<b>288</b>	<b>795</b>	<b>-</b>

Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (ie. GST Payable).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 7.1 (c): Contractual receivables at amortised cost

	1-Jul-18	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
<b>Expected loss rate</b>		0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables		2,148	1,025	867	736	35	<b>4,811</b>
<b>Loss allowance</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	30-Jun-19	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
<b>Expected loss rate</b>		0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables		1,773	995	842	713	36	<b>4,358</b>
<b>Loss allowance</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

From 1 July 2018, Northeast Health Wangaratta has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Items subject to AASB 9 impairment assessment include the Health Service's contractual receivables and statutory receivables.

#### Contractual receivables at amortised cost

The Health Service applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on the Department's past history and existing market conditions.

On this basis, Northeast Health Wangaratta determines the opening loss allowance on initial application of AASB 9 and the closing loss allowance at the end of the financial year as disclosed above.

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

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

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

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### **Note 7.2: Contingent Assets and Contingent Liabilities**

Northeast Health Wangaratta does not have any contingent assets or contingent liabilities as at 30 June 2019 (2018: \$ Nil).

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 8: Other Disclosures

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

#### Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash flow from Operating Activities
- 8.2 Responsible Persons disclosures
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occuring after the Balance Sheet Date
- 8.7 Economic Dependency
- 8.8 Jointly Controlled Operations
- 8.9 AASBs issued that are not yet effective
- 8.10 Glossary of terms

### Note 8.1: Reconciliation of Net Result for the Year to Net Cash from Operating Activities

	Total 2019 \$000	Total 2018 \$000
<b>Net Result for the Year</b>	<b>(2,125)</b>	<b>(2,364)</b>
<b>Non-Cash Movements:</b>		
Depreciation and Amortisation	5,948	5,984
Impairment of Non-financial Assets	-	143
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss from Sale of Plant and Equipment	(92)	(25)
Net Loss from Disposal of Intangible Assets	-	135
<b>Movements in Assets and Liabilities:</b>		
Change in Operating Assets and Liabilities		
Increase/(Decrease) in Payables	(396)	2,655
Increase/(Decrease ) in Employee Benefits	4,729	3,265
(Increase)/Decrease in Receivables	(105)	(3,680)
(Increase)/Decrease in Prepayments	215	(189)
(Increase)/Decrease in Other Assets	(11)	(1)
(Increase)/Decrease in Inventories	194	(142)
Increase/(Decrease) in Other Liabilities	(5)	729
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>8,352</b>	<b>6,510</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## Note 8.2: Responsible Persons Disclosures

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

### Responsible Ministers:

	Period
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	1/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	1/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	1/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019

### Board of Directors

	Period
Mr J Green (Chair of the Board)	1/07/2018 - 30/06/2019
Dr R Barker	1/07/2018 - 30/06/2019
Ms C Clutterbuck	1/07/2018 - 30/06/2019
Mr M Hession	1/07/2018 - 30/06/2019
Mr M Joyce	1/07/2018 - 30/06/2019
Ms L Long	1/07/2018 - 30/06/2019
Ms A Maclean	1/07/2018 - 30/06/2019
Ms A Wearne	1/07/2018 - 30/06/2019
Mr P Virgo	1/07/2018 - 30/06/2019

### Accountable Officer

	Period
Ms M Bennett	1 July 2018 - 30 June 2019

### Remuneration of Responsible Persons

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

Income Band	2019 No.	2018 No.
\$0 - \$9,999	2	9
\$10,000 - \$19,999	7	-
\$350,000 - \$359,999	-	1
\$360,000 - \$369,999	1	-
<b>Total Numbers</b>	<b>10</b>	<b>10</b>
	\$000	\$000
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>471</b>	<b>353</b>

Amounts relating to Governing Board Directors and Accountable Officer are disclosed in the Health Service's financial statements.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 8.3: Remuneration of Executives

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

<b>Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)</b>	2019 \$000	2018 \$000
Short-term employee benefits	821	626
Post-employment benefits	58	51
Other long-term benefits	8	7
<b>Total Remuneration (i)</b>	<b>887</b>	<b>684</b>
Total number of Executive Officers	4.0	3.0
Total annualised employee equivalent (AEE)* (ii)	3.1	2.6

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

(ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a 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**

Superannuation entitlements.

#### **Other long-term benefits**

Long-service leave.

#### **Other factors**

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 8.4: Related Parties

The 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 Hume Rural Health Alliance Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Northeast Health Wangaratta directly or indirectly. The Board of Directors and the Executive Directors of the Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Northeast Health Wangaratta	Mr J Green	Chair of the Board
Northeast Health Wangaratta	Dr R Barker	Board Director
Northeast Health Wangaratta	Ms C Clutterbuck	Board Director
Northeast Health Wangaratta	Mr M Hession	Board Director
Northeast Health Wangaratta	Mr M Joyce	Board Director
Northeast Health Wangaratta	Ms L Long	Board Director
Northeast Health Wangaratta	Ms A Maclean	Board Director
Northeast Health Wangaratta	Ms A Wearne	Board Director
Northeast Health Wangaratta	Mr P Virgo	Board Director
Northeast Health Wangaratta	Ms M Bennett	Chief Executive Officer
Northeast Health Wangaratta	Mr T Griffiths	Deputy CEO/Chief Operating Officer
Northeast Health Wangaratta	Dr J M Elcock	Director of Medical Services
Northeast Health Wangaratta	Dr R Duncan	Interim Director of Medical Services
Northeast Health Wangaratta	Ms R Weir	Director of Clinical Services - Nursing & Midwifery

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

	2019 \$000	2018 \$000
<b>Compensation - KMPs</b>		
Short-term employee benefits (i)	1,256	951
Post-employment benefits	86	72
Other long-term benefits	16	15
<b>Total Remuneration (ii)</b>	<b>1,358</b>	<b>1,038</b>

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

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

### Significant Transactions with Government Related Entities

Northeast Health Wangaratta received funding from the Department of Health and Human Services of \$122.39m (2018 \$107.17m).

Northeast Health Wangaratta has a net amount payable to the Department of Health and Human Services of \$5,000 as at 30 June 2019.

Expenses incurred by the Health Service in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals are provided by other Victorian Health Service Providers on commercial terms.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 8.4: Related Parties (continued)

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

The Standing Directions of the Assistant Treasurer require Northeast Health Wangaratta to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

#### Transactions with Key Management Personnel and Other Related Parties

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

Outside of normal citizen type transactions with Northeast Health Wangaratta, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for the Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2019.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 8.5: Remuneration of Auditors

#### Victorian Auditor-General's Office

Audit and review of Financial Statements

Total 2019 \$000	Total 2018 \$000
42	41

### Note 8.6: Events Occurring after the Balance Sheet Date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect operations of the Health Service, the results of these operations or state of affairs of the health service in future financial years.

### Note 8.7: Economic Dependency

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

The Department of Health and Human Services (DHHS) has provided confirmation that it will continue to provide Northeast Health Wangaratta adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to 30 September 2020. On that basis, the financial statements have been prepared on a going concern basis.

The Health Service's current asset ratio continues to be below an adequate short term position (2019: 0.61 and 2018: 0.64). The Net Result from Transactions is a deficit of \$0.81m (2018: deficit \$2.38m). The Net Result for the Year is a deficit of \$2.13m (2018: deficit \$2.36m). A letter confirming adequate cash flow was also provided in the previous financial year.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## Note 8.8: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2019	2018
Hume Rural Health Alliance	Information Systems	11.18%	11.55%

Northeast Health Wangaratta's interest in the above jointly controlled operations are detailed below.

The amounts are included in the financial statements under their respective categories:

	Total 2019 \$000	Total 2018 \$000
<b>Current Assets</b>		
Cash and Cash Equivalents	788	635
Receivables	167	448
Other Assets	28	17
<b>Total Current Assets</b>	<b>983</b>	<b>1,100</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment and Intangibles	198	216
<b>Total Non Current Assets</b>	<b>198</b>	<b>216</b>
<b>Total Assets</b>	<b>1,181</b>	<b>1,316</b>
<b>Current Liabilities</b>		
Payables	432	576
Lease Liability	48	50
<b>Total Current Liabilities</b>	<b>480</b>	<b>626</b>
<b>Non-Current Liabilities</b>		
Lease Liability	40	50
<b>Total Non-Current Liabilities</b>	<b>40</b>	<b>50</b>
<b>Total Liabilities</b>	<b>520</b>	<b>676</b>

Northeast Health Wangaratta's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	Total 2019 \$000	Total 2018 \$000
<b>Revenue</b>		
Operating Activities	980	917
Non-Operating Activities	10	5
Capital Purpose Income	-	473
<b>Total Revenue</b>	<b>990</b>	<b>1,395</b>
<b>Expenses</b>		
Employee Benefits	195	147
Other Expenses from Continuing Operations	676	1,390
Depreciation and Amortisation	93	91
Finance Charges	4	4
<b>Total Expenses</b>	<b>968</b>	<b>1,632</b>
<b>Profit/(Loss)</b>	<b>22</b>	<b>(237)</b>

Figures obtained from the unaudited Hume Rural Health Alliance annual report.

### Contingent Liabilities and Capital Commitments

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 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 2019 reporting period. Department of Treasury and Finance 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 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Northeast Health Wangaratta has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. 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 for Not-for-Profit entities.	1 Jan 2019	<p>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. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied.</p> <p>The changes will have minimal impact to Northeast Health Wangaratta in relation to revenue from goods and services provided, as goods and services are invoiced on completion of provision of the service to customers.</p>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 <i>Amendments to Australian Accounting Standards - Implementation Guidance for Not-for-Profit Entities</i>	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB9 and AASB 15.</p> <p>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.</p>	1 Jan 2019	<p>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:</p> <p>AASB 9</p> <ul style="list-style-type: none"> <li>• Statutory receivables are recognised and measured similarly to financial assets</li> </ul> <p>AASB 15</p> <ul style="list-style-type: none"> <li>• The "customer" does not need to be the recipient of goods and/or services;</li> <li>• The "contract" could include an arrangement entered into under the direction of another party;</li> <li>• Contracts are enforceable if they are enforceable by legal or "equivalent means";</li> <li>• Contracts do not have to have commercial substance; and</li> <li>• Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.</li> </ul>
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 volume 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>Northeast Health Wangaratta has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been as follows:</p> <ul style="list-style-type: none"> <li>• increase in Right-of-Use Assets: \$1.9m</li> <li>• increase in lease liability: \$1.9m</li> </ul>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Standard/Interpretation Summary		Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities</i>	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 Jan 2019	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 <i>Income of Not-for-Profit Entities</i>	<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.</p> <p>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 a not-for-profit entity to further their objective.</p>	1 Jan 2019	<p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.</p> <p>Northeast Health Wangaratta currently recognises operating grants as the service obligations have been performed, therefore the change is likely to have minimal impact.</p> <p>In relation to any future capital grants received by Northeast Health Wangaratta, the income will be deferred until the capital expenditure has been incurred.</p> <p>The impact on transition to AASB 1058 will be \$9.1m of capital grant funding that has been previously recognised up front prior to completion of capital projects, will be deferred on the balance sheet as a transition date adjustment.</p>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 Jan 2020	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 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 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle*

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Note 8.10- Glossary of Terms

#### **Actuarial gains or losses on superannuation defined benefit plans**

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

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

#### **Amortisation**

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

#### **Associates**

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

#### **Comprehensive result**

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

#### **Commitments**

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

#### **Current grants**

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

#### **Depreciation**

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

#### **Effective interest method**

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

#### **Employee benefits expenses**

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

#### **Ex gratia expenses**

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Financial asset

A financial asset is any asset that is:

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

### Financial instrument

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

### Financial liability

A financial liability is any liability that is:

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

### Financial statements

A complete set of financial statements comprises:

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Grants and other transfers

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

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

### General government sector

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

### Intangible produced assets

Refer to produced assets in this glossary.

### Intangible non-produced assets

Refer to non-produced assets in this glossary.

### Interest expense

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

### Interest income

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

### Investment properties

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

### Joint Arrangements

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

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

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

### Liabilities

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Net acquisition of non-financial assets (from transactions)

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

### Net result

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

### Net result from transactions or net operating balance

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

### Non-financial assets

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

### Non-produced assets

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

### Non-profit institution

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

### Payables

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

### Receivables

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

### Sales of goods and services

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

### Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs,

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the Taxation is regarded as mutually agreed interactions between the government and taxpayers.





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