

Empowering People for Health

ANNUAL REPORT 2017 - 2018

www.tallangattahealthservice.com.au

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DISCLOSURE INDEX

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.

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	4, 9
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Management and structure		
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FRD 11A	Disclosure of ex gratia expenses	10
FRD 21C	Responsible person and executive officer disclosures	Reference: Financial Report
FRD 22H	Application and operation of Protected Disclosure Act 2012	10-11
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FRD 22H	Operational and budgetary objectives and performance against objectives	N/A
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FRD 22H	Significant changes in financial position during the year	Reference: Financial Report
FRD 22H	Statement on National Competition Policy	10
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SD 5.2.2	Declaration in financial statements	Reference: Financial Report
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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 2018.



Robert Lees

Board Chair

Tallangatta Health Service

28/08/2018

ATTESTATIONS

Data Integrity

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



Denise Parry

Chief Executive Officer

Tallangatta Health Service

28/08/2018

Financial Management Compliance

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



Robert Lees

Robert Lees

Board Chair

Tallangatta Health Service

28/08/2018

Conflict of Interest

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



Denise Parry

Chief Executive Officer

Tallangatta Health Service

28/08/2018

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

Chief Executive Officer

Tallangatta Health Service

28/08/2018

The Annual Report of 2017 – 2018 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 (Victoria) 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 also receives aged care funding from the Department of Health (Commonwealth).

Our service operates within a Strategic Direction 2018-2027 with a vision of *'Empowering People for Health'*.

Our strategic priorities are:

Our care is relevant, safe, high quality and responsive;

Our infrastructure is planned for future needs;

Our partnering with communities cultivates connection;

Our workforce is adaptive, skilled and compassionate

Reporting on achievements towards our vision and each strategic priority is regularly made to the Board.

WHO WE SERVE

Tallangatta Health Service 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 with emerging growth in the younger age groups. The health service is located next to the picturesque Lake Hume foreshore in Tallangatta.

Tallangatta Health Service works in partnership in the delivery of safe, person centred quality care. Key partners include, but are not limited to:

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

HOW WE SERVE

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

- **Integrity**
- **Caring**
- **Adaptable**
- **Respect**
- **Excellence**

Our services are also provided in a best practice framework and are accredited under the National Safety and Quality Health Service Standards for acute care, Aged Care Quality Principles for residential aged care, the Home Care Standards for community care and General Practice Standards for the medical centre.

SERVICES WE PROVIDE

Our services are located on site and in the community. Onsite they consist of an acute hospital, residential aged care, medical centre and allied health. In the community our services are primary care and community services delivered in peoples home or within a community setting.

Acute Care

Consists of 15 beds providing:

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

Urgent Care

Our urgent care room is available for emergency care 24 hours a day, seven days a week. It generally cares for people after hours providing what would have normally been a medical treatment that a General Practitioner would care for. Telehealth services between Tallangatta Health Service and Albury Wodonga Health enable a consultation with a medical officer. Any person presenting with higher care needs is transferred to Albury Wodonga Health.

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 aged care.

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

Medical Centre

The Medical Centre provides general practitioner and other health professional services to the community, residential aged care, acute hospital and clients of funded services.

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 services delivered include home maintenance, personal care, home care, domestic care, meals on wheels, allied health, nursing and planned activity groups. These services are provided to eligible clients, as assessed against My Aged Care criteria, or to fee paying clients. The Commonwealth Home Support Program, National Disability Insurance Program and Veterans Home Care are specific programs within this service.

SERVICE SUPPORTS

Workforce - our people

We employ approximately 160 staff across all our services in a culture of Together We Care.

Our health professional workforce is multi-disciplinary with a dedicated nursing and allied health team and General Practitioner medical support. Our nursing division is led by our Director of Clinical and Aged Services and comprises of Nurse Practitioners, Credentialed Diabetes Educator, Registered Nurses, Enrolled Nurses and Personal Care Attendants. 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, Exercise Physiology, Dietetics, Counselling and Allied Health assistants.

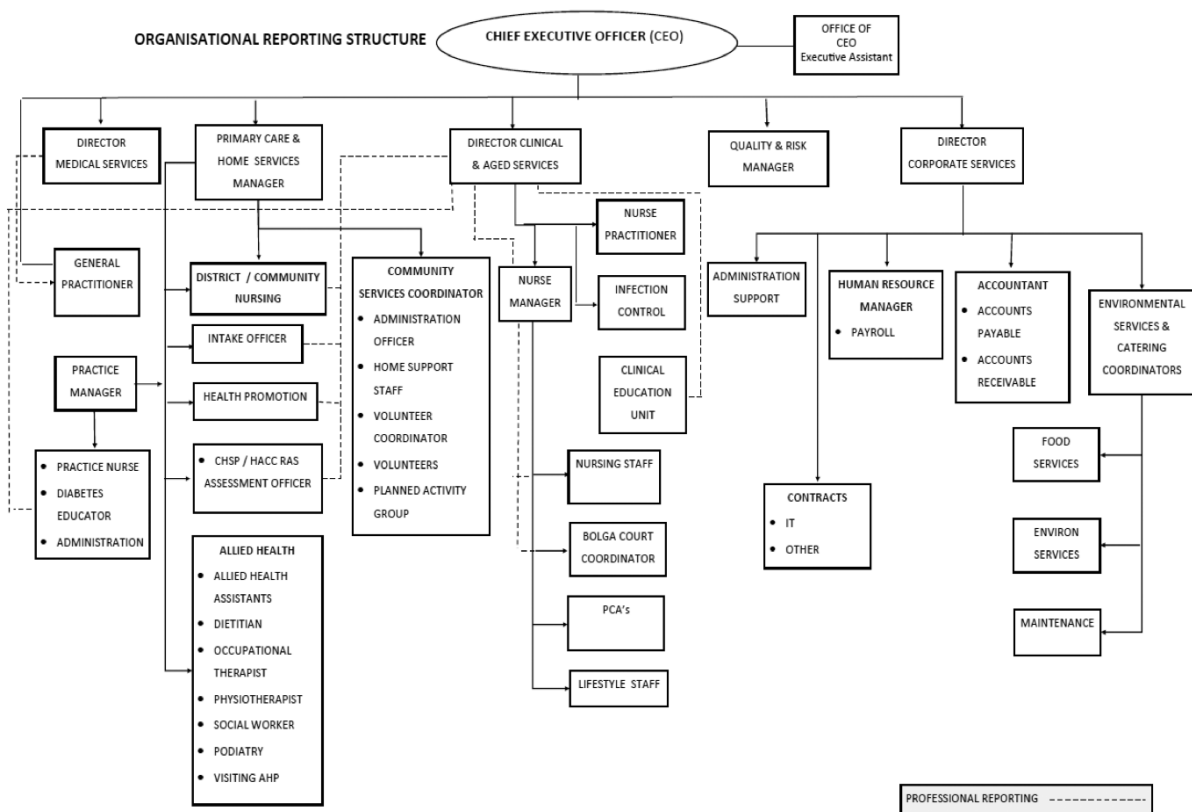
Our Corporate Services team led by our Director of Corporate Services is responsible for financial governance and reporting, fire safety, environmental management, contract management and procurement oversight. Our Corporate Services team work collaboratively with our health professionals in supporting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

All of our services are delivered within a risk and quality management system supported by our Quality and Risk Manager.

Volunteer Program – our community supports

Tallangatta Health Service has a dedicated, passionate group of volunteers who support residents and community clients to be as independent as possible and to live well. They support activities of daily living, leisure and lifestyle, transportation, and outings.

TALLANGATTA HEALTH SERVICE ORGANISATIONAL CHART



BOARD CHAIR REPORT

On behalf of the Board it is once again a privilege to present Tallangatta Health Service's Annual Report for the year ended 30 June 2018.

The Tallangatta Health Service has responded positively to the numerous challenges that are brought before the organisation. We have continued to perform well during the last twelve months, highlighted by our continuing successes.

A significant achievement this year was the launch of our Strategic Direction 2018-2027 with a new vision of 'Empowering People for Health'. This encompasses a person-centred approach enabling people to be actively involved in health decisions. The Strategic Direction has four priorities that will enable Tallangatta Health Service to continue to deliver safe, high quality services to our community. Included in this process was a review of our values which had been set with our last strategic plan. Our new values are Integrity, Caring, Adaptable, Respect and Excellence.

Other achievements include a four year accreditation against the National Safety and Quality in Healthcare Service Standards along with positive comments in the Home Care Standards Accreditation. Our Statement of Priorities outcomes were met and have enhanced our service delivery.

Managing a sustainable financial position is a priority for a small rural health service and our net position at the end of the year before capital and specific items was \$85,675.

Each year we prioritise spending time with the people in our care and being visible to our staff. This year the Board Directors enjoyed a pleasant BBQ in March followed by a Christmas in July and then again in December with a Christmas dinner with all the trimmings. The Board Directors also met family members who attended and took the opportunity to talk with residents, their family members and staff.

The Board welcomed Jacqueline Sutherland as new Director. Jacqueline brings strong legal and mediation experience that will enhance our governance role. I would also like to take this opportunity to thank Narelle Klein and Rachael Andrew who have graciously accepted positions as independent members of our Finance and Audit Committee and as the independent Chair of our Safe Quality Care Assurance committee.

As the Board Chair, I am reliant on a competent team, and I am confident that our current Board has the skill and experience that enables the good governance of the Tallangatta Health Service. I thank them for volunteering their time for our community and their continued dedication to ensuring a high standard of service delivery.

As a Board we thank all our staff and volunteers for their continued effort in providing the best care for our residents, patients, and clients. I also thank our Leadership Team; Denise Parry, Julie Polmear, Lisa Allen, Lyn Lang and Debbie Cullen for their continued passion in delivering quality care and driving the high standards across our services.



As an organisation we rely on the commitment of everyone to do their job, and I have no hesitation in acknowledging this requires people to take on every challenge. I thank everyone sincerely for their contribution.

Robert Lees
Board Chair

CEO REPORT

It is always with pleasure that on behalf of the Leadership Team and staff of Tallangatta Health Service I present our Annual Report.

We can only give the best care if all of our team contribute to giving their best. So I must firstly thank all our staff and volunteers for the dedication they show each day they work, to give the best care possible. The Leadership Team also has great support from the Board of Tallangatta Health Service and I thank them for their strong governance that drives us to achieve our vision.

Our 10 year Strategic Direction has been launched and leads the direction of Tallangatta Health from 2018-2027 with our new vision of 'Empowering People for Health'. This provides the leadership team with the strategic priorities to enable our vision. As part of this our values were redefined with staff involved throughout the process. Our new values are Integrity, Caring, Adaptive, Respect and Excellence.

This year has seen us continue to embed our culture strategy 'Together We Care'. This links very well with our new vision. We are in partnership with those we care for.

As a provider of health care we continually review the services we provide. We use feedback from those we care for, and accreditation standards and healthcare best practice to guide our improvements. Again this year there have been a number of highlights that demonstrate our commitment to ensuring that every person we care for, has the best care, within an environment to enable their decision making.

Whilst safe, high quality care is our highest priority we need to enable care to be given in a sustainable environment. From a financial perspective again we have stepped up to the challenges and our net result before capital and specific items was \$85,675. This reflects our team approach to financial sustainability and reflects the commitment by all of our team in managing our resources effectively.

Looking back gives us insight into what is important when looking to the future. Tallangatta Health Service prides itself in supporting our community and will continue to do so. Once again I sincerely thank all of our people who make the positive difference in care every day. Our community should be as proud of their efforts as we are.



Denise Parry
Chief Executive Officer

KEY PERSONNEL as at 30 June 2018

Executive Staff

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

Program Leaders

Nurse Manager:	Haydon Cunninghame
Primary Care & Home Services Manager:	Lynette Lang
Quality and Risk Manager:	Debbie Cullen

Medical Officers

Director of Medical Services:	Dr Patrick Giddings
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TALLANGATTA HEALTH SERVICE BOARD AND OFFICE BEARERS as at 30 June 2018

BOARD DIRECTORS 2017 - 2018

Mr Robert Lees (Chair)
Mr Andrew Brown
Ms Kim Stewart
Ms Ann Eagle
Mr Robert Currie
Mr Peter Colliccoat
Mrs Jacqueline Sutherland

FINANCE & AUDIT COMMITTEE

Mr Peter Colliccoat (Chair)
Ms Ann Eagle
Mrs Jacqueline Sutherland
Ms Narelle Klein (external independent)

SAFE QUALITY CARE ASSURANCE COMMITTEE

Ms Rachael Andrew (Chair - external independent)
Mr Andrew Brown
Mr Robert Lees
Mr Robert Currie
Ms Kim Stewart

MINISTER FOR HEALTH AND AGEING

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

The Honourable Martin Foley MP - 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
Commonwealth Bank of Australia

CONSUMER ENGAGEMENT ADVISORY GROUP

Mr Robert Currie
Ms Wendy Green (external independent)
Ms Kelly Lord (external independent)
Ms Maria Berry (external independent)
Mr Harvey Hilary-Taylor (external independent)

MEETING ATTENDANCE

Board of Management

Consists of 7 elected Board members and Executive representation

Board Meeting												Total Meetings Attended
Meeting Attendance	2017					2018						
	Jul	Aug	Sep	Oct	Dec	Jan	Feb	Mar	Apr	May	Jun	
BROWN, Andrew	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	10/11
COLLICOAT, Peter	✓	✓	✓	✓	✓	✓	x	✓	L/A	L/A	✓	8/9
CURRIE, Robert	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	10/11
EAGLE, Ann	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
LEES, Robert	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/11
STEWART, Kim	✓	✓	✓	x	✓	L/A	L/A	L/A	L/A	L/A	L/A	4/5
SUTHERLAND, Jacqueline	L/A	L/A	L/A	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Note: No meeting held November L/A = Leave of Absence												

Finance & Audit Sub-Committee

Consists of 3 elected Board members, 1 nominated community member, and Executive representation
(Note: 6 elected Board members from July to October 2017).

Members (as at 30 June 2018)	Number of meetings held	Total attendances for year
4	4	15

Note: Leave of absence recorded at 3 meetings.

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 Tallangatta Health Service 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. Tallangatta Health Service had three requests from the general public during the 2017-18 period, all of which were acceded to.

Further information about Freedom of Information may be found on the Victorian Freedom of Information website at: <http://www.foi.vic.gov.au/> or by accessing the Freedom of Information Act 1982 at: <https://www.legislation.gov.au/Details/C2018C00263>

The Office of the Victorian Information Commissioner website can be accessed at: <https://foicommissioner.vic.gov.au/> or the Victorian Information Commissioner can be contacted by phoning 1300 842 364.

Freedom of Information (FOI) requests can be made through Tallangatta Health Service by way of FOI application form. This can be requested by phoning Tallangatta Health Service on 02 6071 5200 or emailing THS@ths.vic.gov.au

Fees and charges are set in accordance to the Freedom of Information (Access Charges) Regulations 2014. As at 1 July 2018 the application fee is \$28.90. Photocopy, Postage, and Supervision charges may also apply for release of information.

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

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 2017-18 there were two consultancies where the total fees payable to the consultants were \$10,000 or greater.

Consultant	Purpose Of Consultancy	Start Date	End Date	Total Approved Project Fees (Excl Gst)	Expenditure 2017-18 (Excl Gst)	Future Expenditure (Excl Gst)
LEHR Consultants International	Fire System Upgrade	November 2015	June 2018	\$35,000	\$5,000	\$0
Warrela Pty Ltd	Fire System Upgrade	November 2015	June 2018	\$21,950	\$10,975	\$0

In 2017-18, there were four consultancies that commenced where the total fees payable were less than \$10,000.

Consultant	Purpose Of Consultancy	Start Date	End Date	Total Approved Project Fees (Excl Gst)	Expenditure 2017-18 (Excl Gst)	Future Expenditure (Excl Gst)
BSA Building Surveyors	Fire System Upgrade	November 2015	June 2018	\$3,297	\$3,297	\$0
JWP Architects	Bolga Court Renovation	May 2018	June 2018	\$3,260	\$3,260	\$0
RSM Australia	NDIS Planning	May 2017	September 2017	\$2,500	\$2,500	\$0
Medical Business Services	Medical Centre Billing Review	April 2018	June 2018	\$1,628	\$1,628	\$0

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2017-18 is \$762,190 (excluding GST) with the details shown below.

Business As Usual (BAU) ICT expenditure	Non Business As Usual (non BAU) ICT expenditure		
Total (excluding GST)	(Total=Operational expenditure and Capital Expenditure) (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$762,190	\$0	\$0	\$0

Occupational Violence

Occupational violence statistics	2017 - 2018
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	27
4. Number of occupational violence incidents reported per 100 FTE	29
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	3.7%

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 2017-18.

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 are available to the relevant Ministers, Members of Parliament and the public upon request (subject to the Freedom of Information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by Tallangatta Health Service;
- Details of any major external reviews carried out on Tallangatta Health Service;
- 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;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- 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;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A 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;
- 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;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

STATEMENT OF PRIORITIES 2017 - 2018

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

The Purpose of the Statement of Priorities identifies the Victorian Government's priorities and policy directions in the Victorian Health Priorities Framework 2012 - 2022. Tallangatta Health Service's Statement of Priorities contributes to the achievement of the Government's key priorities in 2017 - 2018 through the articulation of the following specific Actions and Deliverables.

Part A – Strategic Priorities for 2017 - 2018

Goals	Strategies	Health Service Deliverables	Outcome
Better Health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	Better Health Reduce State-wide Risks Build Healthy Neighbourhoods Help people to stay healthy Target health gaps	Review of the Tallangatta Health Services service plan will reflect current and predicted future health needs of the Towong/ Tallangatta community	Achieved with a new service plan being finalised.
		Implement family violence project with lead agency Albury Wodonga Health.	Achieved with a Community working party also established.
		Support Towong Shire in development and implementation of municipal health and well-being plan.	Achieved
		Implement Aboriginal Health Cultural Competency plan to support better health outcomes.	Achieved
		Continue to develop early year's health promotion initiatives linked to health prevention.	Achieved
		Enhance nurse practitioner model in primary and community care.	Achieved with Nurse Practitioner Candidate in chronic disease.
Better Access Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	Better Access Plan and invest Unlock innovation Provide easier access Ensure fair access	Develop a new service plan that informs opportunities for Tallangatta Health Service to improve health care to the community.	Achieved
		Realise any National Disability Insurance Scheme opportunities to support care in the home and community.	Achieved Registered NDIS provider
		Develop innovative model/s to promote continuum of care across services from home to residential aged care.	Achieved with one intake service for community

Goals	Strategies	Health Service Deliverables	Outcome
		Streamline access to services across the spectrum of Tallangatta Health Service services with a “no wrong door approach”	Achieved
		Implement Lesbian Gay Transgender Bisexual Intersex (LGBTI) positive initiatives to promote inclusion care in our community.	Achieved
Better Care Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Better Care Put Quality First Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Support better care within our community using alternate models of access and explore expanding Telehealth opportunities	Achieved with additional opportunities in planning.
		Work in partnership with the regional health providers to develop consistent and relevant education opportunities for staff	Achieved
	Mandatory actions against the 'Target zero avoidable harm' Goal:		
	Develop and implement a plan to educate staff about obligations to report patient safety concerns.	Develop initiatives in our safety culture to further enhance our just culture environment and staff obligations.	Achieved Several initiatives including a Positive Risk Culture Statement
	Establish agreements to involve with external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review)	Explore and further develop partnerships with lead health service to ensure robust review and management of clinical risks and participate in regional partnership initiatives in clinical governance.	Achieved Part of regional clinical governance project.
		Review risk management framework and clinical governance framework with reference to the Department of Health and Human Services revised clinical governance framework.	Achieved

Goals	Strategies	Health Service Deliverables	Outcome
	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience	Implement community engagement advisory group and develop a minimum of priority areas for improvements in the patient/resident/client experience. To focus on transition of care touch points: community to hospital, hospital to hospital, and hospital to residential aged care.	Achieved Consumer Engagement Advisory Group established.

PART B – PERFORMANCE PRIORITIES

High quality and safe care

Key performance indicator	Target	2017 - 2018 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 the Hand Hygiene Australia program	80%	91.5%
Percentage of healthcare workers immunised for influenza	75%	79%
Patient Experience		
Victorian Healthcare Experience Survey - percentage of positive patient experience responses	95% positive experience	Full compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75% very positive experience	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness	70% positive experience	Full Compliance*
Adverse Events		
Number of sentinel events	Nil	1***
Mortality – number of deaths in low mortality DRGs**	Nil	N/A

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

**DRG is Diagnosis Related Group – This indicator was withdrawn during 2017 -18 and is currently under review by the Victorian Agency for Health Information

*** Coroner's Case closed with no recommendations

Strong governance, leadership, and culture

Key performance indicator	Target	2017 - 2018 Result
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	94%
People matter survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	95%

Strong governance, leadership, and culture (continued)

Key performance indicator	Target	2017 - 2018 Result
Organisational culture		
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	93%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	82%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	70%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	82%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	66%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	80%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or a relative to be treated as a patient here”	80%	82%

Effective financial management

Key performance indicator	Target	2017 - 2018 Result
Finance		
Operating result (\$m)	0.00	\$85,675
Average number of days to paying trade creditors	60 days	42
Average number of days to receiving patient fee debtors	60 days	23
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.12
Number of days with available cash	14 days	73.9 days

PART C – ACTIVITY AND FUNDING

Funding type	2017 - 2018 Activity Achievement
Small Rural	
Small Rural Acute	70 Separations
Small Rural Primary Health	2 548 Hours
Small Rural Residential Care	17 276 Bed days
Small Rural HACC	1 099 Hours
Health Workforce	1 EFT
Other specified funding	\$206,000

ACTIVITY DATA

Admitted Patients	
PATIENTS	ACUTE
Public	56
Private	9
DVA	5
TAC	0
Worksafe	0
Total Separations	70
WIES Public	159
WIES Private / DVA	33
TOTAL WIES	192
Total Bed Days (excl. TCP)	1 295
Transition Care Patients (TCP) – Bed Days	459

Residential Care	
AGED CARE BED DAYS	
Permanent Care	15 588
Respite Care	1 688
Total Bed Days	17 276

Medical Centre	
VISIT SUMMARY	
Doctor	10 004
Nurse Practitioner	2 362
Practice Nurse	3 353
Diabetes Educator	535
Mental Health Practitioner	68
Total Visits	16 322

Home & Community Care program*	
PROGRAM	HOURS
Domestic Assistance	344
Personal Care	239
Activity Groups	303
Property Maintenance	37
District Nursing	130
Assessment	42
Volunteer Social Support	278
Respite	4
Meals	40 (meals)

Commonwealth Home Support Program	
PROGRAM	HOURS
Activity Groups	7 887
Domestic Assistance	2 834
Property Maintenance	244
Personal Care	172
Other Food Services	64
Social Support Individual	1 147
Respite Care	114
District Nursing	1 851
Home Modifications	11 clients
Meals	1 350 (meals)

Volunteers	
REGISTERED VOLUNTEERS (as at 30 June)	HOURS
48	2 118

Primary Health	
PROGRAM	HOURS
Integrated Health Promotion	2 548

Staff Analysis

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2017	2018	2017	2018
Nursing (Acute & Aged Care)	41.31	41.97	40.41	41.58
Administration and Clerical	9.28	8.49	8.50	8.00
Medical Support	4.62	3.84	4.09	4.04
Hotel & Allied Services	20.50	22.54	21.27	21.37
Medical Officers	1	1.00	0.25	1.00
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	3.80	4.69	3.80	4.17
HACC & District Nursing	11.60	13.27	11.56	12.82
TOTAL	92.11	95.80	89.87	92.97

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 2018

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Total Revenue	10,534,734	9,755,765	9,609,313	9,744,223	8,960,037
Total Expenses	10,449,059	9,696,389	(9,301,539)	(9,409,918)	(9,252,558)
Other operating flows included in the Net result	19,950	7,391	(3,020)	(18,618)	(3,934)
Net Result for the Year	(337,995)	(601,116)	(371,242)	(250,629)	(732,623)
*Operating Result	85,675	59,376	307,774	334,305	(292,521)
Total Assets	15,591,755	15,057,615	15,061,516	15,913,018	15,403,318
Total Liabilities	6,150,451	5,278,316	4,681,101	5,161,361	4,401,032
Net Assets	9,441,304	9,779,299	10,380,415	10,751,657	11,002,286
Total Equity	9,441,304	9,779,299	10,380,415	10,751,657	11,002,286

HIGHLIGHTS OF THE YEAR

Strategic Plan developed with staff & community consultation

Koolin Balit Action Plan developed

Green Turtle Environmental Sustainability Initiative launched

Clinical Care

National Safety & Quality in Health Service Standards four year Accreditation awarded
with no recommendations

Home Care Standards three year accreditation awarded

Patient Journey Boards enhanced

Mortality and Morbidity process review & operational documentation

Improvements to Risk Management Systems

Positive risk culture strategy

Managing Risk Tips and Facility Works Bulletins to staff

Staff Health & Wellbeing

People Matter Survey results distributed to staff & newsletters implemented:

“Matters” flyer

Staff Health and Wellbeing for new staff - Happy Face program

OHS Improvements

Fire sprinkler upgrades

Hazard of the month

Emergency Management Plan reviewed

Improved Workplace Safety Inspection form and inspections rostered

Occupational Violence & Aggression Consumer Action Plan

Consumer Engagement

Consumer Engagement Advisory Group established

50's Festival & THS Art Competition October 2017

Stalls at Tallangatta Farm EXPO and NIDIS Expo

Brave Hearts Dragon Boat racing team – “rowing for our residents”

- winner of best tent

Education & Training

Orientation Program review

IT Mandatory Training Reports developed

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TALLANGATTA HEALTH SERVICE

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Empowering People for Health

FINANCIAL REPORTS 2016 - 2017

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Independent Auditor's Report

To the Board of Tallangatta Health Service

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

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

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

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

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

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

MELBOURNE
29 August 2018



Ron Mak

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 2018 and the financial position of Tallangatta Health Service at 30 June 2018.

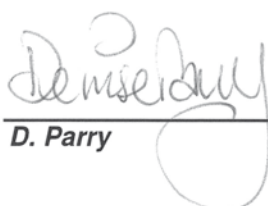
At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

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


R. Lees

Board Member

Tallangatta
28 August 2018


D. Parry

Accountable Officer

Tallangatta
28 August 2018


J. Polmear

Chief Finance & Accounting
Officer

Tallangatta
28 August 2018

TALLANGATTA HEALTH SERVICE

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue from Operating Activities	2.1	10,389,353	9,624,843
Revenue from Non-Operating Activities	2.1	145,381	130,922
Employee Expenses	3.1	(8,333,482)	(7,737,399)
Non Salary Labour Costs	3.1	(468,192)	(466,508)
Supplies and Consumables	3.1	(327,746)	(310,543)
Other Expenses	3.1	(1,319,639)	(1,181,939)
Net result before capital & specific Items		85,675	59,376
Capital Purpose Income	2.1	216,244	387,440
Depreciation and Amortisation	4.4	(1,117,382)	(1,128,457)
Finance Costs	3.2	(1,160)	(1,402)
Expenditure using Capital Purpose Income	3.1	(200,413)	-
Net result after capital & specific Items		(1,017,036)	(683,043)
Other economic flows included in net result			
Net Gain/(Loss) on Non-Financial Assets		-	106
Other Gains/(Losses) from Other Economic Flows		19,950	7,285
Total other economic flows included in net result		19,950	7,391
NET RESULT FOR THE YEAR		(997,086)	(675,652)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in Property, Plant and Equipment Revaluation Surplus	8.1	659,091	74,536
Total other comprehensive income		659,091	74,536
COMPREHENSIVE RESULT FOR THE YEAR		(337,995)	(601,116)

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

TALLANGATTA HEALTH SERVICE
BALANCE SHEET AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	1,234,017	891,511
Receivables	5.1	410,784	200,419
Investments and Other Financial Assets	4.1	3,968,031	3,903,945
Prepayments	5.3	73,926	14,841
Total Current Assets		5,686,758	5,010,716
Non-Current Assets			
Receivables	5.1	236,878	188,510
Property, Plant and Equipment	4.3	9,652,787	9,808,728
Intangible Assets	4.5	15,332	49,661
Total Non-Current Assets		9,904,997	10,046,899
TOTAL ASSETS		15,591,755	15,057,615
LIABILITIES			
Current Liabilities			
Payables	5.4	1,181,082	763,759
Borrowings	6.1	13,511	20,301
Provisions	3.3	1,601,538	1,611,497
Other Current Liabilities	5.2	3,157,163	2,721,497
Total Current Liabilities		5,953,294	5,117,054
Non-Current Liabilities			
Borrowings	6.1	13,532	23,009
Provisions	3.3	183,625	138,253
Total Non-Current Liabilities		197,157	161,262
TOTAL LIABILITIES		6,150,451	5,278,316
NET ASSETS		9,441,304	9,779,299
EQUITY			
Property, Plant and Equipment Revaluation Surplus	8.1(a)	10,269,865	9,610,774
Restricted Specific Purpose Surplus	8.1(b)	505,654	765,535
Contributed Capital	8.1(c)	7,420,722	7,420,722
Accumulated Deficits	8.1(d)	(8,754,937)	(8,017,732)
TOTAL EQUITY		9,441,304	9,779,299
Contingent Assets and Contingent Liabilities	7.2		
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 2018

	Note	Property, Plant and Equipment Revaluation Surplus \$	Restricted Specific Purpose Reserve \$	Contributed Capital \$	Accumulated Deficits \$	Total \$
Balance at 1 July 2016		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
Net Result for the year		-	-	-	(997,086)	(997,086)
Transfer to Accumulated Deficit		-	(259,881)	-	259,881	-
Other Comprehensive Income for the year		659,091	-	-	-	659,091
Balance at 30 June 2018	8.1	10,269,865	505,654	7,420,722	(8,754,937)	9,441,304

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

TALLANGATTA HEALTH SERVICE
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		7,698,750	7,514,690
Capital Grants from Government		178,082	369,787
Patient and Resident Fees Received		1,108,065	1,160,017
Interest Received		134,914	136,531
Donations and Bequests Received		-	-
Capital Donations and Bequests Received		3,622	17,653
Other Receipts		1,396,035	1,065,792
GST Received from/(Paid to) ATO		146,250	146,250
Total receipts		10,665,718	10,410,720
Employee Expenses Paid		(8,278,119)	(7,676,651)
Non-Salary Labour Costs		(468,192)	(466,508)
Payments for Supplies and Consumables		(327,746)	(310,543)
Finance Costs		(1,160)	(1,402)
Other Payments		(1,335,287)	(1,495,849)
Total payments		(10,410,504)	(9,950,953)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.2	255,214	459,767
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(268,021)	(531,473)
Proceeds from Disposal of Non-Financial Assets		-	7,727
Purchase of Investments		-	-
Proceeds from Disposal of Investments		371,580	263,633
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		103,559	(260,113)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(Repayment) of Borrowings		(16,267)	(7,575)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		(16,267)	(7,575)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		342,506	192,079
Cash and Cash Equivalents at Beginning of Financial Year		891,511	699,432
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	1,234,017	891,511

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

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TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Basis of Presentation

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

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 Health Service.

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.

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 2018. 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 30, 2018

(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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

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

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

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.3 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.4 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3 Employee Benefits in the Balance Sheet);

Goods and Services Tax (GST)

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

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

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

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

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

(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 2018.
- 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.

(e) Jointly Controlled Operation

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

In respect of any interest in joint operations, Tallangatta Health Service recognises in the financial statements:

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

Tallangatta Health Service is a Member of the Hume Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 4.2 Jointly Controlled Operations).

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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. Tallangatta Health Service is predominantly funded by accrual based grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

Structure

2.1 Analysis of revenue by source

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 \$	RAC 2018 \$	Aged Care 2018 \$	Primary Health 2018 \$	Other* 2018 \$	Total 2018 \$
Government Grants	3,627,270	3,301,070	610,629	227,665	-	7,766,634
Indirect Contributions by Department of Health and Human Services	11,083	33,222	10,147	3,665	-	58,117
Patient and Resident Fees	45,978	1,154,796	-	-	-	1,200,774
Medical Centre Income	-	-	-	-	571,509	571,509
Other Revenue from Operating Activities	264,040	128,926	297,148	69,138	33,067	792,319
Total Revenue from Operating Activities	3,948,371	4,618,014	917,924	300,468	604,576	10,389,353
Interest	6,542	122,492	9,490	2,933	3,924	145,381
Total Revenue from Non-Operating Activities	6,542	122,492	9,490	2,933	3,924	145,381
Government Grants	-	-	-	-	83,882	83,882
Capital Purpose Income (excluding interest)	-	-	-	-	132,362	132,362
Total Capital Purpose Income	-	-	-	-	216,244	216,244
Total Revenue	3,954,913	4,740,506	927,414	303,401	824,744	10,750,978

	Admitted Patients 2017 \$	RAC 2017 \$	Aged Care 2017 \$	Primary Health 2017 \$	Other* 2017 \$	Total 2017 \$
Government Grants	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
Donations and Bequests (Non-Capital)	-	-	-	-	-	-
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
Government Grants	-	-	-	-	244,987	244,987
Capital Purpose Income (excluding interest)	-	-	-	-	142,453	142,453
Total Capital Purpose Income	-	-	-	-	387,440	387,440
Total Revenue	3,650,558	4,409,203	927,632	260,187	895,625	10,143,205

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

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

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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

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.

Other income

Other income includes recoveries for salaries and wages and external services provided..

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 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 (RAC) comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the department under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units and secure extended care units.
- Other Services excluded from National Health Care Agreement (NHCA) (Other) comprises services not separately classified above, including: sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services and community care programs including sexual assault support, early parenting services and parenting assessment and skills development.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018 \$	RAC 2018 \$	Aged Care 2018 \$	Primary Health 2018 \$	Other* 2018 \$	Total 2018 \$
Employee Expenses	1,133,024	4,735,704	1,181,931	533,855	748,968	8,333,482
Other Operating Expenses						
Non-Salary Labour Costs	64,770	100,017	8,934	34,006	260,465	468,192
Supplies and Consumables	55,057	228,485	32,511	1,467	10,226	327,746
Fuel, Light, Power and Water	31,007	120,766	19,118	23,118	10,743	204,752
Repairs and Maintenance	23,976	96,444	31,332	8,176	7,667	167,595
Other Expenses	207,730	448,880	175,466	43,615	71,601	947,292
Total Expenditure from Operating Activities	1,515,564	5,730,296	1,449,292	644,237	1,109,670	10,449,059
Finance Costs (refer Note 3.2)	1,160	-	-	-	-	1,160
Other Non-Operating Expenses						
Expenditure for Capital Purposes	-	-	-	-	200,413	200,413
Depreciation and Amortisation (refer Note 4.4)	632,726	484,656	-	-	-	1,117,382
Total Other Expenses	633,886	484,656	-	-	200,413	1,318,955
Total Expenses	2,149,450	6,214,952	1,449,292	644,237	1,310,083	11,768,014

	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
Other Operating Expenses						
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
Fuel, Light, Power and Water	28,864	64,694	17,772	21,522	8,529	141,381
Repairs and Maintenance	22,319	80,616	23,776	8,982	7,241	142,934
Other Expenses	193,487	440,251	151,134	46,363	66,389	897,624
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

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

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For infrastructure and corporate services, Full Time Equivalent (FTE) has been used to allocate expenditure across the programs.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

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.

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 disposal of non-financial assets

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

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

Finance Charges on Finance Leases (i)

Total Finance Costs

2018	2017
\$	\$
1,160	1,402
1,160	1,402

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

Finance costs include:

- finance charges in respect of finance leases recognised in accordance with AASB 117 Leases.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3.3: Employee Benefits in the Balance Sheet

	2018 \$	2017 \$
CURRENT		
Current Provisions		
Annual Leave		
-Unconditional and expected to be settled within 12 months	506,727	479,867
-Unconditional and expected to be settled after 12 months	84,102	78,417
Long Service Leave		
-Unconditional and expected to be settled within 12 months	143,948	116,866
-Unconditional and expected to be settled after 12 months	581,182	666,033
Accrued Days Off		
-Unconditional and expected to be settled within 12 months	7,002	9,156
	<u>1,322,961</u>	<u>1,350,339</u>
Provisions Related to Employee Benefit On-Costs		
-Unconditional and expected to be settled within 12 months	69,202	66,041
-Unconditional and expected to be settled after 12 months	69,206	81,145
	<u>138,408</u>	<u>147,186</u>
Accrued Salaries and Wages		
-Unconditional and expected to be settled within 12 months	140,169	113,972
Total Current Provision	<u>1,601,538</u>	<u>1,611,497</u>
Non-Current Provisions		
-Conditional Long Service Leave Entitlements	166,779	124,665
-Provisions related to Employee Benefit On-Costs	16,846	13,588
Total Non-Current Provisions	<u>183,625</u>	<u>138,253</u>
Total Provisions	<u>1,785,163</u>	<u>1,749,750</u>
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	798,375	868,235
Annual Leave Entitlement	655,229	619,136
Accrued Wages and Salaries	140,169	113,972
Accrued Days Off	7,765	10,154
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	183,625	138,253
Total Employee Benefits and Related On-Costs	<u>1,785,163</u>	<u>1,749,750</u>
(b) Movement in Long Service Leave		
Carrying amount at start of year	1,006,488	955,047
Provision made during the year		
- Revaluations	(8,474)	(7,285)
- Expense recognising employee service	178,465	143,543
Settlement made during the year	(194,479)	(84,817)
Carrying amount at end of year	<u>982,000</u>	<u>1,006,488</u>

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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

Termination benefits

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

On-costs related to employee 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

	Paid Contribution for the year		Outstanding Contribution at Year End	
	2018 \$	2017 \$	2018 \$	2017 \$
Defined Contribution Plans				
First State Super	462,477	437,714	-	-
Hesta	188,456	183,928	-	-
Other	14,387	-	-	-
Total	665,320	621,642	-	-

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

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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

	2018	2017
	\$	\$
Current		
Receivables		
Australian Dollar Term Deposits	3,968,031	3,903,945
Total Investments and Other Financial Assets	3,968,031	3,903,945
Represented by:		
Health Service Investments	810,868	1,182,448
Accommodation Bonds (Refundable Entrance Fees)	3,157,163	2,721,497
Total Investments and Other Financial Assets	3,968,031	3,903,945

(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

Investment Recognition

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

Investments are classified as receivables.

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

Tallangatta Health Service's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management. All financial assets, except those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- 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 the Comprehensive Operating Statement, are subject to annual review for impairment.

Doubtful debts

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

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 4.2: Jointly Controlled Operations and Assets

	Principal Activity	Ownership Interest	
		2018	2017
Interest in Jointly Controlled Operations		%	%
Hume Rural Health Alliance (HRHA)	Information Technology	3.14%	3.12%
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:			
Current Assets		2018	2017
Cash and Cash Equivalents		\$	\$
Receivables		172,718	112,974
Prepayments		121,716	81,360
Total Current Assets		4,523	4,281
		298,957	198,615
Non-Current Assets			
Property, Plant and Equipment		43,327	43,737
Intangible Assets		15,332	49,661
Total Non-Current Assets		58,659	93,398
Total Assets		357,616	292,013
Current Liabilities			
Payables		156,706	15,388
Lease Liabilities		13,511	20,301
Total Current Liabilities		170,217	35,689
Non-Current Liabilities			
Lease Liabilities		13,532	23,009
Total Non-Current Liabilities		13,532	23,009
Share of Total Liabilities		183,749	58,698
Net Share of Joint Operation Assets		173,867	233,315
The Health Service interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:			
Revenues			
Revenue from Operating Activities		151,059	169,051
Revenue from Non-Operating Activities		1,423	466
Capital Purpose Income		128,740	124,800
Total Revenue		281,222	294,317
Expenses			
Employee Benefits		40,098	53,184
Other Administration Expenses		177,389	181,168
Expenditure using Capital Funds		200,413	-
Depreciation and Amortisation		24,884	27,938
Finance Charges		1,160	1,402
Total Expenses		443,944	263,692
Net Result		(162,722)	30,625

Contingent Liabilities and Capital Commitments

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

Note 4.3: Property, Plant and Equipment

	2018	2017
	\$	\$
(a) Gross carrying amount and accumulated depreciation		
Land		
Land at Fair Value	373,536	373,536
Land Improvements at Fair Value	276,276	276,276
Less Accumulated Depreciation	46,185	33,778
Total Land	230,091	242,498
	603,627	616,034
Buildings		
Buildings at Fair Value	8,549,367	10,665,773
Less Accumulated Depreciation	140,914	2,618,656
	8,408,453	8,047,117
Buildings Under Construction at Cost	3,631	351,489
Total Buildings	8,412,084	8,398,606
Plant and Equipment		
Plant and Equipment at Fair Value	2,474,966	2,433,392
Less Accumulated Depreciation	1,952,856	1,794,861
Total Plant and Equipment	522,110	638,531
Medical Equipment		
Medical Equipment at Fair Value	495,980	494,071
Less Accumulated Depreciation	408,143	381,824
Total Medical Equipment	87,837	112,247
Leased Assets		
Plant and Equipment at Fair Value	69,865	90,487
Less Accumulated Amortisation	42,736	47,177
Total Leased Assets	27,129	43,310
TOTAL PROPERTY, PLANT AND EQUIPMENT	9,652,787	9,808,728

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 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 and Amortisation (Note 4.4)	-	(11,389)	(877,774)	(199,415)	(30,724)	(7,574)	(1,126,876)
Balance at 1 July 2017	373,536	242,498	8,398,606	638,531	112,247	43,310	9,808,728
Additions	-	-	251,283	40,646	1,909	5,729	299,567
Revaluation Increment	-	-	659,091	-	-	-	659,091
Depreciation and Amortisation (Note 4.4)	-	(12,407)	(896,896)	(157,067)	(26,319)	(21,910)	(1,114,599)
Balance at 30 June 2018	373,536	230,091	8,412,084	522,110	87,837	27,129	9,652,787

Land and buildings carried at valuation

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

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

The fair value of the land had been adjusted by a managerial revaluation in 2017. No managerial revaluation was required in 2018.

For buildings, the latest indices required a managerial revaluation in 2018. The indexed value was compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the building asset class.

(c) Fair value measurement hierarchy of assets

As at 30 June 2018

Land at fair value (ii)

Non-specialised land

Specialised land

Total of land at fair value

Buildings at fair value (ii)

Non-specialised buildings

Specialised buildings

Total of buildings at fair value

Plant and equipment at fair value

- Vehicles at depreciated replacement cost

- Plant and equipment at depreciated replacement cost

Total of plant, equipment and vehicles at fair value

Medical equipment at fair value

Leased assets at fair value

Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
	Level 1 (i)	Level 2 (i)	Level 3 (i)
78,705	-	78,705	-
524,922	-	-	524,922
603,627	-	78,705	524,922
113,200	-	113,200	-
8,298,884	-	-	8,298,884
8,412,084	-	113,200	8,298,884
105,222	-	-	105,222
416,888	-	-	416,888
522,110	-	-	522,110
87,837	-	-	87,837
27,129	-	-	27,129
9,652,787	-	191,905	9,460,882

As at 30 June 2017

Land at fair value

Non-specialised land

Specialised land

Total of land at fair value

Buildings at fair value

Non-specialised buildings

Specialised buildings

Total of buildings at fair value

Plant and equipment at fair value

- Vehicles at depreciated replacement cost

- Plant and equipment at depreciated replacement cost

Total of plant, equipment and vehicles at fair value

Medical equipment at fair value

Leased assets at fair value

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)
78,705	-	78,705	-
537,329	-	-	537,329
616,034	-	78,705	537,329
113,200	-	113,200	-
8,285,406	-	-	8,285,406
8,398,606	-	113,200	8,285,406
146,627	-	-	146,627
491,904	-	-	491,904
638,531	-	-	638,531
112,247	-	-	112,247
43,310	-	-	43,310
9,808,728	-	191,905	9,616,823

Note

(i) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period (2017: nil).

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

(d) Reconciliation of Level 3 fair value

	Specialised Land	Specialised Buildings	Plant and Equipment	Medical Equipment	Leased Assets
2018					
Opening Balance	537,329	8,285,406	638,531	112,247	43,310
Purchases (sales)	-	251,283	40,646	1,909	5,729
Gains or losses recognised in net result					
- Depreciation	(12,407)	(896,896)	(157,067)	(26,319)	(21,910)
Subtotal	524,922	7,639,793	522,110	87,837	27,129
Items recognised in other comprehensive income					
- Revaluation	-	659,091	-	-	-
Closing Balance	524,922	8,298,884	522,110	87,837	27,129
2017					
Opening Balance	445,520	8,778,709	762,723	142,971	50,884
Purchases (sales)	44,367	379,871	75,223	-	-
Gains or losses recognised in net result					
- Depreciation	(11,389)	(873,174)	(199,415)	(30,724)	(7,574)
Subtotal	478,498	8,285,406	638,531	112,247	43,310
Items recognised in other comprehensive income					
- Revaluation	58,831	-	-	-	-
Closing Balance	537,329	8,285,406	638,531	112,247	43,310

(e) Fair Value determination

Asset class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only) ^(c)
Non-specialised land	In areas where there is an active market: - Vacant land - Land not subject to restrictions as to use or sale	Level 2	Market approach	n.a.
Specialised Land (Crown / Freehold)	- Land subject to restriction as to use and/or sale - Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligations Adjustments ^(c)
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market approach	n.a.
Specialised buildings ^(a)	Specialised buildings with limited alternative uses and/or substantial customisation e.g. hospitals	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	If there is an active resale market available	Level 2	Market approach	n.a.
	If there is no active resale market available	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment ^(a)	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life

Notes:

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

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

(c) CSO adjustment of 20% was applied to reduce the market approach value for Tallangatta Health Service's specialised land.

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

TALLANGATTA HEALTH SERVICE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

Initial Recognition

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

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

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

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

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

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

Subsequent Measurement

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

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

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

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

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

Fair value measurement

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

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

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

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

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

These indicators, as a minimum, include:

External factors:

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

Non-Specialised Land and Non-Specialised Buildings

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

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

In June 2017 (land) and 2018 (buildings) a managerial valuation was carried out in accordance with FRD 103F to revalue land and buildings to its fair value.

Specialised Land and Specialised Buildings

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

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

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

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

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

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

In June 2017 (land) and 2018 (buildings) a managerial valuation was carried out in accordance with FRD 103F to revalue land and buildings to its fair value.

Vehicles

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

Plant and Equipment

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

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 4.4: Depreciation and Amortisation

	2018 \$	2017 \$
Depreciation		
Buildings	896,896	877,774
Plant and Equipment	157,067	199,415
Medical Equipment	26,319	30,724
Land Improvements	12,407	11,389
Leased Assets	21,910	7,574
Total Depreciation	1,114,599	1,126,876
Amortisation		
Intangible Assets	2,783	1,581
Total Amortisation	2,783	1,581
Total Depreciation and Amortisation	1,117,382	1,128,457

Depreciation and amortisation recognition

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

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. If a Health Service has items such as patents, trademarks, computer software or development expenses that are being capitalised, these should be included under 'Intangible Assets' (refer AASB 138 Intangible Assets) and amortised.

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	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

	2018 \$	2017 \$
CURRENT		
Intangible assets - Hume Alliance joint operation	21,721	54,140
Less Accumulated Amortisation	6,389	4,479
	15,332	49,661
Reconciliation of the carrying amounts of intangible assets		
Balance at beginning of year	49,661	26,851
Additions	-	24,391
Disposals	(31,546)	-
Amortisation	(2,783)	(1,581)
Balance at end of year	15,332	49,661

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

	2018 \$	2017 \$
CURRENT		
Contractual		
Inter Hospital Debtors	10,069	9,205
Trade Debtors	195,668	138,580
Patient Fees	126,949	38,073
Deposits	-	-
Accrued Revenue	10,185	6,352
Accrued Investment Income	32,927	22,460
Less Allowance for Doubtful Debts		
Patient Fees	-	(11,476)
	<u>375,798</u>	<u>203,194</u>
Statutory		
Grant receivable - Department of Health & Human Services	10,327	-
GST Receivable	24,659	(2,775)
	<u>34,986</u>	<u>(2,775)</u>
TOTAL CURRENT RECEIVABLES	410,784	200,419
NON CURRENT		
Statutory		
Long Service Leave - Department of Health & Human Services	236,878	188,510
TOTAL NON-CURRENT RECEIVABLES	236,878	188,510
TOTAL RECEIVABLES	647,662	388,929
(a) Movement in the Allowance for Doubtful Debts		
Balance at beginning of year	11,476	7,087
Increase/(decrease) in Allowance recognised in net result	(11,476)	4,389
Balance at end of year	<u>-</u>	<u>11,476</u>

Receivables recognition

Receivables consist of:

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

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment.

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

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

Note 5.2: Other Liabilities

	2018 \$	2017 \$
CURRENT		
Monies Held in Trust - Accommodation Bonds (Refundable Entrance Fees)	3,157,163	2,721,497
Total	3,157,163	2,721,497
Represented by:		
Term deposits (refer to Note 4.1)	3,157,163	2,721,497
Total	3,157,163	2,721,497

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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5.3: Prepayments

CURRENT

Prepayments

Total Other Assets

2018	2017
\$	\$
73,926	14,841
73,926	14,841

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

2018	2017
\$	\$
423,956	127,797
174,926	28,931
31,329	46,971
630,211	203,699
550,871	560,060
550,871	560,060
1,181,082	763,759

CURRENT

Contractual

Trade Creditors (i)
Income in Advance
Accrued Expenses

Statutory

Department of Health and Human Services (ii)

TOTAL PAYABLES

Payables

Payables consist of:

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

Note 5.4 (a): Maturity Analysis of Financial Liabilities as at 30 June

				Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
	\$	\$	\$	\$	\$	\$	\$
2018							
<i>At amortised cost</i>							
Payables	630,211	630,211	630,186	25	-	-	-
Borrowings	27,043	27,043	1,126	2,252	10,133	13,532	-
Other Financial Liabilities							
- Accommodation Bonds	3,157,163	3,157,163	-	3,157,163	-	-	-
Total Financial Liabilities	3,814,417	3,814,417	631,312	3,159,440	10,133	13,532	-
2017							
<i>At amortised cost</i>							
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	-

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

CURRENT

Finance Lease Liability (i)

Total Current

NON-CURRENT

Finance Lease Liability (i)

Total Non-Current

TOTAL BORROWINGS

2018
\$

2017
\$

13,511

20,301

13,511

20,301

13,532

23,009

13,532

23,009

27,043

43,310

(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 5.4 for the ageing analysis of borrowings.

(b) Defaults and breaches

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

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.

(c) Finance lease liabilities

Repayments in relation to finance leases are payable as follows:

Not later than one year

Later than 1 year and not later than 5 years

Later than 5 years

Minimum lease payments

Less future finance charges

TOTAL

2018
\$

2017
\$

14,342

21,370

14,038

24,107

28,380

45,477

1,337

2,167

27,043

43,310

Included in the financial statements as:

Current borrowings finance lease liability

Non-current borrowings finance lease liability

TOTAL

13,511

20,301

13,532

23,009

27,043

43,310

Borrowing Recognition

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

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

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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 6.2: Cash and Cash Equivalents

	2018 \$	2017 \$
Cash on Hand	-	500
Cash at Bank	867,814	745,086
Short Term Money Market	366,203	145,925
Total Cash and Cash Equivalents	1,234,017	891,511
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	1,234,017	891,511
Total Cash and Cash Equivalents	1,234,017	891,511

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

	2018 \$	2017 \$
(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	21,004	13,194
Longer than one year but not longer than five years	21,058	24,125
Total Operating Lease Commitments	42,062	37,319
Total Lease Commitments	42,062	37,319

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

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 Contingent assets and contingent liabilities

Note 7.1: Financial Instruments

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

(a) Categorisation of Financial Instruments

	Financial Assets		Financial Liabilities		Carrying Amount	
	Loans and Receivables		at Amortised Cost			
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Contractual Financial Assets						
Cash and Cash Equivalents	1,234,017	891,511	-	-	1,234,017	891,511
Receivables						
- Trade Debtors	205,737	136,309	-	-	205,737	136,309
- Other Receivables	170,061	66,885	-	-	170,061	66,885
Other Financial Assets - Term Deposit	3,968,031	3,903,945	-	-	3,968,031	3,903,945
Total Financial Assets	5,577,846	4,998,650	-	-	5,577,846	4,998,650
Financial Liabilities						
Payables	-	-	630,211	203,699	630,211	203,699
Borrowings			27,043	43,310	27,043	43,310
Accommodation Bonds	-	-	3,157,163	2,721,497	3,157,163	2,721,497
Total Financial Liabilities	-	-	3,814,417	2,968,506	3,814,417	2,968,506

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

(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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 7.1: Financial Instruments (Cont.)

Categories of 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 (and for assets, 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.

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 assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

Derecognition of financial liabilities:

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

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

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 7.2: 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 2018 (2017 \$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.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8: Other Disclosures

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

Structure

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

Note 8.1: Equity

	2018 \$	2017 \$
(a) Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the Reporting Period	9,610,774	9,536,238
Revaluation Increment/(Decrement)		
Land	-	74,536
Buildings	659,091	-
Balance at the end of the Reporting Period	10,269,865	9,610,774
Represented by:		
Land	603,222	603,222
Buildings	9,666,643	9,007,552
	10,269,865	9,610,774
(b) Restricted Specific Purpose Surplus		
Balance at the Beginning of the Reporting Period	765,535	864,780
Transfer from/(to) Accumulated Deficits	(259,881)	(99,245)
Balance at the End of the Reporting Period	505,654	765,535
(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	(8,017,732)	(7,441,325)
Net Result for the Year	(997,086)	(675,652)
Transfer (to)/from Restricted Specific Purpose Reserve	259,881	99,245
Balance at the End of the Reporting Period	(8,754,937)	(8,017,732)
(d) Total Equity at end of financial year	9,441,304	9,779,299

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

	2018 \$	2017 \$
Net Result for the Year	(997,086)	(675,652)
Non-Cash Movements		
Depreciation and Amortisation	1,117,382	1,128,457
Provision for Doubtful Debts	(11,476)	4,389
Movements included in Investing and Financing activities		
Net (Gain)/Loss on Disposal of Non-Financial Physical Assets	-	(106)
Movements in Assets and Liabilities:		
Change in Operating Assets & Liabilities		
Increase/(Decrease) in Payables	417,323	(111,941)
Increase/(Decrease) in Employee Benefits	35,413	53,463
(Increase)/Decrease in Prepayments	(59,085)	48,754
(Increase)/Decrease in Receivables	(247,257)	12,403
NET CASH INFLOW FROM OPERATING ACTIVITIES	255,214	459,767

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8.3: Responsible Persons Disclosures

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

	Period
Responsible Minister	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2017 - 30/06/2018
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/2017 - 30/06/2018
Governing Boards	
R. Lees	01/07/2017 - 30/06/2018
A. Eagle	01/07/2017 - 30/06/2018
P. Colliccoat	01/07/2017 - 30/06/2018
K. Stewart	01/07/2017 - 30/06/2018
A. Brown	01/07/2017 - 30/06/2018
R. Currie	01/07/2017 - 30/06/2018
J. Sutherland	01/07/2017 - 30/06/2018
Accountable Officer	
D. Parry (Chief Executive Officer)	01/07/2017 - 30/06/2018

Remuneration of Responsible Persons

	2018 \$	2017 \$
The number of Responsible persons are shown in their relevant income bands;		
\$0 - \$9,999	7	7
\$60,000 - \$69,999	-	-
\$100,000 - \$109,999	-	-
\$170,000 - \$179,999	1	1
Total numbers	8	8
Total Remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	192,700	166,269

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

Note 8.4: Remuneration of Executives

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 8.5)	Total Remuneration 2018 \$	Total Remuneration 2017 \$
Short-term benefits	288,299	267,929
Post-employment benefits	21,886	22,961
Other long-term benefits	6,195	6,130
Termination benefits	-	-
Total Remuneration (i)	316,380	297,020
Total number of Executives	2	2
Total Annualised Employee Equivalent (ii)	2.00	2.00

Notes

(i) 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 8.5).

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

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8.5: 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.

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

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

Entity	KMPs	Position Title
Tallangatta Health Service	R. Lees	Chair of the Board
Tallangatta Health Service	A. Eagle	Board Member
Tallangatta Health Service	P. Collicot	Board Member
Tallangatta Health Service	K. Stewart	Board Member
Tallangatta Health Service	A. Brown	Board Member
Tallangatta Health Service	R. Currie	Board Member
Tallangatta Health Service	J. Sutherland	Board Member
Tallangatta Health Service	D. Parry	Chief Executive Officer
Tallangatta Health Service	J. Polmear	Director of Corporate Services
Tallangatta Health Service	L. Allen	Director of Nursing

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.

	2018	2017
Compensation	\$	\$
Short term employee benefits	462,967	419,948
Post-employment benefits	36,136	37,211
Other long-term benefits	9,978	9,930
Termination benefits	-	-
Share based payments	-	-
Total	509,081	467,089

Significant Transactions with Government-Related Entities

Tallangatta Health Service received funding from the Department of Health and Human Services of \$4.641 million (2017: \$4.402 million).

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

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

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

Transactions with KMPs and Other Related Parties

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

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

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

There were no related party transactions required to be disclosed for the Tallangatta Health Service Board of Directors and Executive Directors in 2018.

Note 8.6: Remuneration of Auditors

	2018	2017
	\$	\$
Victorian Auditor-General's Office		
Audit of financial statement	17,000	17,500

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8.7: AASBs Issued That Are Not Yet Effective

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

As at 30 June 2018, the following standards and interpretations had been issued by 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 most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.
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	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 Jan 2019	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

Note 8.8: 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 occurring since the balance date to the date of this report that would have a material effect on the operations of the Health Service

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8.9: Alternative Presentation of Comprehensive Operating Statement

	2018 \$	2017 \$
Grants	7,908,633	7,663,463
Interest	145,381	130,922
Sales of Goods and Services	2,564,602	2,206,367
Other Income	132,362	142,453
Revenue from transactions	10,750,978	10,143,205
Employee Expenses	8,333,482	7,737,399
Finance Costs	1,160	1,402
Depreciation and Amortisation	1,117,382	1,128,457
Other Operating Expenses	2,315,990	1,958,990
Expenses from transactions	11,768,014	10,826,248
Net Result from transactions	(1,017,036)	(683,043)
Other economic flows included in net result		
Net Gain/(Loss) on Non-Financial Assets	-	106
Other Gains/(Losses) from Other Economic Flows	19,950	7,285
Total other economic flows included in net result	19,950	7,391
Net result from continuing operations	(997,086)	(675,652)
Other comprehensive income		
Items that will not be reclassified to net result		
Changes in Physical Asset Revaluation Surplus	659,091	74,536
Total other comprehensive income	659,091	74,536
Comprehensive result	(337,995)	(601,116)

Note 8.10: Economic Dependency

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

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TALLANGATTA HEALTH SERVICE

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