OUR VISION: To Excel as a Rural Community Health Provider

OUR MISSION: To Provide High Quality and Effective Health Services

Tallangatta Health Service

ANNUAL REPORT 2016 - 2017

www.tallangattahealthservice.com.au

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The Annual Report of the Tallangatta Health Service is prepared in accordance with all relevant Victorian Legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for the Tallangatta Health Service for the year ending 30 June 2017.

Robert Lees
Board Chair
Tallangatta
31 August 2017

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

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

Denise Parry
Accountable Officer
Tallangatta
31 August 2017

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

I, Denise Parry certify that the Tallangatta Health Service has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes. The Tallangatta Health Service Audit and Risk Sub-Committee has verified this.

Denise Parry
Accountable Officer
Tallangatta
31 August 2017

The Annual Report of 2016 – 2017 also meets Standing Directions of the Minister for Finance and the Financial Reporting Directions.

ABOUT US

Tallangatta Health Service (THS) functions under the Health Services Act 1988 (Vic) and is delegated its functions by the Minister of Health. THS is a small rural health service funded by the Department of Health and Human Services to provide public health services, and it receives aged care funding from the Department of Health (Commonwealth).

Our service operates within a Strategic Plan 2012-17 with a vision of THS to *'excel as a rural community health provider'*.

Our strategic aspirations are to:

Develop Strong Operational Practices throughout the Organisation;
Make The Greatest Possible Impact on Our Community's Health;
Develop and Utilise Partnerships that Add Value to Our Efforts;
Achieve Continual Financial Viability;
Build a Workplace for the Future

Regular reporting on our achievements within each strategic aspiration is made to the Board.

WHO WE SERVE

Situated next to the picturesque Lake Hume foreshore in Tallangatta, THS has been providing local health services to the community of western Towong Shire and surrounding communities for over 100 years. Our population is an ageing population.

THS positions itself to work in partnership in the delivery of safe, person centred quality care. Key partners are:

- Health providers in the area of Upper Hume
- Towong Alliance
- Upper Hume Primary Care Partnership
- Murray Primary Health Network

HOW WE SERVE

Values are an important part of how we serve, guiding expected behaviours with all our interactions with people. Our values are:

- **Willingly** being accountable
- **Valuing** people
- **Achieving** results through teamwork
- **Integrity** in all we do
- **Respect** for others at all times

SERVICES WE PROVIDE

Our services consist of an acute hospital, residential aged care, medical clinic, primary care, and community services.

Acute Care

Consists of 15 beds providing:

- General/Sub Acute Care
- Post-Surgical/Medical Care
- Palliative Care
- Rehabilitation Care

Transition Care Program

Transition Care provides short term care that aims to optimise the functioning and independence of older people after an acute hospital episode. This program operates from our acute hospital.

Residential Aged Care

Bolga Court is a fully accredited 36 bed aged care facility providing permanent residential ageing in place care and high and low level respite care.

Lakeview Nursing Home is a fully accredited 15 bed facility providing high level permanent residential and respite aged care services.

Medical Centre

The Medical Centre provides services to the community, residential aged care, acute hospital and clients of funded services. The Centre is multidisciplinary and consists of General Practitioners, Nurse Practitioner, Community Diabetes Educator, Counsellor and Practice Nurse.

Primary Care

A variety of services are provided under this area. Our medical centre delivers the main services which are Diabetes Education, Women's Health, Men's Health, Podiatry, Mental Health and generalist Counselling services to community groups, schools, clients and residents.

Home and Community Care

Home and Community Care (HACC) services delivered include home maintenance, personal care, home care, meals on wheels and planned activity groups which are provided to HACC eligible clients. The Commonwealth Home Support Program (CHSP) provides similar service to HACC to the over 65 years old with an aim of supporting people to live well within their home and community.

SERVICE SUPPORTS

Workforce - our people

THS employs approximately 160 staff across all our services who work together as a team.

Our health professional workforce is multi-disciplinary with a dedicated nursing and allied health team and General Practitioner medical support. A strong nursing division led by our Director of Clinical and Aged Services comprises Nurse Practitioners, credentialed Diabetes Educator, Registered Nurses, Enrolled Nurses and Personal Care Attendants working on site or in the community. Our medical General Practitioner workforce supports both our Medical Centre and other clinical services. Our Director of Medical Services is provided by Albury Wodonga Health and provides clinical leadership. Our allied health offers a range of professions such as Physiotherapist, Social Work, Occupational Therapy, Dietetics, Counselling and Allied Health assistants.

Our Corporate Services team is responsible for financial governance and reporting, fire safety, environmental management and contract and procurement oversight. Our Corporate Services team work collaboratively with our health professionals in supporting safe quality care. The workforce provides a range of services underpinning THS operations including Administration, Human Resources, Environmental Services, Information Technology, Finance, Maintenance/Grounds and Food Services.

Volunteer Program – our community supports

THS has a committed, passionate group of volunteers who support residents and community clients with activities of daily living, leisure and lifestyle, transportation, and outings.

BOARD CHAIR REPORT

On behalf of the Board it is a privilege to present Tallangatta Health Service's (THS) Annual Report for the year ended 30 June 2017.

Our organisation has performed well during the last 12 months with many achievements including our continuing accreditation, Statement of Priorities goals and managing financial viability in a very challenging year.

Our financial position at the end of the year resulted in a positive result.

July 2016 commenced with us welcoming our newly appointed CEO Denise Parry. Denise's passion and enthusiasm has implemented a "Together We Care" culture throughout the organisation. Her strong focus on clinical and corporate governance aptly aligned us to grasp the recent changes within the health sector in regard to the "Targeting Zero" report. The consequent changes and regulations that are being rolled out impact the governance of organisations with increasing reporting and accountability. THS has stepped up to this mark.

A review of our Strategic Plan was undertaken by the Board. The review included consultation throughout our community and with many of our stakeholders. The new plan will be 2018-2027 and will direct the next ten years to ensure THS continues to deliver high quality person centred care to our community.

On a lighter note Board members enjoyed a BBQ evening with our residents in November following an open day of the facility. We again dined with residents in March for an "Indoor" BBQ. Both occasions were a wonderful opportunity to meet both the people who are being cared for and the care givers.

We commenced the new financial year with a strong Board of eight members welcoming Peter Collicoat to his first term. As we finish the year, we say goodbye to two Board directors Narelle Klein and Angela Morrison. Narelle not seeking re-election, and Angela accepting a new position outside the district. I am appreciative of their contribution to the Board and therefore the success of THS and wish them well in their future endeavours.

I thank my fellow Board members for their dedication to serving the organisation, bringing their skills and experience to provide good governance and expert guidance in an increasingly demanding environment.

We express our thanks to the staff members and volunteers of the THS who are dedicated to caring for our residents, patients, and clients. Lastly, we thank the Executive Team; Denise Parry, Julie Polmear and Lisa Allen for managing the organisation on a day to day basis, to ensure that our community receives the best care possible.

Your commitment is very much appreciated and we look forward to continuing to work with you in the future.

Robert Lees
Board Chair

CEO REPORT

On behalf of the Executive and staff of Tallangatta Health Service (THS) I am delighted to present our Annual Report.

This is my first full year at THS and it has been very rewarding. I thank the staff and Board for their support during this time and in welcoming me into the organisation.

Being people focused is central to leadership. A culture strategy "Together We Care" was launched this year to provide leadership on person centred care. "Together We Care" is targeted at our people, our staff and those we care for; our residents, patients and clients. With regards to our staff, collaboration is essential to providing the best possible care; ensuring it is in partnership with those we care for.

The Shining Star award was launched which asks staff to nominate a colleague whose behaviour/s demonstrated 'living' our values. Over the 12 months we have had over 50 people nominated. From the view of our patients, residents, clients and their families, the strategy is very visible and staff behaviours demonstrate their commitment to person centred care. Staff have embraced this culture and our organisation has benefited from it.

Financially, our position has been a challenge this year. We have however managed to keep our expenses in control and I am pleased to say at the end of the year we achieved a surplus of $59,376.

This year has seen the release of "Targeting Zero", a report with recommendations to enhance and improve clinical governance in the health system. We have begun the journey of improving our systems and over the next year will continue to build on our foundations. THS is reviewing our governance framework to ensure that we have a robust system that will support delivering high quality care, that is safe and person centred.

As we finish 2017, THS will release our new strategic plan. This plan will set the direction of the future with a vision and key strategic goals, to enable us to continue to provide care to support people living well within our community.

Recognition and acknowledgement of our achievements during this year needs to be shared across all of our staff and volunteers, as a team. They all contribute positively to the high quality of care delivered. I thank them sincerely for their personal decision to do their best every time they come to work. It is testimony to their dedication to serve the people we care for.

Denise Parry
Chief Executive Officer

TALLANGATTA HEALTH SERVICE
BOARD OF MANAGEMENT AND OFFICE BEARERS

as at 30 June 2017

BOARD OF MANAGEMENT 2016 - 2017

Mr Robert Lees (Chair)
Mr Andrew Brown
Ms Narelle Klein
Ms Kim Stewart
Ms Ann Eagle
Mr Robert Currie
Mr Peter Collicoat
Mrs Angela Morrison

AUDIT COMMITTEE

Mr Peter Collicoat (Chair)
Mr Andrew Brown
Ms Kim Stewart
Ms Narelle Klein
Ms Ann Eagle
Mr Robert Currie

MINISTER FOR HEALTH AND AGEING

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

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

AUDITOR

Auditor General, Victoria

Johnsons MME (Agents)

BANKERS

ANZ Banking Group

National Australia Bank

Bendigo Bank

Westpac Banking Corporation

MEETING ATTENDANCE

Board of Management

Consists of 8 elected Board members and Executive representation

Board Meeting											Total Meetings Attended
Meeting Attendance	2016				2017						
	Jul	Aug	Sep	Nov	Jan	Feb	Mar	Apr	May	Jun	
BROWN, Andrew	✔	✔	✔	✔	✔	✔	✘	✔	✔	✔	9/10
COLLICOAT, Peter	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	10/10
CURRIE, Robert	✔	✔	✔	✔	✔	✔	✔	✔	✘	✔	9/10
EAGLE, Ann	✔	✘	✔	✘	✔	✔	✔	✔	✔	✔	8/10
KLEIN, Narelle	✔	✔	✔	✔	L/A	✔	✔	✔	✔	✔	8/9
LEES, Robert	✔	✔	✔	✘	✔	✔	✔	✔	✔	✔	9/10
MORRISON, Angela	✔	✔	✔	✘	L/A	L/A	L/A	L/A	L/A	L/A	3/4
STEWART, Kim	L/A	L/A	✔	✔	✔	✔	✘	✔	✘	✔	6/8

Note: No meetings held October and December
L/A = Leave of Absence
Angela Morrison tendered resignation in January 2017, not yet confirmed by the Governor in Council

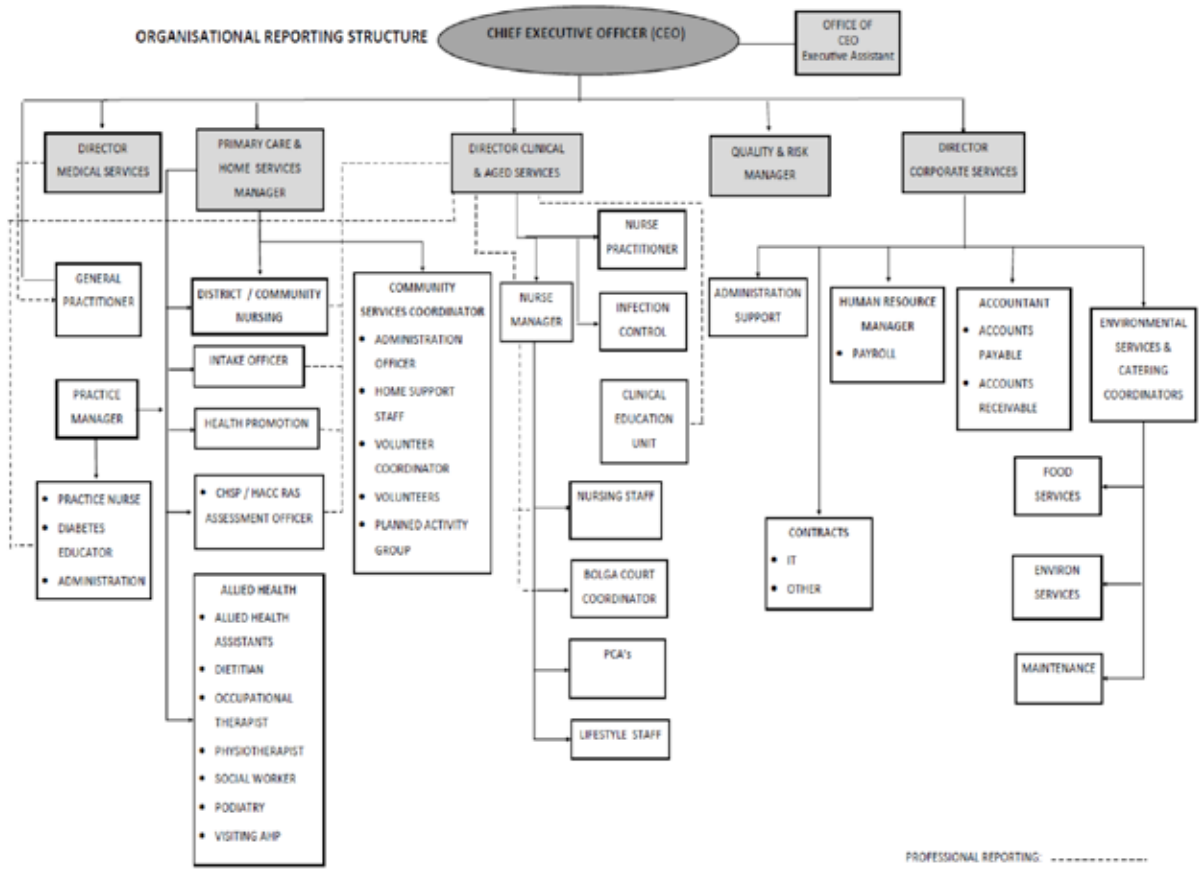
Audit & Risk Sub-Committee

Consists of 7 elected Board members and Executive representation

Number of members	Number of meetings held	Total attendances for year
7	4	19

Note: Leave of absence recorded at 4 meetings.

TALLANGATTA HEALTH SERVICE
ORGANISATIONAL CHART



KEY PERSONNEL
as at 30 June 2017

Executive Staff

Chief Executive Officer:	Denise Parry – M(HSM), BECS, RN, RM
Director of Corporate Services:	Julie Polmear – B.Bus (Accounting), MIIA, IPA
Director of Clinical & Aged Services:	Lisa Allen – Dip N, M(HSM), RM, RN

Program Leaders

Nurse Manager:	Margaret Winter
Primary Care & Home Services Manager:	Lynette Lang
Quality and Risk Manager:	Debbie Cullen

Medical Officers

Director of Medical Services:	Dr Patrick Giddings

DISCLOSURES and STATEMENTS of COMPLIANCE

Building Act 1993
Tallangatta Health Service works within the building and maintenance provisions of the Building Act 1993.

Carer's Recognition 2012
The Carers Recognition Act 2012 formally acknowledges the important contribution that people in a care relationship make to our community and the unique knowledge that carers hold of the person in their care. The relevant policies and procedures of THS reflect the valuable role of the carer and the importance of their recognition.

Environmental Performance
THS has developed an Environmental Management Plan, including a plan to decrease our office based impacts, to enable promotion of environmental sustainability.

Ex-gratia payments
There have been no ex-gratia payments made during the reporting period.

Freedom of Information Act 1982
The Freedom of Information Act 1982 provides the public with the means to obtain medical information held by the Health Service. The Health Service had two requests during the 2016 -17 period.

National Competition Policy
Tallangatta Health Service has ensured in accordance with government policy that competitive neutrality requirements were met as per the Competitive Neutrality Policy Victoria and subsequent reforms.

Occupational Health and Safety Act 2004
Tallangatta Health Service complies with the Occupational Health & Safety Act 2004. The organisation monitors its compliance through an Occupational Health and Safety Committee. All staff injuries and hazards in the workplace are reported and followed up via the incident management system. We support our staff both in the provision of training to reduce risk of injury and, if an injury does occur, a comprehensive return to work program.

Protected Disclosure Act 2012
The Protected Disclosure Act 2012 (Vic) aims to ensure openness and accountability by encouraging people to make disclosures about improper conduct within the public sector without fear of reprisal, offering them protection when they do so. There have been no protected disclosures made in relation to Tallangatta Health Service during the reporting period.

Safe Patient Care Act 2015
THS is not subject to any findings by the Magistrates Court under section 42 (1) (a) and are compliant with all ratios for 2016-2017.

Victorian Industry Participation Policy (VIPP) Act 2003
Tallangatta Health Service abides by the Victorian Industry Participation Policy (VIPP) Act. There were no new contracts commenced during the reporting period to which VIPP applied.

Consultancies

In 2016 - 2017 there were three consultancies where the total fees payable to the consultants were $10,000 or greater.

CONSULTANT	PROJECT	START DATE	TOTAL APPROVED PROJECT FEES (EXCL GST)	TOTAL EXP. 2016-2017 (EXCL GST)	FUTURE EXP. (EXCL GST)
LEHR Consultants International	Fire System Upgrade	November 2015	$35,000	$5,000	$10,000
Warrela Pty Ltd	Fire System Upgrade	November 2015	$21,950	$0	$10,975
Life Mastery (Aust) Pty Ltd	Strategic Plan	January 2017	$11,336	$11,336	$0

In 2016-2017, there was one consultancy that commenced where the total fees payable were less than $10,000.

CONSULTANT	PROJECT	START DATE	TOTAL APPROVED PROJECT FEES (EXCL GST)	TOTAL EXP. 2016-2017 (EXCL GST)	FUTURE EXP. (EXCL GST)
SBM Stavros	Medical Centre Review	December 2016	$5,000	$3,000	$2,000

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2016-2017 is $562,166 (excluding GST) with the details shown below.

($ thousand)			
Business As Usual (BAU) ICT expenditure (Total) (excluding GST)	Non Business As Usual (non BAU) ICT expenditure (Total=Operational expenditure and Capital Expenditure) (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
$562,166	$0	$517,275	$44,891

Occupational Violence

Occupational violence statistics	2016-2017
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported	10
4. Number of occupational violence incidents reported per 100 FTE	11
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	20%

DEFINITIONS

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

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

Incident - 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 2016-2017.

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.

Additional information available on request

Tallangatta Health Service confirms that details in respect of the following items listed below have been retained, and where it is relevant to the financial year 2016 - 2017, is available upon request (subject to the Freedom of Information requirements, if applicable) by relevant Ministers, members of Parliament and the public:

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

ACCREDITATION

The Health Service is an accredited Health Care Facility by The Australian Council on Healthcare Standards (ACHS).

Bolga Court and Lakeview Nursing Home have full accreditation by the Australian Aged Care Quality Agency (AACQA).

The Home and Community Care program continues to be accredited by the Community Care Common Standards.

Tallangatta Medical Centre is an accredited practice with the Royal Australian College of General Practitioners (RACGP).

STATEMENT OF PRIORITIES 2016 - 2017

The Statement of Priorities is the key document of accountability between the Department of Health and the Tallangatta Health Service (THS).

The Purpose of the Statement of Priorities identifies the Victorian Government's priorities and policy directions in the Victorian Health Priorities Framework 2012 - 2022. THS's Statement of Priorities contributes to the achievement of the Government's key priorities in 2016 - 2017 through the articulation of the following specific Actions and Deliverables.

PART A – STRATEGIC PRIORITIES FOR 2016 - 2017

Domain	Action	Deliverables	Outcome
Quality and safety	Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who chose to die at home.	Implement end of life pathways, inclusive of education of health professionals, to improve patient care in acute, primary and community settings working in collaboration with local regional health partners especially palliative care providers. Consider use of St Vincent's Hospital as supportive link with any pathway implementation.	Achieved Advanced Care Plans promoted and completed for all admitted patients, residents and community clients.
	Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience and routine data collection.	All case reviews will include assessment of advanced care planning including mortality and morbidity, assessing patient/ significant other experience and reporting data as part of clinical governance.	Achieved. Completed and now incorporated.
	Progress implementation of a whole-of-hospital model for responding to family violence.	Progress work in this area by implementing policy and procedure and staff training. Identify and establish linkages with local services that provide family violence services. Work with Goulburn Valley Health as led agency in implementation.	Achieved. Draft policies and procedures developed.
	Develop a regional leadership culture that fosters multidisciplinary and multi organisational collaboration to promote learning and the provision of safe, quality care across rural and regional Victoria.	Actively collaborate with heath partners in the region with senior THS health professionals and executive participating in regional forums and networks that promote safe quality care. Ensure relevant learning's are embedded in organisational systems and practice.	Achieved. Establishment of sub regional patient flow committee with small rural hospitals in area and Albury Wodonga Health (AWH). Collaboration for improved patient care Memorandum of Understanding (MOU) with AWH. Representation on the Primary Care and Population Health Advisory Group to AWH board. A member of Upper Hume Primary Care Partnerships and collaboration on projects. Meeting with Mungabareena Aboriginal Corporation regarding statement of Intent with THS

Domain	Action	Deliverables	Outcome
		Strengthen clinical governance in partnership with Director of Medical Services and AWH.	Achieved. Project initiative in Clinical Governance commenced with AWH.
	Use patient feedback, including the Victorian Healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Effectively convert feedback from patients into quality improvements in service delivery within the organisation, involving where possible, patients in the quality process.	Achieved. Utilise all data to inform service delivery, enhance patient experience, and involve consumers. Customer Centred training provided to front office and Home Support staff to improve customer experience.
		Implement the Victorian Community Healthcare experience survey in 2016 -2017.	Achieved.
	Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Strengthen current system by ensuring auditing of practice against policy occurs regularly and timely actions occur if any negative variance. To form part of clinical governance reporting.	Achieved. No restraints used.
	Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (i.e. the Health Independence Program or telemedicine).	Promote the utilisation of District Nursing Services to regional medical and health services to provide at home clinical care, investigating the opportunities for Telehealth to support local care.	Achieved. New brand for home and community services "My Community and Home Care" Telehealth used in Urgent Care room.
Access and timeliness	Develop and implement a strategy to ensure the preparedness of the organisation for the National Disability and Insurance Schedule (NDIS) and Home and Community Care program (HACC) transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	Work in collaboration with Towong Alliance, Albury Wodonga Health and HACC Leadership and Governance group to develop a strategy (that includes feasibility of NDIS delivery) for Tallangatta Health Service to deliver NDIS and enables continuation of HACC services within Towong Shire.	Achieved. Strategy developed for THS.

Domain	Action	Deliverables	Outcome
Supporting healthy populations	Health Services support shared population health and wellbeing planning at a local level - aligning with the Local Government Municipal Public Health and Wellbeing plan and working with other local agencies and Primary Health Networks.	Continue to work collaboratively with Towong Alliance, AWH, Primary Health Network, Upper Hume Primary Care Partnership and education providers to achieve the municipal health wellbeing plan objectives especially in regards to meeting the needs of younger members of the population.	Achieved. School health promotion on dental care and continued work with our Nurse Practitioner. Joint grant submission with Towong Shire and Upper Murray Health and Community Services for Partnerships for Primary Prevention
	That health services focus on primary prevention, including suicide prevention activities, and aim to impact on large numbers of people in the places where they spend their time adopting a place based, whole of population approach to tackle the multiple risk factors of poor health.	Link with AWH Primary Care and Population Health committee who will review the catchment's demographic profile to identify significant areas of risk or ill-health and design interventions to respond. In line with this and Primary Health Network data respond to Towong Shires local needs within THS capacity.	Achieved. AWH Primary care and population health committee established. THS will work constructively with direction from this committee.
	Develop and implement strategies that encourage cultural diversity such as partnering with culturally diverse communities, reflecting the diversity of your community in the organisational governance, and having culturally sensitive, safe and inclusive practices.	Review community participation plan and investigate feasibility of establishment of a Community Advisory Council with members representing diversity within our community, to inform our organisational governance and care delivery, in line with best practice.	Achieved. Board approval for a Consumer Engagement Advisory Committee. Terms of reference developed for 2017 - 2018. Informal links with community commenced. Meeting with Mungabareena Aboriginal Corporation re statement of Intent with THS. LGTBI (lesbian, gay, bisexual, transgender and intersex) audit and training achieved.
	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights.	Where relevant participate at a local, regional or state level in activities relevant to providing improved services to Aboriginal and Torres Strait Islander people in the community serviced by Tallangatta Health Service as outlined within the Koolin Balit Aboriginal Health Cultural Competence framework.	Achieved. Connection with Mungabareena Aboriginal Corporation established and agreement to collaborate in the interest of aboriginal health outcomes. Aboriginal Health Cultural Competence Action Plan developed and Board approved.
	Drive improvements to Victoria's mental health system through focus and engagement in activity delivering on the 10 Year Plan for Mental Health and active input into consultations on the Design, Service and infrastructure Plan for Victoria's Clinical mental health system.	To strengthen formal links with Gateway Health/AWH regarding provision of mental health and counselling services to consumers or potential consumers of THS.	

Domain	Action	Deliverables	Outcome
	Using the Government's Rainbow eQuality Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.	To work collaboratively with Upper Hume Primary Care Partnership in development of inclusive practice policy and procedures to adopt within Tallangatta Health Service.	Achieved. LGTBI audit and training has occurred.
Governance and leadership	Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes, leadership are in place to support the provision of safe, quality, accountable and person centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	Review the THS Clinical Governance Framework in line with Department of Health and Human Services Clinical Governance Framework and implement where applicable the respective recommendations. Seek support from AWH in clinical leadership with THS.	Achieved. Review of Governance structure, approved by Board. Review will occur in 2017 - 2018. "Together We Care" established which outlines culture to enable person centred care AWH will support THS on clinical governance and expertise in aged care
	Contribute to the development and implementation of Local Region Action Plans under the series of state-wide design, service and infrastructure plans being progressively released from 2016-2017. Development of Local Region Action Plans will require partnerships and active collaboration across regions to ensure plans meet both regional and local service needs, as articulated in the state-wide design, service and infrastructure plans.	Work collaboratively as led by AWH in Local Region Action Plans ensuring that THS services are maximised/ enhanced where possible in supporting initiatives. Participate in the Upper Hume Primary Care Partnership project to undertake joint planning for the delivery of primary care services across the Upper Hume region.	Achieved. Regional partnership initiatives: - Telehealth MOU - Collaboration for improved patient care MOU - Procurement MOU Active participation has occurred.
	Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal and the policy specifies a regular review schedule.	Review in response to monitoring, and as required redevelop, re-implement and communicate anti bullying and harassment strategy. (Formal review schedule for policy is November 2017) Include the monitoring and reporting process and visibility of data.	Achieved. Reporting occurs to OHS committee monthly. Data trended. Individual reviews of all incident reports and clinical reviews as required.

Domain	Action	Deliverables	Outcome
	Board and senior management ensure that an organisational wide occupational health and safety (OHS) risk management approach is in place which includes: (1) A focus on prevention and the strategies used to manage risks, including the regular review of these controls; (2) Strategies to improve reporting of OHS incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the board; and (3) Mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	Revise OHS management to ensure strong governance systems in place with appropriate reporting, consultation and feedback loops.	Achieved. Review of meeting documentation and improved system. Allied health assessment of work task/space for staff injuries or identified medical conditions where required. Hazard of the month commenced. Feedback through OHS minutes circulation and other correspondence.
	Implement and monitor workforce plans that: improve industrial relations; promote a learning culture; align with the Best Practice Clinical Learning Environment Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high-quality and safe person centred care.	Develop a workforce plan as part of strategic and service planning. Implement credentialing system.	Achieved. Informal planning occurred, inked to strategic and service plans that will be realised in 2017 - 2018. System implemented.
	Create a workforce culture that: (1) includes staff in decision making; (2) promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and (3) includes consumers and the community.	Undertake additional engagement opportunities between THS and the community it serves.	Achieved. Meeting with key community stakeholders. Strategy in place.

Domain	Action	Deliverables	Outcome
	Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resources practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse to children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	Review Victorian Child Safe Standards and work in partnership with other health agencies to develop or modify THS practices to meet the standards. Training of community support staff on the Victorian Child Safe standards and relevance to their work.	Achieved. Working Party and links with other health services established. Policy in place.
	Implement policies and procedures to ensure patient facing staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	Strengthen policy on staff vaccinations and promote actively to increase vaccination rates.	Achieved. An increase in rates.
Financial sustainability	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Develop a cash management strategy to ensure all cash management practices meet financial obligations and identify opportunities for further improvement.	Achieved. Discussions to be formalised in the strategy.
	Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Review the THS environmental management policy so that it clearly articulates practices that THS can enable to promote environmental sustainability.	Achieved. Plan reviewed and initiatives undertaken e.g. all lights now LED (light-emitting diode).

PART B – PERFORMANCE PRIORITIES

Safety and quality performance

Key performance indicator	Target	2016 - 2017 Result
Accreditation		
Compliance with NSQHS Standards Accreditation	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection Prevention and Control		
Compliance with Cleaning standards	Full compliance	Full compliance
Submission of infection surveillance data to VICNISS	Full compliance	Full compliance
Compliance with the Hand Hygiene Australia program	80%	89%
Percentage of healthcare workers immunised for influenza	75%	79%
Patient Experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive response	Full Compliance*
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive response	Full Compliance*
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive response	Full Compliance*

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

Cleaning standard measure	AQL target	Outcome
Overall compliance with standards	Full compliance	Achieved
Very high risk (Category A)	90 points	N/A
High risk (Category B)	85 points	Achieved
Moderate risk (Category C)	85 points	Achieved

[1] VICNISS is the Victorian Hospital Acquired Infection Surveillance System

Governance and leadership

Key performance indicator	Target	2016-2017 Result
People Matter Survey - percentage of staff with a positive response to safety culture questions	80%	90%

Financial sustainability performance

Key performance indicator	Target	2016-2017 Result
Finance		
Operating result ($)	0.00	$59,376
Trade creditors	< 60 days	37
Patient fee debtors	< 60 days	18
Asset management		
Asset management plan	Full compliance	Full compliance
Adjusted current asset ratio	0.7	1.00
Days of available cash	14 days	73.7 days

PART C – ACTIVITY AND FUNDING

Funding type	2016-2017 Activity Achievement
Small Rural	
Small Rural	
Small Rural Acute	1597
Small Rural Primary Health	717
Small Rural Residential Care	18441
Small Rural HACC	1010
Health Workforce	134

KEY PERFORMANCE INDICATORS

Admitted Patients	
PATIENTS	**ACUTE**
Public	50
Private	11
DVA	3
TAC	1
Worksafe	1
Total Separations	66
WIES Public	117
WIES Private	29
TOTAL WIES	146
Total Bed Days (excl. TCP)	1 139
Transition Care Patients (TCP) – Bed Days	543

Residential Care	
AGED CARE BED DAYS	
Permanent Care	14 839
Respite Care	1 735
Total Bed Days	16 574

Medical Centre	
VISIT SUMMARY	
Doctor	7 808
Nurse Practitioner	1 850
Practice Nurse	2 452
Diabetes Educator	606
Mental Health Practitioner	85
Total Visits	12 801

* Reporting on best available information.

Home & Community Care program*	
PROGRAM	**HOURS**
Domestic Assistance	217
Personal Care	97
Activity Groups	291
Property Maintenance	26
District Nursing	92
Assessment	40
Volunteer Social Support	18
Meals	4 (meals)

Commonwealth Home Support Program*	
PROGRAM	**HOURS**
Activity Groups	6 870
Domestic Assistance	2 633
Property Maintenance	75
Personal Care	68
Other Food Services	30
Social Support Individual	1 180
Respite Care	81
District Nursing	1 902
Home Modifications	4 clients
Meals	1 343

Volunteers	
REGISTERED VOLUNTEERS (as at 30 June)	**HOURS**
44	2 696

Note: Home & Community Care Program for Younger People – Provides services for people with disabilities and their carers. Commonwealth Home Support Program – an entry level home help program for older people who need assistance with daily tasks to live independently at home.

Staff Analysis

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2016	2017	2016	2017
Nursing (Acute & Aged Care)	41.45	41.31	40.77	40.41
Administration and Clerical	8.00	9.28	7.87	8.5
Medical Support	4.03	4.62	3.81	4.09
Hotel & Allied Services	20.23	20.50	21.05	21.27
Medical Officers	0	1	0	0.25
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	3.81	3.80	3.80	3.80
HACC & District Nursing	11.19	11.60	11.32	11.56
TOTAL	88.71	92.11	88.62	89.87

Application of Employment and Conduct Principles

Tallangatta Health Service is committed to the application of the employment and conduct principles and all employees have been correctly classified in workforce data collections.

TALLANGATTA HEALTH SERVICE SUMMARY OF FINANCIAL RESULTS FOR YEAR ENDING 30TH JUNE 2017

	2017 $	2016 $	2015 $	2014 $	2013 $
Total Revenue	9,755,765	9,609,313	9,744,223	8,960,037	8,324,192
Total Expenses	9,696,389	(9,301,539)	(9,409,918)	(9,252,558)	(8,626,243)
Other operating flows included in the Net result	7,391	(3,020)	(18,618)	(3,934)	6,304
Net Result for the Year	(601,116)	(371,242)	(250,629)	(732,623)	(1,212,205)
***Operating Result**	59,376	307,774	334,305	(292,521)	(302,051)
Total Assets	15,057,615	15,061,516	15,913,018	15,403,318	13,984,067
Total Liabilities	5,278,316	4,681,101	5,161,361	4,401,032	5,360,447
Net Assets	9,779,299	10,380,415	10,751,657	11,002,286	8,623,620
Total Equity	9,779,299	10,380,415	10,751,657	11,002,286	8,623,620

*The Operating result is the result for which the hospital is monitored in its Statement of Priorities also referred to as the *Net Result before capital and specific items.*

HIGHLIGHTS OF THE YEAR

Board Directors dined with Aged Care Residents

Review of Strategic Plan undertaken

Environmentally Sustainable Lighting replacement and upgrade throughout facility

Aboriginal Health Cultural Competency Audit

LGBTI audit undertaken

Activity Centre refurbishment and new consulting room

VMIA* risk management education for Board, Executive, and Team Managers

Child Safe Standards project

PROMPT* Operational Document IT system

Graduate Nurse program

System of food presentation and training for modified textures implemented

Telehealth MOU with Albury Wodonga Health

Permanent GPs appointed

Improved clinical equipment - Pegasus mattress system

Clinical Education unit established

Gerontology Nurse Practitioner appointed

Fire system upgrade – Stage 1

Community Health promotion - Breast Screen bus onsite / School program / Farm Expo

Clinical communication enhancement – Patient Communication Boards

Improved Finance system tools implemented

DHHS* literacy brochures project

“Living Our Values” - Shining Star awards commenced

Medical Centre Accreditation - achieved

OH&S - Hazard of the Month introduced through OH&S committee

OH&S – Boundary fencing continued to enhance safety system

Enhanced garden areas for resident experience

Victorian Workplace Achievement Program Register

People Matter Survey 64% increase in survey participants from last year

*VMIA is the Victorian Managed Insurance Authority, PROMPT is a computer data base system for documents, DHHS is Department of Health and Human Services

TALLANGATTA HEALTH SERVICE
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FINANCIAL REPORTS 2016 - 2017

www.tallangattahealthservice.com.au

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Tallangatta Health Service

Opinion	I have audited the financial report of Tallangatta Health Service (the health service) which comprises the: • balance sheet as at 30 June 2017 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including a summary of significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* 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 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	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 *Financial Management Act 1994*, 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. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
4 September 2017

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

TALLANGATTA HEALTH SERVICE

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2017 and the financial position of Tallangatta Health Service at 30 June 2017.

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

We authorise the attached financial statements for issue on this day.

R. Lees	***D. Parry***	***J. Polmear***
Board Member	***Accountable Officer***	***Chief Finance & Accounting Officer***
Tallangatta 31 August 2017	Tallangatta 31 August 2017	Tallangatta 31 August 2017

TALLANGATTA HEALTH SERVICE

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue from Operating Activities	2.1	9,624,843	9,471,843
Revenue from Non-Operating Activities	2.1	130,922	137,470
Employee Expenses	3.1	(7,737,399)	(7,261,859)
Non Salary Labour Costs	3.1	(466,508)	(502,464)
Supplies and Consumables	3.1	(310,543)	(298,415)
Other Expenses	3.1	(1,181,939)	(1,238,801)
Net result before capital & specific Items		**59,376**	**307,774**
Capital Purpose Income	2.1	387,440	465,318
Depreciation and Amortisation	4.4	(1,128,457)	(1,139,255)
Finance Costs	3.2	(1,402)	(2,059)
Net result after capital & specific Items		(683,043)	(368,222)
Other economic flows included in net result			
Net Gain/(Loss) on Non-Financial Assets	7.2	106	1,859
Revaluation of Long Service Leave	3.3(b)	7,285	(4,879)
Total other economic flows included in net result		7,391	(3,020)
NET RESULT FOR THE YEAR		**(675,652)**	**(371,242)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in Physical Asset Revaluation Surplus	8.1	74,536	-
Total other comprehensive income		**74,536**	**-**
Comprehensive result		**(601,116)**	**(371,242)**

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

TALLANGATTA HEALTH SERVICE

BALANCE SHEET AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	891,511	699,432
Receivables	5.1	200,419	198,456
Investments and Other Financial Assets	4.1	3,903,945	3,504,310
Prepayments	5.3	14,841	63,595
Total Current Assets		**5,010,716**	**4,465,793**
Non-Current Assets			
Receivables	5.1	188,510	207,265
Property, Plant and Equipment	4.3	9,808,728	10,361,607
Intangible Assets	4.5	49,661	26,851
Total Non-Current Assets		**10,046,899**	**10,595,723**
TOTAL ASSETS		**15,057,615**	**15,061,516**
LIABILITIES			
Current Liabilities			
Payables	5.4	763,759	875,700
Borrowings	6.1	20,301	23,130
Provisions	3.3	1,611,497	1,550,897
Other Current Liabilities	5.2	2,721,497	2,058,229
Total Current Liabilities		**5,117,054**	**4,507,956**
Non-Current Liabilities			
Borrowings	6.1	23,009	27,755
Provisions	3.3	138,253	145,390
Total Non-Current Liabilities		**161,262**	**173,145**
TOTAL LIABILITIES		**5,278,316**	**4,681,101**
NET ASSETS		**9,779,299**	**10,380,415**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	8.1(a)	9,610,774	9,536,238
Restricted Specific Purpose Surplus	8.1(b)	765,535	864,780
Contributed Capital	8.1(c)	7,420,722	7,420,722
Accumulated Deficits	8.1(d)	(8,017,732)	(7,441,325)
TOTAL EQUITY		**9,779,299**	**10,380,415**
Contingent Assets and Contingent Liabilities	7.3		
Commitments for Expenditure	6.3		

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

TALLANGATTA HEALTH SERVICE

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Property, Plant and Equipment Revaluation Surplus $	Restricted Specific Purpose Reserve $	Contributed Capital $	Accumulated Deficits $	Total $
Balance at 1 July 2015		**9,536,238**	**1,142,405**	**7,420,722**	**(7,347,708)**	**10,751,657**
Net Result for the year		-	-	-	(371,242)	(371,242)
Transfer to Accumulated Deficit		-	(277,625)	-	277,625	-
Other Comprehensive Income for the year		-	-	-	-	-
Balance at 30 June 2016	**8.1**	**9,536,238**	**864,780**	**7,420,722**	**(7,441,325)**	**10,380,415**
Net Result for the year		-	-	-	(675,652)	(675,652)
Transfer to Accumulated Deficit		-	(99,245)	-	99,245	-
Other Comprehensive Income for the year		74,536	-	-	-	74,536
Balance at 30 June 2017	**8.1**	**9,610,774**	**765,535**	**7,420,722**	**(8,017,732)**	**9,779,299**

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

TALLANGATTA HEALTH SERVICE
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		7,514,690	7,077,484
Capital Grants from Government		369,787	431,356
Patient and Resident Fees Received		1,160,017	1,158,702
Interest Received		136,531	136,979
Donations and Bequests Received		-	571
Capital Donations and Bequests Received		17,653	33,962
Other Receipts		1,065,792	1,170,201
GST Received from/(Paid to) ATO		146,250	235,959
Total receipts		**10,410,720**	**10,245,214**
Employee Expenses Paid		(7,676,651)	(7,445,053)
Non-Salary Labour Costs		(466,508)	(502,464)
Payments for Supplies and Consumables		(310,543)	(298,415)
Finance Costs		(1,402)	(2,059)
Other Payments		(1,495,849)	(1,368,951)
Total payments		**(9,950,953)**	**(9,616,942)**
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.2	**459,767**	**628,272**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(531,473)	(216,061)
Proceeds from Sale of Non-Financial Assets		7,727	13,500
Purchase of Investments		-	(1,170,423)
Proceeds from Sale of Investments		263,633	-
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(260,113)**	**(1,372,984)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(Repayment) of Borrowings		(7,575)	17,990
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**(7,575)**	**17,990**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**192,079**	**(726,722)**
Cash and Cash Equivalents at Beginning of Financial Year		699,432	1,426,154
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**891,511**	**699,432**

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

Basis of Presentation

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Tallangatta Health Service for the year ending 30 June 2017. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are a general purpose financial report which have been prepared in accordance with the Financial Management Act 1994 and applicable AASBs which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

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

The annual financial statements were authorised for issue by the Board of the Health Service on August 31, 2017

(b) Reporting Entity

The financial statements include all the controlled activities of Tallangatta Health Service. Its principal address is:
Barree Street
Tallangatta, Victoria, 3700

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

Objectives and funding

Tallangatta Health Service's overall objective is to make the greatest possible positive impact on our community's health, as well as improve the quality of life to Victorians.

Tallangatta Health Service is predominantly funded by accrual based grant funding for the provision of outputs.

Note 1: Summary of Significant Accounting Policies (Cont.)

(c) Basis of Accounting Preparation and Measurement

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

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

The going concern basis was used to prepare the financial statements.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for:

- non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;

- The fair value of assets other than land is generally based on their depreciated replacement value.

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

(d) Principles of Consolidation

These statements are presented on a consolidated basis in accordance with AASB 10 *Consolidated Financial Statements*:

- The consolidated financial statements of Tallangatta Health Service include all reporting entities controlled by Tallangatta Health Service as at 30 June 2017; and
- The consolidated financial statements exclude bodies of Tallangatta Health Service that are not controlled by Tallangatta Health Service, and therefore are not consolidated.
- Control exists when Tallangatta Health Service has the power to govern the financial and operating policies of a Health Service so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the jointly controlled entities listed in note 4.2.
- The parent entity is not shown separately in the notes.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Intersegment Transactions

Transactions between segments within the Tallangatta Health Service have been eliminated to reflect the extent of the Health Service's operations as a group.

Note 2: Funding Delivery of Our Services

Tallangatta Health Service's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

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

Structure
2.1 Analysis of revenue by source

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2017 $	RAC 2017 $	Aged Care 2017 $	Primary Health 2017 $	Other 2017 $	Total 2017 $
Government Grant	3,302,924	3,212,854	694,393	217,016	-	7,427,187
Indirect Contributions by Department of Health and Human Services	(2,734)	(3,477)	(2,548)	48	-	(8,711)
Patient and Resident Fees	62,519	1,069,456	-	-	-	1,131,975
Medical Centre Income	-	-	-	-	489,907	489,907
Other Revenue from Operating Activities	282,857	18,223	227,406	40,614	15,385	584,485
Total Revenue from Operating Activities	**3,645,566**	**4,297,056**	**919,251**	**257,678**	**505,292**	**9,624,843**
Interest	4,992	112,147	8,381	2,509	2,893	130,922
Total Revenue from Non-Operating Activities	**4,992**	**112,147**	**8,381**	**2,509**	**2,893**	**130,922**
Capital Purpose Income (excluding interest)	387,440	-	-	-	-	387,440
Total Capital Purpose Income	**387,440**	**-**	**-**	**-**	**-**	**387,440**
Total Revenue	**4,037,998**	**4,409,203**	**927,632**	**260,187**	**508,185**	**10,143,205**

	Admitted Patients 2016 $	RAC 2016 $	Aged Care 2016 $	Primary Health 2016 $	Other 2016 $	Total 2016 $
Government Grants	3,164,272	3,064,387	661,791	220,074	-	7,110,524
Indirect Contributions by Department of Health and Human Services	(1,054)	680	(1,155)	904	-	(625)
Patient and Resident Fees	65,712	1,085,159	-	-	-	1,150,871
Donations and Bequests (Non-Capital)	3	11	354	202	1	571
Medical Centre Income	-	-	-	-	530,786	530,786
Other Revenue from Operating Activities	288,247	38,400	235,933	36,886	80,250	679,716
Total Revenue from Operating Activities	**3,517,180**	**4,188,637**	**896,923**	**258,066**	**611,037**	**9,471,843**
Interest	4,929	119,413	7,914	2,609	2,605	137,470
Total Revenue from Non-Operating Activities	**4,929**	**119,413**	**7,914**	**2,609**	**2,605**	**137,470**
Capital Purpose Income (excluding interest)	465,318	-	-	-	-	465,318
Total Capital Purpose Income	**465,318**	**-**	**-**	**-**	**-**	**465,318**
Total Revenue	**3,987,427**	**4,308,050**	**904,837**	**260,675**	**613,642**	**10,074,631**

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.

Note 2.1: Analysis of Revenue by Source (Cont.)

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

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

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

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

Indirect Contributions from the Department of Health and Human Services
• Insurance is recognised as revenue following advice from the Department of Health and Human Services.
• Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017 (update for 2016-17).

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

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

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

Sale of investments
The gain/loss on the sale of investments is recognised when the investment is realised.

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

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

• Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

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

• Primary, Community and Dental Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

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

• Other Services not reported elsewhere - (Other) comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Note 3: The Cost of Delivering Services

This section provides an account of the expenses incurred by the Tallangatta 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 costs associated with provision of services are recorded.

Structure

3.1 Analysis of expenses by source
3.2 Finance costs
3.3 Employee benefits in the balance sheet
3.4 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2017 $	RAC 2017 $	Aged Care 2017 $	Primary Health 2017 $	Other 2017 $	Total 2017 $
Employee Expenses	1,017,429	4,594,548	1,102,704	498,631	524,087	7,737,399
Non-Salary Labour Costs	42,744	32,778	2,133	2,065	386,788	466,508
Supplies and Consumables	46,842	218,672	37,419	660	6,950	310,543
Other Expenses	244,670	585,561	192,682	76,867	82,159	1,181,939
Total Expenditure from Operating Activities	**1,351,685**	**5,431,559**	**1,334,938**	**578,223**	**999,984**	**9,696,389**
Finance Costs (refer Note 3.2)	1,402	-	-	-	-	1,402
Depreciation and Amortisation (refer Note 4.4)	640,117	488,340	-	-	-	1,128,457
Total Other Expenses	**641,519**	**488,340**	**-**	**-**	**-**	**1,129,859**
Total Expenses	**1,993,204**	**5,919,899**	**1,334,938**	**578,223**	**999,984**	**10,826,248**

	Admitted Patients 2016 $	RAC 2016 $	Aged Care 2016 $	Primary Health 2016 $	Other 2016 $	Total 2016 $
Employee Expenses	922,402	4,432,272	1,027,056	436,337	443,792	7,261,859
Non-Salary Labour Costs	11,239	19,163	4,372	2,999	464,691	502,464
Supplies and Consumables	43,296	220,700	26,871	2,488	5,060	298,415
Other Expenses	289,850	566,244	182,751	76,596	123,360	1,238,801
Total Expenditure from Operating Activities	**1,266,787**	**5,238,379**	**1,241,050**	**518,420**	**1,036,903**	**9,301,539**
Finance Costs (refer Note 3.2)	2,059	-	-	-	-	2,059
Depreciation and Amortisation (refer Note 4.4)	647,509	491,746	-	-	-	1,139,255
Total Other Expenses	**649,568**	**491,746**	**-**	**-**	**-**	**1,141,314**
Total Expenses	**1,916,355**	**5,730,125**	**1,241,050**	**518,420**	**1,036,903**	**10,442,853**

Note 3.1: Analysis of Expenses by Source (Cont.)

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

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

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

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

Bad and doubtful debts
Refer to Note 4.1 *Investments and other financial assets*.

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

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

Revaluation gains/(losses) of non-financial assets
Refer to Note 4.3 *Property plant and equipment*

Net gain/(loss) on financial instruments
Net gain/(loss) on financial instruments includes:
- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 *Investments and other financial assets*; and
- disposals of financial assets and derecognition of financial liabilities

Other gains/ (losses) from other economic flows
Other gains/ (losses) include:
a. the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
b. transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Note 3.2: Finance Costs

	2017 $	2016 $
Finance Charges on Finance Leases (i)	1,402	2,059
Total Finance Costs	**1,402**	**2,059**

(i) All of the balance 'interest on finance leases' related to assets contracted via the Hume Rural Health Alliance joint operation.

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

Finance costs include:
– finance charges in respect of finance leases recognised in accordance with AASB 117 Leases.

Note 3.3: Employee Benefits in the Balance Sheet

	2017 $	2016 $
CURRENT		
Current Provisions		
Annual Leave		
-Unconditional and expected to be settled within 12 months	479,867	489,558
-Unconditional and expected to be settled after 12 months	78,417	82,461
Long Service Leave		
-Unconditional and expected to be settled within 12 months	116,866	86,743
-Unconditional and expected to be settled after 12 months	666,033	643,336
Accrued Salaries and Wages		
-Unconditional and expected to be settled within 12 months	102,770	93,481
Accrued Days Off		
-Unconditional and expected to be settled within 12 months	9,156	2,886
	1,453,109	1,398,465
Provisions Related to Employee Benefit On-Costs		
-Unconditional and expected to be settled within 12 months	77,243	73,321
-Unconditional and expected to be settled after 12 months	81,145	79,111
	158,388	152,432
Total Current Provision	**1,611,497**	**1,550,897**
Non-Current Provisions		
-Conditional Long Service Leave Entitlements	124,665	131,100
-Provisions related to Employee Benefit On-Costs	13,588	14,290
Total Non-Current Provisions	**138,253**	**145,390**
Total Provisions	**1,749,750**	**1,696,287**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	868,235	809,657
Annual Leave Entitlement	619,136	634,369
Accrued Wages and Salaries	113,972	103,670
Accrued Days Off	10,154	3,201
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	138,253	145,390
Total Employee Benefits and Related On-Costs	**1,749,750**	**1,696,287**
(b) Movement in Long Service Leave		
Carrying amount at start of year	955,047	937,829
Provision made during the year		
- Revaluations	(7,285)	4,879
- Expense recognising employee service	143,543	171,845
Settlement made during the year	(84,817)	(159,506)
Carrying amount at end of year	**1,006,488**	**955,047**

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Note 3.3: Employee Benefits in the Balance Sheet (Cont.)

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

Wages and salaries, annual leave, sick leave and accrued days off
Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:
- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

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

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

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

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

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

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

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

Note 3.4: Superannuation

The name and details of major employee superannuation funds and contributions made by the Health Service are as follows:

	2017 $	2016 $
Contributions Paid or Payable for the year:		
Defined Contribution Plans		
Health Super	437,714	400,547
Hesta	183,928	187,602
Other	-	10,860
Total	621,642	599,009

Employees of the Health Service are entitled to receive superannuation benefits and Tallangatta Health Service contributes to defined contribution plans.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service.

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.

The name and details of the major employee superannuation funds and contributions made by Tallangatta Health Service are disclosed above.

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 health service to be utilised for delivery of those outputs.

Structure

4.1 Investments and other financial assets
4.2 Jointly controlled operations and assets
4.3 Property, plant and equipment
4.4 Depreciation and amortisation
4.5 Intangible assets

Note 4.1: Investments and Other Financial Assets

	2017 $	2016 $
Current		
Receivables		
Australian Dollar Term Deposits	3,903,945	3,504,310
Total Investments and Other Financial Assets	**3,903,945**	**3,504,310**
Represented by:		
Health Service Investments	1,182,448	1,446,081
Accommodation Bonds (Refundable Entrance Fees)	2,721,497	2,058,229
Total Investments and Other Financial Assets	**3,903,945**	**3,504,310**

(a) Ageing of Investments and Other Financial Assets
Please refer to Note 7.1(c) for the ageing analysis of Investments and Other Financial Assets

(b) Nature and Extent of Risk Arising from Investments and Other Financial Assets
Please refer to Note 7.1(c) for the nature and extent of credit risk arising from Investments and Other Financial Assets

Investments and Other Financial Assets
Hospital investments must be in accordance in Standing Direction 3.7.2 – Treasury and Investment Risk Management. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:
- financial assets at fair value through profit or loss;
- held-to-maturity;
- loans and receivables; and
- available-for-sale financial assets.

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

Tallangatta Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment.

Derecognition of financial assets

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

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

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

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

Note 4.2: Jointly Controlled Operations and Assets

Interest in Jointly Controlled Operations	Principal Activity	Ownership Interest 2017 %	Ownership Interest 2016 %
Hume Rural Health Alliance (HRHA)	Information Technology	3.12%	3.07%

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

	2017 $	2016 $
Current Assets		
Cash and Cash Equivalents	112,974	58,610
Receivables	81,360	28,923
Prepayments	4,281	2,298
Total Current Assets	198,615	89,831
Non-Current Assets		
Property, Plant and Equipment	43,737	51,464
Intangible Assets	49,661	26,851
Total Non-Current Assets	93,398	78,315
Total Assets	292,013	168,146
Current Liabilities		
Payables	15,388	16,374
Lease Liabilities	20,301	23,130
Total Current Liabilities	35,689	39,504
Non-Current Liabilities		
Lease Liabilities	23,009	27,755
Total Non-Current Liabilities	23,009	27,755
Share of Total Liabilities	58,698	67,259
Net Share of Joint Operation Assets	233,315	100,887

The Health Service interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

Revenues		
Revenue from Operating Activities	169,051	277,345
Revenue from Non-Operating Activities	466	442
Capital Purpose Income	124,800	29,150
Total Revenue	294,317	306,937
Expenses		
Employee Benefits	53,184	58,154
Other Administration Expenses	181,168	188,853
Depreciation and Amortisation	27,938	27,234
Finance Charges	1,402	2,059
Total Expenses	263,692	276,300
Net Result	30,625	30,637

Note 4.3: Property, Plant and Equipment

	2017 $	2016 $
(a) Gross carrying amount and accumulated depreciation		
Land		
Land at Fair Value	373,536	299,000
Land Improvements at Fair Value	276,276	231,909
Less Accumulated Depreciation	33,778	22,389
	242,498	209,520
Total Land	616,034	508,520
Buildings		
Buildings at Fair Value	10,665,773	10,601,416
Less Accumulated Depreciation	2,618,656	1,740,882
	8,047,117	8,860,534
Buildings Under Construction at Cost	351,489	35,975
Total Buildings	8,398,606	8,896,509
Plant and Equipment		
Plant and Equipment at Fair Value	2,433,392	2,845,599
Less Accumulated Depreciation	1,794,861	2,082,876
Total Plant and Equipment	638,531	762,723
Medical Equipment		
Medical Equipment at Fair Value	494,071	494,071
Less Accumulated Depreciation	381,824	351,100
Total Medical Equipment	112,247	142,971
Leased Assets		
Plant and Equipment at Cost	90,487	100,088
Less Accumulated Amorstisation	47,177	49,204
Total Leased Assets	43,310	50,884
TOTAL PROPERTY, PLANT AND EQUIPMENT	**9,808,728**	**10,361,607**

Note 4.3: Property, Plant and Equipment (Cont.)

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

	Land	Land Improvements	Buildings	Plant & Equipment	Medical Equipment	Leased Assets	Total
	$	$	$	$	$	$	$
Balance at 1 July 2015	299,000	220,818	9,674,578	924,797	151,490	32,895	11,303,578
Additions	-	-	98,033	70,441	18,392	20,504	207,370
Disposals	-	-	-	(11,641)	-	-	(11,641)
Depreciation Expense (Note 4)	-	(11,298)	(876,102)	(220,874)	(26,911)	(2,515)	(1,137,700)
Balance at 1 July 2016	**299,000**	**209,520**	**8,896,509**	**762,723**	**142,971**	**50,884**	**10,361,607**
Additions	-	44,367	379,871	82,844	-	-	507,082
Disposals	-	-	-	(7,621)	-	-	(7,621)
Revaluation Increment	74,536	-	-	-	-	-	74,536
Depreciation Expense (Note 4)	-	(11,389)	(877,774)	(199,415)	(30,724)	(7,574)	(1,126,876)
Balance at 30 June 2017	**373,536**	**242,498**	**8,398,606**	**638,531**	**112,247**	**43,310**	**9,808,728**

Land and buildings carried at valuation
An independent valuation of the Health Service's property, plant and equipment was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation was 30 June 2014.

A fair value assessment was undertaken during the financial year and indicated material changes in values. A managerial valuation was then performed as at 30 June 2017.

(c) Fair value measurement hierarchy of assets

As at 30 June 2017	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value (ii)				
Non-specialised land	78,705	-	78,705	-
Specialised land	537,329	-	-	537,329
Total of land at fair value	**616,034**	**-**	**78,705**	**537,329**
Buildings at fair value (ii)				
Non-specialised buildings	113,200	-	113,200	-
Specialised buildings	8,285,406	-	-	8,285,406
Total of buildings at fair value	**8,398,606**	**-**	**113,200**	**8,285,406**
Plant and equipment at fair value				
- Vehicles at depreciated replacement cost	146,627	-	-	146,627
- Plant and equipment at depreciated replacement cost	491,904	-	-	491,904
Total of plant, equipment and vehicles at fair value	**638,531**	**-**	**-**	**638,531**
Total medical equipment at fair value	**112,247**	**-**	**-**	**112,247**
	9,765,418	**-**	**191,905**	**9,573,513**

As at 30 June 2016	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value (ii)				
Non-specialised land	63,000	-	63,000	-
Specialised land	445,520	-	-	445,520
Total of land at fair value	**508,520**	**-**	**63,000**	**445,520**
Buildings at fair value (ii)				
Non-specialised buildings	117,800	-	117,800	-
Specialised buildings	8,778,709	-	-	8,778,709
Total of buildings at fair value	**8,896,509**	**-**	**117,800**	**8,778,709**
Plant and equipment at fair value				
- Vehicles at depreciated replacement cost	148,676	-	-	148,676
- Plant and equipment at depreciated replacement cost	614,047	-	-	614,047
Total of plant, equipment and vehicles at fair value	**762,723**	**-**	**-**	**762,723**
Total medical equipment at fair value	**142,971**	**-**	**-**	**142,971**
	10,310,723	**-**	**180,800**	**10,129,923**

Note
(i) Classified in accordance with the fair value hierarchy, see Note 4.3

(ii) A full revaluation normally occurs every 5 years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values.

There have been no transfers between levels during the period (2016: nil).

Note 4.3: Property, Plant and Equipment (Cont.)

Consistent with AASB 13 Fair Value Measurement, Tallangatta Health Service determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, Tallangatta Health Service has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

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

The Valuer-General Victoria (VGV) is Tallangatta Health Service's independent valuation agency. Tallangatta Health Service, in conjunction with VGV [and other external valuers, if applicable] monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 7.1);
- superannuation expense (refer to Note 3.4) and;
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3)

Fair value measurement

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

- that the transaction to sell the asset or transfer the liability takes place either in the principal market (or the most advantageous market, in the absence of the principal market), either of which must be accessible to the Health Service at the measurement date;
- that the Health Service uses the same valuation assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.
In considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with Health Services. Health Services and their valuers therefore need to have a shared understanding of the circumstances of the assets. A Health Service has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.
In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.
Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:
External factors:

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

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

Note 4.3: Property, Plant and Equipment (Cont.)

(d) Reconciliation of Level 3 fair value

2017	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment
Opening Balance	445,520	8,778,709	762,723	142,971
Purchases (sales)	44,367	379,871	75,223	-
Gains or losses recognised in net result				
- Depreciation	(11,389)	(873,174)	(199,415)	(30,724)
Subtotal	478,498	8,285,406	638,531	112,247
Items recognised in other comprehensive income				
- Revaluation	58,831	-	-	-
Closing Balance	537,329	8,285,406	638,531	112,247
2016				
Opening Balance	456,818	9,552,178	762,723	151,490
Purchases (sales)	11,298	876,102	220,874	18,392
Gains or losses recognised in net result				
- Depreciation	(11,298)	(876,102)	(220,874)	(26,911)
Subtotal	456,818	9,552,178	762,723	142,971
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Closing Balance	445,520	8,778,709	762,723	142,971

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

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

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

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

Specialised land and specialised buildings
The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the asset 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 permissable and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets. For the Health Services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Tallangatta Health Services' specialised land and specialised buildings was performed by the Valuer-General Victoria effective from 30 June 2014 with a managerial valuation performed effective 30 June 2017 due to indicators of a material change in fair value. The valuation was performed using the market approach adjusted for CSO.

Vehicles
Tallangatta Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Tallangatta 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
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 2017.

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

Note 4.3: Property, Plant and Equipment (Cont.)

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

	Valuation technique	Significant unobservable inputs
Specialised land		
Baree Street	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings		
Hospital Complex and Nursing Home	Depreciated replacement cost	Direct cost per square metre
Community Health Centres		Useful life of specialised buildings
Plant and equipment at fair value		
- Plant - Non Medical Equipment - Computers and Communication - Furniture and Fittings	Depreciated replacement cost	Useful life of PPE
Medical equipment at fair value		
	Depreciated replacement cost	Useful life of PPE

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 4.3 Property, Plant and Equipment.

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

Plant, Equipment and Vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

Revaluations of Non-Current Physical Assets
Non-current physical assets measured at fair value are revalued in accordance with FRD103F 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 value and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that 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 property, plant & equipment revaluation surplus in respect of the same class of assets.

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 are normally not transferred to accumulated funds on derecognition of the relevant asset.

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

Note 4.4: Depreciation and Amortisation

	2017 $	2016 $
Depreciation		
Buildings	877,774	876,102
Plant and Equipment	199,415	220,874
Medical Equipment	30,724	26,911
Land Improvements	11,389	11,298
Leased Assets	7,574	2,515
Total Depreciation	**1,126,876**	**1,137,700**
Amortisation		
Intangible Assets	1,581	1,555
Total Amortisation	**1,581**	**1,555**
Total Depreciation and Amortisation	**1,128,457**	**1,139,255**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health & Human Services.

Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2017	2016
Buildings		
- Structure Shell Building Fabric	Up to 60 years	Up to 60 years
- Site Engineering Services and Central Plant	Up to 30 years	Up to 30 years
Central Plant		
- Fit Out	Up to 30 years	Up to 30 years
- Trunk Reticulated Building Systems	Up to 40 years	Up to 40 years
Plant & Equipment	Up to 15 years	Up to 15 years
Medical Equipment	Up to 15 years	Up to 15 years
Computers & Communications	Up to 15 years	Up to 15 years
Furniture & Fittings	Up to 15 years	Up to 15 years
Motor Vehicles	Up to 7 years	Up to 7 years
Leasehold Improvements	Up to 10 years	Up to 10 years

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

Note 4.5: Intangible Assets

	2017	2016
	$	$
CURRENT		
Intangible assets - Hume Alliance joint operation	54,140	29,703
Less Accumulated Amortisation	4,479	2,852
	49,661	**26,851**
Reconciliation of the carrying amounts of intangible assets		
Balance at beginning of year	26,851	19,715
Additions	24,391	8,691
Amortisation (i)	(1,581)	(1,555)
Balance at end of year	**49,661**	**26,851**

(i) The consumption of separately acquired intangible assets is included in the amortisation line item, where the consumpiton of internally generated intangible assets is inlcuded in net gain/(loss) on on non-financial assets line item on the comprehensive operating statement.

Intangible assets
Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and 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.

When the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:
a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b. an intention to complete the intangible asset and use or sell it;
c. the ability to use or sell the intangible asset;
d. the intangible asset will generate probable future economic benefits;
e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible produced assets with finite lives are depreciated as an expense on a systematic basis over the asset's useful life.

Amortisation
Amortisation is allocated to intangible non-produced assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The consumption of intangible non-produced assets with finite useful lives is classified as amortisation.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying amount exceeds its recoverable amount.

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 Other liabilities
5.3 Prepayments and other assets
5.4 Payables

Note 5.1: Receivables

	2017 $	2016 $
CURRENT		
Contractual		
Inter Hospital Debtors	9,205	13,621
Trade Debtors	138,580	69,945
Patient Fees	38,073	68,644
Deposits	-	4,300
Accrued Revenue	6,352	3,823
Accrued Investment Income	22,460	28,069
Less Allowance for Doubtful Debts		
Patient Fees	(11,476)	(7,087)
	203,194	181,315
Statutory		
GST Receivable	(2,775)	17,141
	(2,775)	17,141
TOTAL CURRENT RECEIVABLES	**200,419**	**198,456**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health & Human Services	188,510	207,265
TOTAL NON-CURRENT RECEIVABLES	**188,510**	**207,265**
TOTAL RECEIVABLES	**388,929**	**405,721**
(a) Movement in the Allowance for Doubtful Debts		
Balance at beginning of year	7,087	4,600
Increase/(decrease) in Allowance recognised in net result	4,389	2,487
Balance at end of year	11,476	7,087

(b) Ageing of Receivables
Please refer to Note 7.1(c) for the ageing analysis of contractual receivables

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

Receivables consist of:
- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax
- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, and accrued investment income

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

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

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

Note 5.2: Other Liabilities

	2017 $	2016 $
CURRENT		
Monies Held in Trust - Accommodation Bonds (Refundable Entrance Fees)	2,721,497	2,058,229
Total	**2,721,497**	**2,058,229**
Represented by:		
Term deposits (refer to Note 4.1)	2,721,497	2,058,229
Total	**2,721,497**	**2,058,229**

Monies held in trust have been presented as a current liability as the Health Service does not have an unconditional right to defer settlement for at least 12 months.

Note 5.3: Prepayments

	2017 $	2016 $
CURRENT		
Prepayments	14,841	63,595
Total Other Assets	**14,841**	**63,595**

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

Note 5.4: Payables

	2017 $	2016 $
CURRENT		
Contractual		
Trade Creditors (i)	127,797	271,286
Income in Advance	28,931	61,600
Accrued Expenses	46,971	51,502
	203,699	384,388
Statutory		
Department of Health and Human Services (ii)	560,060	491,312
	560,060	491,312
TOTAL PAYABLES	**763,759**	**875,700**

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

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

(a) Maturity analysis of payables
Please refer to Note 7.1(d) for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables
Please refer to Note 7.1(d) for the nature and extent of risks arising from contractual payables

Payables
Payables consist of:
- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the health service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Note 6: How We Finance Our Operations

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

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

Structure
6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Note 6.1: Borrowings

	2017 $	2016 $
CURRENT		
Finance Lease Liability (i)	20,301	23,130
Total Current	20,301	23,130
NON-CURRENT		
Finance Lease Liability (i)	23,009	27,755
Total Non-Current	23,009	27,755
TOTAL BORROWINGS	**43,310**	**50,885**

(i) Tallangatta Health's share of finance lease liabilities undertaken by the HRHA joint arrangement. These liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(a) Maturity analysis of borrowings
Please refer to Note 7.1(d) for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings
Please refer to Note 7.1(d) for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches
During the current and prior year, HRHA have not reported any defaults and breaches of any of the borrowings.

(i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
(ii) Finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 6.3.

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. All other leases are classified as operating leases.

Finance Leases

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating Leases

Entity as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

Note 6.2: Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts

	2017 $	2016 $
Cash on Hand	500	500
Cash at Bank	745,086	246,514
Short Term Money Market	145,925	452,418
Total Cash and Cash Equivalents	**891,511**	**699,432**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	891,511	699,432
Total Cash and Cash Equivalents	**891,511**	**699,432**

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 and are subject to insignificant risk of changes in value.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

Note 6.3: Commitments for Expenditure

	2017 $	2016 $
(a) Commitments other than public private partnerships		
Capital Expenditure Commitments	-	-
Operating Lease Commitments		
Operating leases relate to computers with lease terms of three to five years and photocopiers with lease terms of 5 years:		
Not longer than one year	13,194	20,615
Longer than one year but not longer than five years	24,125	37,319
Total Operating Lease Commitments	37,319	57,934
Total Lease Commitments	37,319	57,934

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

Note 7: Risks, Contingencies & Valuation Uncertainties

Introduction

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

Structure

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

Note 7.1: Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Health Service's principal financial instruments comprise of:
- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Finance Lease Payables
- Accommodation Bonds

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its financial risk management policy.

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Health Service.

The main purpose in holding financial instruments is to prudentially manage the Health Service financial risks within the government policy parameters.

(a) Categorisation of Financial Instruments

	Financial Assets Loans and Receivables		Financial Liabilities at Amortised Cost		Carrying Amount	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Contractual Financial Assets						
Cash and Cash Equivalents	891,511	699,432	-	-	891,511	699,432
Receivables						
- Trade Debtors	136,309	76,479	-	-	136,309	76,479
- Other Receivables	66,885	104,836	-	-	66,885	104,836
Other Financial Assets - Term Deposit	3,903,945	3,504,310	-	-	3,903,945	3,504,310
Total Financial Assets	**4,998,650**	**4,385,057**	**-**	**-**	**4,998,650**	**4,385,057**
Financial Liabilities						
Payables	-	-	203,699	384,388	203,699	384,388
Borrowings			43,310	50,885	43,310	50,885
Accommodation Bonds	-	-	2,721,497	2,058,229	2,721,497	2,058,229
Total Financial Liabilities	**-**	**-**	**2,968,506**	**2,493,502**	**2,968,506**	**2,493,502**

(b) Net Holding Gain / (Loss) on Financial Instruments by Category.

No net holding gain or loss was made in respect of any of the above categories of financial instruments with the exception of interest revenue which is disclosed in Note 2.1 and interest expense on finance leases which is disclosed in Note 3.2.

Note 7.1: Financial Instruments (Cont.)

(c) Credit Risk
Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets as listed in the table below. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to deal where possible with entities with high credit ratings. Trade and Other receivables that are not either past due nor impaired are considered to be of high credit quality.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets as recorded in the financial statements, net of any allowance for losses, represents Tallangattal Health's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

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

	Financial Institutions (AA- Credit Rating) $	Other $	Total $
2017			
Financial Assets			
Cash and Cash Equivalents	891,011	500	891,511
Receivables			
- Trade Debtors	-	136,309	136,309
- Other Receivables	-	66,885	66,885
Other Financial Assets - Term Deposit	3,903,945	-	3,903,945
Total Financial Assets	4,794,956	203,694	4,998,650
2016			
Financial Assets			
Cash and Cash Equivalents	698,932	500	699,432
Receivables			
- Trade Debtors	-	76,479	76,479
- Other Receivables	-	104,836	104,836
Other Financial Assets - Term Deposit	3,504,310	-	3,504,310
Total Financial Assets	4,203,242	181,815	4,385,057

Ageing analysis of financial assets as at 30 June

			Past Due But Not Impaired				
	Carrying Amount $	Not Past Due And Not Impaired $	Less than 1 Month $	1-3 Months $	3 Months - 1 Year $	1-5 Years $	Impaired Financial Assets $
2017							
Financial Assets							
Cash and Cash Equivalents	891,511	891,511	-	-	-	-	-
Receivables							
- Trade Debtors	136,309	96,537	13,105	14,373	12,294	-	-
- Other Receivables	66,885	49,261	5,183	8	957	-	11,476
Other Financial Assets - Term Deposit	3,903,945	3,903,945	-	-	-	-	-
Total Financial Assets	4,998,650	4,941,254	18,288	14,381	13,251	-	11,476
2016							
Financial Assets							
Cash and Cash Equivalents	699,432	699,432	-	-	-	-	-
Receivables							
- Trade Debtors	76,479	76,479	-	-	-	-	-
- Other Receivables	104,836	84,698	-	4,315	8,736	-	7,087
Other Financial Assets - Term Deposit	3,504,310	3,504,310	-	-	-	-	-
Total Financial Assets	4,385,057	4,364,919	-	4,315	8,736	-	7,087

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. The Health Service does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

Note 7.1: Financial Instruments (Cont.)

(d) Liquidity Risk
Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk by monitoring forecast cash flows and ensuring that liquid assets are available.

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

Maturity Analysis of Financial Liabilities as at 30 June

			Maturity Dates				
	Carrying Amount	Contractual Cash Flows	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
2017	$	$	$	$	$	$	$
Payables	203,699	203,699	203,699	-	-	-	-
Borrowings	43,310	43,310	1,928	3,856	14,517	23,009	-
Other Financial Liabilities							
- Accommodation Bonds	2,721,497	2,721,497	-	2,721,497	-	-	-
Total Financial Liabilities	2,968,506	2,968,506	205,627	2,725,353	14,517	23,009	-
2016							
Payables	384,388	384,388	384,388	-	-	-	-
Borrowings	50,885	50,885	1,928	3,856	17,346	27,755	-
Other Financial Liabilities							
- Accommodation Bonds	2,058,229	2,058,229	-	2,058,229	-	-	-
Total Financial Liabilities	2,493,502	2,493,502	386,316	2,062,085	17,346	27,755	-

(e) Market Risk
The Health Service's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed below.

Currency Risk
The Health Service has no exposure to foreign currency risk.

Interest Rate Risk
Exposure to interest rate risk might arise primarily through the Health Service's interest bearing assets and liabilities. The Health Service currently has no interest bearing liabilities and is unlikely to have any into the future as interest bearing liabilities can only be entered into with the approval of the Department of Treasury and Finance.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Health Service has minimal exposure to cash flow interest rate risks through its cash and term deposits that are at a floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movement in interest rates on a daily basis.

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Interest Rates		Interest Rate Exposure		
		Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
2017	%	$	$	$	$
Financial Assets					
Cash and Cash Equivalents	1.00	891,511	-	891,011	500
Trade Debtors	0.00	136,309	-	-	136,309
Other Receivables	0.00	66,885	-	-	66,885
Other Financial Assets - Term Deposit	2.54	3,903,945	3,903,945	-	-
		4,998,650	3,903,945	891,011	203,694
Financial Liabilities					
Payables	0.00	203,699	-	-	203,699
Borrowings	5.00	43,310	43,310	-	-
Accommodation Bonds	0.00	2,721,497	-	-	2,721,497
		2,968,506	43,310	-	2,925,196
2016					
Financial Assets					
Cash and Cash Equivalents	1.50	699,432	-	698,932	500
Trade Debtors	0.00	76,479	-	-	76,479
Other Receivables	0.00	104,836	-	-	104,836
Other Financial Assets - Term Deposit	2.99	3,504,310	3,504,310	-	-
		4,385,057	3,504,310	698,932	181,815
Financial Liabilities					
Payables	0.00	384,388	-	-	384,388
Borrowings	5.00	50,885	50,885	-	-
Accommodation Bonds	0.00	2,058,229	-	-	2,058,229
		2,493,502	50,885	-	2,442,617

Other Price Risk
The Health Service is exposed to insignificant other price risk.

Note 7.1: Financial Instruments (Cont.)

Sensitivity Disclosure Analysis
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Health Service believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 3%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2% (the impact of this has not been modelled).

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

			Interest Rate Risk			
	Fair Value	Carrying Amount	-1%		+1%	
			Profit	Equity	Profit	Equity
2017	$	$	$	$	$	$
Financial Assets						
Cash and Cash Equivalents	891,511	891,511	(8,910)	(8,910)	8,910	8,910
Receivables						
- Trade Debtors	136,309	136,309	-	-	-	-
- Other Receivables	66,885	66,885	-	-	-	-
Other Financial Assets - Term Deposit	3,903,945	3,903,945	(39,039)	(39,039)	39,039	39,039
Financial Liabilities						
Payables	203,699	203,699	-	-	-	-
Borrowings	43,310	43,310	-	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	2,721,497	2,721,497	-	-	-	-
2016						
Financial Assets						
Cash and Cash Equivalents	699,432	699,432	(6,989)	(6,989)	6,989	6,989
Receivables						
- Trade Debtors	76,479	76,479	-	-	-	-
- Other Receivables	104,836	104,836	-	-	-	-
Other Financial Assets - Term Deposit	3,504,310	3,504,310	(35,043)	(35,043)	35,043	35,043
Financial Liabilities						
Payables	384,388	384,388	-	-	-	-
Borrowings	50,885	50,885	-	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	2,058,229	2,058,229	-	-	-	-

(f) Fair Value
The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Health service considers that the carrying amount of financial assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

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

The above table shows that the fair values of the contractual financial assets and liabilities are the same as the carrying amounts.

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 Tallangatta 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. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Note 7.1: Financial Instruments (Cont.)

Categories of Non-Derivative Financial Instruments

Loans and Receivables
Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial Liabilities at Amortised Cost
Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Health Service's contractual payables, deposits held and advances received, and interest-bearing arrangements.

Net Gain/(Loss) on Financial Instruments
Net gain/(loss) on financial instruments includes:
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

Revaluations of Financial Instruments at Fair Value
The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

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

	2017 $	2016 $
Proceeds from Disposal of Non Current Assets		
Motor Vehicles	7,727	8,000
Plant and Equipment	-	5,500
Total Proceeds from Disposal of Non Current Assets	**7,727**	**13,500**
Less: Written Down Value of Non Current Assets Sold		
Motor Vehicles	7,621	11,641
Total Written Down Value of Non Current Assets Sold	**7,621**	**11,641**
Net gains/(losses) on disposal of Non Current Assets	**106**	**1,859**

Disposal of Non-Financial Assets
Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to Note 8.1 – *'Comprehensive Income'*.

Impairment of Non-Financial Assets

All other non-financial assets are tested annually for indications of impairment except for:
- investment property that is measured at fair value; and
- non-current physical assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Note 7.3: Contingent Assets and Contingent Liabilities

Contingent Liabilities
Non-Quantifiable
At balance date the Health Service is subject to a workcover claim by a former employee. As this claim is ongoing the outcome is unknown and any potential financial impact cannot be reliably estimated.

Apart from the above, Tallangatta Health Service has no contingent Assets or Liabilities at 30 June 2017 (2016 $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.

Note 7.4: Fair Value Determination

Asset class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (level 3 only)
Non-specialised land	Vacant land, land not subject to restrictions, in areas where there is an active market	Level 2	Market approach	N/A
Specialised land	Land subject to restrictions, in areas where there is not an active market	Level 3	Market approach	Community Service Obligation (CSO) adjustment
Non-specialised buildings	For general commercial buildings that are just built	Level 2	Market approach	N/A
Specialised buildings	Specialised buildings with limited alternative uses and/or substantial customisation e.g. hospitals	Level 3	Depreciated replacement cost	Cost per square metre / useful life
Plant and equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost	Cost per unit / useful life
Vehicles	If there is an active resale market available	Level 2	Market approach	N/A
	If there is not an active resale market available	Level 3	Depreciated replacement cost	Cost per unit / useful life

Note 8: Other Disclosures

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

Structure
8.1 Equity
8.2 Reconciliation of net result for the year to net cash inflow / (outflow) from operating activities
8.3 Operating segments
8.4 Responsible persons disclosures
8.5 Executive officer disclosures
8.6 Related parties
8.7 Remuneration of auditors
8.8 AASBs issued that are not yet effective
8.9 Events occurring after the balance sheet date
8.10 Alternative presentation of comprehensive operating statement

Note 8.1: Equity

	2017 $	2016 $
(a) Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the Reporting Period	9,536,238	9,536,238
Revaluation Increment/(Decrement)		
Land	74,536	-
Buildings	-	-
Balance at the end of the Reporting Period	**9,610,774**	**9,536,238**
Represented by:		
Land	603,222	528,686
Buildings	9,007,552	9,007,552
	9,610,774	**9,536,238**
(b) Restricted Specific Purpose Surplus		
Balance at the Beginning of the Reporting Period	864,780	1,142,405
Transfer from/(to) Accumulated Deficits	(99,245)	(277,625)
Balance at the End of the Reporting Period	**765,535**	**864,780**
(c) Contributed Capital		
Balance at the Beginning of the Reporting Period	7,420,722	7,420,722
Capital Contribution received from the Victorian Government	-	-
Balance at the End of the Reporting Period	**7,420,722**	**7,420,722**
(d) Accumulated Deficits		
Balance at the Beginning of the Reporting Period	(7,441,325)	(7,347,708)
Net Result for the Year	(675,652)	(371,242)
Transfer (to)/from Restricted Specific Purpose Reserve	99,245	277,625
Balance at the End of the Reporting Period	**(8,017,732)**	**(7,441,325)**
(d) Total Equity at end of financial year	**9,779,299**	**10,380,415**

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

Property, Plant and Equipment Revaluation Surplus
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current physical assets.

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

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

	2017 $	2016 $
Net Result for the Year	(675,652)	(371,242)
Non-Cash Movements		
Depreciation and Amortisation	1,128,457	1,139,255
Provision for Doubtful Debts	4,389	-
Movements included in Investing and Financing activities		
Net (Gain)/Loss on Disposal of Non-Financial Physical Assets	(106)	(1,859)
Movements in Assets and Liabilities:		
Change in Operating Assets & Liabilities		
Increase/(Decrease) in Payables	(111,941)	4,588
Increase/(Decrease) in Employee Benefits	53,463	(178,315)
(Increase)/Decrease in Prepayments	48,754	15,233
(Increase)/Decrease in Receivables	12,403	20,612
NET CASH INFLOW FROM OPERATING ACTIVITIES	**459,767**	**628,272**

Note 8.3: Operating Segments

	RACS		Acute Health		Others		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
REVENUE								
External Segment Revenue	4,297,056	4,188,637	4,033,112	3,984,357	1,682,221	1,766,026	10,012,389	9,939,020
EXPENSES								
External Segment Expenses	5,919,899	5,730,125	1,985,919	1,921,234	2,913,145	2,796,373	10,818,963	10,447,732
Net Result from Ordinary Activities	(1,622,843)	(1,541,488)	2,047,193	2,063,123	(1,230,924)	(1,030,347)	(806,574)	(508,712)
Interest Income	112,147	119,413	4,992	4,929	13,783	13,128	130,922	137,470
Net Result for the Year	(1,510,696)	(1,422,075)	2,052,185	2,068,052	(1,217,141)	(1,017,219)	(675,652)	(371,242)
OTHER INFORMATION								
Segment Assets	7,430,244	8,449,532	6,964,000	9,817,399	663,371	(3,205,415)	15,057,615	15,061,516
Total Assets	7,430,244	8,449,532	6,964,000	9,817,399	663,371	(3,205,415)	15,057,615	15,061,516
Segment Liabilities	3,762,769	2,771,361	415,035	730,496	1,100,512	1,179,244	5,278,316	4,681,101
Total Liabilities	3,762,769	2,771,361	415,035	730,496	1,100,512	1,179,244	5,278,316	4,681,101
Acquisition of Prop, Plant & Equip	48,462	66,538	458,620	1,082,803	-	-	507,082	1,149,341
Depreciation Expense	488,340	491,746	640,117	647,509	-	-	1,128,457	1,139,255

The major products/services from which the above segments derive revenue are:

Business Segments	**Services**
Residential Aged Care Services (RACS)	Provider of Residential Aged Care Beds
Acute Health	Hospital Care
Others	Primary Care including Community Health, HACC Services and a medical practice

GEOGRAPHICAL SEGMENT

The Tallangatta Health Service operates predominantly in Tallangatta, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Tallangatta, Victoria.

Note 8.4: Responsible Persons Disclosures

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

		Period
Responsible Minister		
The Honourable Jill Hennessy,	Minister for Health, Minister for Ambulance Services	01/07/2016 - 30/06/2017
The Honourable Martin Foley,	Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/2016 - 30/06/2017
Governing Boards		
A. Brown		01/07/2016 - 30/06/2017
A. Morrison		01/07/2016 - 30/06/2017
R. Lees		01/07/2016 - 30/06/2017
N Klein		01/07/2016 - 30/06/2017
K. Stewart		01/07/2016 - 30/06/2017
A. Eagle		01/07/2016 - 30/06/2017
R. Currie		01/07/2016 - 30/06/2017
Accountable Officer		
D. Parry	(Chief Executive Officer)	01/07/2016 - 30/06/2017

Remuneration of Responsible Persons

The number of Responsible persons are shown in their relevant income bands;	2017 $	2016 $
$0 - $9,999	7	8
$60,000 - $69,999	-	1
$100,000 - $109,999	-	1
$170,000 - $179,999	1	-
Total numbers	8	10
Total Remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	166,269	177,809

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: www.parliament.vic.gov.au/publications/register of interests.

Note 8.5: Executive Officer Disclosures

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

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

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

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

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

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

Remuneration of Executive Officers (including Key Management Personnel disclosed in Note 8.6)	Total Remuneration 2017 $
Short-term employee benefits	267,929
Post-employment benefits	22,961
Other long-term benefits	6,130
Termination benefits	-
Total Remuneration (i) (ii)	**297,020**
Total number of Executives	**2**
Total Annualised Employee Equivalent (AEE) (iii)	**2.00**

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

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

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

Note 8.6: Related Parties

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

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

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

Key management personnel (KMP) of the hospital include the Chief Executive Officer, the Board members and Portfolio Ministers and Cabinet Ministers disclosed in Note 8.4. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation	2017 $
Short term employee benefits	152,019
Post-employment benefits	14,250
Other long-term benefits	3,800
Termination benefits	-
Share based payments	-
Total	**170,069**

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

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

Significant Transactions with Government-Related Entities
Tallangatta Health Service received funding from the Department of Health and Human Services of $4.402 million (2016: $5.000 million).

Note 8.7: Remuneration of Auditors

	2017 $	2016 $
Victorian Auditor-General's Office		
Audit of financial statement	17,500	16,500

Note 8.8: AASBs Issued That Are Not Yet Effective

Certain new accounting standards have been published that are not mandatory for 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2017, the following standards and interpretations had been issued by 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. Tallangatta Health has not and does not intend to adopt these standards early.

Standard / Interpretation	STATEMENT	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Note 8.9: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Health Service and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no events occuring since the balance date to the date of this report that would have a material effect on the operations of the Health Service

Note 8.10: Alternative Presentation of Comprehensive Operating Statement

	Note	2017 $	2016 $
Grants			
Operating	2.1	7,418,476	7,109,899
Capital	2.1	244,987	402,206
Interest	2.1	130,922	137,470
Sales of Goods and Services		2,206,367	2,361,944
Other Income			
Other Capital Income	2.1	142,453	63,112
Revenue from transactions		**10,143,205**	**10,074,631**
Employee Expenses	3.1	7,737,399	7,261,859
Operating Expenses			
Supplies and consumables	3.1	310,543	298,415
Non-Salary Labour Costs	3.1	466,508	502,464
Other	3.1	1,181,939	1,238,801
Non-Operating Expenses			
Finance Costs	3.2	1,402	2,059
Depreciation and Amortisation	4.4	1,128,457	1,139,255
Expenses from transactions		**10,826,248**	**10,442,853**
Net Result from transactions		**(683,043)**	**(368,222)**
Other economic flows included in net result			
Net Gain/(Loss) on Non-Financial Assets	7.2	106	1,859
Revaluation of Long Service Leave	3.3(b)	7,285	(4,879)
Total other economic flows included in net result		**7,391**	**(3,020)**
Net result from continuing operations		**(675,652)**	**(371,242)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in Physical Asset Revaluation Surplus	8.1	74,536	-
Total other comprehensive income		**74,536**	**-**
Comprehensive result		**(601,116)**	**(371,242)**

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