

2018/19

ANNUAL REPORT



PARTNERING
WITH OUR
COMMUNITY





Acknowledgement

Heywood Rural Health acknowledges Aboriginal and Torres Strait Islander people as the traditional custodians of the lands and water of Australia. We pay our respect to their Elders, past and present and the Gunditjmara people.

Recognition Signage

Heywood Rural Health has completed stage 1 of our Reconciliation Action Plan (RAP) and is now focusing of stage 2. In line with the priorities of our RAP we have launched our new welcome signage – Ngatanwarr, as well as Acknowledgement of Country signs, artwork and artefact displays.

How to contact us:

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Heywood Rural Health comprises of acute services, residential aged care, primary and community health, including a GP clinic, incorporated under the *Health Services Act 1988* and operates under the provisions of the Act.

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FUTURE PRIORITIES

- Progressing implementation of Service Plan
- Continue actioning strategies in Strategic Plan
- Progress implementation of selected Domains from Partnering in Healthcare Framework
- Commence implementation of actions outlined in Draft Disability Plan
- Implement actions identified in Security Audit
- Continue to work with our partners in collaboration to ensure the best outcome for those in our care
- Continue focus on recruitment and retention.

Introduction

It is with great pleasure, on behalf of Heywood Rural Health Board Directors, employees, volunteers and consumers we present the 2018 -2019 Annual Report of Heywood Rural Health prepared in accordance with the *Financial Management Act 1994*.

Our Vision

Heywood Rural Health is committed to the health and wellbeing of our community.

Our Values

RESPECT

We make mutual respect the basis of all interactions
We respect diversity and respect the dignity of each person!
We embrace the differences in people and perspectives

RESPONSIVENESS

We take actions and opportunities to create results
We provide services that are person centred and focused on outcomes
We keep our commitments and promises

CARE

We care about the people and the community within which we work and live
We care about our colleagues and ourselves
We support people to develop and build on their strengths

INTEGRITY

We uphold our professional ethic at all times
We are honest and fulfil our commitments
We are accountable for our actions

Board Chair and Chief Executive Officer's Report

We continued our commitment to meeting the needs of our community, by providing a diverse range of services, ranging from residential aged care, inpatients, urgent care, community health support and medical services.

The health service system continues to respond to changes in policy, technology and workforce with the end goal being higher quality and safer services for our community. Each year presents a variety of challenges and rewards and this year has not been any different. Federal Government aged care reform continues to offer opportunities to expand our Home Care Packages and policy reform is designed to encourage people to age well at home, this has been welcomed within our community. Our service demand for Home Care Packages has increased two fold and is currently supporting 20 aged care clients at home. To date, occupancy of our residential aged care facility has remained stable despite the increase in home care packages.

A culture of continuous Quality Improvement ensures that Aged Care, Acute Care, Community and Allied Health Services' programs and activities are reviewed on a regular basis. Heywood Rural Health continues to maintain all Accreditation requirements. Through 2019-2020 HRH will be building on strengthening ongoing Accreditation requirements with the implementation of the new Aged Care Quality Standards and the National Safety and Quality Health Service (NSQHS) Standards. The aim of the Aged Care Quality Standards and NSQHS Standards are to protect the public from harm and to improve the quality of health service provision.

We were delighted to hold our 2018 Annual General Meeting in conjunction with the grand opening of the long awaited newly developed communal & dining area "Surrey Hall". It was an honour for our Board Chair to officially unveil the new space.

It was with great pleasure we also awarded Gwenda Matthews Life Governor for her

significant contribution to Heywood Rural Health. Gwenda served 23 years on the Board from 1991 to 2014. She was a strong force behind the establishment and fundraising of the Sydney Quayle Wing and Fitzroy Lodge dementia ward from 1992 to 1995. She was involved in the co-ordination of Primary Health and Aged Care partnerships for Heywood Rural Health. She was instrumental in Heywood & District Memorial Hospital becoming a Health Streams Agency and implementation of the program at board level.

At HRH we couldn't do what we do without our amazing volunteers. The support we receive from our volunteers is priceless and we acknowledge that they are the glue that holds our community together. Their passion and commitment is truly amazing. In 2018 a long standing volunteer and Consumer Advisory Committee member; Thelma Hogan provided an important perspective to Heywood Rural Health in the development of our new three year strategic plan by participating in a two day workshop.

Throughout the year we have appreciated feedback from our consumers, the people who have used our services. There has been a great deal of positive feedback for improvements, suggestions of how we can improve and compliments regarding our consumer experience. We welcome such feedback and hope this continues into the future as we endeavour to continue to learn and improve.

As in previous years, Heywood Rural Health has met its obligations in the Statement of Priorities with the Department of Health and Human Services. This agreement is negotiated annually between Heywood Rural Health and the Department. The Statement of Priorities is consistent with our Strategic Plan and aligns to government policy, direction and priorities. You can review our Statement of Priorities achievements further on in this report.

We have continued to support our partnerships with a number of local key service groups including the Heywood Senior Citizens, Heywood Graduate Carers Group, Heywood Exercise Group,



Gwenda Matthews receiving Life Governor Award from CEO Ros Jones

Lions Club of Heywood, Heywood RSL, Heywood Rotary, the Heywood Secondary College – Standing Tall Program, Future Leaders of Industry 2018 Program, Wood Wine and Roses, Heywood Bowling Club and Heywood Men’s Shed for their endless abundance of support and enthusiasm as they continue to support our staff and residents. We extend a very warm thank you to all.

We also sincerely thank all of our donors, service clubs, General Practitioners, staff, contractors, locums, SWARH staff, suppliers and the community for their continued support and assistance throughout the year. Our organisation would not continue to prosper without the significant input into Heywood Rural Health. Donations for the year amounted to \$3,676 for which we are truly thankful.

This year the Murray-2-Moyne team raised \$6,246. We would like to thank the team for their dedication, hard work and commitment to riding in this great initiative that brings health services together across the country to raise money for worthy causes. In 2018-19 the funds raised by the team was put towards the revamp of Fitzroy Lodge.

Our partnership with Project Respect, a primary prevention project aimed at harnessing community strength to promote gender equity, has provided Heywood Rural Health with opportunities to increase the community’s understanding of the underlying causes of Family

violence. The project is facilitated by the Glenelg Shire Council through the support of Heywood Rural Health and Women’s Health and Wellbeing Barwon South West. We recognise that health services have an important role in identifying and responding to family violence, as well as creating long-term social change through enhancing practices and attitudes towards family violence.

Through *Strengthening Hospitals Response to family Violence* (SHRFV) initiatives, Heywood Rural Health will continue to work with staff and the community to support a whole of community approach to promote gender equity, respectful relationships and a zero tolerance to violence, to improve health and social wellbeing across the lifespan. 95% of our staff have attended SHRFV education and Heywood Rural Health has appointed and trained three Contact Officers.

As Heywood Rural Health is a truly rural service, the development of our Service Plan has paved the way for the development of a future Master Plan, which will be a blueprint of how Heywood Rural Health responds to the identified health needs of our community into the future.

We have also built on our recent success of partnering with Winda-Mara Aboriginal Health Service. This has grown out of mutual respect and a need for Heywood Rural Health to have a better understanding of the history and enriched knowledge of the local Aboriginal community.



Wayne Frost and Patricia McLean receiving their Appreciation Award

Local Winda-Mara Aboriginal Corporation staff present monthly at our staff induction and we continue to share community dinners quarterly.

We would like to acknowledge our magnificent team of staff and how they have embraced the changes and challenges to enhance service provision and ensure the best outcomes for our consumers. This year HRH recognised the need to increase support for our staff and recruited a Workplace Coach. The organisation believes well supported and trained staff is a valuable asset and are the essence of our reputation with the ability to deliver our Vision statement. "Committed to the health & wellbeing of our community".

As CEO of Heywood Rural Health I am very fortunate to have dedicated Board of Directors and this year the Board welcomed three new members, Mr Andrew Bradbury, Mr Max Oberlander and Mr Tony Oxford, as well as acknowledging the significant contribution made by retiring Board members Ms Trish McLean and Mr Wayne Frost.

Trish joined the Board on 1st November 2003 and held many positions on the Board and sub-committees during her tenure; Junior Vice President, Senior Vice President, President and Chair. Trish has been instrumental in ensuring the Board has maintained a keen focus on improving governance, risk management and safe quality care. Trish's legacy is not just her impressive longstanding stewardship; it is also her dedicated

leadership, commitment to community, strong advocacy, governance expertise and her amazing support of the health service and staff.

Wayne joined the Board, 1st July 2010 and also held many positions of the Board and Board sub-committees; Junior Vice President, Vice Chair and Chair. Wayne has been a voice of consistency and a judicious steward during his tenure. His experience and knowledge has been a significant contributor to major building developments, financial sustainability, and strategic developments to advance business culture, whilst simultaneously maintaining a focus on quality care. Wayne was a dedicated member of our Consumer Advisory Committee where the community and those in our care were always the focus.

We thank them both and wish them well in future endeavours.

We thank the Board for their commitment, support and preparedness to challenge the teams as we strive to achieve our strategic goals. We also thank the Board for embracing our journey by providing the support and inspiration to enable us as a health service to achieve so much.

We also want to acknowledge the Department of Health and Human Services both at the Central and Regional office, the support and leadership they provide to us is greatly appreciated.

The future for Heywood Rural Health will continue to be progressive while we all team together as a cohesive unit and work in collaboration with our partners across the Barwon Southwest.

We would like to reassure our community that our Board's desire is to continue to deliver a health service we can be proud of. Together we will continue to enhance the health and wellbeing of our community in partnership, each and every day.

Patricia McLean
Chair
Board of Directors
30 June 2019

Mrs. Roslyn Jones
Chief Executive Officer
30 June 2019

Performance at a glance

| | 2019 \$000 | 2018 \$000 | 2017 \$000 | 2016 \$000 | 2015 \$000 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Operating Result | | | | | |
| Total Revenue | 9,226 | 9,524 | 9,175 | 8,434 | 8,227 |
| Total Expenses | (9,729) | (9,401) | (9,726) | (8,679) | (8,645) |
| Net Result from transactions | (505) | 123 | (551) | (245) | (419) |
| Total other economic flows | (60) | (19) | 7 | (6) | (11) |
| Net Result | (563) | 104 | (544) | (251) | (429) |
| Total Assets | 22,352 | 21,972 | 20,549 | 19,579 | 19,744 |
| Total Liabilities | 6,424 | 5,786 | 5,668 | 4,154 | 4,066 |
| Net Assets / Total Equity | 15,928 | 16,186 | 14,881 | 15,425 | 15,678 |

Reconciliation between the Net results from transactions reported in the model to the Operating result as agreed in the SoP.

| | 2019 \$000 |
|-------------------------------------|---------------|
| Net operating result * | 122 |
| Capital and Specific items | |
| Capital purpose income | 370 |
| Expenditure for capital purpose | (31) |
| Depreciation and amortization | (955) |
| Finance costs (other) | (11) |
| Net result from transactions | (505) |

* The net operating result is the result which the health service is monitored against in its Statement of Priorities.

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Heywood Rural Health for the year ending 30th June 2019.



Patricia McLean
Chair
Board of Directors
30 June 2019



Mrs. Roslyn Jones
Chief Executive Officer
30 June 2019

Board of Directors

BOARD CHAIR

Patricia McLean

Appointed: 1st November 2003

Term Expires: 30th June 2019

Committees:

Quality & Safety Sub Committee

DIRECTOR - VICE CHAIR

Phil Saunders

Appointed: 1st July 2013

Term Expires: 30th June 2021

Committees:

Finance Sub Committee (Chair)

DIRECTOR

Anthony Oxford

Appointed: 1st July 2018

Term Expires: 30th June 2021

Committees:

Quality & Safety Sub Committee

DIRECTOR

Wayne Frost

Appointed: 1st July 2010

Term Expires: 30th June 2019

Committees:

Consumer Advisory Committee

DIRECTOR

Cathryn Patterson

Appointed: 1st July 2016

Term Expires: 30th June 2022

Committees:

Quality & Safety Sub Committee

DIRECTOR

Debbie Keiller

Appointed: 1st July 2016

Term Expires: 30th June 2022

Committees:

Finance Sub Committee

DIRECTOR

Sam Carter

Appointed: 1st July 2017

Term Expires: 30th June 2020

Committees:

Quality & Safety Sub Committee (Chair)

DIRECTOR

Max Oberlander

Appointed: 1st July 2018

Term Expires: 30th June 2021

Committees:

Consumer Advisory Committee (Chair)

DIRECTOR

Laura Lovett-Murray

Appointed: 1st July 2017

Term Expires: 30th June 2020

Committees:

Finance Sub Committee

Consumer Advisory Committee

Resigned from the Board 18th March 2019

DIRECTOR

Andrew Bradbury

Appointed: 1st July 2018

Term Expires: 30th June 2021

Committees: Finance Sub Committee

BOARD OF DIRECTORS MEETING ATTENDANCE 2018-2019

| | | | |
|-------------------|---------|---------------------|---------|
| Patricia McLean | 11 / 11 | Debbie Keiller | 10 / 11 |
| Phil Saunders | 10 / 11 | Sam Carter | 10 / 11 |
| Anthony Oxford | 10 / 11 | Max Oberlander | 9 / 11 |
| Wayne Frost | 11 / 11 | Laura Lovett Murray | 4 / 7 |
| Cathryn Patterson | 10 / 11 | Andrew Bradbury | 9 / 11 |

The Board of Heywood Rural Health is responsible for governance and legislative compliance and works within the framework of the Health Services Act to establish policies and deliver, within its financial limitations, a strategic direction for the management of Heywood Rural Health. Members of the Board of Management are appointed by the Governor-in-Council on the recommendation of the Minister for Health. The usual term of office is three

years, with members able to seek re-appointment. To ensure the Board maintains its ability to undertake its role, Board members participate in ongoing education programs. During the year to improve governance performance Board members participated in a self assessment process to gauge their knowledge and understanding of governance matters and the maturity of governance systems and processes using the program; Governance Evaluator.

Pecuniary and Conflict of Interest

At the commencement of each Board meeting, members are asked to declare pecuniary and conflict of interest. There were three standing pecuniary interests declared.

Board Meetings

The Department of Health requires Board Directors to attend 75% of Board meetings during the reporting period. The Board of Management holds its business meeting on the 3rd Tuesday of each calendar month and is supported by a number of Principal Committees.

Finance Sub Committee

This committee oversees the development and monitoring of the organisation's strategic financial annual plan and risk management systems. This committee meets on the 3rd Tuesday of each calendar month.

Audit and Risk Management Sub Committee

Heywood Rural Health has exemption from parts of Standing Directions under the Financial Management Act 1994; exemption was in place for Direction 3.2.1 for 2018-19.

Clinical Quality and Safety Sub Committee

Heywood Rural Health's Clinical Quality and Safety Sub Committee's primary function is to assist the Board of Management to ensure high standard of quality health care, continuous improvement of service delivery and an environment that supports clinical excellence across Heywood Rural Health. This committee is responsible for ensuring the organisation provides effective clinical governance and meets on the on the 3rd Tuesday of each calendar month.

Remuneration Committee

This committee is responsible for overseeing the development of the annual performance of the

Chief Executive Officer, reviewing progress against these goals.

Consumer Advisory Committee

The purpose of the Consumer Advisory Committee is to facilitate dialogue with consumers and their representatives to enhance community, carer and consumer participation at all levels of the health service and to ensure the Board has a sound understanding of consumer's needs and expectations regarding both matters of strategic relevance to consumers and day to day occurrences.

Leadership Team

Chief Executive Officer

Mrs Roslyn (Ros) Jones

Director, Clinical Services

Ms Janifer Smith

Finance Manager

Ms Jennie Stinson

People and Culture Manager

Mr Peter Davies

Community Health Hub Manager

Ms Jacki Barnett

Innovation/Business Manager

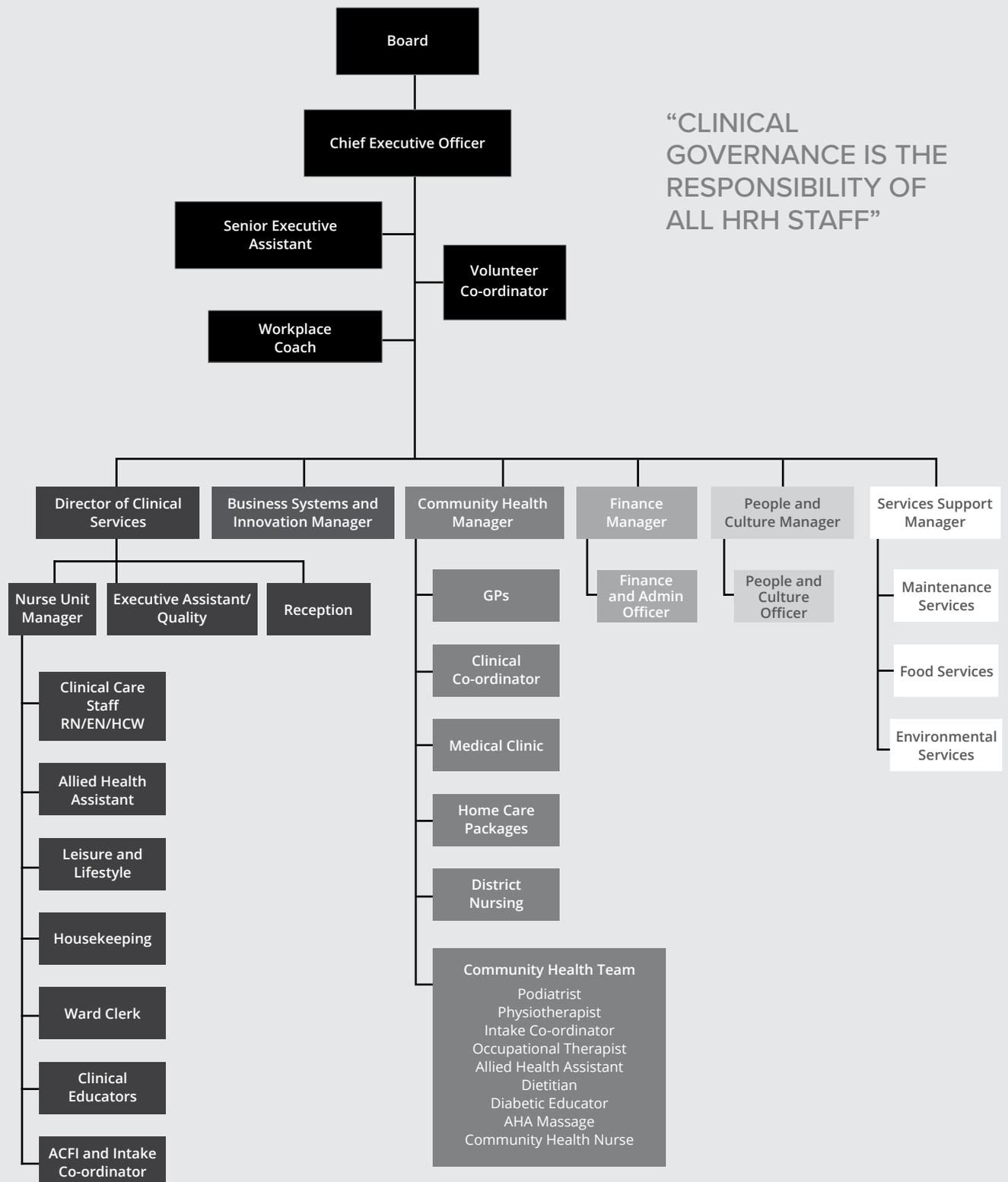
Mrs Rachael Moore

Services Support Manager

Mr Leigh Beddows

The Leadership team met 48 times during the year, providing regular updates to the Board of Directors.

Organisation Chart



Our Services

As a rural health service, Heywood Rural Health is an important part of the fabric of our community. Our service catchment area is identified as Heywood and the surrounding district.

We have been providing health services from our site since 1957, when a six-bed hospital was established to provide invaluable quality health care. Our facility continues to expand its services to include additional residential aged care beds.

Heywood Rural Health provides an integrated health service which comprises of low level acute beds, primary and community health programs and residential aged care services. We have acute inpatients; 5 beds, Aged Care residents; 45 beds, comprising a combination of high and low care. We also have a Community Health Hub, which includes a medical clinic, allied health and community nursing services, home care and meals on wheels.

Our facility is funded by the Victorian Department of Health and Human Services under the Small Rural Health Services flexible funding model. In addition to funding received from the State, we receive funding from the Commonwealth Department of Social Services for Residential Aged Care and community based services.

Our Highlights

- Development of five year Service Plan
- Development of a three year Strategic Plan 2019 - 2021
- Development of a draft Disability Action Plan
- Permanent GP Dr Samsun Nahar commenced at HRH
- Continued collaboration with Royal Flying Doctor services for GP; Erin Gordon and mental health and wellness; Tess Howells.
- Appointment of Physiotherapist; Roscoe Hine
- Installation of 296 Solar panels generating 90KW
- Appointment of Workplace Coach – Lauren Newman
- Review of Home Care Packages Program
- Strengthened Consumer Advisory Committee
- Clinical Governance Collaborative within region formalised
- Continued partnership with Western Victoria Primary Health Network to continue delivering Chronic Conditions of Care programs
- Successful participation in a number of accreditation and audit processes, both internal and external, Aged Care x 2, Acute, GP Clinic, Home and Community Care – Program for Younger Persons (HACC-PYP)
 - Volunteer
 - Participating in Induction
 - Orientation manual developed
- Recognition Award at Annual General Meeting
- Co-ordinator is a member of the regional networking group
- Prevention of Violence against Women and Children Strategy implemented
- Successful Murray to Moyne fundraising
- Dedicated Education Hub to support staff learning and development
- Extended staff dining area
- 90% Flu Vax up take for 2017-2018
- Advance Care Plan (ACP) Framework developed to comply with Medical Treatment Planning and Decisions Act 2016.
- Revised and improved clinical handover and clinical review processes
- Increased and improved ON SITE education for staff
- Improved Disabled access to Residential Aged Care and Afterhours entry
- Enhanced the visual dining experience for residents by implementing less institutionalised crockery & utensils, to create a home dining experience
- Completed stage 1 of carpet replacement program.
- Improved nurse call system, annunciator's and pagers,
- Improved organisational external security

Our Community

1,726 people live in Heywood, a rural town situation in heart of Victoria's discovery coast, within the Glenelg Shire region and within close proximity to the larger communities of Portland, Warrnambool, Hamilton and Mt Gambier. Our population comprises, 49.5% male and 50.5% female. 7.7% of our population are Aboriginal and/or Torres Strait Islander people.

The Heywood area includes many nature reserves and State National Parks to explore. An important cultural element of the area is the Budj Bim National Heritage Landscape that includes both the Tyrendarra area and Mount Eccles Lake Condah area.

The most common ancestries in Heywood were Australian 35.7%, English 31.6%, Scottish 7.7%, Irish 6.4% and German 3.1%. Current statistics indicate 84.3% of people were born in Australia. The most common countries of birth were England 2.1%, New Zealand 2.0%, Netherlands 0.9%, Philippines 0.5% and Scotland 0.3%.



Workforce Data

Industrial (Workforce) Key Performance Indicators

Sick leave as % of Heywood Rural Health's total payroll.

2017 / 2018 6.43%

2018 / 2019 6.16%

Number of Registered Work Cover Claims

2017 / 2018 0

2018 / 2019 3

Labour Category: (FTE) Full Time Equivalent Staff

| Labour Category | JUNE Current Month FTE | | JUNE YTD FTE | |
|--|---------------------------|--------------|-----------------|--------------|
| | 2018 | 2019 | 2018 | 2019 |
| Nursing | 23.87 | 25.48 | 22.60 | 23.12 |
| Administration & Clerical | 15.88 | 13.73 | 15.44 | 15.47 |
| Medical Support | 0.00 | 0.00 | 0.00 | 0.00 |
| Hotel & Allied Services | 30.39 | 29.71 | 31.69 | 29.42 |
| Medical Officers | 0.00 | 0.00 | 0.35 | 0.00 |
| Hospital Medical Officers | 0.00 | 0.00 | 0.00 | 0.00 |
| Sessional Clinicians | 0.00 | 0.00 | 0.00 | 0.00 |
| Ancillary Support Services (Allied Health) | 3.71 | 1.69 | 2.58 | 3.8 |
| TOTAL | 73.85 | 70.61 | 72.67 | 71.81 |

Occupational Violence

Heywood Rural Health is committed to addressing occupational violence incidences.

During the reporting period, there were 8 incidents but nil WorkCover accepted claims.

| Occupational violence statistics | 2018 - 2019 |
|---|-------------|
| WorkCover accepted claims with an occupational violence cause per 100 FTE | 0 |
| Number of accepted /WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 0 |
| Number of occupational violence incidents reported | 8 |
| Number of occupational violence incidents reported per 100 FTE | 8.98* |
| Percentage of occupational violence incidents resulting in staff injury, illness or condition | 0 |

* Based on fact total FTE for 2018/19 was 71.81

Primary Health Care

| Service | 2018-19 Occasions of Service |
|--|------------------------------|
| Cardiovascular, including: <ul style="list-style-type: none"> • Physiotherapy • Occupational Therapy • Podiatry • Dietetics • Social Work | 2,801 |
| Musculoskeletal, including: <ul style="list-style-type: none"> • Physiotherapy • Occupational Therapy • Podiatry • Dietetics • Social Work | 3,434 |
| Chronic Obstructive Pulmonary Disease (COPD), including: <ul style="list-style-type: none"> • Physiotherapy • Occupational Therapy • Podiatry • Dietetics • Social Work | 770 |
| Diabetes | 2,894 |
| District Nursing | 932 |



Life Governors and Service Awards

A Life Governorship is the highest recognition Heywood Rural Health can bestow. Our recipients have provided significant contributions to the organisation over a prolonged period of time. Additionally, we thank all of our dedicated and valuable volunteers and staff for their many hours of work and support every year to our residents and community.

| Life members

Mrs P Carter
Mrs R Lane
Mr A Lynch
Mrs M Handreck
Mrs J Polkinghorn
Mrs B Heeps
Mr J Price
Mr L Holder
Mr J Quayle
Mr C Keating
Mrs G Matthews

| Distinguished Services Awards

At our 2018 Annual General Meeting, we acknowledged a number of staff and community members for their outstanding and continued long services to our organisation.

CEO Recognition Award: Julie Frost
CEO Recognition Award: Trudy Thorp
CEO Recognition Award: Doreen Wombwell
CEO Recognition Award: Michelle Freeman
Recognition Volunteer Award: John Carter
Scholarship Award: Ami Burford
Scholarship Award: Jenny Page

| Staff Length of Service Awards

5 years

Lisa Dreyer
Annmaree Harvey
Jeanette Hoggan
Kelly McLean
Debra McLeod
Karen Orchard

10 years

Garry Butt
Roberta (Luise)
Macklin
Sharon Rigg
Christine Rogers

15 years

Julie Baker
Tracy Bull
Debbie McRae
Mary Scott

Manner of Establishment and Responsible Ministers

External Auditors

Victorian Auditor General's Office (VAGO)

Internal Auditors

HLB Mann Judd Vic Pty Ltd

Solicitors

Health Legal (Melbourne)

Bank

Bendigo Bank
Westpac Bank

Responsible Persons Disclosure

The Honourable Jill Hennessy MP

Minister for Health and Minister for Ambulance
Services: 01/07/2018 – 29/11/2018

Jenny Mikakos

Minister for Health and Minister for Ambulance
Services: 29/11/2018 – 30/06/2019

The Honourable Martin Foley

Minister for Mental Health:
01/07/2018 – 30/06/2019



Attestations

Legislative Compliance

Attestation for Integrity, Fraud and Corruption

I, Ros Jones, certify that Heywood Rural Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Heywood Rural Health during the year.



Mrs. Roslyn Jones
Chief Executive Officer
26 July 2019

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

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



Mrs. Roslyn Jones
Chief Executive Officer
26 July 2019

Attestation for Data Integrity

I, Ros Jones certify that Heywood Rural Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Heywood Rural Health has critically reviewed these controls and processes during the year.



Mrs. Roslyn Jones
Chief Executive Officer
26 July 2019

Attestation for Conflict of Interest

I, Ros Jones, certify that Heywood Rural Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Heywood Rural Health and members of the board, and all declared conflicts have been addressed and are being managed.

Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Mrs. Roslyn Jones
Chief Executive Officer
26 July 2019

Attestation for Financial Management Compliance

I, Phil Saunders, on behalf of the Responsible Body, certify that Heywood Rural Health has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions



Phil Saunders
Board of Directors
26 July 2019

Compliance Information

Building Act 1993

All building works have been designed in accordance with the Department of Health's Capital Development Guidelines and comply with the *Building Act 1993*, Building Regulations 2006 and Building Code of Australia, relevant at the time of works. All contractors are appropriately qualified. There were no Occupancy Permits issued during the financial year. There were no Building Permits issued during the financial year.

Complaints

HRH is committed to providing the best quality health care in the region. We value and encourage feedback from patients, clients and their families as well as visitors to our service. In this way we understand how and where we need to improve the way in which we deliver our programs. This year we received 164 compliments and 35 formal concerns. All issues were satisfactorily resolved within HRH.

Declaration of Pecuniary Interest

All necessary declarations have been completed with three standing pecuniary interests declared at each board meeting.

Employment and Conduct Principles

HRH is an equal opportunity employer and upholds the principles defined in the *Public Administration Act 2004* as to how employees can expect to be treated when applying for jobs, working together, seeking development or resolving disputes. The HRH Code of Conduct reflects the public sector value of Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human Rights.

Environmental Impacts

HRH remains committed to improving our environmental impact and strives to provide health care in an environmentally sound and sustainable manner. Our Leadership Team oversees environmental sustainability initiatives to ensure implementation of sound environmental practices in all areas of its operations such as the installation of 296 solar panels for Heywood Rural Health producing 90kw of power.

Ex-Gratia Payments

There were no ex-gratia payments during the 2018-2019 year.

Car Parking

Heywood Rural Health Service complies with the Department of Health and Human Services circular on car parking fees. Heywood Rural Health does not charge or collect fees for car parking. Car parking is plentiful and free.

Fees

Heywood Rural Health Service charges fees in accordance with the Commonwealth Department of Health and Aged Care, the Commonwealth Department of Family Services and the Department of Human Services (Vic) directives, issued under Regulation 8 of the Hospital and Charities (Fees) Regulations 1986, as amended.

Financial Management Act 1994

In accordance with the Direction of the Minister for Finance part 9.1.3(IV), information requirements have been prepared and are available to the relevant Minister, Members of Parliament and the public on request.

Hazardous Substances

The number of hazardous substances held on site has been reviewed and minimised, with risk assessments ongoing to ensure effective control of substances remaining in use. There have been no incidents related to hazardous substances or waste management practices for 2018-19. All staff who come into direct contact with hazardous substances undertake training in the management of these substances.

National Competition Policy

HRH complied with all government policies regarding competitive neutrality with respect to tender applications.

Occupational Health and Safety

HRH maintains its commitment to the health and safety of all employees, residents, staff, visitors, volunteers and contractors, by maintaining compliance to the *Occupational Health and Safety Act 2004*, and its associated regulations and code of practice to meet the Australian Council of Health Care and Aged Care Standards requirements.

Utilising the Victorian Health Incident Management system (VHIMS) staff are encouraged to report all incidents and near misses relating to their health and safety whilst at work. We acknowledge the

staff for their monitoring efforts and involvement in identifying and resolving risk. Reports from the VHIMS system are presented to the Occupational Health and Safety Committee which in turn reports to the Board via the Quality and Safety Committee.

During the reporting period, there were 42 OH&S incidents / hazards per 71.81 fulltime equivalent staff members recorded.

Protected Disclosure Act 2012

The Protected Disclosure Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. HRH complies with the requirements of the *Protected Disclosure Act 2012* and did not receive any disclosures in the 2018-19 financial year.

Privacy

HRH recognises and is committed to the protection of the privacy of patient, resident, client and staff information. The Health Service has in place policies to ensure compliance with the *Health Records Act (Victoria) 2001*, *Privacy Act 2000* and the *Information Privacy Act 2000*. Patients, residents and clients are informed of their rights on first contact with the health service that all health information collected and medical records held in relation to their treatment is respected and confidentially maintained.

Industrial Action

No time was lost to industrial action during 2018-2019.

Information Technology

Heywood Rural Health continues to ensure our IT infrastructure continues to develop to support efficient and effective operational programs. This is achieved through our partnership with the South West Alliance of Rural Health (SWARH) and Heywood Rural Health's Information Communications and Technology Management Group.

Freedom of Information Act 1982

The *Freedom of Information Act 1982* provides the right to obtain information held by Heywood Rural Health.

The Chief Executive Officer manages any requests, and reports annually to the Freedom of Information (FOI) section of the Department of Justice in respect of FOI requests received.

In the year ended 30 June 2019, NIL applications for access to documents under the *Freedom of Information Act 1982* were received.

Major Publications

The following major publications are available at Heywood Rural Health:

- Heywood Rural Health By-laws
- Heywood Rural Health Annual Report
- Heywood Rural Health Quality Account

Merit and Equity

HRH is subject to the *Equal Opportunity Act 1995*

The Purpose of the Act is:

- to provide for equal employment opportunity programs in Public Authorities;
- to establish reporting requirements in relation to these programs; and
- to require Public Authorities to observe personnel management principles in employment matters.

HRH has adopted principles and procedures to ensure that recruitment, promotion, and advancement will be determined on the basis of fair and open competition between qualified individuals and decisions to recruit, promote and advance will be made solely on the basis of relative ability, knowledge and skills in relation to the promotion involved.

HRH is further committed to ensuring that all employees will receive fair and equitable treatment in all aspects of personnel management, regardless of political affiliation, race, colour, religion, national origin, sex, marital status or physical disability. Heywood Rural Health has training and policies in place to support this position.

Carers Recognition Act 2012

The *Carers Recognition Act 2012* recognises, promotes and values the role of people in care relationships. Heywood Rural Health understands the different needs of persons in care relationships and that care relationships bring benefits to the patients, their carers and to the community.

Heywood Rural Health takes all practicable measures to ensure that its employees, agents and carers have awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient and family centred care and to involving carers in the development and delivery of our services.

Victorian Disability Act 2006

Heywood Rural Health has policies and procedures which align with the applicable principles of the *Victorian Disability Act 2006*.

Safe Patient Care Act 2015

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

Local Jobs First Act 2003

In 2018-2019 there were no contracts requiring disclosure under the Local Jobs First Policy.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at <http://www.data.vic.gov.au/> in machine readable format.

Directions of the Minister for Finance

Heywood Rural Health is respondent to the *Financial Management Act 1994*. The Act required all public bodies, such as Heywood Rural Health to prepare an Annual Report, which is submitted to the Minister prior to tabling in Parliament by 20 September 2019.

The information in this report addresses the requirements for an accountable business practice and acts as an information tool for the Government and community. Additional information as specified in FRD 22 is retained by the Accountable Office and is available on request, subject to the provision of the *Freedom of Information Act 1982*.

Shares held Heywood Rural Health

At 30 June 2019, Heywood Rural Health held the following company shares:

Company: Heywood & District Community Enterprise Ltd
(i.e. Bendigo Bank Heywood)
Number: 2,000
Value at 30 June 2019: \$2,000

At 30 June 2019, no officers of Heywood Rural Health held shares as a nominee or held shares beneficially on behalf of Heywood Rural Health.

Additional Information available on Request

This report acknowledges that the items listed below are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

Treasurer’s Report.

Full details of the Heywood Rural Health financial results for 2018–2019 are contained in the Annual Financial Statements.

External Audit Program

The external audit program continues to be provided by the Office of the Victorian Auditor General (VAGO), who has contracted the audit work to McLaren Hunt Financial Group (Warrnambool)

Each year the Board receives communications from VAGO which provides detailed information and feedback to the Board on the results of the external VAGO audit. The audit letter is assessed each year by the Board.

Internal Audit Program

Heywood Rural Health has continued to participate in the final year of the joint sub-regional project Internal Audit Program.

Prior to the closure of the 2018/2019 year, the appointed agent, HLB Mann Judd Vic Pty Ltd (Melbourne) completed two internal audits for Heywood Rural Health’s Strategic Internal Audit Program and Health Purchasing Victoria Compliance.

On behalf of Board Directors we would like to thank all staff for their continuing commitment to their duties at Heywood Rural Health. The achievements outlined in the Annual Report would not have been possible without the hard work, flexibility and dedication of our staff, volunteers and consumers.

Patricia McLean
Chair
Board of Directors
30 June 2019

Mrs. Roslyn Jones
Chief Executive Officer
30 June 2019



Consultancy Disclosure 2018 - 2019

In 2018-19, there were 8 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-19 in relation to these consultancies is \$42,956 (ex GST).

In 2018-19, there was 1 consultancy where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies is \$30,550 (ex GST).

| Consultant | Purpose of consultancy | Start date | End date | Total approved project fee (ex GST) | Expenditure 2018-19 (ex GST) | Future expenditure (ex GST) |
|-------------------|------------------------|------------|-----------|-------------------------------------|------------------------------|-----------------------------|
| Health Generation | ACFI Review | May 2019 | June 2019 | | \$30,550 | |

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2018-19 is \$375,632 (excluding GST) with the details shown below:

| Business As Usual (BAU) ICT expenditure | Non-Business As Usual (non-BAU) ICT expenditure | | |
|---|---|--------------------------------------|----------------------------------|
| | Total=Operational expenditure and Capital | Operational expenditure (ex GST) (a) | Capital expenditure (ex GST) (b) |
| (excluding GST) | Expenditure | | |
| | (excluding GST) (a) + (b) | | |
| \$367,000 | \$0.01 million | \$0.00 | \$0.01 million |

Statutory Requirements

Statement of Priorities Part A: Service Performance 2018 / 2019

| Goals | Actions | Deliverables | Outcome |
|--|---|---|--|
| <p>Better Health</p> <p>A system geared to prevention as much as treatment</p> <p>Everyone understands their own health and risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p> | <p>Better Health</p> <p>Reduce Statewide Risks</p> <p>Build Healthy Neighborhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p> | <p>In collaboration with six neighboring health services commence implementation of the Strengthening Hospital Response to Family Violence Service Model within Heywood Rural Health.</p> <p>Key deliverables include:</p> <ul style="list-style-type: none"> Review policies and procedures Raise awareness through the development and implementation of a communications plan. | <p>Achieved</p> <ul style="list-style-type: none"> Contact Officer training 31 October 2018, SWHC Warrnambool SHRFV management training 18th November 2018 Clinical and general staff training January and February 2019, 94% staff attended Lifeline FV-CO 2 day training attended January 22 & 23 2019, Portland District Health Third contact officer completed indigenous specific FV-CO training in March 2019. |
| | | <p>Complete Stage One of Project Respect Heywood in partnership with Women's Health and Wellbeing Barwon South West (WHWBSW), and the Heywood community, including the development of an evaluation plan.</p> | <p>Achieved</p> <ul style="list-style-type: none"> Stage 1 completed Stage 2 successful funding submission, in collaboration with GSC, BSW Women's Health to progress stage 2 Project worker appointed to Glenelg Shire Council, commenced Jan 2019 – Dec 2019 HRH is represented on the Steering Committee – monthly Project Respect Heywood launch Wednesday 15 May 2019, Heywood Community Hall Project Respect community presentation "Man Cave Program": positive relationships, healthy masculinity and respectful relationships. |

| Goals | Actions | Deliverables | Outcome |
|---|--|---|---|
| <p>Better Care</p> <p>Target zero avoidable harm</p> <p>Healthcare that focuses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p> | <p>Better Care</p> <p>Put Quality First</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p> | <p>Improve healthcare outcomes and join up care for patients by embedding Advance Care Planning (ACP) processes across Primary Care, Acute and Aged Care services.</p> | <p>Achieved</p> <ul style="list-style-type: none"> • ACP Contact Officer appointed • Standing agenda item Community Continuum of Care Comm. and Morning Unit meeting • Two ACP facilitators appointed. • ACP action plan developed to comply with Medical Treatment Planning and <i>Decisions Act 2016</i> • Policies and procedures completed • Framework developed • Education delivered via Snap Chat education sessions to staff • HRH Goals of Care – Medical treatment orders: • Client Goal Directed Care Plan developed as part of Wellness and Reablement Plan (CHSP) • Information Packs for staff, families, and clients – developed. |



Statement of Priorities Part A: Service Performance 2018 / 2019

| Goals | Actions | Deliverables | Outcome |
|---|--|--|--|
| <p>Specific 2018-19 priorities (mandatory)</p> | <p>1. Disability Action Plans Draft disability action plans are completed in 2018-19.</p> | <p>Submit a draft Disability Action Plan to the department by 30 June 2019. The draft plan will outline the approach to full implementation within three years of publication.</p> | <p>Achieved Draft disability action plan endorsed by board and submitted to DHHS.</p> |
| | <p>2. Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.</p> | <p>Undertake a review of the current volunteer program and develop a volunteer strategy focusing on orientation, support and recognition.</p> | <p>Achieved</p> <ul style="list-style-type: none"> • Volunteer Recognition Awarded at 2017/18 AGM by CEO • Consumer participated the Strategic Planning workshop in August 2018 • Life Governor Award presented by CEO at 2018 AGM • Volunteer job description, policy and procedure developed and implemented • Volunteer induction package developed • Volunteers included in HRH orientation day • Formalised volunteer meetings with Terms of Reference • Volunteer recognition events held bi-annually • Community promotion of volunteer involvement • Volunteer coordinator member of Regional volunteer network. |
| | <p>3. Bullying and Harassment Actively promote positive workplace behaviors and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p> | <p>Develop and implement a "Zero Tolerance" bullying and harassment policy and framework and embed Zero Tolerance values across the workforce through annual mandatory training.</p> | <p>Achieved</p> <ul style="list-style-type: none"> • Successful recruitment of People and Culture Manager and Workplace Coach • Zero tolerance bullying and harassment (including sexual harassment) policy completed, communicated to staff • People Matter Survey standing agenda item at Board Meeting & General staff meeting • Workplace Coach & staff Contact Officer reports monthly to Board • Workplace Coach delivers workplace wellness education and Resources • People and Culture News monthly • Transition to retirement policy developed and implemented • Workplace satisfaction survey undertaken – reported to the Board Jan 2019 meeting. • Dedicated education hub to facilitate learning and development • QPS staff satisfaction regional benchmarking survey completed. |

| Goals | Actions | Deliverables | Outcome |
|---|---|--|---|
| Specific 2018-19 priorities (mandatory) | <p>4. Occupational Violence</p> <p>Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p> | <p>Review Heywood Rural Health's Occupational Violence policy to ensure alliance with the Department's occupational violence and aggression training principles.</p> <p>Implement and embed annual core occupational violence training package for all health service staff.</p> | <p>Achieved</p> <ul style="list-style-type: none"> • Zero tolerance bullying and harassment (including sexual harassment) policy completed, communicated to staff • Security risk assessment undertaken • Upgraded to after-hours security camera system • Relocation of security monitoring screen to nurse base • Additional duress alarms implemented in Community Health Hub • New pagers installed in clinical areas • Additional annunciator installed in education hub • WorkSafe reviewed HRH's occupational violence and young workers policies and procedures – Full compliance • Education session provided by Deakin University on managing assertiveness • Occupational violence online training for all staff. |
| | <p>5. Environmental Sustainability</p> <p>Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.</p> | <p>Review Heywood Rural Health's Environmental Management Plan to ensure the plan aligns with the Victorian Government's policy, to be net zero carbon by 2050.</p> | <p>Achieved</p> <ul style="list-style-type: none"> • Environmental management plan reviewed and updated • Solar project completed • Waste segregation program in progress • Health Purchasing Victoria (HPV) Compliance Audit – successfully completed May 2019. |

Statement of Priorities Part A: Service Performance 2018 / 2019

| Goals | Actions | Deliverables | Outcome |
|---|---|--|--|
| <p>Specific 2018-19 priorities (mandatory)</p> | <p>6. LGBTI</p> <p>Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.</p> | <p>Ensure all human resource policies are reviewed and updated to acknowledge HRH's commitment to LGBTI communities in line with Rainbow eQuality guidelines.</p> <p>Undertake a gap analysis against Rainbow eQuality guide and develop an action plan for implementation by 30 June 2019 in preparation for possible future accreditation.</p> | <p>Achieved</p> <ul style="list-style-type: none"> • Policies and procedures developed, available on PROMPT – resources hyperlinked. • HRH is an equal opportunity employer, as conveyed in vacancy advertisements and position descriptions. • Project Respect Officer appointed by Glenelg Shire Council in partnership with HRH, Jan 2019. • HRH is represented on Project Respect Steering committee • Project Respect Heywood surveys completed. • LGBTI awareness education, delivered by Workplace Coach • Electronic Medical Record (EMR) includes gender identification. • Gender-neutral bathrooms for clients and staff across the organisation. |



Statement of Priorities Part B: Performance Priorities.

High Quality and Safe Care

| Performance indicator | Target | Result |
|--|---|----------|
| Accreditation | | |
| Accreditation against the National Safety and Quality Health Service Standards | Accredited | Achieved |
| Compliance with the Commonwealth's Aged Care Accreditation Standards | Accredited | Achieved |
| Infection prevention and control | | |
| Compliance with the Hand Hygiene Australia program | 80% | 88.8% |
| Percentage of healthcare workers immunised for influenza | 80% | 90% |
| Adverse events | | |
| Sentinel events – root cause analysis (RCA) reporting | All RCA reports submitted within 30 business days | Achieved |

| Key performance indicator | Target | Result |
|---|-----------------|------------------|
| Patient experience | | |
| Victorian Healthcare Experience Survey – data submission | Full compliance | Full Compliance |
| Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1 | 95% | Full compliance* |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2 | 95% | Full Compliance* |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3 | 95% | Full Compliance* |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1 | 75% | Full Compliance* |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2 | 75% | Full Compliance* |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3 | 75% | Full Compliance* |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1 | 70% | Full Compliance* |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2 | 70% | Full Compliance* |
| Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3 | 70% | Full Compliance* |

* Less than 30 responses received – no result is recorded

Strong Governance, Leadership and culture

| Key performance indicator | Target | Result |
|--|--------|--------|
| Organisational culture | | |
| People matter survey – percentage of staff with an overall positive response to safety and culture questions | 80% | 62% |
| People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have” | 80% | 79% |
| People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area” | 80% | 57% |
| People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager” | 80% | 63% |
| People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others” | 80% | 63% |
| People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation” | 80% | 64% |
| People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff” | 80% | 55% |
| People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised” | 80% | 63% |
| People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here” | 80% | 52% |

Effective financial management

| Key performance indicator | Target | Result |
|---|---|-----------|
| Finance | | |
| Operating result (\$m) | 00.00 | 0.12 |
| Average number of days to paying trade creditors | 60 days | 49 days |
| Average number of days to receiving patient fee debtors | 60 days | 58 days |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | 1.32% |
| Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast) | 14 days | 79.5 days |
| Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month | 14 days | Achieved |
| Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June | Variance < \$250,000 | -\$0.03 |

Statement of Priorities Part C: Activity and Funding

| Small Rural | | |
|--|------------------------------|----------------------|
| | 2018-19 Activity achievement | Units |
| Small Rural Acute | 24 | WIES |
| Small Rural Primary Health & HACC | | |
| District Nursing | 932 | Occasions of service |
| Small Rural Residential Care | 14,804 | Bed days |
| Health Workforce | 21 | Number of students |



Disclosure index

The annual report of Heywood Rural Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Ministerial Directions Report of Operations

| Legislation | Requirement | Page Reference |
|---------------------------------|---|----------------|
| Charter and purpose | | |
| FRD 22H | Manner of establishment and the relevant Ministers | 17 |
| FRD 22H | Purpose, functions, powers and duties | 10 |
| FRD 22H | Nature and range of services provided | 12 |
| FRD 22H | Activities, programs and achievements for the reporting period | 12 |
| FRD 22H | Significant changes in key initiatives and expectations for the future | 5 |
| Management and structure | | |
| FRD 22H | Organisational structure | 11 |
| FRD 22H | Workforce data/employment and conduct principles | 14 |
| FRD 22H | Occupational Health and Safety | 14 |
| Financial information | | |
| FRD 22H | Summary of the financial results for the year | 8 |
| FRD 22H | Significant changes in financial position during the year | 31 |
| FRD 22H | Operational and budgetary objectives and performance against objectives | 29 |
| FRD 22H | Subsequent events | Financials |
| FRD 22H | Details of consultancies under \$10,000 | 23 |
| FRD 22H | Details of consultancies over \$10,000 | 23 |
| FRD 22H | Disclosure of ICT expenditure | 23 |
| Legislation | | |
| FRD 22H | Application and operation of <i>Freedom of Information Act 1982</i> | 20 |
| FRD 22H | Compliance with building and maintenance provisions of <i>Building Act 1993</i> | 19 |

| Legislation | Requirement | Page Reference |
|--------------------|---|-----------------------|
| FRD 22H | Application and operation of <i>Protected Disclosure 2012</i> | 20 |
| FRD 22H | Statement on National Competition Policy | 19 |
| FRD 22H | Application and operation of <i>Carers Recognition Act 2012</i> | 20 |
| FRD 22H | Summary of the entity's environmental performance | 19 |
| FRD 22H | Additional information available on request | 21 |

Other relevant reporting directives

| | | |
|----------|---|----|
| FRD 25D | Local Jobs First Act disclosures | 21 |
| SD 5.1.4 | Financial Management Compliance attestation | 18 |
| SD 5.2.3 | Declaration in report of operations | 8 |

Attestations

| | |
|--|----|
| Attestation on Data Integrity | 18 |
| Attestation on managing Conflicts of Interest Attestation on Integrity, fraud and corruption | 18 |

Other reporting requirements

| | |
|--|----|
| Reporting of outcomes from Statement of Priorities 2018–19 | 24 |
| Occupational Violence reporting | 14 |
| Reporting of compliance Health Purchasing Victoria policy | 18 |
| Reporting obligations under the <i>Safe Patient Care Act 2015</i> | 21 |
| Reporting of compliance regarding Car Parking Fees (if applicable) | 19 |

Legislation

| | |
|--|----|
| <i>Building Act 1993</i> | 19 |
| <i>Financial Management Act 1994</i> | 19 |
| <i>Freedom of Information Act 1982</i> | 20 |
| <i>Protected Disclosure Act 2012</i> | 20 |
| <i>Carers Recognition Act 2012</i> | 20 |
| <i>Safe Patient Care Act 2015</i> | 21 |
| <i>Disability Act 2006</i> | 21 |
| <i>Local Jobs First Act 2003</i> | 21 |





Financial Report

**Heywood Rural Health Service
Board member's, accountable officer's and chief finance &
accounting officer's declaration**

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Heywood Rural Health as at 30 June 2019.

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

We authorise the attached financial statements for issue on 20 August 2019.



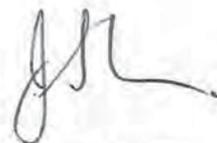
Phil Saunders
Board Member

Heywood
20 August 2019



Roslyn Jones
Accountable Officer

Heywood
20 August 2019



Jennie Stinson
Chief Finance & Accounting
Officer

Heywood
20 August 2019



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Heywood Rural Health Service

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

Auditor General's Report

| | |
|--|---|
| <p>Auditor's responsibilities for the audit of the financial report</p> | <p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> |
|--|---|



MELBOURNE
23 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Income from Transactions | | | |
| Operating Activities | 2.1 | 9,074 | 9,414 |
| Non-operating Activities | 2.1 | 152 | 110 |
| Total Income from Transactions | | 9,226 | 9,524 |
| Expenses from Transactions | | | |
| Employee Expenses | 3.1 | (6,929) | (6,731) |
| Supplies and Consumables | 3.1 | (445) | (481) |
| Depreciation and Amortisation | 4.2 | (955) | (876) |
| Other Operating Expenses | 3.1 | (1,400) | (1,313) |
| Total Expenses from Transactions | | (9,729) | (9,401) |
| Net Result from Transactions - Net Operating Balance | | (505) | 123 |
| Other Economic Flows included in Net Result | | | |
| Net Gain/(Loss) on Sale of Non-Financial Assets | 3.2 | 9 | 16 |
| Net Gain/(Loss) on Financial Instruments at Fair Value | 3.2 | (49) | (42) |
| Share of Other Economic Flows from Joint Operation | 8.7 | 1 | 5 |
| Other Gain/(Loss) from Other Economic Flows | 3.2 | (21) | 2 |
| Total other economic flows included in net result | | (60) | (19) |
| Net Result for the year | | (563) | 104 |
| Other comprehensive income | | | |
| Items that will not be reclassified to net result | | | |
| Changes in Property, Plant and Equipment Revaluation Surplus | | 305 | 1,202 |
| Total other comprehensive income | | 305 | 1,202 |
| Comprehensive result for the year | | (258) | 1,306 |

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

Balance sheet

AS AT 30 JUNE 2018

| | Note | 2019 \$'000 | 2018 \$'000 |
|---|------|----------------|----------------|
| Cash and cash equivalents | 6.2 | 6,864 | 6,226 |
| Receivables | 5.1 | 460 | 400 |
| Other financial assets | | 45 | 47 |
| Total current assets | | 7,369 | 6,673 |
| Non-current assets | | | |
| Receivables | 5.1 | 69 | 97 |
| Investments and other financial assets | | 2 | 2 |
| Investments accounted for using the equity | 8.7 | 30 | 29 |
| Property, plant & equipment | 4.1 | 14,882 | 15,171 |
| Total non-current assets | | 14,983 | 15,299 |
| TOTAL ASSETS | | 22,352 | 21,972 |
| Current liabilities | | | |
| Payables | 5.3 | 798 | 905 |
| Borrowings | 6.1 | 84 | 66 |
| Provisions | 3.3 | 1,249 | 1,215 |
| Other current liabilities | 5.2 | 4,037 | 3,437 |
| Total current liabilities | | 6,168 | 5,623 |
| Non-current liabilities | | | |
| Borrowings | 6.1 | 84 | - |
| Provisions | 3.3 | 172 | 163 |
| Total non-current liabilities | | 256 | 163 |
| TOTAL LIABILITIES | | 6,424 | 5,786 |
| NET ASSETS | | 15,928 | 16,186 |
| EQUITY | | | |
| Property, plant & equipment revaluation surplus | | 15,074 | 14,770 |
| Restricted specific purpose surplus | | 257 | 257 |
| Contributed capital | | 5,775 | 5,774 |
| Accumulated surpluses/(deficits) | | (5,178) | (4,615) |
| TOTAL EQUITY | | 15,928 | 16,186 |

Commitments

6.3

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

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Property, Plant & Equipment Revaluation Surplus | Restricted Specific Purpose Surplus | Contributions by Owners | Accumulated Surpluses/ (Deficits) | Total |
|---|--|--|----------------------------|---|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2017 | 13,568 | 257 | 5,774 | (4,718) | 14,881 |
| Net result for the year | - | - | - | 103 | 103 |
| Other comprehensive income for the year | 1,202 | - | - | - | 1,202 |
| Balance at 30 June 2018 | 14,770 | 257 | 5,774 | (4,615) | 16,186 |
| Net result for the year | - | - | - | (563) | (563) |
| Other comprehensive income for the year | 305 | - | - | - | 305 |
| Balance at 30 June 2019 | 15,075 | 257 | 5,774 | (5,178) | 15,928 |

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

Cash flow statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|--|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating grants from government | | 6,691 | 7,101 |
| Capital grants from government | | 207 | 564 |
| Patient and resident fees received | | 1,179 | 1,260 |
| Donations and bequests received | | 13 | 13 |
| GST received from/(paid to) ATO | | 16 | (24) |
| Interest received | | 149 | 110 |
| Other receipts | | 847 | 1,269 |
| Total receipts | | 9,102 | 10,293 |
| Employee expenses paid | | (6,392) | (6,112) |
| Non salary labour costs | | (648) | (689) |
| Payments for supplies & consumables | | (1,742) | (2,495) |
| Finance costs | | (11) | (4) |
| Total payments | | (8,793) | (9,300) |
| NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES | 8.1 | 309 | 993 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for non-financial assets | | (362) | (612) |
| Proceeds from sale of non-financial assets | | 9 | 16 |
| NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES | | (353) | (596) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from DHHS | | 79 | - |
| Receipt of Accommodation Deposits | | 1,670 | 1,092 |
| Repayment of Accommodation Deposits | | (1,067) | (385) |
| NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES | | 682 | 707 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | 638 | 1,103 |
| Cash and cash equivalents at beginning of financial year | | 6,226 | 5,123 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 6.2 | 6,864 | 6,226 |

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

Basis of presentation

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

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

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

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Heywood Rural Health for the period ending 30 June 2019. 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 AASB 101 *Presentation of Financial Statements*.

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

Heywood Rural Health 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 Heywood Rural Health on 20 August 2019.

(b) Reporting Entity

The financial statements include all the controlled activities of Heywood Rural Health.

Its principle address is:
21 Barclay Street
Heywood, Victoria 3304

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

(c) Basis of Accounting Preparation and Measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.9 Financial Dependency).

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

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

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

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.4 Superannuation);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3 Employee Benefits in the Balance Sheet).

The Financial Statements are prepared in accordance with the historical cost convention, except for:

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

Goods and Services Tax (GST)

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

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

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

(d) Principles of Consolidation

Intersegment Transactions

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

(e) Equity

Contributed Capital

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

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

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Heywood Rural Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(f) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1 and 3.2.

Note 2: Funding delivery of our services

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

Heywood Rural Health is predominantly funded by accrual based grant funding for the provision of outputs.

Structure

2.1 Income from transactions

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 2.1: Income from transactions

| | Total 2019 \$'000 | Total 2018 \$'000 |
|---|----------------------------------|----------------------------------|
| Government Grants - Operating | 6,862 | 6,925 |
| Government Grants - Capital | 207 | 564 |
| Other Capital purpose income (including capital donations) | 13 | 13 |
| Patient and Resident Fees | 1,173 | 1,226 |
| Commercial Activities | 62 | 62 |
| SWARH JV Revenue | 461 | 416 |
| Other Revenue from Operating Activities (including non-capital donations) | 298 | 208 |
| Total Income from Operating Activities | 9,076 | 9,414 |
| Capital Interest | 150 | 110 |
| Total Income from Non-Operating Activities | 150 | 110 |
| Total Income from Transactions | 9,226 | 9,524 |

Revenue Recognition

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 Heywood Rural Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Any amounts disclosed as revenue are net of returns, allowances and duties and taxes where applicable

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 Heywood Rural Health 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 Heywood Rural Health has a present obligation to repay them and the present obligation can be reliably measured.

Indirect Contributions from the Department of Health and Human Services

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

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as meals on wheels is recognised at the time invoices are raised.

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. If donations are for a specific 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 into account the effective yield of the financial asset which allocates interest over the relevant period.

Other income

Other income includes recoveries for salaries and wages, non-property rental, forgiveness of liabilities, bad debt reversals and other external services provided.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 3: The Cost of delivering services

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

Structure

3.1 Expenses from transactions

3.2 Other economic flows included in net result

3.3 Employee Benefits in the Balance Sheet

3.4 Superannuation

Note 3.1: Expenses from Transactions

| | Note | Total 2019 \$'000 | Total 2018 \$'000 |
|---|------|-------------------------|-------------------------|
| Salaries and Wages | | 5,486 | 5,564 |
| On-costs | | 1,153 | 950 |
| Fee for Service Medical Officer Expenses | | 194 | 136 |
| Workcover Premium | | 95 | 81 |
| Total Employee Expenses | | 6,928 | 6,731 |
| Drug Supplies | | 3 | 5 |
| Medical and Surgical Supplies | | 86 | 106 |
| Other Supplies and Consumables | | 356 | 370 |
| Total Supplies and Consumables | | 445 | 481 |
| Finance Costs | | 11 | 4 |
| Total Finance Costs | | 11 | 4 |
| Fuel, Light, Power and Water | | 197 | 161 |
| Repairs and Maintenance | | 155 | 163 |
| Maintenance Contracts | | 41 | 35 |
| Medical Indemnity Insurance | | 30 | 30 |
| Other Expenses | | 936 | 909 |
| Expenditure for Capital Purposes | | 31 | 11 |
| Total Other Operating Expenses | | 1,390 | 1,309 |
| Depreciation and Amortisation | 4.2 | 955 | 876 |
| Total Other Non-Operating Expenses | | 955 | 876 |
| Total Expenses from Transactions | | 9,729 | 9,401 |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Expense recognition

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

Employee expenses

Employee expenses include;

- Salaries and wages;
- Fringe benefits tax;
- Leave entitlements;
- Termination payments;
- Workcover premiums; and
- Superannuation expenses.

Supplies and consumables

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

Finance costs

Finance costs include:

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

Other operating expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

Non-operating expenses

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

Note 3.2: Other economic flows included in net result

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| <i>Net gain/(loss) on sale of non-financial assets</i> | | |
| Net gain on disposal of property plant and equipment | 9 | 16 |
| Total net gain/(loss) on non-financial assets | 9 | 16 |
| <i>Net gain/(loss) on financial instruments at fair value</i> | | |
| Allowance for impairment losses of contractual receivables | (48) | (42) |
| Total net gain/(loss) on financial instruments at fair value | (48) | (42) |
| <i>Other Gain/(Loss) from Other Economic Flows</i> | | |
| Revaluation of Long Service Leave | (21) | 2 |
| Total Other Gain/(Loss) from Other Economic Flows | (22) | 2 |
| <i>Share of other economic flows from Joint Operations</i> | | |
| Share of net result of associates and joint ventures accounted for using the Equity Method | 1 | 5 |
| Total Share of other economic flows from Joint Operations | 1 | 5 |
| Total other gains/(losses) from economic flows | (59) | (19) |

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

Net gain/(loss) on non-financial assets

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

- Revaluation gains/(losses) of non-financial physical assets
- (Refer to Note 4.1 Property plant and equipment)
- Net gain/(loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

Net gain/ (loss) on financial instruments at fair value

Net gain/ (loss) on financial instruments at fair value includes:

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

Other gains/(losses) from other economic flows

Other gains/(losses) include:

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

Other economic flows from Joint Operations

- Other economic flows from Joint Operations is the net result from Joint Operations refer to Note 8.7 Investments accounted for using the equity method.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 3.3: Employee Benefits in the Balance Sheet

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Current Provisions | | |
| Employee Benefits ⁽ⁱ⁾ | | |
| Annual leave | | |
| - Unconditional and expected to be settled wholly within 12 months ⁽ⁱⁱ⁾ | 374 | 375 |
| - Unconditional and expected to be settled wholly after 12 months ⁽ⁱⁱⁱ⁾ | 93 | 94 |
| Long service leave | | |
| - Unconditional and expected to be settled wholly within 12 months ⁽ⁱⁱ⁾ | 100 | 98 |
| - Unconditional and expected to be settled wholly after 12 months ⁽ⁱⁱⁱ⁾ | 473 | 458 |
| Accrued Days off | | |
| - Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾ | 17 | 17 |
| | 1,058 | 1,042 |
| Provisions related to Employee Benefit On-Costs | | |
| - Unconditional and expected to be settled within 12 months | 128 | 114 |
| - Unconditional and expected to be settled after 12 months | 63 | 59 |
| | 191 | 173 |
| Total Current Provisions | 1,249 | 1,215 |
| Non-Current Provisions | | |
| Long Service Leave | 147 | 139 |
| Provisions related to Employee Benefit On-Costs | 25 | 24 |
| Total Non-Current Provisions | 172 | 163 |
| Total Provisions | 1,421 | 1,378 |
| (a) Employee Benefits and Related On-Costs | | |
| Current Employee Benefits and related on-costs | | |
| Unconditional LSL Entitlement | 636 | 615 |
| Annual Leave Entitlements | 564 | 554 |
| Accrued Days Off | 17 | 17 |
| SWARH | 32 | 28 |
| Non-Current Employee Benefits and related on-costs | | |
| Conditional Long Service Leave Entitlements | 167 | 159 |
| SWARH | 5 | 5 |
| Total Employee Benefits | 1,421 | 1,378 |
| Total Employee Benefits and Related On-Costs | 1,421 | 1,378 |

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
- (ii) The amounts disclosed are nominal amounts
- (iii) The amounts disclosed are discounted to present values

| Movement in On-Costs Provision | 2019 \$'000 |
|--|------------------------|
| Balance at start of year | 197 |
| Additional provisions recognised | 32 |
| Unwinding of discount and effect of changes in the discount rate | 6 |
| Reduction due to transfer out | (18) |
| Balance at end of year | 216 |

Employee Benefit Recognition

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

Provisions

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

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

Employee Benefits

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

Salaries and Wages, annual leave, and accrued days off

Liabilities for salaries and wages, including non-monetary benefits, annual leave are all recognised in the provision for employee benefits as 'current liabilities', because Heywood Rural Health 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:

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

Long Service Leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Heywood Rural Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period. The components of this current LSL liability are measured at:

- Nominal value – if Heywood Rural Health expects to wholly settle within 12 months; and
- Present value – if Heywood Rural Health does not expect to settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

Termination Benefits

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

On-costs related to employee expense

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

Note 3.4: Superannuation

| | Paid Contribution for the Year | | Contribution Outstanding for the Year | |
|------------------------------------|--------------------------------|----------------|---------------------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| (i) Defined benefit plans: | | | | |
| Health Super | 34 | 31 | - | 2 |
| Defined contribution plans: | | | | |
| Health Super | 371 | 429 | - | 31 |
| HESTA | 108 | 50 | - | 6 |
| Other | 19 | 17 | - | 2 |
| Total | 532 | 527 | 0 | 41 |

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

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

Defined contribution superannuation plans

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

Heywood Rural Health does not recognise any defined benefit liability in respect of the plan(s) because the hospital has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury & 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 Heywood Rural Health.

The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Services are disclosed above.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 4: Key Assets to support service delivery

Heywood Rural Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure

4.1 Property, plant & equipment

4.2 Depreciation and amortisation

Note 4.1: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Land | | |
| Land at Fair Value | 565 | 472 |
| Land Improvements at fair value | 295 | 433 |
| Less Acc'd Depreciation | - | 45 |
| Total Land | 860 | 860 |
| Buildings | | |
| Buildings at Fair Value | 13,315 | 13,095 |
| Total Buildings | 13,315 | 13,095 |
| Plant and Equipment | | |
| Plant and Equipment at Fair Value | 1,609 | 1,340 |
| Less Acc'd Depreciation | 1,090 | 1,020 |
| Total Plant and Equipment | 519 | 320 |
| Other Equipment | | |
| Other Equipment at Fair Value | 736 | 726 |
| Less Acc'd Depreciation | 653 | 633 |
| Total Other Equipment | 83 | 93 |
| Motor Vehicles | | |
| Motor Vehicles at Fair Value | 266 | 261 |
| Less Acc'd Depreciation | 181 | 168 |
| Total Motor Vehicles | 85 | 93 |
| Under construction | | |
| Assets under construction | 20 | 650 |
| Total Assets under construction | 20 | 650 |
| Leased Assets | | |
| Computer Equipment | 52 | 108 |
| Less Acc'd Amortisation | 52 | 48 |
| Total Leased Assets | - | 60 |
| TOTAL | 14,882 | 15,171 |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

| | Land \$'000 | Land Improvements \$'000 | Buildings \$'000 | Plant & Equipment \$'000 | Other \$'000 | Motor Vehicles \$'000 | Leased Assets \$'000 | Assets Under Construction \$'000 | Total \$'000 |
|-------------------------------------|----------------|--------------------------------|---------------------|--------------------------------|-----------------|-----------------------------|----------------------------|--|-----------------|
| Balance at 1 July 2017 | 472 | 407 | 12,599 | 294 | 96 | 99 | 209 | 40 | 14,216 |
| Additions | - | - | - | 25 | 62 | 40 | - | 610 | 737 |
| South West Alliance of Rural Health | - | - | - | 9 | - | - | (9) | - | - |
| Transfers | - | (7) | (3) | 63 | (53) | - | - | - | - |
| Disposals | - | - | - | - | - | (16) | (92) | - | (108) |
| Revaluation increments/(decrements) | - | - | 1,202 | - | - | - | - | - | 1,202 |
| Depreciation (Note 4.2) | - | (12) | (703) | (71) | (12) | (30) | (48) | - | (876) |
| Balance at 1 July 2018 | 472 | 388 | 13,095 | 320 | 93 | 93 | 60 | 650 | 15,171 |
| Additions | - | - | - | 169 | 9 | 26 | - | 65 | 269 |
| South West Alliance of Rural Health | - | - | - | 100 | - | - | - | - | 100 |
| Transfers | - | - | 695 | - | - | - | - | (695) | - |
| Disposals | - | - | - | - | - | - | (8) | - | (8) |
| Revaluation increments/(decrements) | 93 | (81) | 293 | - | - | - | - | - | 305 |
| Depreciation (Note 4.2) | - | (12) | (768) | (70) | (19) | (34) | (52) | - | (955) |
| Balance at 30 June 2019 | 565 | 295 | 13,315 | 519 | 83 | 85 | - | 20 | 14,882 |

Land and buildings carried at valuation

In accordance with FRD 103H an independent valuation of the Heywood Rural Health land and buildings was performed by the Valuer-General Victoria as a 30 June 2019 to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

(c) Fair value measurement hierarchy for assets

| | Carrying amount as at 30 June 2019 | Fair value measurement at end of reporting period using: | | |
|--|------------------------------------|--|------------------------|------------------------|
| | | Level 1 ⁽ⁱ⁾ | Level 2 ⁽ⁱ⁾ | Level 3 ⁽ⁱ⁾ |
| Land at fair value | | | | |
| Specialised land | 565 | - | - | 565 |
| Land Improvements | 295 | - | - | 295 |
| Total of land at fair value | 860 | - | - | 860 |
| Buildings at fair value | | | | |
| Specialised buildings | 13,315 | - | - | 13,315 |
| Total of building at fair value | 13,315 | - | - | 13,315 |
| Plant and equipment at fair value | | | | |
| - Plant and equipment | 519 | - | - | 519 |
| - Motor vehicles | 85 | - | 85 | - |
| - Other equipment | 83 | - | - | 83 |
| Total of plant, equipment and vehicles at fair value | 687 | - | 85 | 603 |
| | 14,862 | - | 85 | 14,778 |

| | Carrying amount as at 30 June 2018 | Fair value measurement at end of reporting period using: | | |
|--|------------------------------------|--|------------------------|------------------------|
| | | Level 1 ⁽ⁱ⁾ | Level 2 ⁽ⁱ⁾ | Level 3 ⁽ⁱ⁾ |
| Land at fair value | | | | |
| Specialised land | 472 | - | - | 472 |
| Land Improvements | 389 | - | - | 389 |
| Total of land at fair value | 861 | - | - | 861 |
| Buildings at fair value | | | | |
| Specialised buildings | 13,095 | - | - | 13,095 |
| Total of building at fair value | 13,095 | - | - | 13,095 |
| Plant and equipment at fair value | | | | |
| - Plant and equipment | 320 | - | - | 320 |
| - Motor vehicles | 93 | - | 93 | - |
| - Other equipment | 92 | - | - | 92 |
| Total of plant, equipment and vehicles at fair value | 505 | - | 93 | 412 |
| | 14,460 | - | 93 | 14,368 |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(d) Reconciliation of Level 3 Fair Value

| 30 June 2019 | Land | Buildings | Plant and equipment | Other equipment |
|--|------------|---------------|---------------------|-----------------|
| Opening Balance | 860 | 13,095 | 320 | 93 |
| Purchases (sales) | - | 695 | 169 | 9 |
| SWARH | - | - | 100 | - |
| Gains or losses recognised in net result | | | | |
| - Depreciation | (12) | (768) | (70) | (19) |
| Subtotal | 848 | 13,022 | 519 | 83 |
| Items recognised in other comprehensive income | | | | |
| - Revaluation | 12 | 293 | - | - |
| Closing Balance | 860 | 13,315 | 519 | 83 |

| 30 June 2018 | Land | Buildings | Plant and equipment | Other Equipment |
|--|------------|---------------|---------------------|-----------------|
| Opening Balance | 879 | 12,599 | 294 | 96 |
| Purchases (sales) | (7) | (3) | 88 | 9 |
| SWARH | - | - | 9 | - |
| Gains or losses recognised in net result | - | - | - | - |
| - Depreciation | (12) | (703) | (71) | (12) |
| Subtotal | 860 | 11,893 | 320 | 93 |
| Items recognised in other comprehensive income | | | | |
| - Revaluation | - | 1,202 | - | - |
| Closing Balance | 860 | 13,095 | 320 | 93 |

(e) Fair Value Determination

| Asset class | Examples of types of assets | Expected fair value level | Likely valuation approach | Significant inputs (Level 3 only) |
|-----------------------|---|---------------------------|---------------------------------------|--------------------------------------|
| Specialised land | Land subject to restrictions as to use and/or sale Land in areas where there is not an active market | Level 3 | Market approach | CSO adjustments |
| Specialised buildings | Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals, and schools | Level 3 | Depreciated replacement cost approach | Cost per square metre Useful life |
| Plant and equipment | Specialised items with limited alternative uses and/or substantial customisation | Level 3 | Depreciated replacement cost approach | Cost per unit Useful life |
| Vehicles | If there is an active resale market available; | Level 2 | Market approach | N/A |
| | If there is no active resale market available | Level 3 | Depreciated replacement cost approach | Cost per unit Useful life |

Initial Recognition

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

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

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

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

Revaluations of non-current physical assets

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

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

Fair value measurement

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

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

manner described above are considered market participant assumptions and meet the object of a fair value measurement.

Specialised Land and Specialised Buildings

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

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

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

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

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

Vehicles

Heywood Rural Health 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 Heywood Rural Health who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and equipment

Plant and equipment is held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

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

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

Note 4.1 (f): Property, Plant and Equipment Revaluation Surplus

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Property, Plant and Equipment Revaluation Surplus | | |
| Balance at the beginning of the reporting period | 14,770 | 13,568 |
| Revaluation Increment | | |
| - Land | 12 | 0 |
| - Buildings | 293 | 1,202 |
| Balance at the end of the reporting period* | 15,075 | 14,770 |
| * Represented by: | | |
| - Land | 284 | 272 |
| - Buildings | 14,791 | 14,498 |
| | 15,075 | 14,770 |

Note 4.2: Depreciation

| | 2019 \$'000 | 2018 \$'000 |
|---------------------------|----------------|----------------|
| Depreciation | | |
| Land Improvements | 12 | 12 |
| Buildings | 768 | 703 |
| Plant & Equipment | 70 | 71 |
| Motor Vehicles | 34 | 30 |
| Leased Assets | 52 | 48 |
| Other Equipment | 19 | 12 |
| Total Depreciation | 955 | 876 |

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

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

| | 2019 | 2018 |
|--------------------------------------|----------------|----------------|
| Buildings | | |
| - Structure Shell Building Fabric | 15 to 30 Years | 15 to 30 Years |
| - Fit Out | 10 to 25 years | 10 to 25 years |
| - Site Engineering and site works | 15 to 30 years | 15 to 30 years |
| - Trunk Reticulated Building Systems | 15 to 30 years | 15 to 30 years |
| Plant & Equipment | 3 to 20 Years | 3 to 20 Years |
| Motor Vehicles | 2 to 3 Years | 2 to 3 Years |
| Other Equipment | 3 to 5 Years | 3 to 5 Years |

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

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables

5.2 Other liabilities

5.3 Payables

Note 5.1: Receivables

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| CURRENT | | |
| Contractual | | |
| Trade Debtors | 323 | 238 |
| Patient Fees | 146 | 162 |
| Accrued Revenue | 13 | (4) |
| <i>Less: Allowance for impairment losses of contractual receivables</i> | | |
| Patient Fees | (47) | (41) |
| | 435 | 355 |
| Statutory | | |
| GST Receivable | 25 | 45 |
| | 25 | 45 |
| TOTAL CURRENT RECEIVABLES | 460 | 400 |
| NON CURRENT | | |
| Statutory | | |
| Long Service Leave - Department of Health and Human Services | 69 | 97 |
| TOTAL NON-CURRENT RECEIVABLES | 69 | 97 |
| TOTAL RECEIVABLES | 529 | 497 |

Note 5.1 (a) : Movement in the Allowance for impairment losses of contractual receivables

| | 2019 \$ | 2018 \$ |
|---|-------------|-------------|
| Balance at beginning of year | (41) | (6) |
| (Increase)/decrease in allowance recognised in net result | (6) | (35) |
| Balance at end of year | (47) | (41) |

Receivables consist of:

- Contractual receivables, which include 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 GST input tax credits recoverable.

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Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Heywood Rural Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Heywood Rural Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Heywood Rural Health Service is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Note 5.2: Other liabilities

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| CURRENT | | |
| Monies Held in Trust | | |
| - Patient Monies Held in Trust | 76 | 57 |
| - Accommodation Deposits (Refundable Entrance Fees) | 3,949 | 3,366 |
| South West Alliance of Rural Health share of deferred revenue | 12 | 14 |
| Total Current | 4,037 | 3,437 |
| Total Other Liabilities | 4,037 | 3,437 |
| Total Monies Held in Trust | | |
| Represented by the following assets: | | |
| Cash Assets (refer to Note 6.2) | 4,025 | 3,424 |
| TOTAL | 4,025 | 3,424 |

Note 5.3: Payables

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| CURRENT | | |
| Contractual | | |
| Trade Creditors | 469 | 433 |
| Accrued Salaries and Wages | 117 | 104 |
| Accrued Expenses | 179 | 203 |
| | 765 | 740 |
| Statutory | | |
| Department of Health and Human Services | 34 | 165 |
| | 34 | 165 |
| TOTAL CURRENT | 799 | 905 |
| TOTAL PAYABLES | 799 | 905 |

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Heywood Rural Health Service prior to the end of the financial year that are unpaid; and
- statutory payables, such as goods and services tax and fringe benefits tax payables. 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 contracts.

Notes to the financial statements

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Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

Note 6.1: Borrowings

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| CURRENT | | |
| Australian Dollar Borrowings | | |
| Department of Health and Human Services | 17 | - |
| Finance Lease Liability | 67 | 66 |
| Total Australian Dollars Borrowings | 84 | 66 |
| Total Current | 84 | 66 |
| NON CURRENT | | |
| Australian Dollar Borrowings | | |
| Department of Health and Human Services | 63 | - |
| Finance Lease Liability | 21 | - |
| Total Australian Dollars Borrowings | 84 | - |
| Total Non-Current | 84 | - |
| Total Borrowings | 168 | 66 |

(i) Finance leases are either for vehicles with VicFleet or held by South West Alliance of Rural Health and are secured by rights to the leased assets being held by the lessor

(a) Maturity analysis of borrowings

Please refer to Note 7.1(b) for the maturity analysis of borrowings.

(b) Defaults and breaches

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

Borrowing Recognition

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

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases, in the manner described in Note 6.3 Commitments for expenditure.

Notes to the financial statements

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Finance leases

Entity as lessor

Heywood Rural Health does not hold any finance lease arrangements with other parties.

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.

In respect of Leased ICT and ICT infrastructure Assets through SWARH, Heywood Rural Health is an approved borrower by the Treasurer of the State of Victoria.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its borrowings as either, financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

The classification depends on the nature and purpose of the borrowing. The Health Service determines the classification of its borrowing at initial recognition.

Note 6.2: 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.

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Cash at Bank (excluding Monies held in trust) | 2,800 | 1,790 |
| Term deposits < 3 months (excluding Monies held in trust) | - | 882 |
| Cash at Bank (Monies held in trust) | 4,064 | 3,554 |
| Total Cash and Cash Equivalents | 6,864 | 6,226 |

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 with an insignificant risk of changes in value.

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

Notes to the financial statements

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Note 6.3: Commitments for expenditure

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Capital expenditure commitments | | |
| <u>Payable:</u> | | |
| Less than 1 year | - | 22 |
| Total capital expenditure commitments | - | 22 |
| Lease commitments | | |
| Commitments in relation to leases contracted for at the reporting date: | | |
| Finance leases | 88 | 66 |
| Total lease commitments | 88 | 66 |
| Finance Leases | | |
| Commitments in relation to finance leases are payable as follows: | | |
| Current | 67 | 66 |
| Non-current | 21 | - |
| Minimum Lease Payments | 88 | 66 |
| Less Future Finance Charges | 1 | |
| Total finance lease commitments | 87 | 66 |
| Total lease commitments (exclusive of GST) | 87 | 66 |
| Total Commitments (inclusive of GST) | 97 | 97 |

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the 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.

Note 7: Risks, contingencies & valuation uncertainties

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

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Heywood Rural Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

(a) Financial Instruments: Categorisation

| | Financial assets at Amortised Cost | Financial assets at Fair Value Through Net Result | Financial Liabilities at Amortised Cost | Total |
|---|--|---|---|--------------|
| 2019 | \$ | \$ | \$ | \$ |
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 6,864 | - | - | 6,864 |
| Receivables | | | | |
| - Trade Debtors | 323 | - | - | 323 |
| - Other Receivables | 112 | - | - | 112 |
| Other Financial Assets | | | | |
| - Shares in Other Entities | - | 2 | - | 2 |
| Total Financial Assets ⁽ⁱ⁾ | 7,299 | 2 | - | 7,301 |
| Financial Liabilities | | | | |
| Payables | - | - | 764 | 764 |
| Borrowings | - | - | 168 | 168 |
| Other Financial Liabilities | | | | |
| - Accommodation bonds | - | - | 3,949 | 3,949 |
| - Other | - | - | 88 | 88 |
| Total Financial Liabilities ⁽ⁱ⁾ | - | - | 4,969 | 4,969 |
| | Contractual financial assets - loans and receivables | Contractual financial assets - available for sale | Contractual financial liabilities at amortised cost | Total |
| 2018 | \$ | \$ | \$ | \$ |
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 6,226 | - | - | 6,226 |
| Receivables | | | | |
| - Trade Debtors | 239 | - | - | 239 |
| - Other Receivables | 116 | - | - | 116 |
| Other Financial Assets | | | | |
| - Shares in Other Entities | - | 2 | - | 2 |
| Total Financial Assets ⁽ⁱ⁾ | 6,581 | 2 | - | 6,583 |
| Financial Liabilities | | | | |
| Payables | - | - | 905 | 905 |
| Borrowings | - | - | 66 | 66 |
| Other Financial Liabilities | | | | |
| - Accommodation bonds | - | - | 3,366 | 3,366 |
| - Other | - | - | 71 | 71 |
| Total Financial Liabilities ⁽ⁱ⁾ | - | - | 4,408 | 4,408 |

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

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

Financial assets at amortised cost

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

- the assets are held by Heywood Rural Health Service to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

Heywood Rural Health recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Heywood Health Service to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and at Heywood Rural Health Service has irrevocably elected at initial recognition to recognise in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

Heywood Rural Health Service recognises certain unlisted equity instruments within this category.

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, Heywood Rural Health Service may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Heywood Rural Health Service recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of financial assets previously under AASB 139

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

- cash and deposits
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

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

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

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

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

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

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

(b): Maturity analysis of Financial Liabilities as at 30 June

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

| | Note | Carrying Amount \$'000 | Nominal Amount \$'000 | Maturity Dates | | | |
|------------------------------------|------|---------------------------|--------------------------|-----------------------------|----------------------|-----------------------------|---------------------|
| | | | | Less than 1 Month \$'000 | 1-3 Months \$'000 | 3 months - 1 Year \$'000 | 1-5 Years \$'000 |
| 2019 | | | | | | | |
| Financial Liabilities | | | | | | | |
| <i>At amortised cost</i> | | | | | | | |
| Payables | 5.3 | 681 | 681 | 647 | - | 34 | - |
| Borrowings | 6.1 | 168 | 168 | - | - | 84 | 84 |
| Other Financial Liabilities (i) | | | | | | | |
| - Accommodation Bonds | 5.2 | 3,949 | 3,949 | - | - | - | 3,949 |
| - Other | 5.2 | 88 | 88 | - | 88 | - | - |
| Total Financial Liabilities | | 4,886 | 4,886 | 647 | 88 | 118 | 4,033 |
| 2018 | | | | | | | |
| Financial Liabilities | | | | | | | |
| <i>At amortised cost</i> | | | | | | | |
| Payables | 5.3 | 801 | 801 | 636 | - | 165 | - |
| Borrowings | 6.1 | 66 | 66 | - | - | 66 | - |
| Other Financial Liabilities (i) | | | | | | | |
| - Accommodation Bonds | 5.2 | 3,366 | 3,366 | - | - | - | 3,366 |
| - Other | 5.2 | 71 | 71 | - | 71 | - | - |
| Total Financial Liabilities | | 4,304 | 4,304 | 636 | 71 | 231 | 3,366 |

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(c): Contractual receivables at amortised costs

| | 1-Jul-18 | Current | Less than 1 month | 1-3 months | 3 months -1 year | 1-5 years | Total |
|--|----------|------------|----------------------|---------------|---------------------|--------------|-------------|
| Expected loss rate | | 0% | 0% | 0% | 100% | 0% | |
| Gross carrying amount of contractual receivables | | 329 | 15 | 11 | 41 | 0 | 396 |
| Loss allowance | | 0.0 | 0.0 | 0.0 | 41.0 | 0.0 | 41.0 |

| | 30-Jun-19 | Current | Less than 1 month | 1-3 months | 3 months -1 year | 1-5 years | Total |
|--|-----------|------------|----------------------|---------------|---------------------|--------------|-------------|
| Expected loss rate | | 0% | 0% | 27% | 100% | 0% | |
| Gross carrying amount of contractual receivables | | 426 | 1 | 11 | 44 | 0 | 482 |
| Loss allowance | | 0.0 | 0.0 | 3.0 | 44.0 | 0.0 | 47.0 |

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

From 1 July 2018, Heywood Rural Health Service has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include Heywood Rural Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

Heywood Rural Health Service applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Heywood Rural Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

| | 2019 | 2018 |
|--|-----------|-----------|
| Balance at beginning of the year | 41 | 6 |
| Opening retained earnings adjustment on adoption of AASB 9 | - | - |
| Opening Loss Allowance | 41 | 6 |
| Increase in provision recognised in the net result | 6 | 35 |
| Balance at end of the year | 47 | 41 |

Reconciliation of the movement in the loss allowance for contractual receivables

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

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

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

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

Heywood Rural Health Service also has investments in:

- Heywood Community Bank

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

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

Financial liabilities at amortised cost

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

Financial instrument liabilities measured at amortised cost include all of the Health Service's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Available-for-sale financial instrument assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

Note 7.2: Contingent assets and contingent liabilities

Heywood Rural Health had no contingent assets or contingent liabilities as at 30th June 2019 (2018 : Nil)

Note 8: Other disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

8.2 Responsible Persons

8.3 Related Parties

8.4 Remuneration of Auditors

8.5 AASBs issued that are not yet effective

8.6 Events Occuring after the Balance Sheet Date

8.7 Investments accounted for using the equity method

8.8 Jointly Controlled Operations

8.9 Economic Dependency

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 8.1: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Net result for the period | (563) | 103 |
| Non-cash movements: | | |
| Depreciation and amortisation | - | 876 |
| Provision for doubtful debts | - | 35 |
| Allowance for impairment losses of contractual receivables | 6 | - |
| Movements included in investing and financing activities | | |
| Net (gain)/loss from disposal of non financial physical assets | (9) | (16) |
| Movements in assets and liabilities: | | |
| Change in operating assets and liabilities | | |
| (Increase)/decrease in receivables | (17) | 610 |
| (Increase)/decrease in other assets | 2 | (8) |
| Increase/(decrease) in payables | (120) | (461) |
| Increase/(decrease) in provisions | (62) | (147) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | (763) | 992 |

Note 8.2: Responsible Persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer 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 Jenny Mikakos, Minister for Health, Minister for Ambulance Services
The Honourable Martin Foley, Minister for Mental Health

Governing Boards

Ms. Patricia McLean
Mr. Wayne Frost
Mr. Phil Saunders
Mrs. Debbie Keiller
Mrs. Cathryn Patterson
Ms. Laura Lovett-Murray
Mr. Sam Carter

Accountable Officers

Ms Ros Jones (Chief Executive Officer)

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999
\$30,000 - \$39,999
\$190,000 - \$199,000
\$220,000 - \$229,999

Total Numbers

| Period |
|-----------------------|
| 1/7/2018 - 29/11/2018 |
| 29/11/2018-30/6/2019 |
| 1/7/2018 - 30/6/2019 |
| 1/7/2018 - 30/6/2019 |
| 1/7/2018 - 30/6/2019 |
| 1/7/2018 - 30/6/2019 |
| 1/7/2018 - 30/6/2019 |
| 1/7/2018 - 18/3/2019 |
| 1/7/2018 - 30/6/2019 |
| 1/7/2018 - 30/6/2019 |

| 2019 No. | 2018 No. |
|-------------|-------------|
| 7 | 9 |
| - | 1 |
| 1 | - |
| - | 1 |
| 8 | 11 |

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

| 2019 \$'000 | 2018 \$'000 |
|----------------|----------------|
| 237 | 254 |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 8.3: Related Parties

Heywood Rural Health is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

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

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

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

The Board of Directors and the Accountable Officers of Heywood Rural Health are deemed to be KMPs

| Entity | KMPs | Position Title |
|----------------------|------------------|-------------------------|
| Heywood Rural Health | Ms P McLean | Chair of the Board |
| Heywood Rural Health | Mr W Frost | Board Member |
| Heywood Rural Health | Mr P Saunders | Board Member |
| Heywood Rural Health | Mrs D Keiller | Board Member |
| Heywood Rural Health | Mrs C Patterson | Board Member |
| Heywood Rural Health | Ms Lovett-Murray | Board Member |
| Heywood Rural Health | Mr S Carter | Board Member |
| Heywood Rural Health | Ms R Jones | Chief Executive Officer |

| Remuneration of Key Management Personnel | Total Remuneration | |
|--|--------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Short-term Benefits | 202 | 210 |
| Post-employment Benefits | 30 | 15 |
| Other Long-term Benefits | 5 | 29 |
| Total Remuneration | 237 | 254 |

Heywood Rural Health has no executive officers other than Ministers and responsible persons and therefore remuneration of related parties is the same as the remunerations of responsible officers stated in note 8.2 Responsible Persons.

The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

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

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Significant transactions with government-related entities

Heywood Rural Health received funding from the Department of Health and Human Services of \$3.3 m (2018: \$3.8m).

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

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

Transactions with Key Management Personnel and Other Related Parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scarce resources. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

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

There were no related party transactions required to be disclosed for Heywood Rural Health key management personnel in 2019.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 8.4: Remuneration of Auditors

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Victorian Auditor-General's Office | | |
| Audit of financial statement | 12 | 10 |
| | | |
| | 2019 | 2018 |
| Other Providers | | |
| Internal Audits | 6 | 1 |

Note 8.5: AASBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Heywood Rural Health of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below.

Heywood Rural Health has not and does not intend to adopt these standards early and estimates the impact of implementing these standards to be Nil.

| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|---|--|---|
| AASB 15 <i>Revenue from Contracts with Customers</i> | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 & <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities. | 1 Jan 2019 | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects commenced. |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|--|--|--|
| AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> | <p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p> | 1 Jan 2019 | <p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> Statutory receivables are recognised and measured similarly to financial assets. <p>AASB 15</p> <ul style="list-style-type: none"> The ‘customer’ does not need to be the recipient of goods and/or services; The “contract” could include an arrangement entered into under the direction of another party; Contracts are enforceable if they are enforceable by legal or ‘equivalent means’; Contracts do not have to have commercial substance, only economic substance; and Performance obligations need to be ‘sufficiently specific’ to be able to apply AASB 15 to these transactions. <p>There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects commenced.</p> |
| 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 Jan 2019 | <p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p> <p>There is no material impact from implementation of this standard due to lack of existing operating leases.</p> |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|---|---|--|---|
| AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right of Use Assets of Not- for-Profit entities</i> | This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option. | 1 Jan 2019 | <p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p> <p>No material impact during this period applicable under the election.</p> |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| Standard/ Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|---|--|---|
| AASB 1058 <i>Income of Not-for-Profit Entities</i> | <p>AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 <i>Contributions</i>.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p> | 1 Jan 2019 | <p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 <i>Contributions</i>.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.</p> <p>Impact is not able to be quantified until such time as capital grants are received and projects commence.</p> |
| ASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i> | <p>This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.</p> | 1 Jan 2020 | <p>The standard is not expected to have a significant impact on the public sector. No material impact is expected.</p> |

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 8.6: Events occurring after the balance sheet date

There were no events that occurred after balance sheet date.

Note 8.7: Investments accounted for using the equity method

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASBs, adjusted by the agency for equity accounting purposes.

| Name of Entity | Principal Activity | Country of Incorporation | Ownership Interest | | Published Fair Value | |
|--|--------------------|--------------------------|--------------------|--------|----------------------|-------------|
| | | | 2019 % | 2018 % | 2019 \$'000 | 2018 \$'000 |
| Associates | | | | | | |
| <i>Southern Grampians/Glenelg Shire Primary Care Partnership</i> | Primary Health | Australia | 11 | 11 | 30 | 29 |

Investments accounted for using the equity method

An **associate** is an entity over which Heywood Rural Health 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 Heywood Rural Health's share of the profits or losses of the associates after the date of acquisition. Heywood Rural Health's share of the associate's profit or loss is recognised in Heywood Rural Health's net result as 'Share of net result of associates and joint ventures accounted for using the Equity Method'. 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.

Note 8.8: Jointly Controlled Operations

| Name of Entity | Ownership Interest | |
|-------------------------------------|--------------------|------|
| | 2019 | 2018 |
| | % | % |
| South West Alliance of Rural Health | 1.68 | 1.76 |

Heywood Rural Health's interest in the above jointly controlled operations are detailed below. The amounts are included in the financial statements under their respective categories:

| South West Alliance of Rural Health | 2019 \$'000 | 2018 \$'000 |
|--------------------------------------|----------------|----------------|
| Current Assets | | |
| Cash at Bank | 27 | 130 |
| Receivables | 116 | 33 |
| Other Current Assets | 10 | 3 |
| Total Current Assets | 153 | 166 |
| Non Current Assets | | |
| Property, Plant and Equipment | 110 | 9 |
| Leased Assets | - | 60 |
| Total Non Current Assets | 110 | 69 |
| Total Assets | 263 | 235 |
| Current Liabilities | | |
| Payables | 80 | 92 |
| Leased Liabilities | 67 | 66 |
| Employee Benefits | 32 | 28 |
| Deferred Revenue | 12 | 14 |
| Total Current Liabilities | 191 | 200 |
| Non Current Liabilities | | |
| Employee Benefits | 5 | 5 |
| Total Non Current Liabilities | 5 | 5 |
| Total Liabilities | 196 | 205 |

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Heywood Rural Health interest in revenues and expenses resulting from jointly operations and assets is detailed below:

| | 2019 | 2018 |
|---|--------------|--------------|
| | \$ | \$ |
| Revenues | | |
| Revenue From Operations | 461 | 416 |
| Total Revenue | 461 | 416 |
| Expenses | | |
| Employee Benefits | (154) | (139) |
| Maintenance Contract & IT Support | (182) | (183) |
| Operating Lease Costs | - | (3) |
| Other Expenses from Ordinary Activities | (23) | (33) |
| Total Expenses | (359) | (359) |
| Net Operating Result | 102 | 58 |
| Capital Income | - | 11 |
| Finance Costs | (11) | (4) |
| Depreciation | (52) | (48) |
| Net Capital Result for the Year | 39 | (41) |
| Revaluation of LSL | 1 | - |
| Net Result for Year | 40 | 17 |

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by South West Alliance of Rural Health as at the date of this report.

The financial results included for South West Alliance of Rural Health are unaudited at the date of signing the financial statements.

Note 8.9: Economic Dependency

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

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FOR MORE INFORMATION:

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