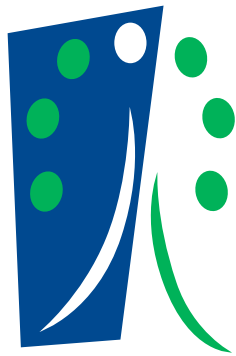


Enabling optimum health and wellness for our communities

Timboon and District Healthcare Service



Annual Report

2015/2016

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THIS REPORT

This annual report fulfils Timboon and District Healthcare Service's reporting requirements to the community and to the Minister for Health. It summarises the Healthcare Service's results, performance, outlook and financial position for 2015/2016.

The annual report outlines the Healthcare Service's performance against key objectives identified in the Timboon and District Healthcare Service strategic plan, and against the Victorian Government's objectives for the community and frontline services.

This annual report will be available on Timboon and District Healthcare Service website at: www.timboonhealthcare.com.au/about/publications

Hard copies of the annual report can be obtained by phoning the office of the Chief Executive Officer, Timboon and District Healthcare Service, on (03) 5558 6029.

Timboon and District Healthcare Service is committed to providing accessible services. If you have difficulty in understanding this annual report, you can contact the Timboon and District Healthcare Service on (03) 5558 6029 to arrange appropriate assistance.

OVERVIEW

WELCOME

Timboon and District Healthcare Service is a multipurpose service (MPS) established under an agreement between the Commonwealth and Victorian Governments and incorporated under the *Health Services Act 1988*. The Healthcare Service is governed by the Board of Governance, with its Directors appointed by the Governor-in-Council upon the recommendation of the Victorian Minister for Health.

Service delivery includes acute, residential and community aged care and a comprehensive suite of Community Health Services. Acute and residential aged care services are provided within 14 flexible beds and a 6 day-stay bed complex with an operating theatre suite and urgent care centre. Community Health Services are provided both in house and externally through community outreach programs. Timboon and District Healthcare Service jointly manages the Timboon Medical Clinic which is located adjacent to the Healthcare Service, and contracts General Practitioners as Visiting Medical Officers to the Healthcare Service.

Timboon and District Healthcare Service provides services within the southern half of the Corangamite Shire and the south eastern section of Moyne Shire. Key towns within the catchment area include: Timboon, Cobden, Nullawarre, Peterborough, Port Campbell, Princetown and Simpson.

We take this opportunity to thank our consumers, communities, staff and other health partners for their support and commitment and look forward with confidence to a positive year ahead as we continue to deliver the Timboon and District Healthcare Service vision.

OUR VISION

Enabling optimum health and wellness for our communities

OUR MISSION

To provide leading innovative health and wellness services of the highest quality

OUR CORE VALUES

Accountability

We show pride, enthusiasm and dedication in everything that we do

Excellence

We create opportunities for education and are committed to continuous development

Respect

We consult and collaborate with others and respect the diverse knowledge and skills of patients, families and each other

Integrity

We engage others in a respectful, fair and ethical manner

Compassion

We will accept people as they are and display kindness and sensitivity to them

PRESIDENT'S AND CHIEF EXECUTIVE OFFICER'S REPORT

On behalf of the Board of Governance and staff we are pleased to present the Annual Report for Timboon and District Healthcare Service for 2015/16.

As evidenced in this report we are proud to report on a number of achievements and highlight the ongoing support we receive from volunteers, the wider community and both State and Commonwealth Governments.

In a year that has seen the commencement of important changes at Timboon and District Healthcare Service it is pleasing to reflect on the achievements of the organisation. As one of only seven Multi-Purpose Services in Victoria, Timboon and District Healthcare Service will continue to offer flexibility and sustainability in service delivery. This is achieved by responding to the local community's requirements within the legislative frameworks and regulations of the State Department of Health and Human Services and the Commonwealth Department of Health.

The Board and the leadership team are aware of the challenges and changes taking place in the broader health system and are working diligently and collaboratively to position Timboon and District Healthcare Service to ensure sustainability and relevant services that effectively address community requirements. As such, the organisational structure has evolved; a number of the roles that report directly to the Chief Executive Officer have changed, programs and services have been realigned, and a middle level management position introduced.

We would like to formally welcome our two new General Managers to Timboon and District Healthcare Service, Ms Kim White and Ms Nancy Johnson. Kim commenced in the new role of General Manager Health Services in November 2015 following a lengthy career in senior positions in the private health sector. This Executive position evolved from the former Director Clinical Services role and encompasses all clinical care programs and services.

On behalf of the Board of Governance and staff at Timboon and District Healthcare Service we would like to acknowledge Ms Michelle Selten for fulfilling the responsibilities of the Acting Director Clinical Services. Michelle's dedication to the additional duties demanded in the role was exemplary.

We would also like to acknowledge and thank Ms Kristie Coverdale, former Director Finance and Administration, for her significant contribution to Timboon and District Healthcare Service. Sincere thanks are extended to Ms Nikki Beaver who stepped into the acting role whilst an extensive recruitment process was completed for the new Executive position of General Manager Corporate Services. Ms Nancy Johnson joined the leadership team in April 2016 having been involved in health governance and financial management in both the private and public sectors.

Timboon and District Healthcare Service is fortunate to have secured these two senior leaders who will support the Chief Executive Officer and Board in developing local services close to home and into the future.

Timboon and District Healthcare Service vigilantly maintains systems that ensure accountability and responsibility for the delivery of safe, responsive patient centred care. Safety underpins all that we do at Timboon and District Healthcare Service. The patient is placed at the centre of every discussion and decision about their care and all staff actively work at establishing a culture of transparency, learning and continuous improvement.

Our multipurpose service is regularly assessed against the National Safety and Quality Health Service Standards (NSQHS) by our accrediting body, the Australian Council on Healthcare Standards (ACHS). Accreditation is the measure that evaluates our effectiveness as a patient focused organisation and assesses how well we evidence our use of integrated responsive systems by an appropriately skilled and credentialed workforce that is committed to continuously improving the quality of patient care. ACHS will conduct an organisation wide survey in June 2017 where we will be assessed against the ten NSQHS Standards and the five EQUIPNational Standards. During the reporting period Timboon and District Healthcare Service continued to monitor, evaluate and refine policies and processes.

Ultimately, responsibility for ensuring the integrity and effectiveness of our governance systems rests with the Board of Governance. In 2015 the Board developed the 2015-2018 Strategic Plan which is available on our website at www.timboonhealthcare.com.au/about/publications. The plan was endorsed by the Regional Director of Health in February 2016. 2015/16 has been a consolidation period as our strategic action plans have been developed, approved and progressively started.

During the reporting period Timboon and District Healthcare Service continued to actively build, nurture and sustain its professional partnerships and community alliances, all of which are important in providing the Healthcare Service with advice, direction and guidance about issues affecting our communities. It is vital for us to continue to build on these partnerships so that we sustain authentic awareness of community expectations and needs.

Timboon and District Healthcare Service values the changing nature of local healthcare and wellbeing requirements and is committed to working closely with our key stakeholders. We will base our future services on State and Commonwealth Governments' policy directions as well as the strong evidence base from our continued monitoring and examination of our services and communities.

A few examples of the diversity of our community engagement over the past 12 months included: participation in the Heart of Corangamite through physical activity and nutrition steering committees and activities; ongoing support provided to Timboon P-12 through health and wellbeing programs; representation and ongoing support at a variety of meetings and events including Timboon Action Group; Timboon Community Garden and Timboon Men's Shed.

The generosity of our local communities is greatly appreciated and we extend a very sincere and warm thank you for the continued support from individuals and local groups and organisations. All community donations and fundraisers are extremely important for enabling Timboon and District Healthcare Service to procure vital equipment and infrastructure that enables us to sustain high quality service provision. Funds raised in the 2015/16 Annual Appeal will help purchase new hydraulic, electronically programmable beds for our Acute and Aged Care wards. As at 30 June 2016, Annual Appeal donations totalled \$13,330, which equates to at least 2 new beds.

The Board of Governance would like to sincerely thank our staff, volunteers, partner organisations and many others who work hard to support Timboon and District Healthcare Service. Additionally, we would like to acknowledge the contribution to the Healthcare Service by our visiting medical officers, specialist services, allied health professionals, the funding received by the Department of Health and Human Services and the Department of Social Services, as we conscientiously strive to optimise the health and wellbeing of Timboon and surrounding communities.

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Timboon and District Healthcare Service for the year ending 30 June 2016.



A stylized, handwritten signature in black ink.

A handwritten signature in black ink that reads "Gerry Sheehan".

Mr Josh McKenzie
President Board of Governance
01/08/2016

Mr Gerry Sheehan
Chief Executive Officer
01/08/2016

YEAR IN REVIEW

In January 2016 the *Timboon and District Healthcare Service Strategic Plan 2015 - 2018* was approved by the Regional Director – Health, Barwon South West Region.

DIRECTIONS	ACTIONS	DELIVERABLES	OUTCOMES
Empower our communities to become avid health consumers responsible for their health and wellbeing needs	<ul style="list-style-type: none"> Gap analysis of existing and future community engagement Based on gap analysis, develop health literacy communications plan Identify and develop partnerships to support health literacy Develop success measures to provide evidence of change in health literacy 	<ul style="list-style-type: none"> Gap analysis Communications plan Partnerships, networking opportunities Innovation using internal resources 	<ul style="list-style-type: none"> Gap analysis completed Senior staff attending health literacy training program via South West PCP Website and social media profile developed Intranet modernised
Leverage the flexibility of the MPS to align our services with emerging trends	<ul style="list-style-type: none"> Structure services to ensure alignment with emerging trends and community priorities Develop formal health pathways in agreed specialised areas and identify and manage regional collaboration opportunities Review branding and positioning to reflect strategy and services 	<ul style="list-style-type: none"> Current and prospective services are aligned with NDIS, MPS objectives, government policy, person centred care, etc Develop proposal for Board (including rollout plan) that incorporates comprehensive community and departmental engagement 	<ul style="list-style-type: none"> Organisational restructure commenced. Executive team expanded. Manager Support Services role created Comprehensive evaluations of current services underway Policies being reviewed and/or developed in line with above. Telehealth installed in Urgent Care Centre; and videoconferencing resources enhanced and expanded
Develop alliances and collaboration opportunities	<ul style="list-style-type: none"> Examine and develop opportunities for alliances and innovative collaboration that will enhance service sustainability 	<ul style="list-style-type: none"> Establish criteria for acceptable collaborations Develop monitoring process Develop MOUs or equivalent that specify required outcomes and review process. 	<ul style="list-style-type: none"> Corangamite Health Collaborative Polwarth Partnership Innovative partnerships have been established with Otway Health re Paediatric Occupational Therapy, and with Colac Area Health re Allied Health services review and mentoring opportunities.

DIRECTIONS	ACTIONS	DELIVERABLES	OUTCOMES
Operate safely and sustainably	<p>Develop a set of safety and quality measures for each area of Timboon and District Healthcare Service that must be met or exceeded annually</p> <ul style="list-style-type: none"> • Ensure Timboon and District Healthcare Service operates within its means, focusing on resource efficiency, better management of physical assets, efficient decision making models, innovative workforce models and informed responses to health reform agenda. • Investigate and research options for data and evidence collection that accurately reflect service delivery via MPS model 	<ul style="list-style-type: none"> • At least 3 strategic alliances/ collaborations formally endorsed by the Board of Governance • Key performance indicators set and endorsed by Board • Adopt current best practice methodologies for data and evidence collection 	<ul style="list-style-type: none"> • Collaborating with local primary health care organisations and Primary Health Networks • Cooperating with other providers of health services, including DHHS, in planning for and delivering health services • Ensuring local clinical governance • New part-time Quality and Policy Development role created • Ongoing monitoring via Clinical Governance Quality and Credentialing Committee • Creating a more inclusive environment using ICT and community engagement strategies • Contributing to and implementing relevant statewide plans including the implementation of national clinical standards
Embed a positive workplace culture that strengthens our capacity to enable, anticipate and heighten positive community outcomes	<ul style="list-style-type: none"> • Measure organisational culture • Develop integrated Leadership, People and Culture plan • Implement a range of programs for Executive, next level leaders and Board 	<p>Establish baseline organisational culture through external diagnostic</p> <ul style="list-style-type: none"> • Use outcomes of culture measurement to inform specifics of People and Culture Plan • Explore linkages to existing DHHS framework • Remeasure and celebrate achievement <p>People and Culture Plan endorsed by Board</p> <ul style="list-style-type: none"> • Internal succession plan for key roles • Progress evidenced via re-test of leadership behaviours 	<p>Developing and empowering the workforce by:</p> <ul style="list-style-type: none"> • 2-day workshop: Executive team planning and development • Quarterly small group information sessions with workforce led by CEO • Managers and staff engaged at operational level in decisions • Participation in the 2016 People Matter survey • Draft 'middle managers' development program developed

GOVERNANCE AND MANAGEMENT

HEALTH SERVICE GOVERNANCE

The activities of the healthcare service are directed through a three year tripartite funding agreement negotiated between the Department of Social Services, the Department of Health and Human Services and the Board of Governance.

RESPONSIBLE MINISTERS

Australian Government

Hon Sussan Ley MP - Minister for Health

Senator the Hon Fiona Nash – Minister for Rural Health

Victorian Government

Hon Jill Hennessy MP, Minister for Health; Minister for Ambulance Services

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

Hon Jenny Mikakos MP, Minister for Families and Children; Minister for Youth Affairs

LEGAL AUTHORITY

Timboon and District Healthcare Service was gazetted as a Multipurpose Health Service in March 1998 under the *Victorian Health Services Act 1988* and operates under the provisions of the Act. Also, as a Multipurpose Service, Timboon and District Healthcare Service is jointly administered under this Act and also under the provisions of the Australian Government's *Aged Care Act*.

BOARD OF GOVERNANCE

As at 30 June 2016

PRESIDENT

Josh McKenzie

First appointed: 01.11.2004

Current term of appointment: 01.07.2014 – 30.06.2017

VICE PRESIDENT

John Renyard

First appointed: 01.07.2009

Current term of appointment: 01.07.2013 - 30.06.2016

Chair, Audit Committee

TREASURER

Nancy Johnson (resigned 24.03.2016)

Position vacant from 24.03.2016 – 30.06.2016

BOARD MEMBERS

Catherine Marr

First appointed: 01.11.2001

Current term of appointment: 01.07.2014 - 30.06.2017

Chair, Clinical Governance Quality and Credentialing Committee

Margaret Bull

Registered Nurse at South West Healthcare

First appointed 01.11.2006

Current term of appointment: 01.07.2015 - 30.06.2018

RETIRING

Ray Smith

First appointed: 01.11.2005

Current term of appointment: 01.07.2013 – 30.06.2016

Kim Clough

First appointed: 1.07.2013

Current term of appointment: 1.07.2013 – 30.06.2016

Matt Izzo

First appointed: 1.07.2013

Current term of appointment: 1.07.2013 – 30.06.2016

RESIGNATIONS

Nancy Johnson

Treasurer

First appointed: 22.02.2011

Mrs Johnson resigned 23.03.2016

Tom Walsh

First appointed: 01.11.2005

Dr Walsh resigned on 15.03.2016

ASSOCIATE BOARD MEMBERS

Appointed 30.10.2015 (pending formal Board recruitment process in 2016); no voting rights applied.

- Wendy Cameron
- Jason Chuck
- Bryce Morden
- Sangita Waters

PECUNIARY / CONFLICT OF INTEREST

There were no instances where Members of the Board of Governance declared a pecuniary interest and withdrew from necessary proceedings.

COMMITTEE STRUCTURE

The Board has established a committee structure to assist in meeting its obligations.

AUDIT COMMITTEE

Audit Committee monitors and oversees the financial performance and reporting processes; compliance with the *Financial Management Act*; the internal and external audit programs; and oversees the risk management program. This committee meets at least four times a year and its membership includes one community representative.

CLINICAL GOVERNANCE, QUALITY AND CREDENTIALING COMMITTEE (CGQC)

The Board of Governance has ensured that there is a clinical governance, quality and credentialing framework in place as well as external and internal audit processes to monitor compliance. The CGQC meets on a bi-monthly basis; its membership currently includes three community representatives.

For effective and comprehensive monitoring of clinical governance, quality and credentialing at Timboon and District Healthcare Service, the CGQC receives regular reports from the following committees:

- Patient Safety and Quality Committee
- Medical Consultative Committee
- Allied and Community Health Committee

NOMINATION AND REMUNERATION

The Board Executive regularly appraises and reviews the Chief Executive Officer's performance in line with contracted key performance indicators.

GOVERNANCE AND MANAGEMENT

EXECUTIVE TEAM

Timboon and District Healthcare Service Executive team reports to and supports the Chief Executive Officer in evaluation of operational accountability and the delivery of healthcare services. The Executive team meets fortnightly to ensure effective management and achievement of Timboon and District Healthcare Service performance and service targets in safety and quality, risk management, governance, human resources, finance and performance, and professional activity.

CHIEF EXECUTIVE OFFICER

Gerry Sheehan (from Jun 2014)

GENERAL MANAGER HEALTH SERVICES

Kim White (from Nov 2015)

GENERAL MANAGER CORPORATE SERVICES

Nancy Johnson (from Apr 2016)

EXECUTIVE OFFICER (COMMUNICATION AND GOVERNANCE)

Moya Zunker (from Mar 2016)

HUMAN RESOURCES MANAGER

Leanne Klahsen (from Jan 2016)

OTHER EXECUTIVE TEAM MEMBERS DURING THE REPORTING PERIOD:

Acting Director Clinical Services

Michelle Selten (to Nov 2015)

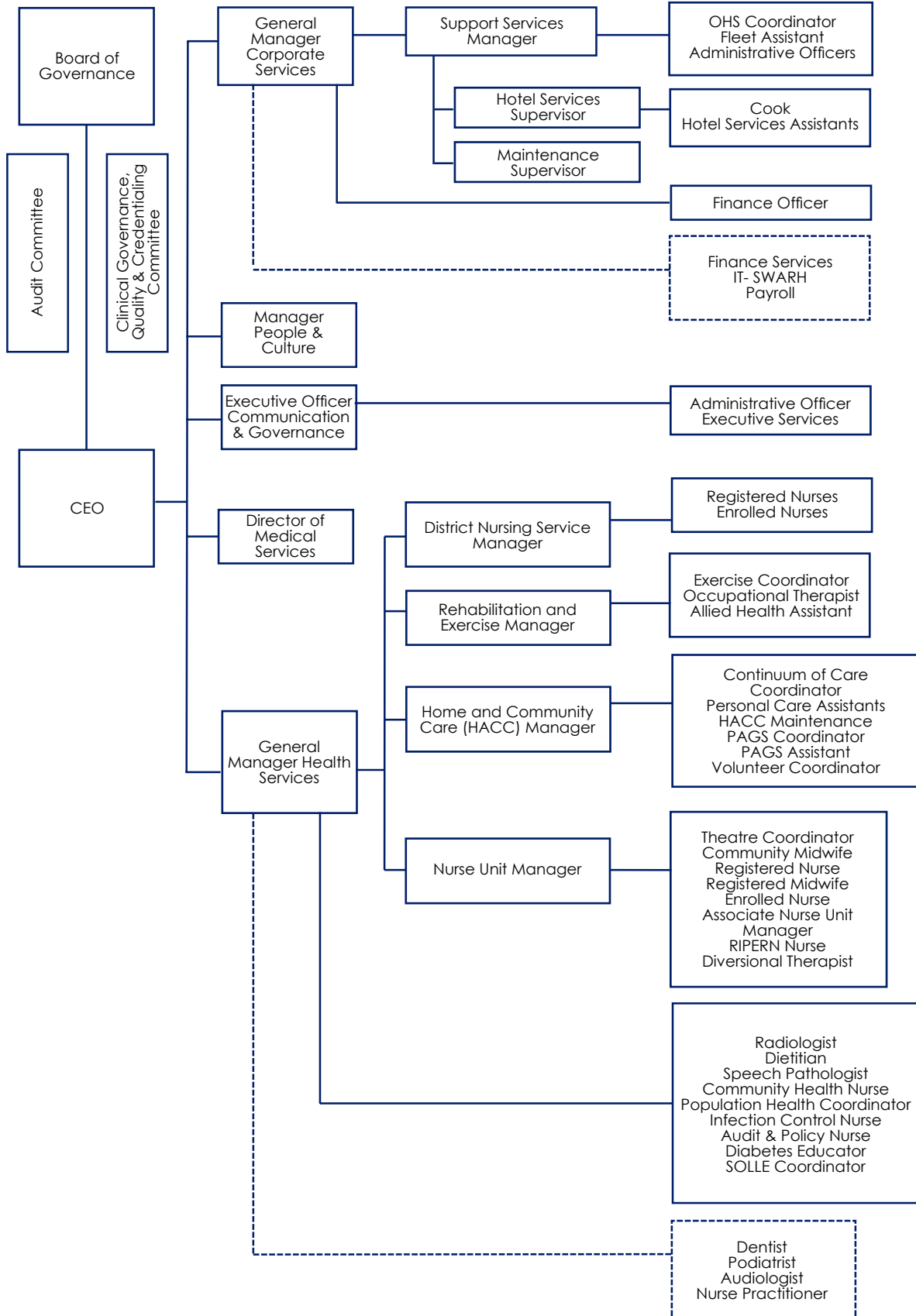
Director of Finance Administration

Kristie Coverdale (to Dec 2015)

Human Resources Manager

Donna Hay (to Dec 2015)

ORGANISATIONAL STRUCTURE



OUR PEOPLE

WORKFORCE DATA

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2015	2016	2015	2016
Nursing	14.84	14.25	14.13	13.71
Administration and Clerical	8.67	7.09	7.39	6.90
Hotel and Allied Services	5.98	6.57	6.84	6.74
Ancillary Staff (Allied Health)	5.92	4.39	5.67	5.39
Home and Community Care	11.60	13.52	10.40	12.83

Occupational violence statistics	2015-16
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	6
4. Number of occupational violence incidents reported per 100 FTE	Not applicable FTE < 100
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

OUR WORKPLACE

SAFETY AND QUALITY

Timboon and District Healthcare Service is committed to a philosophy of continuous quality improvement that integrates evidence based best practice elements and quality improvement methods in order to establish sustainable systems, processes and behaviours necessary to maintain high standards and to promote the pursuit of excellence.

PEOPLE AND CULTURE

The Executive team has seen an almost complete change in the 12 month period, with development focussed on bringing the new leadership team together, including individual development, team effectiveness and implementation of positive culture. Similar work will commence with the next line of management from mid-2016, strengthening operational and strategic leadership at the same time.

SOLLE16 – ONLINE EDUCATION

Timboon and District Healthcare Service joined a regional project to implement a new Learning Management System in 2016, offering a more engaging user experience. The project is still underway and has offered great opportunities for collaboration and learning with other health services. The 'go live' date for SOLLE16 is 5 September 2016.

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety (OH&S) is a priority of Timboon and District Healthcare Service and its application towards all employees, visitors, patients, clients and contractors.

Our OH&S policies and procedures are reviewed regularly in consultation with employees and signed off by our Chief Executive Officer formalising our commitment to our legal and moral obligations.

Timboon and District Healthcare Service continues to be vigilant in monitoring occupational health and safety and safeguarding staff, consumers, visitors and contractors. We are committed to regular consultation with staff, and others using the workplace, to ensure effective management of health and safety issues and to maintain a safe work environment. Timboon and District Healthcare Service staff have regular refresher training regarding OH&S principles, roles and responsibilities, and incident management.

EQUAL EMPLOYMENT OPPORTUNITY

Timboon and District Healthcare Service is committed to providing a workplace environment that ensures compliance with the merit and equity principles in accordance with Equal Opportunity legislation for fair and equal work opportunities. Equal employment opportunity principles are included as standard practice for recruitment, training and promotion opportunities at Timboon and District Healthcare Service.

FINANCIAL RESULTS

5 YEAR FINANCIAL SUMMARY

	2016 \$000	2015 \$000	2014 \$000	2013 \$000	2012 \$000
Total Revenue	7,282	7,259	7,198	8,875	6,896
Total Expenses	(7,928)	(7,682)	(7,786)	(7,960)	(7,560)
Net Result for the Year (incl. Capital and Specific Items)	(646)	(423)	(588)	915	(665)
Retained Surplus/ (Accumulated Deficit)	5,236	5,863	6,270	6,858	5,943
Total Assets	17,611	17,688	17,670	17,526	16,816
Total Liabilities	2,265	1,714	1,290	1,450	1,655
Net Assets	15,347	15,974	16,381	16,076	15,161
Total Equity	15,347	15,974	16,381	16,076	15,161

CURRENT FINANCIAL YEAR REVIEW

Financial Analysis of Operating Revenues and Expenses

The financial results (including capital and specific items) for the year ending 30 June 2016 show a \$645,880 deficit compared to a deficit of \$423,133 for the previous financial year.

Operating revenue increased by 1.4% over the year. Expenditure on employee expenses have increased by 4.3%. Other expenses have decreased by 1.3%.

Capital grants of \$62,248 were received from the Department of Health and Human Services for medical equipment and infrastructure replacement.

Significant Changes in Financial Position during the Year

The current asset ratio at 30 June 2016 is 1.95. This ratio indicates that the organisation is in a healthy financial position, with adequate cash resources to meet liabilities as they fall due.

Performance against Operational and Budgetary Objectives

Each year the health service establishes an operating budget which is matched to the strategic objectives of the organisation and aims for a balanced budget outcome. In addition, the budget takes account of the service delivery profile which has been designed to meet community needs.

In 2015-16 the health service aimed to achieve a break even result before capital and specific items and achieved a surplus of \$51,258.

FINANCIAL RESULTS

CONSULTANTS

Details of consultancies (under \$10,000)

In 2015-16, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015-16 in relation to these consultancies is \$10,650.

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

In 2015-16, there was one consultant where the total fees payable to the consultant is \$10,000 or greater. The total expenditure incurred during 2015-16 in relation to this consultant is \$14,810. Details shown below.

Consultants (\$ thousand)

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2015-16 (excluding GST)	Future Expenditure (excluding GST)
O'Malley Consulting	Professional development	1/12/2014		41.730	14.810	

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2015-16 is \$338,710 with details shown below.

Information and Communication Technology (ICT) (\$ million)

Business as Usual (BAU) ICT Expenditure (Total excluding GST)	Non-Business As Usual (non-BAU) ICT Expenditure (Total = Operational Expenditure and Capital Expenditure excluding GST)	Operating Expenditure (excluding GST)	Capital Expenditure (excluding GST)
0.303	0.035	0.310	0.029

OUR GENEROUS COMMUNITY

LIFE GOVERNORS

A Life Governor is an award bestowed by the Board of Governance on those members of the community who have made a valuable and significant contribution to Timboon and District Healthcare Service in a voluntary capacity over a period of time.

Mrs. H. Bullen
Ms. J. Burkhalter
Mrs. M. Coe
Mrs. P. Couch
Mrs. J. Duro
Mr. A. Felmingham
Mrs. E. Finch
Mrs. E. Finnigan
Mr. N. Finnigan
Miss B. Fraser
Mrs. L. Giblett
Mrs. H. Herrin

Dr. D. Jackson
Mrs. N. Joiner
Mr. K. Jepson
Mrs. P. Lawson
Mrs. Y. Lawson
Miss R. McMeel
Mr. R. McVilly
Mrs. H. Morris
Mrs. B. Newey
Mrs. B. O'Brien
Mrs. E. Padbury
Mrs. S. Phillips

Mrs. K. Robbins
Mrs. E. Rundle
Mr. K. Serong
Mrs. M. Serong
Mrs. V. Sharp
Mrs. M. Symons
Mrs. D. Taylor
Mrs. J. Toller-Bond
Mr. D. Trigg
Mr. J.A. Vogels MP

VALE

In tribute, Timboon and District Healthcare Service extends our sincere condolences to the families and friends of the following Life Governors who passed away during the course of the reporting period:

Bridget (Bridgie) Allan
27 September 1920 – 7 July 2015

Joan Hortin
25 December 1926 – 14 January 2016

Doris (Dot) Merrett
4 November 1928 – 26 May 2016

Frances (Fran) Thompson
6 October 1929 – 20 June 2016

DONORS

Our local communities generously supported the 2015/16 Annual Appeal which focused on raising funds to purchase new beds for our Acute and Aged Care patients. The new beds will be hydraulically and electronically programmable with specialised pressure reducing mattresses so that we optimise the care and safety of our patients and staff.

We are proud of the ongoing commitment and involvement of our communities, consumers, partners and staff. From this solid underpinning of genuine collaboration, generosity and support, an innovative, sustainable multipurpose healthcare service continues to evolve.

OUR GENEROUS COMMUNITY

Our sincere thanks go to:

Mark Tribe
Gavin Rundle
Mrs P Thornton
John and Joan McKenzie
Mrs van Donk
Michael Broomhall
Noelene Richards
K and P Gledhill
Valerie Bentley
Alice McDowall
Max and Nola Mitchell
Geoff and Maria Townsend
Robert and Catherine Marr
Michael Uebergang
N. Currell
John Oldfield
John and Leeanne Whitehead
Wesley Magilton
R & J Burkhalter
Noel McKinnon
Percy Gillin
Mary Price
Dennis and Heather Currell
Marilyn Bassett
Mary and Rick Wetmore
Ms Bobbie French
Robert Rhode
Nell Joiner
Neville and Pam Rantall
Dr Diana Peneva
Ethel and Leo Rundle
Rita Rundle
Michael O'Keeffe
Jim and Marie Giblin
Mrs Hunt
Bruce and Jane Pike

Maureen Clement
Russell and Vivienne White
Mr A A Felmingham
Mr Bellis
K and J Nesseler
Carol and Sam Doolan
Graeme and Helen Neal
Mr and Mrs Gary Ferrari
Kath Trotter and Neil Trotter
Geoff and Joan Russell
Colin and Del Taylor
Marion Gordon
E T and P P Stanbury
Lloyd and Betty Patullo
Merlene and Jim Retallack
Mr and Mrs H D Bettens
Sue Parfett
P and R Couch
Jean and Barrie Giblett
John Bognar
Dot Glerum
Barbara Yeaman
Marlene van Nieuwkerk
Mr and Mrs Bruce Cashmore
MJ and MT Dillon
GW and CA Marr
Gary Hilton
Mr and Mrs Gary Thompson
J and R Holmes
Jim Rohan
Anita Scott
Mrs M Baglin
Mr and Mrs Scott
Nola (Faye) McKenzie
Mr D Beamon
Mr and Mrs M A McDonald
Kevin and Betty Jenkins

Mrs Marie van den Broek
Nancy Guy
Barbara Dickinson
Mrs Pearl White
Stephen and Wendy Maskell
Mrs Nancy A Baker
Mr SF and Mrs SJ Plozza
Mr T J McConnell
George Wiggins
Mr and Mrs K Jepson
Winifred and Albert Lindsay
Brendan and Yolande McVilly
Patrick and Karen Duynhoven
PJ & SM Van Rijthoven
Mr, Mrs & Miss Whiteside
MJ & RV Arundell
Ian & Anne-Maree Harris
Mr J & Mrs H Renyard
Timboon P-12 School
Bradley Hain
Mrs Heather McKenzie
Mr & Mrs Ken Lloyd
Mrs Margaret Baglin
Kenneth Aubrey Fimmel
Mr & Mrs C & D Harkness
Colin and Wendy Rogers
Margaret Tesselaar
Mr & Mrs AG Kerr
Ms Barbara Fraser

OUR SERVICES

Timboon and District Healthcare Service provides a variety of healthcare service programs. These include:

ACUTE SERVICES

Timboon and District Healthcare Service offers inpatient and services to the community of Timboon and districts including - medical, minor surgical, endoscopy, palliative care, post-natal care and post-acute care. Medical imaging (X-Ray) and pathology services are available.

Our acute services are supported by four General Practitioners and a number of visiting/locum medical practitioners including General Practitioners, General Surgeon and a Proceduralist Physician.

URGENT CARE AND AFTER HOURS MEDICAL TREATMENT

A nurse assessment (triage) led model supported by on-call General Practitioners delivers Urgent Care and After Hours (e.g. week nights and weekends) treatment for medical emergencies to the community.

AGED AND RESIDENTIAL CARE

Timboon and District Healthcare Service has four Nursing Home (High Care) beds providing a home-like atmosphere with the security of assistance when required. Respite care is also available.

HOME BASED SERVICES

Also known as Home and Community Care (HACC), includes Home Help, Personal Care, Home and Garden Maintenance, Meals on Wheels, Volunteer Program, Planned Activity Groups and District Nursing. The services are provided to support and assist elderly people or younger people with disabilities living at home or in the community and their families.

Home based services also provide care and support to palliative clients and families.

COMMUNITY AND ALLIED HEALTH

Community Services help in many ways to manage and maintain good health and independence in the community. These programs focus on community wide health promoting activity to prevent the onset of health problems i.e., helping people to eat well, stay physically fit, and stay socially connected.

Services available include – physiotherapy, exercise program, dietetics, speech pathology, community health nurse, diabetes education, podiatry, occupational therapy, health promotion and education, audiology, immunisation clinic, women's health and pap screening, ante natal and post-natal care.

ORAL HEALTH

The dental clinic provides general oral health services, both public and private. These services are delivered by South West Dental Services (SWDS) and a private dentist. The public dental service was temporarily closed on 1 June 2016 and will resume as soon as SWDS recruitment processes are finalised.

PERFORMANCE PRIORITIES

Safety and Quality Performance

Key Performance Indicator	Target	Actual
Health Service Accreditation	Full Compliance	Full Compliance
Overall Compliance with Cleaning Standards	Full Compliance	Full Compliance
Very High Risk (Category A)	90%	100%
High Risk (Category B)	85%	99%
Moderate Risk (Category C)	85%	100%
VICNISS Data Compliance*	Full Compliance	Full Compliance
Compliance with the Hand Hygiene Australia Program	80%	96%
Percentage of Healthcare Workers Immunised for Influenza	75%	86%

*Victorian Healthcare Associated Infection Surveillance

Patient Experience and Outcomes

Key Performance Indicator	Target	Actual
Victorian Health Experience Survey - Data Submission	Full Compliance	Non-Compliance
Victorian Health Experience Survey - Patient Experience	95% Positive Experience	99%

Governance, Leadership and Culture Performance

Key Performance Indicator	Target	Actual
People Matter Survey Patient Safety Culture	80%	91%

Financial Sustainability Performance

Key Performance Indicator	Target	Actual
Operating Result (\$m)	0.000	0.051
Creditors avg. days	< 60 Days	57
Debtors avg. days	< 60 Days	29
Adjusted Current Asset Ratio	0.7	1.95
Days of Available Cash	14 Days	191 Days

Funded Flexible Aged Care Places

Service	Number
Flexible High Care	4

Utilisation of Flexible Aged Care Places

Service	Number	Occupancy Level %
Flexible High Care	4	100%
Respite*	2	156%
Total	6	

*MPS Tripartite Agreement allows for flexible beds

PERFORMANCE PRIORITIES

Acute Care

Service	Type of Activity	Actual Activity 2015-16
Medical Inpatients	Bed Days	1,570
Urgent Care	Presentations	1,987
Radiology	Occasions of Service	435

Primary Health Care

Service	Type of Activity	Actual Activity 2015-16
Community Health Nursing	Occasions of Service	255
Community Midwife	Occasions of Service	375
Diabetes	Occasions of Service	89
Dietetics	Occasions of Service	186
Occupational Therapy	Occasions of Service	63
Physiotherapy	Occasions of Service	2191
Podiatry	Occasions of Service	159
Speech Pathology	Occasions of Service	465
Social Work	Occasions of Service	28

Home and Community Care

Service	Type of Activity	Actual Activity 2015-16
HACC Allied Health*	Occasions of Service	3,727
HACC Assessment	Occasions of Service	566
HACC Delivered Meals	Number of Meals	8,767
HACC Domestic Assistance	Occasions of Service	4,567
HACC Personal Care	Occasions of Service	3,713
HACC Respite	Occasions of Service	188
HACC Property Maintenance	Occasions of Service	1,629
PAGs Group	Occasions of Service	2,571
Community Transport*	Occasions of Service	1,411
HACC District Nursing	Occasions of Service	4,103

* Services which are not funded or only part funded through HACC Funding

VICTORIAN HEALTHCARE EXPERIENCE SURVEY REPORTING

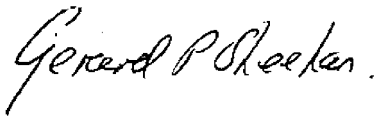
Key performance indicator	Target	2015-16 Result
Victorian Healthcare Experience Survey - data submission	Full compliance	Non-Compliance
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	98.9% Achieved
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	Non-Compliance
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	Non-Compliance

Note: Data was not submitted /delayed submission

ATTESTATIONS

ATTESTATION ON DATA INTEGRITY

I, Gerry Sheehan, certify that the Timboon and District Healthcare Service has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. The Timboon and District Healthcare Service has critically reviewed these controls and processes during the year.



Gerry Sheehan
Chief Executive Officer
Timboon
22/08/2016

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

I, Gerry Sheehan, certify that the Timboon and District Healthcare Service has complied with Ministerial Direction 4.5.5 – Risk Management Framework and Processes. The Timboon and District Healthcare Service Audit Committee has verified this.



Gerry Sheehan
Chief Executive Officer
Timboon
22/08/2016

OTHER DISCLOSURES

BUILDING ACT 1993

Timboon and District Healthcare Service complies with the *Building Act 1993 / Standards for Publicly Owned Buildings November 1994* in all redevelopment and maintenance issues.

The buildings have been subject to a fire audit by a Fire Services Engineer.

During the reporting period regular ongoing maintenance was carried out, including routine inspections and rectification to ensure the Healthcare Service's buildings were maintained to a safe and functional condition in compliance with the requirements of the Act, as evidenced in the annual certificate of compliance of essential services.

FREEDOM OF INFORMATION ACT 1982

The *Freedom of Information (FOI) Act 1982* allows the public a right of access to documents held by Timboon and District Healthcare Service. Individuals or agencies who act on their behalf, such as solicitors or insurance companies, are entitled to access personal medical record information. Timboon and District Healthcare Service is committed to protecting consumer privacy and all care is taken to ensure information is released only to the relevant individual or authorised representative.

During 2015/16 Timboon and District Healthcare Service received and processed 4 applications. All FOI applications are directed to the Chief Executive Officer and are processed in accordance with the provisions of the *Freedom of Information (FOI) Act 1982* within the legislated timeframes.

PROTECTED DISCLOSURE ACT 2012

Timboon and District Healthcare Service is committed to the principles of the *Protected Disclosure Act 2012*. During the 2015/16 financial year there were no disclosures received by Timboon and District Healthcare Service and no notification of disclosures to the Ombudsman or any other external agency.

CARERS RECOGNITION ACT 2012

Timboon and District Healthcare Service complies with all requirements of the *Carers Recognition Act 2012* and was not required to make any disclosures during the reporting period.

COMPETITIVE NEUTRALITY POLICY VICTORIA

Timboon and District Healthcare Service complies with the National Competition Policy and requirements of the *Competitive Neutrality Policy Victoria*.

VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP) ACT 2003

No contracts commenced in the financial year to which the VIPP Plan was required.

OTHER DISCLOSURES

ADDITIONAL INFORMATION

In compliance with the requirements of the *Financial Reporting Directions 22G* (Section 6.19) details in respect to the items listed below have been retained by Timboon and District Healthcare Service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

DISCLOSURE INDEX

The annual report of the Timboon and District Healthcare Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's and organisation's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
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Financial and other information		
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FRD 11A	Disclosure of ex gratia expenses	NA
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FRD 22G	Application and operation of <i>Protected Disclosure 2012</i>	20
FRD 22G	Application and operation of <i>Carers Recognition Act 2012</i>	20
FRD 22G	Application and operation of <i>Freedom of Information Act 1982 Q</i>	20
FRD 22G	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	20
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FRD 24C	Reporting of office-based environmental impacts	11
FRD 22G	Significant changes in financial position during the year	12-13
FRD 22G	Statement on National Competition Policy	20
FRD 22G	Subsequent events	NA
FRD 22G	Summary of the financial results for the year	12-13
FRD 22G	Workforce Data Disclosures including a statement on the application of employment and conduct principles	10
FRD 25B	Victorian Industry Participation Policy disclosures	20
FRD 29A	Workforce Data disclosures	10
SD 4.2(g)	Specific information requirements	2-3
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Timboon and District Healthcare Service



FINANCIAL STATEMENTS

Timboon and District Healthcare Service

**BOARD MEMBER'S, ACCOUNTABLE OFFICERS AND
CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION**

The attached financial statements for Timboon and District Healthcare Service have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994, applicable Financial Reporting Directions*, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and the financial position of Timboon and District Healthcare Service at 30 June 2016.

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

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


.....

Josh McKenzie
President Board of Governance

Timboon

22/08/2016


.....

Kim White
Acting Chief Executive Officer

Timboon

22/08/2016


.....

Nancy Johnson
Chief Finance & Accounting Officer

Timboon

22/08/2016

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Timboon and District Healthcare Service

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Timboon and District Healthcare Service which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration.

The Board Members' Responsibility for the Financial Report

The Board Members of the Timboon and District Healthcare Service are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Timboon and District Healthcare Service as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
23 August 2016


Dr Peter Frost
Acting Auditor-General

**TIMBOON AND DISTRICT HEALTHCARE SERVICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Revenue from Operating Activities	2	7,102,890	7,001,400
Revenue from Non Operating Activities	2	20	4,617
Employee Expenses	3	(4,789,495)	(4,593,119)
Non Salary Labour Costs	3	(337,876)	(384,559)
Supplies and Consumables	3	(416,665)	(433,608)
Other Expenses	3	(1,558,022)	(1,525,855)
Share of Net Result of Associates and Joint Ventures Accounted for using the Equity Model	10	50,406	71,440
Net Result Before Capital and Specific Items		<u>51,258</u>	<u>140,316</u>
Capital Purpose Income	2	129,018	181,245
Depreciation	4a	(792,201)	(733,765)
Expenditure for Capital Purposes	3	(20,814)	0
Finance Costs	4b	(13,141)	(10,929)
Net Result after Capital and Specific Items		<u>(645,880)</u>	<u>(423,133)</u>
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	2, 2a	(6,668)	31,141
Revaluation of Long Service Leave	3, 15	(13,648)	(14,913)
Total other economic flows included in net result		<u>(20,316)</u>	<u>16,228</u>
NET RESULT FOR THE YEAR		<u>(666,196)</u>	<u>(406,905)</u>
Other Comprehensive Income			
Items that will not be classified to net result			
Changes in physical asset revaluation surplus	17(a)	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>
COMPREHENSIVE RESULT FOR THE YEAR		<u>(666,196)</u>	<u>(406,905)</u>

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

**TIMBOON AND DISTRICT HEALTHCARE SERVICE
BALANCE SHEET
AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	5	439,535	1,295,632
Receivables	6	751,461	257,764
Investments & other Financial Assets	7	2,816,940	2,000,000
Inventories	8	2,274	1,127
Prepayments and Other Assets	9	86,024	66,807
Total Current Assets		4,096,234	3,621,330
Non-Current Assets			
Receivables	6	177,405	236,276
Investments Accounted for Using the Equity Method	10	67,744	87,338
Property, Plant and Equipment	11	13,270,109	13,742,574
Investment Properties	12	0	0
Total Non-Current Assets		13,515,258	14,066,188
TOTAL ASSETS		17,611,492	17,687,518
Current Liabilities			
Payables	13	742,977	292,918
Borrowings	14	96,715	74,429
Provisions	15	1,191,192	1,000,837
Total Current Liabilities		2,030,884	1,368,184
Non-Current Liabilities			
Borrowings	14	131,656	158,962
Provisions	15	141,548	186,772
Total Non-Current Liabilities		273,204	345,734
TOTAL LIABILITIES		2,304,088	1,713,918
NET ASSETS		15,307,404	15,973,600
EQUITY			
Property, Plant and Equipment Revaluation Surplus	17a	5,500,097	5,500,097
Contributed Capital	17b	4,610,700	4,610,700
Accumulated Surpluses/(Deficits)	17c	5,196,607	5,862,803
TOTAL EQUITY	17	15,307,404	15,973,600
Commitments	20		
Contingent Assets and Contingent Liabilities	21		

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

**TIMBOON AND DISTRICT HEALTHCARE SERVICE
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Property, Plant and Equipment Revaluation Surplus \$	Contributed Capital \$	Accumulated Surpluses/ (Deficits) \$	Total \$
Balance at 1 July 2014	5,500,097	4,610,700	6,269,708	16,380,505
Net result for the year	0	0	(406,905)	(406,905)
Other Comprehensive income for the year	0	0	0	0
Balance at 30 June 2015	5,500,097	4,610,700	5,862,803	15,973,600
Net result for the year	0	0	(666,196)	(666,196)
Other Comprehensive income for the year	0	0	0	0
Balance at 30 June 2016	5,500,097	4,610,700	5,196,607	15,307,404

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

**TIMBOON AND DISTRICT HEALTHCARE SERVICE
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	2016 \$ Inflows / (Outflows)	2015 \$ Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		5,420,952	5,321,908
Capital Grants from Government		64,412	49,018
Patient and Resident Fees Received		589,524	597,021
Dividends Received from Associates		70,001	45,000
Donations and Bequests Received		22,319	50,879
GST (Paid to)/received from ATO		(7,443)	3,243
Interest Received		119,505	96,947
Other Receipts		578,025	384,250
Total Receipts		6,857,295	6,548,266
Employee Expenses Paid		(4,657,460)	(4,176,823)
Non Salary Labour Costs		(354,564)	(384,559)
Payments for Supplies and Consumables		(410,438)	(443,719)
Finance Costs		(13,141)	0
Other payments		(1,129,425)	(1,176,839)
Total Payments		(6,565,028)	(6,181,940)
NET CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES	18	292,267	366,326
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(352,768)	(171,224)
Recognition of Cash from SWARH		63,842	0
Proceeds from sale of Non-Financial Assets		26,364	40,445
Proceeds from/(Purchase of) Investments		(816,940)	871,594
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES		(1,079,502)	740,815
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(5,020)	0
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES		(5,020)	0
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(792,255)	1,107,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,231,790	124,649
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	439,535	1,231,790
Non-cash financing and investing activities	19		

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Timboon and District Healthcare Service (ABN 44 836 142 460) for the period ended 30 June 2016. 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 general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994*, and applicable Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB101 *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" Health Services under the AAS's.

The annual financial statements were authorised for issue by the Board of Timboon and District Healthcare Service on 22nd August, 2016.

(b) 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 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

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

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

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being for their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss);
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income - items that may be reclassified subsequent to net result); and
- The fair value of assets other than land is generally based on their depreciated replacement value.

(b) Basis of accounting preparation and measurement (Continued)

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.

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

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

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

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

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

The Valuer-General Victoria (VGV) is Timboon and District Healthcare Service's independent valuation agency.

Timboon and District Healthcare Service, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));
- superannuation expense (refer to Note 1(g)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

(c) Reporting Entity

The financial statements includes all the controlled activities of Timboon and District Healthcare Service.

Its principal address is:
21 Hospital Road
Timboon Vic 3268

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

Objectives and funding

Timboon and District Healthcare Service's overall objective is to be a leader in rural healthcare, providing a consumer-centred, multi-disciplinary service responding to the needs of the community, as well as improve the quality of life to Victorians.

Timboon and District Healthcare Service is predominantly funded by accrual based grant funding for the provision of outputs.

(d) **Principles of Consolidation**
Intersegment Transactions

Transactions between segments within Timboon and District Healthcare Service have been eliminated to reflect the extent of Timboon and District Healthcare Service's operations as a group.

Associates and joint ventures

Associates and joint ventures are accounted for in accordance with the policy outlined in Note 1(j) Financial Assets.

Jointly controlled assets or operations

Interest in jointly controlled assets or operations are not consolidated by Timboon and District Healthcare Service's, but are accounted for in accordance with the policy outlined in Note 1(i) Financial Assets.

Details of the joint venture are set out in note 10.

(e) **Scope and presentation of financial statements**

Fund Accounting

The Timboon and District Healthcare Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Timboon and District Healthcare Service's Capital and Specific Purpose Funds include unspent capital donations and receipts from fundraising activities conducted solely in respect of these funds.

Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives.

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health and Human Services and include Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

Comprehensive operating statement

The comprehensive operating statement includes the subtotal entitled 'net result before capital and specific items' to enhance the understanding of the financial performance of Timboon and District Healthcare Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'net result before capital and specific items' is used by the management of Timboon and District Healthcare Service, the Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total comprise:

- * Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works and plant and equipment. It also includes donations of plant and equipment (refer note 1 (f)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided;
- * Specific income/expense, comprises the following items, where material:
 - * Voluntary departure packages
 - * Write-down of inventories
 - * Non-current asset revaluation increments/decrements
 - * Non-current assets lost or found
 - * Forgiveness of loans
 - * Reversals of provisions
 - * Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board);
- * Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (j);
- * Depreciation, as described in note 1 (g);
- * Assets provided or received free of charge (refer to Note 1 (f)); and
- * Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

(e) **Scope and presentation of financial statements (Continued)**

Balance sheet

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered / settled more than 12 months after reporting period), are disclosed in the notes where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from the opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

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

Rounding

All amounts shown in the financial statements are expressed to the nearest \$1 unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

Comparative Information

There have been no changes to comparative information which require additional disclosure

(f) **Income from transactions**

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 Timboon and District Healthcare 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 05/2013.

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as provision of meals to external users is recognised at the time the 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 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.

(f) **Income from transactions (Continued)**

Sale of investments

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

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

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

(g) **Expense recognition**

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

Cost of goods sold

Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

Employee expenses

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

Employees of the Timboon and District Healthcare Service are entitled to receive superannuation benefits and the Timboon and District Healthcare Service contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by Timboon and District Healthcare Service are disclosed in Note 16: Superannuation.

Depreciation

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

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually and adjustments made as appropriate. This depreciation charge is not funded by the Department of Health and Human Services. Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

**(g) Expense recognition (Continued)
Depreciation (Continued)**

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

	2016	2015
Buildings		
- Structure Shell Building Fabric	45 to 60 years	45 to 60 years
- Site Engineering Services and Central Plant	20 to 30 years	20 to 30 years
Central Plant		
- Fit Out	20 to 30 years	20 to 30 years
- Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	3 years	3 years
Furniture & Fittings	13 years	13 years
Motor Vehicles	10 years	10 years
Intangible Assets	3 years	3 years
Leasehold Improvements	6 to 7 years	6 to 7 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.

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

Finance Costs

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

Finance costs include interest on bank overdrafts (Interest expense is recognised in the period in which it is incurred).

Grants and Other Transfers

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

Other operating expenses

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

Supplies and Consumables

Supplies and service 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 expenses when distributed.

Bad and Doubtful Debts

Refer to note 1 (i) *Impairment of financial assets*.

Fair value of assets, services and resources provided free of charge or for nominal consideration

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

(h) **Other comprehensive income**

Other comprehensive income measure the change in volume or value of assets or liabilities that do not result from transactions.

Net Gain / (Loss) on Non-Financial Assets

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

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 and is the difference between proceeds and the carrying value of the asset at the time.

Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 1 (k) Assets.

(i) **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 Timboon and District Healthcare Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Reclassification of financial instruments at fair value through profit or loss

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

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Reclassification of available-for-sale financial assets

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

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 transactions 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 or 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 other than those designated at fair value through profit or loss.

(j) **Assets**

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

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

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

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

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

Investments and other financial assets

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

Investments are classified in the following categories:

- held to maturity
- loans and receivables

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

Timboon and District Healthcare Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

(j) **Assets (Continued)**

Property, Plant and Equipment

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 11 Property, plant and equipment.

Crown Land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or 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 restriction will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

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

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 at least every five years, based upon the asset's Government Purpose Classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly to the asset revaluation surplus except that, to the extent that an increment reverses a revaluation decrement in respect of that 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 derecognition of the relevant asset.

In accordance with FRD 103F Timboon and District Healthcare Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required. This assessment did not identify any significant movements that would require a revaluation.

(j) **Assets (Continued)**

Prepayments

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.

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 1(h) - 'other comprehensive income'.

Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other non-financial assets are assessed annually for indications of impairment, except for:

- inventories;
- financial assets;
- non-current physical assets held for sale; and
- assets arising from construction contracts.

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 reserve 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.

Investments accounted for using the equity method

An associate is an entity over which Timboon and District Healthcare Service exercises significant influence, but not control.

The investment in the associate is accounted for using the equity method of accounting. Under the equity method for accounting, the investment in the associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased in subsequent years to recognise Timboon and District Healthcare Service's share of the profits or losses of the associates after the date of acquisition. Timboon and District Healthcare Service's share of the associate's profit or loss is recognised in Timboon and District Healthcare Service's net result as 'other economic flows'. The share of post-acquisition changes in revaluation surpluses and any other reserves, are recognised in both the comprehensive operating statement and the statement of changes in equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment, including dividends received or receivable from the associate.

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. **Joint ventures** are joint arrangements whereby Timboon and District Healthcare Service, via its joint control of the arrangement, has rights to the net assets of the arrangements.

Interests in joint ventures are accounted for in the financial statements using the equity method, as applied to investments in associates and are disclosed as required by AASB 12.

Investments in joint operations

In respect of any interest in joint operations, Timboon and District Healthcare 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.

(j) **Assets (Continued)**

Derecognition of financial assets

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

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

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

Impairment of Financial Assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowance for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

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

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

In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, Timboon and District Healthcare Service obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2016. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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*.

Net gain/(loss) on financial instruments

Net Gain/(Loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

(k) Liabilities**Payables**

Payables consist of:

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

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

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

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

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 and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits and annual 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 and annual 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.

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 – if the health service does not expect to wholly settle within 12 months.

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

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

(k) **Liabilities (Continued)**

Employee Benefits (Continued)

Termination Benefits

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

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

On-Costs

Provisions for on-costs, such as payroll tax, workers compensation, superannuation are recognised separately from the provision for employee benefits.

Superannuation Liabilities

The Timboon and District Healthcare Service does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

(l) **Leases**

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.

For service concession arrangements, the commencement of the lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

Finance leases

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. If there is certainty that the health service will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. 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.

Finance leases are regarded as a financial accommodation and under Section 30 of the Health Services Act 1988, the Minister for Health and the Treasurer must declare a registered funded agency to be an approved borrower for the purposes of this section.

Timboon and District Healthcare Service has received such approval prior to 30 June 2016, in a joint letter for all Health Services impacted by finance leases either directly or via a Jointly Controlled entity. The specific values approved for Timboon and District Healthcare Service total \$413,498.

(m) Equity

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 or distributions, that have been designated as contributed capital are also treated as contributed capital.

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

Property, Plant and Equipment Revaluation Surplus

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

(n) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 20) at their nominal value and are inclusive of the goods and services tax ("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.

(o) Contingent assets and contingent liabilities

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.

(p) 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 taxation authority. 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 taxation authority 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 taxation authority, are presented as operating cash flow.

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

(q) AASBs issued that are not yet effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2016 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 2016, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Timboon and District Healthcare Service has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 9 <i>Financial Instruments</i>	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 January 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> - The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and - Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 January 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.

(q) AASs issued that are not yet effective (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]</i>	<p>Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:</p> <ul style="list-style-type: none"> - establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; - prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 January 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	The assessment has indicated there will be no significant impact for the public sector.

(g) AASs issued that are not yet effective (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i> [AASB 1, 127 & 128]	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> [AASB 10 & AASB 128]	AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates</i> to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: <ul style="list-style-type: none"> - a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and - a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1 January 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 January 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i>	This standards defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.

(q) AASs issued that are not yet effective (Continued)

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative - Amendments to AASB107

(r) Category Groups

Timboon and District Healthcare 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 patients services, where services are delivered in public hospitals.

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

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

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

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

Note 2: ANALYSIS OF REVENUE BY SOURCE	Admitted Patients 2016 \$	Residential Aged Care 2016 \$	Aged Care 2016 \$	Primary Health 2016 \$	Other 2016 \$	TOTAL 2016 \$
Government Grants	3,619,391	266,938	780,703	806,420	0	5,473,452
Indirect Contributions by Department of Health and Human Services	(52,743)	0	264	215	0	(52,264)
Patient and Resident Fees	224,863	119,246	167,020	133,736	0	644,865
Interest and Dividends	58,022	0	1,517	1,232	0	60,771
Catering	0	0	0	0	14,784	14,784
Diagnostic Imaging	0	0	0	0	33,002	33,002
South West Alliance of Rural Health	0	0	0	0	709,358	709,358
Property Income	0	0	0	0	34,590	34,590
Other Revenue from Operating Activities	27,295	13	64,282	56,588	36,154	184,332
Total Revenue from Operating Activities	3,876,828	386,197	1,013,786	998,191	827,888	7,102,890
Donations and Bequests (non capital)	0	0	20	0	0	20
Total Revenue from Non-Operating Activities	0	0	20	0	0	20
Capital Purpose Income (excluding interest)	0	0	0	0	96,008	96,008
Capital Interest	0	0	0	0	26,342	26,342
Total Capital Purpose Income	0	0	0	0	122,350	122,350
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Model (refer note 10)	0	0	0	0	50,406	50,406
TOTAL REVENUE	3,876,828	386,197	1,013,806	998,191	1,000,644	7,275,666

Note 2: ANALYSIS OF REVENUE BY SOURCE(Continued)	Admitted Patients 2015 \$	Residential Aged Care 2015 \$	Aged Care 2015 \$	Primary Health 2015 \$	Other 2015 \$	TOTAL 2015 \$
Government Grants	3,518,023	248,216	774,541	790,829	0	5,331,609
Indirect Contributions by Department of Health and Human Services	27,797	15,884	6,830	1,588	0	52,099
Patient and Resident Fees	210,462	103,845	76,065	139,393	84,819	614,584
Interest and Dividends	7,121	4,069	1,750	407	0	13,347
Catering	0	0	0	0	16,346	16,346
Diagnostic Imaging	0	0	0	0	29,257	29,257
South West Alliance of Rural Health	0	0	0	0	651,808	651,808
Property Income	0	0	0	0	36,643	36,643
Other Revenue from Operating Activities	33,133	5,706	64,951	103,943	47,974	255,707
Total Revenue from Operating Activities	3,796,536	377,720	924,137	1,036,160	866,847	7,001,400
Donations and Bequests (non capital)	0	0	4,617	0	0	4,617
Total Revenue from Non-Operating Activities	0	0	4,617	0	0	4,617
Capital Purpose Income (excluding interest)	27,900	21,118	0	0	77,403	126,421
Capital Interest	0	85,965	0	0	0	85,965
Total Capital Purpose Income	27,900	107,083	0	0	77,403	212,386
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Model (refer note 10)	0	0	0	0	71,440	71,440
TOTAL REVENUE	3,824,436	484,803	928,754	1,036,160	1,015,690	7,289,843

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.

Timboon and District Healthcare Service
Notes to the Financial Statements
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NOTE 2a: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	2016	2015
	\$	\$
Proceeds from Disposal of Non Financial Assets		
- Motor Vehicles	26,364	40,445
Total Proceeds from Disposal of Non-Financial Assets	<u>26,364</u>	<u>40,445</u>
Less: Written Down Value of Non Financial Assets Sold		
- Motor Vehicles	(33,032)	(9,304)
Total Written Down Value of Non-Financial Assets Sold	<u>(33,032)</u>	<u>(9,304)</u>
NET GAIN/(LOSS) ON DISPOSAL OF NON FINANCIAL ASSETS	<u>(6,668)</u>	<u>31,141</u>

Timboon and District Healthcare Service
Notes to the Financial Statements
30 June 2016

Note 3: ANALYSIS OF EXPENSE BY SOURCE	Admitted Patients	Residential Aged Care	Aged Care	Primary Health	Other	TOTAL
2016	2016	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$
Employee Expenses	2,618,150	66,660	1,342,844	762,322	13,167	4,803,143
Non Salary Labour Costs	297,733	0	27,006	12,372	765	337,876
Supplies and Consumables	225,677	758	69,641	96,477	24,112	416,665
Administration Expenses	673,220	143,183	212,248	93,431	10,319	1,132,401
Other Expenses	261,407	9,713	73,306	52,597	28,598	425,621
Total Expenditure from Operating Activities	4,076,187	220,314	1,725,045	1,017,199	76,961	7,115,706
Expenditure for Capital Purposes	0	0	0	0	20,814	20,814
Depreciation (refer note 4a)	0	0	0	0	792,201	792,201
Finance Costs (refer note 4b)	0	0	0	0	13,141	13,141
Total Other Expenses	0	0	0	0	826,156	826,156
TOTAL EXPENSES	4,076,187	220,314	1,725,045	1,017,199	903,117	7,941,862

2015	Admitted Patients	Residential Aged Care	Aged Care	Primary Health	Other	TOTAL
	2015	2015	2015	2015	2015	2015
	\$	\$	\$	\$	\$	\$
Employee Expenses	2,360,461	312,900	1,075,666	624,646	234,359	4,608,032
Non Salary Labour Costs	312,646	5,103	18,986	47,682	142	384,559
Supplies and Consumables	219,491	24,220	147,037	8,109	34,751	433,608
Other Expenses	537,271	196,161	237,735	121,123	433,565	1,525,855
Total Expenditure from Operating Activities	3,429,869	538,384	1,479,424	801,560	702,817	6,952,054
Depreciation (refer note 4a)	0	0	0	0	733,765	733,765
Finance Costs (refer note 4b)	0	0	0	0	10,929	10,929
Total Other Expenses	0	0	0	0	744,694	744,694
TOTAL EXPENSES	3,429,869	538,384	1,479,424	801,560	1,447,511	7,696,748

**NOTE 3a: ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY
MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS**

	Expense		Revenue	
	2016	2015	2016	2015
	\$	\$	\$	\$
Catering Services	26,370	24,770	14,784	16,346
Radiology	2,663	42,988	33,002	29,257
Opportunity Shop	5,337	4,230	34,143	43,327
Other Commercial Activities	42,591	78,792	36,601	47,974
TOTAL	76,961	150,780	118,530	136,904

NOTE 4a: DEPRECIATION

	2016	2015
	\$	\$
Depreciation		
Buildings	455,631	454,273
Plant and Equipment		
- Plant	140,116	146,726
- Motor Vehicles	65,444	26,170
Furniture and Fittings	22,609	32,001
Plant - Southwest Alliance of Rural Health	1,448	1,458
Leased Assets - Southwest Alliance of Rural Health	106,953	73,137
TOTAL DEPRECIATION	792,201	733,765

NOTE 4b: FINANCE COSTS

	2016	2015
	\$	\$
Finance Charges on Finance Leases	13,141	10,929
TOTAL FINANCE COSTS	13,141	10,929

NOTE 5: CASH AND CASH EQUIVALENTS

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

	2016	2015
	\$	\$
Cash on Hand	300	70
Cash at Bank	373,308	1,231,720
Cash at Bank - Southwest Alliance of Rural Health	65,927	63,842
TOTAL CASH AND CASH EQUIVALENTS	439,535	1,295,632
Represented by:		
Cash for Health Service Operations (as per cash flow statement)	439,535	1,231,790
Cash at South West Alliance of Rural Health	0	63,842
TOTAL CASH AND CASH EQUIVALENTS	439,535	1,295,632

Timboon and District Healthcare Service
Notes to the Financial Statements
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NOTE 6: RECEIVABLES	2016	2015
CURRENT	\$	\$
Contractual		
Trade Debtors	66,210	77,459
Patient Fees	118,526	63,185
South West Alliance of Rural Health	471,838	60,539
Accrued Investment Income	13,116	45,508
Accrued Revenue - Other	13,955	0
	<u>683,645</u>	<u>246,691</u>
Statutory		
Accrued Revenue - Department of Health and Human Services	49,300	0
GST Receivable - Health Service	18,516	11,073
	<u>67,816</u>	<u>11,073</u>
TOTAL CURRENT RECEIVABLES	<u>751,461</u>	<u>257,764</u>
NON CURRENT		
Statutory		
Long Service Leave - Department of Health/Department of Human Services	177,405	236,276
TOTAL NON-CURRENT RECEIVABLES	<u>177,405</u>	<u>236,276</u>
TOTAL RECEIVABLES	<u>928,866</u>	<u>494,040</u>

(a) Ageing analysis of receivables

Please refer to note 19(b) for the ageing analysis of receivables.

(b) Nature and extent of risk arising from receivables

Please refer to note 19(b) for the nature and extent of credit risk arising from receivables.

NOTE 7: INVESTMENTS AND OTHER FINANCIAL ASSETS

	Capital		Total	
	2016	2015	2016	2015
	\$	\$	\$	\$
CURRENT				
Loans and Receivables				
<i>Term Deposit</i>				
Aust. Dollar Term deposits > 3 Months	2,816,940	2,000,000	2,816,940	2,000,000
TOTAL CURRENT OTHER FINANCIAL ASSETS	<u>2,816,940</u>	<u>2,000,000</u>	<u>2,816,940</u>	<u>2,000,000</u>
Represented by:				
Health Service Investments	2,816,940	2,000,000	2,816,940	2,000,000
TOTAL	<u>2,816,940</u>	<u>2,000,000</u>	<u>2,816,940</u>	<u>2,000,000</u>

(a) Ageing analysis of other financial assets

Please refer to note 19(b) for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets

Please refer to note 19(b) for the nature and extent of credit risk arising from other financial assets.

NOTE 8: INVENTORIES

	Total	
	2016	2015
	\$	\$
CURRENT		
South West Alliance of Rural Health - at Cost	2,274	1,127
TOTAL OTHER ASSETS	<u>2,274</u>	<u>1,127</u>

NOTE 9: PREPAYMENTS AND OTHER ASSETS

	Total	
	2016	2015
	\$	\$
CURRENT		
Prepayments	76,941	66,807
Prepayments - South West Alliance of Rural Health	9,083	0
	86,024	66,807
TOTAL OTHER ASSETS	86,024	66,807

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Entity	Principal Activity	Country of Incorp'n	Ownership Interest		Published Fair Value	
			2016 %	2015 %	2016 \$	2015 \$
Associates						
Timboon Medical Clinic	Medical Services	Australia	50%	50%	67,744	87,338

Summarised financial information in respect of the agency's material associate and joint venture is set below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASB's, adjusted by the agency for equity accounting purposes.

Table 10.1: Summarised Financial Information for the Associate

Summarised Balance Sheet:	2016	2015
	\$	\$
Current Assets	120,448	147,385
Non-Current Assets	0	0
Total Assets	120,448	147,385
Current Liabilities	52,704	60,047
Total Liabilities	52,704	60,047
Net Assets	67,744	87,338
 Summarised Operating Statement:		
Total income from transaction	1,301,920	1,292,768
Net Result from Continuing Operation	131,089	149,168
Net result from discounting operation	0	0
Net Result	131,089	149,168
Other comprehensive income	0	0
Total Comprehensive Income	0	0
 Share of Associates' Result After Income tax Dividends received from associates.	50,406	71,440
Share of Joint Venture's Other Comprehensive Income	0	0
Dividends received from Associates	70,000	0

Movements in carrying amount of interests in the Joint Venture

	2016	2015
	\$	\$
Carrying amount at the beginning of the year	87,338	15,898
Share of the joint venture's net result after tax	50,406	71,440
Share of the joint venture's other comprehensive income	-	-
Dividends received/receivable from the joint venture	(70,000)	-
Carrying amount at the end of the year	67,744	87,338

NOTE 11: PROPERTY, PLANT AND EQUIPMENT	2016	2015
(a) Gross carrying amount and accumulated depreciation	\$	\$
Land		
- Land at fair value (Crown Land)	1,495,000	1,495,000
Total Land	<u>1,495,000</u>	<u>1,495,000</u>
Buildings		
- Buildings at fair value	11,560,000	11,560,000
Less Accumulated Depreciation	909,345	454,050
	<u>10,650,655</u>	<u>11,105,950</u>
- Buildings at cost	8,368	8,368
Less Accumulated Depreciation	558	222
	<u>7,810</u>	<u>8,146</u>
Total Buildings	<u>10,658,465</u>	<u>11,114,096</u>
Plant and Equipment		
South West Alliance of Rural Health	7,056	7,771
- Plant and Equipment at fair value	2,279,235	2,153,585
Less Accumulated Depreciation	1,689,362	1,549,246
Total Plant and Equipment	<u>596,929</u>	<u>612,110</u>
Furniture and Fittings		
- Furniture and Fittings at fair value	242,564	242,564
Less Accumulated Depreciation	179,658	157,049
Total Furniture and Fittings	<u>62,906</u>	<u>85,515</u>
Motor Vehicles		
- Motor Vehicles at fair value	471,380	384,313
Less Accumulated Depreciation	242,942	181,852
Total Motor Vehicles	<u>228,438</u>	<u>202,461</u>
Leased Assets		
- Information Technology	408,461	306,529
Less Accumulated Amortisation	180,090	73,137
Total Leased Assets	<u>228,371</u>	<u>233,392</u>
TOTAL	<u>13,270,109</u>	<u>13,742,574</u>

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Leased Assets	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	1,225,000	11,245,000	709,414	133,853	109,632	0	13,422,899
Additions	0	8,369	50,880	104,082	7,884	0	171,215
Revaluation Increments/(Decrements)	0	0	0	0	0	0	0
Southwest Alliance of Rural Health Movements	0	0	0	0	0	306,529	306,529
Disposals	0	0	0	(9,304)	0	0	(9,304)
Transfer to Investment Properties	270,000	315,000	0	0	0	0	585,000
Depreciation	0	(454,273)	(148,184)	(26,170)	(32,001)	(73,137)	(733,765)
Balance at 1 July 2015	<u>1,495,000</u>	<u>11,114,096</u>	<u>612,110</u>	<u>202,461</u>	<u>85,515</u>	<u>233,392</u>	<u>13,742,574</u>
Additions	0	0	125,650	124,453	0	101,932	352,035
Southwest Alliance of Rural Health Movements	0	0	733	0	0	0	733
Disposals	0	0	0	(33,032)	0	0	(33,032)
Transfer from Investment Properties	0	0	0	0	0	0	0
Depreciation	0	(455,631)	(141,564)	(65,444)	(22,609)	(106,953)	(792,201)
Balance at 30 June 2016	<u>1,495,000</u>	<u>10,658,465</u>	<u>596,929</u>	<u>228,438</u>	<u>62,906</u>	<u>228,371</u>	<u>13,270,109</u>

Land and buildings carried at valuation

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

The effective date of the valuation is 30 June 2014.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Land at fair value				
Non-specialised land	800,000	0	800,000	0
Specialised land	695,000	0	0	695,000
Total of land at fair value	<u>1,495,000</u>	<u>0</u>	<u>800,000</u>	<u>695,000</u>
Buildings at fair value				
Non-specialised buildings	698,125	0	698,125	0
Specialised buildings	9,960,340	0	0	9,960,340
Total of building at fair value	<u>10,658,465</u>	<u>0</u>	<u>698,125</u>	<u>9,960,340</u>
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	228,438	0	228,438	0
- Plant and equipment	596,929	0	0	596,929
Total of plant, equipment and vehicles at fair value	<u>825,367</u>	<u>0</u>	<u>228,438</u>	<u>596,929</u>
Furniture & Fittings at fair value				
Total furniture & Fittings at fair value	<u>62,906</u>	<u>0</u>	<u>0</u>	<u>62,906</u>

Note

(i) Classified in accordance with the fair value hierarchy, see Note 1

(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value. Where a market approach is considered appropriate due to an active resale market, a Level 2 categorisation for such vehicles is applied.

There have been no transfers between levels during the period.

Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Land at fair value				
Non-specialised land	800,000	0	800,000	0
Specialised land	695,000	0	0	695,000
Total of land at fair value	<u>1,495,000</u>	<u>0</u>	<u>800,000</u>	<u>695,000</u>
Buildings at fair value				
Non-specialised buildings	698,125	0	698,125	0
Specialised buildings	10,415,971	0	0	10,415,971
Total of building at fair value	<u>11,114,096</u>	<u>0</u>	<u>698,125</u>	<u>10,415,971</u>
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	202,461	0	202,461	0
- Plant and equipment	612,110	0	0	612,110
Total of plant, equipment and vehicles at fair value	<u>814,571</u>	<u>0</u>	<u>202,461</u>	<u>612,110</u>
Furniture & Fittings at fair value				
Total furniture & Fittings at fair value	<u>85,515</u>	<u>0</u>	<u>0</u>	<u>85,515</u>

Note

(i) Classified in accordance with the fair value hierarchy, see Note 1

(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value. Where a market approach is considered appropriate due to an active resale market, a Level 2 categorisation for such vehicles is applied.

There have been no transfers between levels during the period.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

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 independent valuers 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.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised land and specialised buildings

The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the 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 the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

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

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 value (depreciated cost).

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2016.

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

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)
(d) Reconciliation of Level 3 fair value as at 30 June 2016

	Land	Buildings	Plant and equipment	Furniture & Fittings
Opening Balance	1,495,000	11,114,096	612,110	85,515
Purchases (sales) & reclassifications	0	0	126,383	0
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result				
- Depreciation	0	(455,631)	(141,564)	(22,609)
- Impairment loss	0	0	0	0
Subtotal	<u>1,495,000</u>	<u>10,658,465</u>	<u>596,929</u>	<u>62,906</u>
Items recognised in other comprehensive income				
- Revaluation	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Closing Balance	<u>1,495,000</u>	<u>10,658,465</u>	<u>596,929</u>	<u>62,906</u>
Unrealised gains/(losses) on non-financial assets	0	0	0	0
	<u>1,495,000</u>	<u>10,658,465</u>	<u>596,929</u>	<u>62,906</u>

There have been no transfers between levels during the period.

(d) Reconciliation of Level 3 fair value as at 30 June 2015

	Land	Buildings	Plant and equipment	Furniture & Fittings
Opening Balance	1,225,000	11,245,000	709,414	109,632
Purchases (sales) & reclassifications	270,000	323,369	50,880	7,884
Transfers in (out) of Level 3	0	0	0	0
Gains or losses recognised in net result				
- Depreciation	0	(454,273)	(148,184)	(32,001)
- Impairment loss	0	0	0	0
Subtotal	<u>1,495,000</u>	<u>11,114,096</u>	<u>612,110</u>	<u>85,515</u>
Items recognised in other comprehensive income				
- Revaluation	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Closing Balance	<u>1,495,000</u>	<u>11,114,096</u>	<u>612,110</u>	<u>85,515</u>
Unrealised gains/(losses) on non-financial assets	0	0	0	0
	<u>1,495,000</u>	<u>11,114,096</u>	<u>612,110</u>	<u>85,515</u>

There have been no transfers between levels during the period.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)**(e) Description of significant unobservable inputs to Level 3 valuations:**

	Valuation technique ⁽¹⁾	Significant unobservable inputs ⁽¹⁾
Specialised land	Market Approach	Community Service Obligation (CSO)
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated Replacement Cost	Cost per Unit Useful life of PPE
Furniture & Fittings at fair value	Depreciated Replacement Cost	Cost per Unit Useful life of PPE

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NOTE 12: INVESTMENT PROPERTIES

(a) Movements in carrying value for investment properties as at 30 June 2016

	2016	2015
	\$	\$
Balance at Beginning of Period	0	585,000
Additions	0	0
Net Loss from Fair Value Adjustments	0	0
Transfers	0	(585,000)
	<hr/>	<hr/>
Balance at End of Period	<u>0</u>	<u>0</u>

Properties previously recognised as investment properties have now been reclassified to Land & Buildings due to their recognition as being held for strategic purposes only and do not form part of strategy to return capital growth.

NOTE 13: PAYABLES

	2016	2015
	\$	\$
CURRENT		
Contractual		
Trade Creditors	142,635	116,260
Payables - South West Alliance of Rural Health	471,367	52,721
Accrued Audit Fees	9,000	8,700
Accrued Expenses	71,015	44,447
	<hr/>	<hr/>
	694,017	222,128
Statutory		
Australian Taxation Office - PAYG	48,960	67,590
Department of Health and Human Services	0	3,200
	<hr/>	<hr/>
	48,960	70,790
	<hr/>	<hr/>
TOTAL	<u>742,977</u>	<u>292,918</u>

(a) Maturity analysis of payables

Please refer to Note 19c for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables

Please refer to note 19c for the nature and extent of risks arising payables.

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NOTE 14: BORROWINGS	2016	2015
CURRENT	\$	\$
Australian Dollar Borrowings		
- Finance Lease Liability (South West Alliance of Rural Health)	96,715	74,429
TOTAL CURRENT	<u>96,715</u>	<u>74,429</u>
NON CURRENT		
Australian Dollar Borrowings		
- Finance Lease Liability (South West Alliance of Rural Health)	131,656	158,962
TOTAL NON CURRENT	<u>131,656</u>	<u>158,962</u>
TOTAL BORROWINGS	<u><u>228,371</u></u>	<u><u>233,391</u></u>

Finance leases are held by the South West Alliance of Rural Health and are secured by the rights to the leased assets being held by the lessor.

(a) Maturity analysis of borrowings

Please refer to note 19(c) for the ageing analysis of borrowings

(b) Nature and extent of risk arising from borrowings

Please refer to note 19(c) for the nature and extent of risks arising from borrowings

(c) Defaults and breaches

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

NOTE 15: PROVISIONS	2016	2015
Current Provisions	\$	\$
Employee Benefits (Note 15(a))		
Accrued Wages, ADO & Annual Leave (Note 15(a))		
- unconditional and expected to be settled within 12 months (ii)	626,403	444,532
- unconditional and expected to be settled after 12 months (iii)	0	0
Long Service Leave (Note 15(a))		
- unconditional and expected to be settled within 12 months (ii)	60,000	60,000
- unconditional and expected to be settled after 12 months (iii)	378,749	339,477
	<u>1,065,152</u>	<u>844,009</u>
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (ii)	85,800	63,067
- unconditional and expected to be settled after 12 months (iii)	40,240	42,435
	<u>126,040</u>	<u>105,501</u>
Total Current Provisions	<u><u>1,191,192</u></u>	<u><u>949,510</u></u>
Non-Current Provisions		
Employee Benefits (i) (Note 15(a))	127,054	154,709
Provisions related to employee benefit on-costs (Note 15(a) and Note 15(b))	14,494	19,339
Total Non-Current Provisions	<u>141,548</u>	<u>174,048</u>
Total Provisions	<u><u>1,332,740</u></u>	<u><u>1,123,558</u></u>

NOTE 15: PROVISIONS (Continued)	2016	2015
	\$	\$
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Employee Entitlements - South West Alliance of Rural Health	56,836	51,327
Unconditional Long Service Leave Entitlements	493,593	449,412
Annual Leave Entitlements	363,564	360,037
Accrued Salaries and Wages	275,037	137,431
Accrued Days Off	2,162	2,630
	<u>1,191,192</u>	<u>1,000,837</u>
Non-Current Employee Benefits		
Employee Entitlements - South West Alliance of Rural Health	11,100	12,724
Conditional Long Service Leave Entitlements (present value)	130,448	174,048
	<u>141,548</u>	<u>186,772</u>
Total Employee Benefits and Related On-Costs	<u>1,332,740</u>	<u>1,187,609</u>

Notes:

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) The amounts disclosed are at nominal values

(iii) The amounts disclosed are at present values

(b) Movements in Provisions**Movement in Long Service Leave**

Balance at start of year	623,460	570,400
Provision made during the year		
- Revaluations	13,648	14,913
- Expense Recognising Employee Service	24,946	138,071
Settlement made during the year	<u>(38,013)</u>	<u>(99,924)</u>
Balance at end of year	<u>624,041</u>	<u>623,460</u>

NOTE 16: SUPERANNUATION

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

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service. The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Services are as follows:

Fund		Paid Contributions for the year		Outstanding Contributions at Year End	
		2016	2015	2016	2015
		\$	\$	\$	\$
Defined Benefit Plans:	Health Super	15,691	12,572	0	0
Defined Contribution Plans:	Health Super	298,819	313,244	30,353	43,492
	HESTA	40,410	28,864	0	0

NOTE 17: EQUITY	2016	2015
	\$	\$
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus ¹		
Balance at beginning of the reporting period	5,500,097	5,500,097
Revaluation Increment/(Decrement)		
- Land	0	0
- Buildings	0	0
Balance at the end of the reporting period	<u>5,500,097</u>	<u>5,500,097</u>
Represented by:		
- Land	551,035	551,035
- Buildings	4,949,062	4,949,062
	<u>5,500,097</u>	<u>5,500,097</u>
(b) Contributed Capital		
Balance at the beginning of the reporting period	<u>4,610,700</u>	<u>4,610,700</u>
Balance at the end of the reporting period	<u>4,610,700</u>	<u>4,610,700</u>
(1) The property, plant & equipment asset revaluation reserve arises on the revaluation of property, plant & equipment.		
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	5,862,803	6,269,708
Net Result for the Year	<u>(666,196)</u>	<u>(406,905)</u>
Balance at the end of the reporting period	<u>5,196,607</u>	<u>5,862,803</u>
Total Equity at end of financial year	<u>15,307,404</u>	<u>15,973,600</u>

NOTE 18: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	2016	2015
	\$	\$
NET RESULT FOR THE YEAR	(666,196)	(406,905)
Non-cash movements		
Depreciation (net of SWARH)	792,201	659,170
Non Cash Joint Venture Transactions	19,594	(298)
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	6,668	(31,141)
Movements in assets and liabilities		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	(434,826)	(41,347)
(Increase)/Decrease in Prepayments	(19,217)	19,662
Increase/(Decrease) in Payables	450,059	(12,973)
Increase/(Decrease) in Employee Benefits	145,131	180,158
Change in Inventories	<u>(1,147)</u>	<u>0</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>292,267</u>	<u>366,326</u>

NOTE 19: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Timboon & District Healthcare Service's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)

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

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

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

The main purpose in holding financial instruments is to prudentially manage Timboon and District Healthcare Services financial risk within the government policy parameters.

Categorisation of financial instruments

	Contractual financial assets/liabilities designated at fair value through profit/loss	Contractual financial assets/liabilities held-for-trading at fair value through profit/loss	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$	\$	\$	\$
2016						
Contractual Financial Assets						
Cash and cash equivalents	0	0	439,535	0	0	439,535
Receivables	0	0	683,645	0	0	683,645
Other Financial Assets						
- Term Deposits	0	0	2,816,940	0	0	2,816,940
Total Financial Assets (i)	0	0	3,940,120	0	0	3,940,120
Financial Liabilities						
Payables	0	0	0	0	694,017	694,017
Borrowings	0	0	0	0	228,371	228,371
Total Financial Liabilities(ii)	0	0	0	0	922,388	922,388

	Contractual financial assets/liabilities designated at fair value through profit/loss	Contractual financial assets/liabilities held-for-trading at fair value through profit/loss	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$	\$	\$	\$
2015						
Contractual Financial Assets						
Cash and cash equivalents	0	0	1,295,632	0	0	1,295,632
Receivables	0	0	246,691	0	0	246,691
Other Financial Assets						
- Term Deposits	0	0	2,000,000	0	0	2,000,000
Total Financial Assets (i)	0	0	3,542,323	0	0	3,542,323
Financial Liabilities						
Payables	0	0	0	0	222,128	222,128
Borrowings	0	0	0	0	233,391	233,391
Total Financial Liabilities(ii)	0	0	0	0	455,519	455,519

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management Objectives and Policies (Continued)

Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss)	Total interest income/ (expense)	Fee income / (expense)	Impairment loss	Total
	\$	\$	\$	\$	\$
2016					
Financial Assets					
Loans and Receivables(i)	0	26,342	0	0	26,342
Total Financial Assets	0	26,342	0	0	26,342
Financial Liabilities					
At amortised cost (ii)	0	13,141	0	0	13,141
Total Financial Liabilities	0	13,141	0	0	13,141
2015					
Financial Assets					
Loans and Receivables(i)	0	85,965	0	0	85,965
Total Financial Assets	0	85,965	0	0	85,965
Financial Liabilities					
At amortised cost (ii)	0	10,929	0	0	10,929
Total Financial Liabilities	0	10,929	0	0	10,929

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

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

(b) Credit Risk

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

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B and to obtain sufficient collateral or credit enhancements, where appropriate.

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

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Timboon and District Healthcare Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk (Continued)

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

	Financial Institutions (Min BBB credit rating) \$	Government agencies (AAA credit rating) \$	Government agencies (BBB credit rating) \$	Other (Unrated) \$	Total \$
2016					
Financial Assets					
Cash and Cash Equivalents	439,535	0	0	0	439,535
Loans and Receivables					
- Trade Debtors	0	0	0	184,736	184,736
- Other Receivables (i)	0	0	0	498,909	498,909
- Term Deposit	1,900,000	916,940	0	0	2,816,940
Total Financial Assets	2,339,535	916,940	0	683,645	3,940,120
2015					
Financial Assets					
Cash and Cash Equivalents	1,295,632	0	0	0	1,295,632
Loans and Receivables					
- Trade Debtors	0	0	0	140,644	140,644
- Other Receivables (i)	0	0	0	106,047	106,047
- Term Deposit	2,000,000	0	0	0	2,000,000
Total Financial Assets	3,295,632	0	0	246,691	3,542,323

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Ageing analysis of financial asset as at 30 June

	Total Carrying Amount \$	Not Past due and not impaired \$	Past due but not impaired				Impaired Financial Assets \$
			Less than 1 Month \$	1 - 3 Months \$	3 Months - 1 Year \$	1 - 5 Years \$	
2016							
Financial Assets							
Cash and Cash Equivalents	439,535	439,535	0	0	0	0	0
Loans and Receivables (i)							
- Trade Debtors	184,736	132,723	2,261	42,174	7,578	0	0
- Other Receivables	498,909	498,909	0	0	0	0	0
- Term Deposit	2,816,940	2,816,940	0	0	0	0	0
Total Financial Assets	3,940,120	3,888,107	2,261	42,174	7,578	0	0
2015							
Financial Assets							
Cash and Cash Equivalents	1,295,632	1,295,632	0	0	0	0	0
Loans and Receivables (i)							
- Trade Debtors	140,644	125,758	2,957	11,623	306	0	0
- Other Receivables	106,047	106,047	0	0	0	0	0
- Term Deposit	2,000,000	2,000,000	0	0	0	0	0
Total Financial Assets	3,542,323	3,527,437	2,957	11,623	306	0	0

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

Contractual financial assets that are neither past due or impaired

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

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

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Service operates under the Government's fair payments policy of setting financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk as follows:

- Term Deposits and cash held at financial institutions are managed with variable maturity dates and take into consideration cash flow requirements of the Health Service from month to month.

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

Maturity analysis of financial liabilities as at 30 June

	Total Carrying Amount	Nominal Amount	Maturity Dates			
			Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years
	\$	\$	\$	\$	\$	\$
2016						
Financial Liabilities						
<i>At amortised cost</i>						
Payables (i)	694,017	694,017	694,017	0	0	0
Borrowings	228,371	228,371	0	0	0	228,371
Total Financial Liabilities	922,388	922,388	694,017	0	0	228,371
2015						
Financial Liabilities						
<i>At amortised cost</i>						
Payables (i)	222,128	222,128	222,128	0	0	0
Borrowings	233,391	233,391	0	0	0	233,391
Total Financial Liabilities	455,519	455,519	222,128	0	0	233,391

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

(d) Market Risk

Timboon and District Healthcare Service's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Currency Risk

Timboon and District Healthcare Service is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest Rate Risk

Timboon and District Healthcare Service is exposed to insignificant interest rate risk with no outstanding interest bearing liabilities.

Other Price Risk

The Health Service is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Health Service on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(d) Market Risk (Continued)

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$
2016					
Financial Assets					
Cash and Cash Equivalents	1.90	439,535	0	439,535	0
Loans and Receivables (i)					
- Trade Debtors		184,736	0	0	184,736
- Other Receivables		498,909	0	0	498,909
- Term Deposit	2.68	2,816,940	2,816,940	0	0
Total Financial Assets		3,940,120	2,816,940	439,535	683,645
Financial Liabilities					
<i>At amortised cost</i>					
Payables (i)	0.00	694,017	0	0	694,017
Borrowings	9.40	228,371	228,371	0	0
Total Financial Liabilities		922,388	228,371	0	694,017
2015					
Financial Assets					
Cash and Cash Equivalents	2.10	1,295,632	0	1,295,632	0
Loans and Receivables (i)					
- Trade Debtors		140,644	0	0	140,644
- Other Receivables		106,047	0	0	106,047
- Term Deposit	2.95	2,000,000	2,000,000	0	0
Total Financial Assets		3,542,323	2,000,000	1,295,632	246,691
Financial Liabilities					
<i>At amortised cost</i>					
Payables (i)	0.00	222,128	0	0	222,128
Borrowings	9.40	228,371	228,371	0	0
Total Financial Liabilities		450,499	228,371	0	222,128

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(d) Market Risk (Continued)

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Timboon and District Healthcare Service believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 3.53%; and
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2.5%.

Sensitivity Disclosure Analysis (continued)

The following table discloses the impact on net operating result and equity for each category of interest bearing financial instrument held by Timboon and District Healthcare Service at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
	\$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
2016									
Financial Assets									
Cash and Cash Equivalents	439,535	(4,395)	(4,395)	4,395	4,395	0	0	0	0
Loans and Receivables									
- Trade Debtors	184,736	0	0	0	0	0	0	0	0
- Other Receivables	498,909	0	0	0	0	0	0	0	0
- Term Deposit	2,816,940	0	0	0	0	0	0	0	0
Financial Liabilities									
<i>At amortised cost</i>									
Payables	694,017	0	0	0	0	0	0	0	0
Borrowings	228,371	0	0	0	0	0	0	0	0
		(4,395)	(4,395)	4,395	4,395	0	0	0	0
2015									
Financial Assets									
Cash and Cash Equivalents	1,295,632	(12,956)	(12,956)	12,956	12,956	0	0	0	0
Loans and Receivables									
- Trade Debtors	140,644	0	0	0	0	0	0	0	0
- Other Receivables	106,047	0	0	0	0	0	0	0	0
- Term Deposit	2,000,000	0	0	0	0	0	0	0	0
Financial Liabilities									
<i>At amortised cost</i>									
Payables	222,128	0	0	0	0	0	0	0	0
Borrowings	233,391	0	0	0	0	0	0	0	0
		(12,956)	(12,956)	12,956	12,956	0	0	0	0

(e) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The financial assets include holdings in unlisted shares. Fair value of these is determined by projecting future cash inflows from expected future dividends and subsequent disposals of the securities.

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

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

NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(e) Fair Value (Continued)

Comparison between carrying amount and fair value

	Total Carrying Amount	Fair Value	Total Carrying Amount	Fair Value
	2016 \$	2016 \$	2015 \$	2015 \$
Financial Assets				
Cash and Cash Equivalents	439,535	439,535	1,295,632	1,295,632
Loans and Receivables (i)				
- Trade Debtors	184,736	184,736	140,644	140,644
- Other Receivables	498,909	498,909	106,047	106,047
- Term Deposits	2,816,940	2,816,940	2,000,000	2,000,000
Total Financial Assets	3,940,120	3,940,120	3,542,323	3,542,323
Financial Liabilities				
<i>At amortised cost</i>				
Payables (i)	694,017	694,017	222,128	222,128
Borrowings	228,371	228,371	233,391	233,391
Total Financial Liabilities	922,388	922,388	455,519	455,519

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

NOTE 20: COMMITMENTS FOR EXPENDITURE

Capital Expenditure Commitments

Nil

	2016	2015
	\$	\$

Lease commitments

Commitments in relation to leases contracted for at the reporting date:

Finance Leases (South West Alliance of Rural Health)

	228,371	233,391
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Total lease commitments

	228,371	233,391
--	---------	---------

Finance Leases

Commitments in relation to finance leases are payable as follows:

Current

	105,265	100,894
--	---------	---------

Non-current

	135,198	215,486
--	---------	---------

Minimum lease payments

	240,463	316,380
--	---------	---------

Less future finance charges

	12,092	82,989
--	--------	--------

Total finance lease commitments

	228,371	233,391
--	---------	---------

Total lease commitments

	228,371	233,391
--	---------	---------

NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no known contingent liabilities for Timboon and District Healthcare Service as at the date of this report.

NOTE 22: OPERATING SEGMENTS

Business Segments

Timboon & District Healthcare Service is a multipurpose service providing a range of health related services to the general public. Whilst the Healthcare Service provides varying services, they are all within the one segment being provision of health care services.

Geographical Segment

Timboon & District Healthcare Service operates predominantly in Timboon, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Timboon, Victoria.

NOTE 23: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest	
		2016	2015
		%	%
South West Alliance of Rural Health	Information Systems	3.16	3.16

Timboon & District Healthcare Service's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements and consolidated financial statements under their respective asset categories:

	2016	2015
	\$	\$
Current Assets		
Cash and Cash Equivalents	65,927	63,843
Receivables	471,838	60,539
Inventories	2,274	1,127
Prepayments	9,083	0
Total Current Assets	<u>549,122</u>	<u>125,509</u>
Non Current Assets		
Property, Plant and Equipment	235,427	7,771
Total Non Current Assets	<u>235,427</u>	<u>7,771</u>
Total Assets	<u>784,549</u>	<u>133,280</u>
Current Liabilities		
Payables	471,367	52,721
Borrowings	96,715	0
Employee Provisions	56,836	51,327
Total Current Liabilities	<u>624,918</u>	<u>104,048</u>
Non Current Liabilities		
Borrowings	131,656	0
Employee Provisions	11,100	12,724
Total Non Current Liabilities	<u>142,756</u>	<u>12,724</u>
Total Liabilities	<u>767,674</u>	<u>116,772</u>
Net Assets	<u>16,875</u>	<u>16,508</u>

Timboon & District Healthcare Service's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2016	2015
	\$	\$
Revenues		
Operating Activities	709,370	651,808
Total Revenue	<u>709,370</u>	<u>651,808</u>
Expenses		
Employee Expenses	193,304	183,461
Maintenance Contracts and IT Support	373,116	295,841
Operating Lease Costs	0	147,921
Other Expenses	21,028	22,830
Total Operating Expenses	<u>587,448</u>	<u>650,053</u>
Finance Costs	13,141	0
Depreciation	108,401	1,458
Total Non Operating Expenses	<u>121,542</u>	<u>1,458</u>
Total Expenses	<u>708,990</u>	<u>651,511</u>
Net Result	<u>380</u>	<u>297</u>

Contingent Liabilities and Capital Commitments

There are no known contingent assets or liabilities for South West Alliance of Rural Health as at the date of this report.

The financial results included for SWARH are unaudited at the date of signing the financial statements.

NOTE 24a: RESPONSIBLE PERSON DISCLOSURES

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

Responsible Ministers:

The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health
The Honourable Jenny Mikakos, MLC, Minister for Families and Children

Governing Boards

Mrs M. Bull
Mrs N. Johnson
Mr. J. McKenzie
Mrs. C. Marr
Mr. J. Renyard
Mr R. Smith
Dr T. Walsh
Mr M. Izzo
Mrs K. Clough

Accountable Officers

Mr G. Sheehan

Period
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 24/03/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 15/03/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016
01/07/2015 - 30/06/2016

Remuneration of Responsible Persons

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

\$0 - \$9,999
\$150,000 - \$159,999
\$160,000 - \$169,999

Total Remuneration		Base Remuneration	
2016	2015	2016	2015
No.	No.	No.	No.
9	9	9	9
0	1	0	1
1	0	1	0
10	10	10	10
\$165,831		\$158,956	
\$165,831		\$158,956	

Total remuneration for the reporting period for Responsible Persons included above amounted to:

NOTE 24b: EXECUTIVE OFFICER DISCLOSURES

Executive Officers' Remuneration

No Executive Officer, other than accountable officers received remuneration in excess of \$100,000 during the year.

Note 25: REMUNERATION OF AUDITORS

Victorian Auditor-General's Office

Audit or review of financial statement

	2016	2015
	\$	\$
9,000	9,000	8,700
9,000	9,000	8,700

NOTE 26: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events which have occurred subsequent to the reporting date which require further disclosure.

NOTE 27: ALTERNATIVE PRESENTATION OF COMPREHENSIVE OPERATING STATEMENT

	2016	2015
	\$	\$
Interest	87,113	99,312
Sales of goods and services	692,651	660,187
Grants	5,421,188	5,383,708
Other	1,081,382	1,115,495
Total Revenue	<u>7,282,334</u>	<u>7,258,702</u>
Employee expenses	4,789,495	4,593,119
Depreciation	792,201	733,765
Other operating expenses	2,346,518	2,354,951
Total Expenses	<u>7,928,214</u>	<u>7,681,835</u>
Net result from transactions - Net Operating Balance	<u>(645,880)</u>	<u>(423,133)</u>
Net gain/ (loss) on sale of non-financial assets	(6,668)	31,141
Net gain/(loss) from other economic flows	(13,648)	(14,913)
Total Other Economic flows included in Net Result	<u>(20,316)</u>	<u>16,228</u>
Net Result	<u>(666,196)</u>	<u>(406,905)</u>



TIMBOON
AND DISTRICT
HEALTHCARE
S E R V I C E

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