



Ballarat **Health**Services



Annual Report 2018-19

Ballarat Health Services

Our Services

Community Services and Programs

- Aged Care Assessment Services (ACAS)
- Carer Respite and Support Services
- Community Programs Central Intake
- Cognitive, Dementia and Memory Services Clinics (CDAMS)
- Community Rehabilitation
- Grampians Regional Continence Service
- Grampians Regional Palliative Care Team
- Hospital Admission Risk Program (HARP)
- Linkages: Central Highlands Coordinated Community Care/ Home Care Packages
- Planned Activity Groups (PAGs)
- Transition Care Program
- Post-Acute Care (PAC)
- Hospital in the home (HITH)
- Centre Against Sexual Assault (CASA)
- GEM in the home (GITH)
- Restorative Care Program
- Commonwealth Home Support Program (CHSP)
- Acquired Brain Injury (ABI) Clinic
- Victorian Paediatric Rehabilitation Service (VPRS)
- Cardiac and Pulmonary Rehabilitation
- Persistent Pain Program
- Falls and Balance Service
- Amputee Outpatient Clinic
- Healthy Weight Management
- Wound Management

Cancer Services

- Ballarat Regional Integrated Cancer Centre
- Radiation Oncology (BAROC)
- Day Oncology
- Specialist Oncology Clinics
- Wellness Centre

Surgical Services

- General and Vascular
- Urology
- Orthopaedics
- Ear Nose and Throat
- Ophthalmology
- Perioperative Day Procedure Unit
- Central Sterile Supply Department (CSSD)

Medical Services

- General Medicine (ABCD)
- Infection Control
- Infectious Disease Management
- Thoracic Medicine/Respiratory Medicine (Medical Unit A)
- Dialysis Unit/Renal Medicine (Medical Unit B)
- Endocrinology/Diabetes (Medical Unit C)

- General Medicine (Medical Unit D)
- Day Patients (Medical Day Unit)
- Neurology/Stroke
- Heart Failure Clinic/Cardiology/ Coronary Care
- Iron Infusions
- Stomal Care
- Mortuary
- Diabetes Centre

Mental Health

- Mental Health Community Care Team
 - Adults
 - Aged
 - Youth
 - Infant and Child
- Mental Health Inpatient Care Units
 - Adult Acute Unit
 - Secured and Extended Care Unit
 - Aged Acute
 - Aged Residential (Mental Health)
- Mother and Family Unit
- Diosma Community Care Unit
- Intensive Community-Based Recovery Care Team

Ballarat Residential Aged Care

- Residential Aged Care
- Respite Care

Radiology / Diagnostic Services

- Breast screen
- X-Ray
- CT Scan
- MRI
- Nuclear Medicine
- Ultrasound
- Diagnostic Services

Pathology

Specialist Clinics

- Diabetes Centre
- Ear Nose and Throat
- Ophthalmology
- Gastroenterology
- Stomal Therapy

Women's and Children's

- Maternity Unit
- Maternity Outpatients
- Gynaecology
- Paediatric Children's Ward
- Special Care Nursery

Allied Health

- Lymphoedema Clinic
- Aboriginal Health Liaison Officer
- Exercise Therapy
- Dietetics
- Occupational Therapy
- Physiotherapy
- Podiatry
- Prosthetics and Orthotics

- Psychology
- Social Work
- Speech Pathology
- Chronic Pain Management Group

Emergency Department

- Medical Emergency Response Team

Dental Services

Queen Elizabeth Centre / Sub Acute Services

- Inpatient Complex Care Unit
- Rehabilitation
- Palliative Care Unit
- Inpatient Rehabilitation

SWEP - State Wide Equipment Program (own website)

Organ and Tissue Donation Service

Pharmacy

Central Sterile Supply Department (CSSD)

General Practice Liaison

Corporate Services

- Finance
- Governance and Planning
- Hotel and Patient Services
- Information Technology
- Infrastructure
- Supply Services
- People and Culture
- Security

Business Units

- BHS Catering
- Eureka Linen
- Safety Link

Community Engagement

- Fundraising
- Communications
- Volunteers
- Spiritual Centre

Medical Education

Research and Ethics

Nursing and Midwifery Services

- Centre for Safety and Innovation
- Centre for Education and Training
- Library Services
- SHRFV Program (Strengthening Hospitals Response to Family Violence)

Overview

Ballarat Health Services is Victoria's second largest regional health service, providing a comprehensive range of general and specialist care across key medical and healthcare disciplines including acute care, sub-acute care, residential aged care services, community care, mental health, dental and rehabilitation services.

Ballarat Health Services is the principal referral hospital for the Grampians Region, which extends from Bacchus Marsh to the South Australian border. The region, covering some 48,000 square kilometres, is home to nearly 250,000 people.

With a staff in excess of 4,000 employees, Ballarat Health Services is one of the major employers in the Grampians Region.

For the period 1 July 2018 to 29 November 2018 Ballarat Health Services (BHS) was accountable, through its Board of Directors, to The Honourable Jill Hennessy MLA, Minister for Health and Minister for Ambulance Services, and for the period 29 November 2018 to 30 June 2019 to Jenny Mikakos, Minister for Health and Minister for Ambulance Services, as well as to Martin Foley MLA, Minister for Mental Health for the period of 1 July 2018 to 30 June 2019 and Minister for Housing, Disability and Ageing for the period 1 July 2018 to 29 November 2018 and The Honourable Luke Donnellan, Minister for Child Protection and Minister for Disability, Ageing and Carers for the period of 29 November 2018 to 30 June 2019.

Copies of this Annual Report, the BHS Clinical Services Plan and the BHS Strategic Plan 2017-2022 are available online at www.bhs.org.au.

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Ballarat **Health** Services

Our Vision

Excellence in Care

Our Patients / Our Staff / Our Community

Our Mission

To deliver quality care to the communities we serve by providing safe, accessible and integrated health services resulting in positive experiences and outcomes.

Our Values

Teamwork

We commit to common goals based on open and honest communication while showing concern and support for all.

We are dedicated to working together for common interests and responsibilities.

Respect

We acknowledge everyone's unique strengths and value diversity.

We operate in a spirit of co-operation and honour human dignity.

Accountability

We personally commit to delivering our best, taking responsibility for all of our decisions and actions.

Compassion

We treat people with kindness and empathy.

We care about our patients, our people and our community.

Report of Operations

Chair and CEO's Report Towards BHS2022

We are very proud of the progress Ballarat Health Services has made over the past year. We continue to provide excellent, safe, quality healthcare through every life stage so that our growing and ageing population can be cared for in their community.

Our focus on quality and safety ensures that we continue to provide care that is second to none. Our Victorian Healthcare Experience Survey (VHES) results consistently rate us at or above the state average for overall patient satisfaction. Compliments via our consumer liaison office and online forums point to the kindness, attention to detail and great professional attitude of those who dedicate their life to caring for our community.

Our Staff continue to be a key focus of our BHS2022 strategy, with continued investment in programs to support our culture and recognise staff who live our values of Teamwork, Respect, Accountability and Compassion. In November, we celebrated our staff during BHS Together week, which highlighted excellence across our values, research, education and innovation. Our annual research symposium and success in securing innovation grants proves that we look for improvement and embrace innovation at all levels.

Access to our services from our growing population is a challenge to us all, we are proud with the work of all of our staff to ensure the sickest people are seen urgently. Programs to address flow across our acute and sub-acute sites have had a positive impact on our emergency room presentations and waiting times. We continue to deliver **World-class Healthcare** across the full breadth of health services from community and residential to hospital settings. We are honoured to provide support to our regional community of nearly 250,000 people across all life stages.

Supporting our community to make informed choices about their health with the aim of reducing preventable illness and disease is a focus of our health promotion and community services under the banner of **Your Health**. In June, we partnered with the Ballarat City Council, Ballarat Community Health and a range of health support services to deliver a successful Men's Health night featuring former detective Ron Iddles, highlighting the issue of mental health and suicide within our male population. We continue to work with the Central Highlands Regional Partnership on the Prevention Lab – a new whole of system approach to tackling obesity. We are playing our small part with the roll-out of Healthy Choices across all of our sites, using a traffic light system to encourage the consumption of healthier options.

Our role within our region and **Our Community** to support smaller health services continues with collaborative work on governance, workforce and education. We were delighted to partner with St John of God Healthcare and Federation University to secure \$300,000 of start-up funding for the Ballarat Innovation and Research Collaboration for Health (BIRCH). Our planning for the new Base Hospital continues, with the development of an Arts and Health framework to

ensure that we engage with our community, consumers and partners to create places and spaces that will promote healing and connection. Our 275 volunteers continue to provide compassionate care and support across the breadth of our services and we were delighted this year to recognise their commitment and dedication at a Service Awards ceremony.

We continue to be humbled by the dedication of supporters such as Nick Locandro, who undertook his "Ride to Remember" from Uluru to Ballarat in honour of his father who suffered early onset dementia. Funds raised will be a catalyst for memory support programs at our planned activity group centres. Community support such as this and bequests, along with successful applications to trusts and foundations contributed to a total fundraising income of \$877,075. We also thank the BHS Foundation Council of volunteers for their strong management of the Foundation's trust, which reached \$4 million this year. Interest from this trust goes directly to support priority projects and equipment at BHS.

We hosted a range of Ministers, former Premier Steve Bracks (who will head up our Community Consultative Committee for the Base Hospital redevelopment) and the Governor, The Honourable Linda Dessau AC. These visits provide an opportunity to showcase our state of the art services whilst also highlighting our areas of need.

It was with mixed emotions that we farewelled dedicated board members Patty Kinnersly, Kirby Clark and Rowena Coutts, whilst welcoming Andrew McPherson and Peter Lynch to the board. In particular we extend our gratitude to Rowena Coutts, who had been a board member for 6 years and chair for 3. We also farewelled Executive Director of People and Culture Fiona Brew and welcomed Melanie Robertson to the newly created role of Executive Director Infrastructure and Redevelopment.

We have two years remaining on our BHS2022 strategy and are confident we are able to continue to work towards achieving the goals laid out in that plan, whilst also looking to the coming period of growth and change as we continue to adapt to the developing demand and complex needs of our community.

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



Natalie Reiter
**Chair, Board of Directors
Ballarat**
31st July 2019



Dale Fraser
**Chief Executive
Officer**

Health, Safety & Wellbeing

Ballarat Health Services is committed to providing a safe and healthy environment for staff, patients, residents, visitors, volunteers and contractors at all sites.

Occupational Health and Safety

Occupational Violence Statistics	2018-19
1. Workplace accepted claims with an occupational violence cause per 100 FTE	0.17
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.84
3. Number of occupational violence incidents reported	1612
4. Number of occupational violence incidents reported per 100 FTE	53.91
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	5.71%

Occupational Hazards/ Incidents	2016-17	2017-18	2018-19
1. Number of reported hazards/ incidents per 100 FTE	64.60	77.16	81.81
2. Number of 'lost time' standard claims per 100 FTE	1.43	1.11	1.34
3. Average cost per claim	\$8,335	\$6,221	\$15,562

Our People - Workforce Data

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2019	2018	2019	2018
Nursing	1316	1248	1278	1241
Administration & Clerical	524	526	526	472
Medical Support	134	136	134	132
Hotel and Allied Services	494	501	508	561
Medical Officers	41	42	41	43
Hospital Medical Officers	181	171	176	166
Sessional Clinicians	58	51	59	51
Allied Health	242	242	238	245
Total	2990	2917	2960	2911

Environmental Performance

In recognition of the health of our environment and long term health of our communities the BHS Environmental Sustainability Management Committee has continued to promote environmental sustainability within BHS.

In the last year the committee has developed an Environmental Sustainability Strategy for the next 5 years together with an Action Plan outlining key targets to be met.

Key achievements this year include:

- Development of a reporting system for existing renewable energy sources
- Expanded PVC recycling program to hospital wards
- Revised waste management protocols
- Innovative packaging to minimise food waste in residential facilities
- Installation of two new chillers at Base Hospital reducing electrical consumption using new innovative technology
- The new state of the art Gardiner Pittard building with a number of features to reduce energy and water consumption
- The recent installation of new condenser heated hot water boilers replacing atmospheric boilers creating 20% more efficiency by utilising loss of heat through the flue of the previous boilers

Financial Performance

BHS experienced increased demand for its services in the 2018-19 financial year and continues to focus on generating operating efficiencies and maximising revenue.

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue	506,799	470,881	450,626	415,892	388,957
Total expenses	511,042	470,571	450,563	415,582	38,823
Other operating flows included in the net result for the year	(4,063)	(610)	1,789	(1,292)	N/a
* Operating result	(4,243)	310	63	310	134
Total assets	517,110	427,238	419,986	420,557	420,177
Total liabilities	186,473	160,398	140,013	129,871	125,208
Net assets	330,637	266,840	279,973	290,686	294,969
Total equity	330,637	266,840	279,973	290,686	294,969

* Please refer to 'Net Result from Transactions' table on page 9 (opposite).

Net Result from Transactions

Reconciliation between the Net Result from Transactions to the Operating Result as agreed in the Statement of Priorities

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Operating Result	(4,243)	311	63	310	134
Capital Purpose Income	7,366	11,827	18,590	24,086	18,401
Expenditure for capital purpose	(706)	(1,765)	(2,800)	(4,211)	(3,726)
Depreciation and Amortisation	(27,800)	(26,728)	(28,522)	(25,683)	(26,220)
Finance costs (other)	(1)	-	-	-	-
Net result from transactions	(25,384)	(16,335)	(12,669)	(5,498)	(11,411)

Organisational Chart



Primary & Community Care	Resources & Planning	People & Culture	Redevelopment & Infrastructure
<p>Executive Director Primary and Community Care Craig Wilding</p>	<p>Executive Director Resources and Planning Rod Hansen</p>	<p>Executive Director People and Culture Vacant</p>	<p>Executive Director Redevelopment & Infrastructure Melanie Robertson</p>
<ul style="list-style-type: none"> • Allied Health • Community Programs • Dental • State-Wide Equipment Program • Centre Against Sexual Assault • Preventative Health • Safety Link 	<ul style="list-style-type: none"> • Finance • Contracts & Tendering • Payroll & Salary Packaging • Supply • Radiography & Diagnostic Services • Breastscreen • Information Technology (incl. IT Alliance) • Decision Support • Health Information Services • Clinical Information Services • Patient Services / Switchboard • Eureka Linen • BHS Catering 	<ul style="list-style-type: none"> • Employee Engagement • Human Resources • Organisation Development • Industrial/Employee Relations • Health, Safety & Wellbeing • Community Engagement 	<ul style="list-style-type: none"> • Engineering & Infrastructure • Capital Projects & Planning • Environmental Services

Board of Directors as at 30 June 2019



Rowena Coutts
Chair

Appointed: July 2013

Term of appointment:

1 July 2016 - 30 June 2019

Board meetings att: 11

Committee Meetings attended:

Board Executive & Remuneration (Chair)

Quality Care Committee

Audit & Risk Committee

Finance & Resources Committee

People & Culture Committee

Primary Care & Population Health Advisory Committee



David Miller

Appointed: July 2015

Term of appointment:

1 July 2015 - 30 June 2021

Board meetings att: 11

Committee Meetings attended:

Community Advisory Committee (Chair)

Audit & Risk Committee

Board Executive & Remuneration Committee

Finance & Resources Committee

Primary Care & Population Health Advisory Committee

People & Culture Committee



Kirby Clark

Appointed: July 2016

Term of appointment:

1 July 2016 - 30 June 2019

Board meetings att: 9

Committee Meetings attended:

Finance & Resources Committee (Chair)

Audit & Risk Committee

Board Executive & Remuneration Committee

Quality Care Committee



Natalie Reiter

Appointed: July 2016

Term of appointment:

1 July 2016 - 30 June 2019

Board meetings att: 10

Committee Meetings attended:

People & Culture Committee (Chair)

Board Executive & Remuneration Committee

Community Advisory Committee

Primary Care & Population Health Advisory Committee



Penny Paliadelis

Appointed: July 2017

Term of appointment:
1 July 2017 - 30 June 2020

Board meetings att: 9

Committee Meetings attended:
Quality Care Committee (Chair)
Board Executive & Remuneration Committee
Finance & Resources Committee
People & Culture Committee



Simon Bond
Board Director

Appointed: July 2017

Term of appointment:
1 July 2017 – 30 June 2020

Board Meetings Att: 11

Committee Meetings Attended:
Audit & Risk Committee
Finance & Resources Committee
Quality Care Committee



Andrew McPherson

Appointed: July 2018

Term of appointment:
1 July 2018 - 30 June 2021

Board meetings att: 11

Committee Meetings attended:
Primary Care & Population Health Advisory
Committee (Chair)
Finance & Resources Committee
People & Culture Committee



Dr. Peter Lynch

Appointed: July 2018

Term of appointment:
1 July 2018 - 30 June 2021

Board meetings att: 10

Committee Meetings attended:
Audit & Risk Committee
Finance & Resources Committee
Quality Care Committee

Strategic Priorities

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
<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 State-wide Risks</p> <p>Build Healthy Neighbourhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p>	<p>Building on strategic partnerships with health services and key external stakeholders across the region through the continuation of the Strengthening Hospital Response to Family Violence Program.</p> <p>Strategies to include:</p> <ul style="list-style-type: none"> • Host Quarterly Community of Practice Forums across the Western Division; • Develop and implement an evaluation framework; • Implement the new Specialist Family Violence Advisor initiative within clinical mental health services at Ballarat Health Services in collaboration with the existing Family Violence program; • Appoint an Advisor and establish an implementation plan for the roll out of the initiative. 	<p>The Integrated Family Violence Committee, local Department of Health and Human Services office, the Implementation Committee, and three (3) newly convened Working Groups are assisting in embedding this work.</p> <p>In total four (4) Community of Practice Forums were held throughout the year. The November 2018 Forum focused on celebrating and showcasing the collaborative work of the sub region. With guest speaker Dr Tra-ill Dowie presenting, this forum was well attended with 35 representatives from across the region. A subregional Community of Practice session with the theme of Sustainability was held in March 2019 and assisted to identify key areas of focus by the subregional partners.</p> <p>Partnerships were developed with other state-wide funded leads to build a transferable evaluation framework. Ballarat Health Services and regional partners submitted a Cluster 'Expression of Interest' which was successful.</p> <p>Implementation of the Specialist Family Advisor role is progressing. The support of this role will be a partnership between Mental Health Services and the Strengthening Hospital Responses to Family Violence Initiative. The implementation committee continue to meet bi-monthly. In November and December Ballarat Health Services partnered with Child Protection, Child First and Family Violence providers locally to deliver Information Sharing Legislation awareness sessions to staff within BHS Mental Health Services.</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
			<p>The development of an e-Learning Module 1: A Shared Understanding of Family Violence is now complete and is a recommended training module for all new staff who commence at Ballarat Health Services. Coordination of training opportunities continue across all supported health services.</p> <p>Achieved</p>
		<p>Using the Healthy Choices Policy, identify and deliver new activities that assist people to make informed choices on healthy food and drink options including:</p> <ul style="list-style-type: none"> • Finalisation of the BHS Health Promotion Plan; • Participation in the Prevention Lab project. • Implement the healthy choice food policy throughout all Ballarat Health Services food service arrangements. • Ensure the healthy choices policy is a requirement of the tender for delivery of cafeteria services to be finalised in 2018–19. 	<p>Ballarat Health Services' Health Promotion Plan has been completed in alignment with the agreed regional strategy and is regularly updated to reflect the progression of work undertaken.</p> <p>Ballarat Health Services remains a key stakeholder with the work associated with the Central Highlands Prevention Lab project which has seen the completion of Stage 1. Ballarat Health Services will continue to participate in Stage 2 and will partner with the Prevention Lab on the provision of a Community Advisor Co-ordinator.</p> <p>The tender for the delivery of cafeteria services at Ballarat Health Services included reference to the Healthy Choices food policy. Healthy food labelling (red, green, and amber) has occurred at all Ballarat Health Services food.</p> <p>A tender for Healthy Choices Vending machines has been awarded with implementation to occur in the 2019-20 financial year.</p> <p>BHS is a leading agency in LiveLighter Cancer Council Campaign based on work associated with Healthy Choices.</p> <p>Achieved</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
		<p>Utilise the Organisational Strategy for Improvement Matrix to identify organisational accelerators and barriers to improvement through:</p> <ul style="list-style-type: none"> • Completion of the annual self-assessment; <p>Establishment of an action plan that will further build on organisational capability and maturity in embedding a culture of improvement and innovation across Ballarat Health Services and the region.</p>	<p>The Organisational StrategImprovement Matrix (OSIM) was completed in 2018 and is scheduled for repeat in late 2019.</p> <p>As a result of the Organisational Strategy for Improvement (OSIM) 19 actions were developed as strategies to improve Ballarat Health Services' maturity level for capability for improvement and innovation across the 4 domains of the tool.</p> <p>As at 30 June 2019, eight (8) of the actions had been completed, one (1) was delayed, one (1) is on hold, and the remaining nine (9) are still progressing.</p> <p>Achieved</p>
<p>Better Access</p> <p>Care is always there when people need it</p> <p>More access to care in the home and community</p> <p>People are connected to the full range of care and support they need</p> <p>There is equal access to care</p>	<p>Better Access</p> <p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>Participate in the Better Care Victoria Specialist Clinic Collaborative with the aim to enhance the management of patients in the primary care setting; enhance referral and triage processes; and reduce the number of people not attending scheduled specialist clinic appointments.</p>	<p>The project commenced in July and the following items within scope are progressing in accordance with the annual plan.</p> <ul style="list-style-type: none"> - Commission project to determine strategies required to reduce outpatient appointment wait times to within target - Consider technology enhancement opportunities to improve communication with outpatient - Reconcile each clinic's financial and human resource viability, current and future demand, and clinic sustainability <p>Following a presentation to the Chief Executive Officer and Board of Directors the trial project was endorsed to progress to implementation stage.</p> <p>Achieved</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
		<p>Develop, consolidate and evaluate processes and procedures to optimise health resource stewardship. Measures of progress to include:</p> <ul style="list-style-type: none"> • Development of a framework and policy; • Organisation-wide audit of current and planned activities; • scoping and implementing evidence-based approaches; <p>training by June 2019 of 20 health resource stewards equipped to train others in health resource stewardship.</p>	<p>The Health Resource Stewardship@BHS program is a pilot program to train health resource stewardship (Re-TRed: Resource Efficiency Training through Re-design). The program was launched in November 2018 with 13 participants working on 12 projects.</p> <p>In total 39 Health Resource Stewards have been trained at Ballarat Health Services over the 12 months with tangible resource stewardship outcomes for BHS. The program is being expanded in 2019 for application across a broader range of settings and platforms, to embed evaluation of impact, and to meet the training needs of diverse staff (including manager training and targeted shorter training).</p> <p>A dedicated intranet site has been developed with tools and resources for the program available to all staff.</p> <p>Achieved</p>
		<p>By 30 June 2019 design and commence piloting a new model of care which is person-centred,</p> <p>unique to Ballarat Health Services ten residential facilities and will improve the quality of care and experience of care for residents.</p> <p>The “Communities of Kindness’ Model of care project for Residential Aged Care will, in partnership with our consumers, develop a person-centred model of care to move Residential Aged Care from managing risk to a proactive quality improvement approach.</p> <p>Year one of the two-year project will include commissioning, design and pilots at two sites.</p>	<p>The Communities of Kindness project was launched in July 2018 with the Steering Group and Reference Group meeting monthly.</p> <p>The diagnostic phase of the project continued through October to December 2018 and included staff and resident surveys / interviews using validated person-centred care assessment tools, quality of life tools and further review and analysis of data and trends across all facilities.</p> <p>The redesign phase began with two identified pilot sites who have commenced analysing the diagnostic data for their site. The data will be used to work with staff and consumers through the co-design process.</p> <p>Further work will be undertaken by the pilot sites in year two of the project.</p> <p>Achieved</p>

Goals	Strategies	Health	Outcome 2018-19
<p>Better Care</p> <p>Target zero avoidable harm</p> <p>Healthcare that focusses 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>As the lead Ballarat Health Services will continue to facilitate and assist health services to participate in a regional project to identify clinical governance gaps, build capacity and identify and prioritise regional strategies for improvement.</p>	<p>All eleven health services across the Grampians Region committed to undertake a supported self-assessment against the Victorian Clinical Governance Framework utilising an audit tool developed by the Grampians Regional Clinical Governance Coordinator.</p> <p>A Quality and Safety Workshop was conducted in August 2018 to inform quality managers from all health services of the new audit tool and the peer review process for conducting the supported self-assessment.</p> <p>Development of a Regional Morbidity & Mortality has commenced and will include the development of a framework for a Regional Morbidity & Mortality (M&M) meeting – starting with a Perioperative M&M and then an Urgent Care Centre M&M. This work has been leveraged off the established frameworks for the Regional Maternal & Perinatal Mortality & Morbidity Committee overseen by The Royal Women's Hospital. Ballarat Health Services has also engaged support through Safer Care Victoria for an Emergency Physician who can assist with the Urgent Care Centre M & M once established.</p> <p>Achieved</p>
		<p>Support Grampians health services to undertake self-assessments against the Victorian Clinical Framework utilising the newly developed audit tool with the support of the Ballarat Health Services Regional Clinical Governance Coordinator.</p>	<p>The Grampians Regional Clinical Governance Coordinator has tested and refined an audit tool in collaboration with Rural North West Health as the first service to conduct the self-assessment.</p> <p>All health services have undertaken the assessment against the Victorian Clinical Governance framework.</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
			<p>A draft Grampians Region Report including recommendations has been finalised for review at the July 2019 Grampians Clinical Governance Steering Group.</p> <p>The identified recommendations will be considered in 2019-20.</p> <p>Achieved</p>
<p>Specific 2018-19 priorities (mandatory)</p>	<p>Disability Action Plans</p> <p>Draft disability action plans are completed in 2018-19.</p>	<p>Update the Disability Action Plan and submit to the department by 30 June 2019. The plan will outline the approach to full implementation within three years of publication.</p> <p>Implement training for front line staff for identifying & assisting people with complex communication needs & physical needs that is non – discriminatory.</p> <p>Integrate the Disability Action Plan into the Consumer Participation Framework.</p>	<p>The Ballarat Health Services Disability Action plan has been developed in consultation with PINARC (Disability Services), and incorporating correspondence and templates provided at the Victorian Healthcare Association (VHA) workshop.</p> <p>The first draft Disability Action Plan was presented to the People at Centre of Care Committee in May for consultation and the Ballarat Health Services Board Community Advisory Committee for ratification.</p> <p>The draft plan has been submitted to the Department of Health and Human Services.</p> <p>Ballarat Health Services has deployed audio files onto its website to assist with accessibility to health care services for those patients / clients who may be visually impaired.</p> <p>Mandatory Workplace Values Based and Cultural Insight training continues (bi-annually) delivered to all Ballarat Health Services staff.</p> <p>The Partnering in Healthcare framework has been adopted by the People at the Centre of Care Committee.</p> <p>The Disability Action Plan will be integrated into the Consumer Participation Framework in 2019-20.</p> <p>Achieved</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
	<p>Volunteer engagement</p> <p>Ensure that the health service executives have appropriate measures to engage and recognise volunteers.</p>	<p>Engage and recognize volunteers through a range of strategies including:</p> <ul style="list-style-type: none"> • Expansion of the Dedicated Volunteer Manager role into Aged Care; • Recognition through the existing Reward and Recognition framework for tenure and outstanding efforts to the health service; • Active and regular interaction with the Board of Directors and Executive of the Health Service; • Expansion of the volunteer roles into key elements of service delivery and development; 	<p>The role of the Dedicated Volunteer Manager into Aged Care has been deferred to 2019-20.</p> <p>The Volunteer of the Year Award was introduced in 2018 and celebrated during BHS Together Week with Board of Directors, Executive and Senior Leaders in attendance.</p> <p>During the 2018 Annual General Meeting a volunteer was presented with the Life Governor Award in recognition of over 30 years of volunteering at Ballarat Health Services.</p> <p>During Volunteer Week in March 2019, 34 volunteers were recognised for their service to Ballarat Health Services ranging from 10 years to 35 years.</p> <p>A member of the volunteer team was recognised for dedicated services to Ballarat Health Services with a nomination in the "Outstanding Lifetime Achievement" category in the 2019 Minister for Health Volunteer Awards.</p> <p>The Ballarat Health Services Board of Directors have active and regular interaction with the volunteers whilst on site as well as during Volunteer Week, the Ballarat Health Services Together Week celebration and the Annual General Meeting. Regular updates are provided to the Board of Directors regarding the expansion of the volunteer program across the organisation.</p> <p>During 2018-19 volunteer roles were expanded into key elements of service delivery including 12 new volunteers to assist within the Emergency Department and the Short Stay Unit.</p> <p>Achieved</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
	<p>Bullying and harassment</p> <p>Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p>	<p>Promotion of positive staff behaviours and encouragement of reporting of bullying and harassment will occur through:</p> <ul style="list-style-type: none"> • Implementation and enhancement of the staff Reward and Recognition Program to acknowledgement values linked behaviours on a quarterly basis; • Implementation of the Manager Buddy Program and the Management development training program including modules on having difficult discussions, and providing effective feedback; • Development and display of Bullying and Harassment brochures that outline the process for reporting poor behaviour including the Staff Feedback email; • Increased number of Contact Officers from 6 to 9 with expanded setting; • Administration of biennial Best Practice Australia survey – predetermined implementation plan, including action plans for each area monitored by senior management; • Implementation of case management system (Mercury) that will allow for tracking and improved reporting 	<p>During the 2018-19 year over 100 Ballarat Health Services staff were recognised through the BHS Together Values Award program for outstanding work and demonstration of behaviours in line with the Ballarat Health Services values of Teamwork, Respect, Accountability and Compassion.</p> <p>The inaugural Ballarat Health Services Together Week was held in November 2018 and recognised staff for outstanding achievements in the areas of Education, Medical, Nursing, Research, Quality, and Allied Health. The event was attended by representatives of the Board of Directors, CEO, Executive team and senior leaders.</p> <p>A working group with broad representation across the organisation was established in 2019 to review the events held in 2018 as part of BHS Together program with the goal to further refine the program.</p> <p>The Ballarat Health Services Manager Support Program was launched in November 2018. and incorporates the Manager Buddy Program as well as essentials skills training in areas such as collaboration, providing feedback, empowerment, managing performance, and mental health in the workplace.</p> <p>Three new brochures were developed and launched in October 2018 to address the key themes of:</p> <ul style="list-style-type: none"> - Resolving Issues at Work - Preventing Workplace Bullying - Promoting Equal Opportunity & Preventing Sexual Harassment <p>Ballarat Health Services is working with the Royal Australasian College of Surgeons (RACS) in seeking</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
		<p>on numbers, status and outcome of complaints;</p> <ul style="list-style-type: none"> • Development of a People & Culture dashboard for improved visibility and trending of Bullying & Harassment indicators; • Values based organisation – recruiting by, managing by and exiting by; • Ongoing review of a range of reports provided through the People and Culture Board Committee. 	<p>endorsement of brochures and joint Ballarat Health Services and Royal Australasian College of Surgeons branding.</p> <p>Recruitment of additional Contact Officers has occurred with a total of 9 Contact Officers now in place with a greater expanse across the organisation.</p> <p>Best Practice Australia survey presentations were conducted throughout the year with action plans monitored and updated by individual directorates with the support of the People & Culture team.</p> <p>The Case Management system was developed and testing conducted during October 2018 resulted in the system undergoing refinement. Further extensive testing was required and delayed the launch of the system to July 2019.</p> <p>Work progressed throughout the year on the improvements to the People & Culture dashboard to provide real-time visibility and trending of Bullying & Harassment indicators. Greater reporting capability will be enabled with the implementation of the Mercury system.</p> <p>Values based recruiting has been rolled out across Ballarat Health Services with all People & Culture Consultants who participate in interviews utilising the behavioural-based Situation, Task, Action, Result (STAR) method directly linked to the organisations values. Ballarat Health Services Managers are supported by the People & Culture team in using values based management techniques.</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
			<p>Reports provided to the Board of Directors People & Culture Committee have been refined throughout the year. Expansion of the People & Culture Key Performance Indicators has been taken into consideration in the refinement of these reports. Automation of the data from existing dashboards has enabled more timely presentation of reports to this Committee.</p> <p>Achieved</p>
	<p>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>Develop a triage system of training based on the level of risk which will be determined by the area in which the staff member works.</p> <p>Implement a dedicated Occupational Violence resource.</p> <p>Deliver intensive training for direct clinical staff and direct contact staff with core modules to be refreshed on a biennial basis.</p> <p>Continue to provide Train the Trainer for Management of Clinical Aggression Training across the region.</p>	<p>A triage system of training model was established based on best practice model implemented with expansion into the Mental Health directorate. Training continues to be delivered based on the risk profile.</p> <p>Further refinement to the reporting capabilities is underway to allow reporting of physical aggression and verbal aggression separately.</p> <p>Management of Clinical Aggression role has been established.</p> <p>During 2018-19 a total of 1,304 members of Ballarat Health Services staff participated in Management of Clinical Aggression (MOCA) Training. Training modules are reviewed and refreshed on a biennial basis.</p> <p>A Train the Trainer model for Management of Clinical Aggression Training has been established and rolled out.</p> <p>Ballarat Health Services currently has five (5) trainers accredited to deliver the program. Ballarat Health Services has also trained trainers in Mildura-Sunraysia, Stawell, Ararat, West Wimmera, and Rural Northwest.</p> <p>Achieved</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
	<p>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 measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.</p>	<p>Identify and implement Environmental Sustainability projects, including the business case for 99kw solar system for the Queen Elizabeth Centre site and improvements in recycling targets to ensure our goal of 35% is exceeded and continues to increase.</p>	<p>Ballarat Health Services has installed LED lighting in the following areas with their respective Kilowatt Hours per week savings; Car Park 945kwh and Henry Bolte 4th floor 955kwh. This equates to 98,800 kwh saved per annum, around 70 tonnes of carbon.</p> <p>Ballarat Health Services continue to work with Health Purchasing Victoria for a 99Kw unit for the Queen Elizabeth site.</p> <p>The contracting for the replacement Boiler project is in progress and the installation will occur in the late 2019, saving around 266 tonnes per annum.</p> <p>Ballarat Health Service has increased its recycling percentage to 38.7%, the highest for some time, due to the recycling of mattresses. Ongoing improvements for recycling include changes in Theatre for Steri wrap, Huck towels and PVC. These are on the back of increased education and new avenues for recycling having become available.</p> <p>Achieved</p>
	<p>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</p>	<p>Provide LGBTI inclusive services to meet the specific health and wellbeing needs that do not reflect discriminatory assumptions and practices.</p> <p>Ensure staff carefully and respectfully document LGBTI identity in the patient record with the permission of each patient.</p>	<p>Ballarat Health Services' service level protocols and policies are established regarding anti-discrimination and recognition of equity and diversity. Associated documentation has been developed in coordination with the Equity and Diversity Committee and associated working groups (inclusive of the LGBTI working group). The promotion of these protocols and policies, inclusive of the right to free expression of gender and sexuality, has occurred across the organisation.</p>

Goals	Strategies	Health Service Deliverables	Outcome 2018-19
		<p>Ensure LGBTI partners are readily recognised as next of kin without needing to produce documentary evidence.</p> <p>Ensure policies, staff training, and patient centred care makes overt references to people who are LGBTI</p>	<p>No documentary evidence regarding a person's sexuality is required across Ballarat Health Services. Should a patient / client request that their LGBTI identity be documented the appropriate notes can be included in the electronic record, in a respectful and considered manner.</p> <p>The existing Ballarat Health Services protocol allows patients / clients to nominate their own contacts. No documentary evidence is required except for nomination of a Medical Treatment Decision Maker. No documentary evidence is required to be listed as a Next of Kin contact but if the Next of Kin is required for decision making purposes (in the absence of a Medical Treatment Decision Maker document) then evidence may be required.</p> <p>Ballarat Health Services has established and well promoted policies protecting the rights of all individuals to equality and equity. These policies make overt reference to people who are LGBTI.</p> <p>The LGBTIQ working group initiatives include workforce training.</p> <p>Achieved</p>

Performance Priorities

High Quality and Safe Care

Key performance indicator	Target	2018-19 Actual
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	*Not Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	84%
Percentage of healthcare workers immunised for influenza	80%	83%
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey - positive patient experience – Quarter 1	95% positive experience	97.6%
Victorian Healthcare Experience Survey - positive patient experience – Quarter 2	95% positive experience	94.2%
Victorian Healthcare Experience Survey - positive patient experience – Quarter 3	95% positive experience	93.3%
Victorian Healthcare Experience Survey - discharge care. Quarter 1	75% very positive experience	83.5%
Victorian Healthcare Experience Survey - discharge care. Quarter 2	75% very positive experience	82.6%
Victorian Healthcare Experience Survey - discharge care. Quarter 3	75% very positive experience	77.8%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 1	70%	76.2%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 2	70%	75.1%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 3	70%	80.7%

* Ballarat Health Services' Talbot Place received 'not met' findings following an accreditation assessment visit in January 2019. BHS were able to rectify the identified issues to the accreditation agency's satisfaction and has maintained continuous accreditation of all ten residential aged care homes.

Key performance indicator	Target	2018-19 Actual
Healthcare associated infections (HAI's)		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Not Achieved
Rate of patients with SAB ¹ per occupied bed day	≤ 1/10,000	Achieved
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	4%
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	10.75%
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	N/A
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	15
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	1
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	90%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	93%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	91%

1. SAB is Staphylococcus Aureus Bacteraemia

Key performance indicator	Target	2018-19 Actual
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 at 5 minutes	≤ 1.4%	2.1%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	23.3%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	100%
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.75

Strong governance, leadership and culture

Key performance indicator	Target	2018-19 Actual
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	86%
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%	93%
People matter survey - percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	93%
People matter survey - percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	90%

Key performance indicator	Target	2018-19 Actual
Organisational culture		
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%	84%
People matter survey - percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	89%
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%	72%
People matter survey - percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	80%
People matter survey - percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	88%

Timely access to care

Key performance indicator	Target	2018-19 Actual
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	83%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	63%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	62.25%

Key performance indicator	Target	2018-19 Actual
Number of patients with a length of stay in the emergency department greater than 24 hours	0	2
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	88%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	17% Achieved
Number of patients on the elective surgery waiting list ²	980	978
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	4.35
Number of patients admitted from the elective surgery waiting list	5,700	5,557
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	90%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	84%

2. the target shown is the number of patients on the elective surgery waiting list as at 30 June 2019

Effective financial management

Key performance indicator	Target	2018-19 Actual
Finance		
Operating result (\$m)	0.00	(4.24)
Average number of days to paying trade creditors	60 days	30 days
Average number of days to receiving patient fee debtors	60 days	18 days
Public and Private WIES ³ activity performance to target	100%	101.53%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	Not Achieved
Forecast number of days of available cash (based on end of year forecast)	14 days	-8.4
Actual number of days of available cash (measured on the last day of every month)	14 days	-8.4
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	2.18

3. WIES is a Weighted Inlier Equivalent Separation

Activity and Funding

Funding type	2018–19 Activity Achievement
Admitted	
WIES Public	26,990
WIES Private	5,782
WIES DVA	124
WIES TAC	100
Acute Non-Admitted	
Home Enteral Nutrition - Service contacts	592
Specialist Clinics - Public - Service contacts	57,983
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	529
Subacute WIES - Rehabilitation Private	181
Subacute WIES - GEM Public	552
Subacute WIES - GEM Private	125
Subacute WIES - Palliative Care Public	208
Subacute WIES - Palliative Care Private	61
Subacute WIES - DVA	32
Transition Care - Bed days	11,136
Transition Care - Home days	7,803
Subacute Non-Admitted	
Health Independence program - Public	49,907
Aged Care	
Residential Aged Care - Bed Days	152,009
HACC - Service Hours	4,105

Funding type	2018–19 Activity Achievement
Mental Health and Drug Services	
Mental Health Ambulatory	45,110
Mental Health Inpatient - Available bed days	14,610
Mental Health Inpatient - Secure Unit Bed days	3,820
Mental Health Residential - Psychogeriatric bed days	7,325
Mental Health Service System Capacity - Carer Consultant	571
Mental Health Subacute - Community Care Unit Bed Days	1,632
Primary Health	
Community Health / Primary Care Programs - Service Hours	9,466
Other	
Health Workforce - Number of students	135

Application of Merit and Equity

We are an equal opportunity employer and ensure open competition in recruitment, selection, transfer and promotion.

Employment decisions are based on merit and without consideration of gender, marital status, age, pregnancy, disability, race, religious or political beliefs or activities, or on the grounds of being a parent, childless or in a de facto relationship.

Our people are treated fairly and reasonably and provided with redress against any unfair or unreasonable treatment.

Ex-gratia Payments

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

Freedom of Information Requests

Ballarat Health Services complies with the Victorian Freedom of Information Act 1982 (FOI). Since 2014 we have received the following number of requests.

- 2014-2015: 511
- 2015-2016: 488
- 2016-2017: 607
- 2017-2018: 688
- 2018-2019: 663

Building Act 1993

Ballarat Health Services complies with building standards and regulations. All buildings constructed after July 1994 have been designed to conform to the Building Act 1993 and its regulations, as well as to meet our statutory regulations that relate to health and safety matters.

All buildings have been issued with occupancy permits and all building practitioners engaged by BHS are required to produce evidence of current registration on commencing a project, as well as evidence that their registered status will be maintained throughout the year.

Consultancies

In 2018-19, there was one consultancy where the total fees payable to the consultant was \$10,000 or greater.

The total expenditure incurred during 2018-19 in relation to this consultancy was \$107,057 excl GST.

In 2018-19, there was one consultancy where the total fees payable to the consultant was less than \$10,000.

The total expenditure incurred during 2018-19 in relation to this consultancy was \$4,109 excl GST.

National Competition Policy

Ballarat Health Services complied with all government policies regarding competitive neutrality with respect to all tender applications.

Protected Disclosure Act

Ballarat Health Services had no disclosures notified to the IBAC under section 21(2) of the Protected Disclosure Act 2012 in the past financial year.

Contracts

Dependant on project value, projects tendered before 15 August 2018 are classified as either VIPP Standard or VIPP Strategic projects, and projects tendered after 15 August 2018 are classified as Local Jobs First Standard or Local Job First Strategic projects.

Carers Recognition Act

The Carers Recognition Act 2012 promotes and values the role of people in care relationships and formally recognises the contribution that carers and people in care relationships make to the social and economic fabric of the Victorian community. Ballarat Health Services recognises carers make a substantial contribution to the wellbeing of the Ballarat and regional community.

BHS has taken all practicable measures to comply with its obligations under the Act.

BHS has promoted the principles of the Act to people in care relationships who receive our services and to the wider community by distributing printed material about the Act at community events or service points.

BHS has taken all practicable measures to consider the carer relationships principles set out in the Act when setting policies and providing services by reviewing our employment policies such as flexible working arrangements and leave provisions to ensure these comply with the statement of principles in the Act.

Information and Communication Technology (ICT) expenditure 2018 - 19

The total ICT expenditure incurred during 2018-19 is \$11,868,510 (excluding GST) with the details shown below:

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non-BAU) ICT Expenditure	Operating Expenditure (excluding GST)	Capital Expenditure (excluding GST)
\$6,689,385	\$5,179,125	\$779,164	\$4,399,962

Car Parking Fees

Ballarat Health Services complies with the DHHS hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at

www.bhs.org.au/node/46

Safe Patient Care Act 2015

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

The Ballarat Health Services (BHS) and St John of God Ballarat Hospital (SJGBH) Human Research Ethics Committee (HREC)

The Ballarat Health Services and St John of God Ballarat Hospital Human Research Ethics Committee (BHSSJGBH HREC) is a duly constituted Ethics Committee under the guidelines of the NHMRC, responsible for approving, overseeing and monitoring the conduct and performance of research in both institutions and partners throughout the Grampians Regions.

Financial Management Compliance attestation – SD 5.1.4

I, Natalie Reiter, on behalf of the Responsible Body, certify that Ballarat Health Services has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

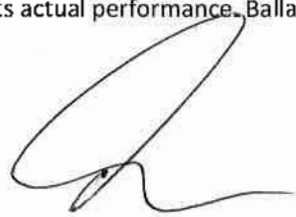
Natalie Reiter
Chair, Board of Directors
Ballarat Health Services
31 July 2019



Data Integrity

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

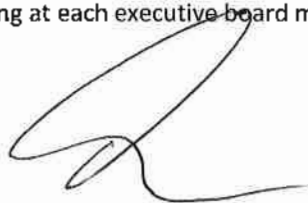
Dale Fraser
Chief Executive Officer
Ballarat Health Services
31 July 2019



Conflict of Interest

I, Dale Fraser, certify that Ballarat Health Services 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 Ballarat Health Services 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.

Dale Fraser
Chief Executive Officer
Ballarat Health Services
31 July 2019



Integrity, fraud and corruption

I, Dale Fraser, certify that Ballarat Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Ballarat Health Services during the year.

Dale Fraser
Chief Executive Officer
Ballarat Health Services
31 July 2019



Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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

Dale Fraser
Chief Executive Officer
Ballarat Health Services
31 July 2019



Disclosure Index

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

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Additional Information

Consistent with FRD 22H (Section 5.19), the items listed below have been retained by Ballarat Health Services and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- (a) Declarations of pecuniary interests have been duly completed by all relevant officers
- (b) Details of shares held by senior officers as nominee or held beneficially;
- (c) Details of publications produced by the entity about itself, and how these can be obtained
- (d) Details of changes in prices, fees, charges, rates and levies charged by the 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.

BALLARAT HEALTH SERVICES

Board member's, accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for Ballarat Health Services have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

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

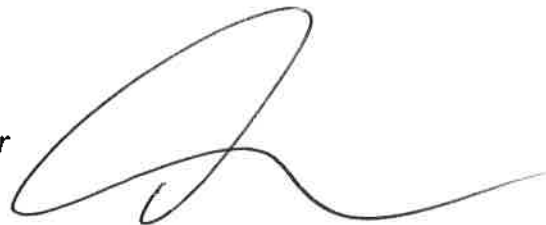
At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Ms Natalie Reiter
Chair
Board of Directors



Mr Dale Fraser
Chief Executive Officer



Mr Rod Hansen
Chief Financial Officer



Dated the 31st day of July 2019 at Ballarat

Independent Auditor's Report

To the Board of Ballarat Health Services

Opinion	<p>I have audited the financial report of Ballarat Health Services (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 and 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>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
16 August 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

BALLARAT HEALTH SERVICES COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$000	2018 \$000
Income from Transactions			
Operating Activities	2.1	512,242	481,278
Non-Operating Activities	2.1	1,922	1,430
Total Income from Transactions		514,164	482,708
Expenses from Transactions			
Employee Expenses	3.1	(351,210)	(324,662)
Supplies and Consumables	3.1	(116,381)	(104,832)
Finance Expenses	3.1	(1)	-
Other Operating Expenses	3.1	(44,156)	(42,842)
Depreciation and Amortisation	3.1	(27,800)	(26,728)
Total Expenses from Transactions		(539,548)	(499,063)
Net Result from Transactions - Net Operating Balance		(25,384)	(16,355)
Other Economic Flows Included in Net Result			
Net Gain/(Loss) on Non-Financial Assets		295	(916)
Net Gain on Financial Instruments		(241)	442
Other Gains/(Losses) from Other Economic Flows		(4,117)	(136)
Total Other Economic Flows Included in Net Result		(4,063)	(610)
Net Result for the Year		(29,447)	(16,965)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Asset Revaluation Surplus	8.1(a)	93,244	3,832
Comprehensive Result for the Year		63,797	(13,133)

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

BALLARAT HEALTH SERVICES BALANCE SHEET AS AT 30 JUNE 2019

	Note	2019 \$000	2018 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	11,443	14,386
Receivables	5.1	37,880	19,769
Inventory	5.2	1,407	1,443
Prepayments	5.3	2,892	1,461
Investments and Other Financial Assets	4.1	22,857	20,386
Total Current Assets		76,479	57,445
Non-Current Assets			
Receivables	5.1	17,036	14,575
Property, Plant and Equipment	4.3	417,901	343,943
Intangible Assets	4.5	2,293	2,274
Investments and Other Financial Assets	4.1	3,400	9,001
Total Non-Current Assets		440,631	369,793
Total Assets		517,110	427,238
LIABILITIES			
Current Liabilities			
Employee Benefits	3.4	68,533	58,362
Payables	5.5	61,187	49,460
Borrowings	6.1	30	-
Other Liabilities	5.4	40,974	39,099
Total Current Liabilities		170,724	146,921
Non-Current Liabilities			
Employee Benefits	3.4	15,568	13,477
Borrowings	6.1	181	-
Total Non-Current Liabilities		15,749	13,477
Total Liabilities		186,473	160,398
Net Assets		330,637	266,840
EQUITY			
Restricted Specific Purpose Reserve	8.1	490	512
Asset Revaluation Reserve	8.1	271,203	177,959
Contributed Capital	8.1	155,997	155,997
Accumulated Deficits	8.1	(97,053)	(67,628)
Total Equity		330,637	266,840

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

BALLARAT HEALTH SERVICES STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Property, Plant & Equipment Revaluation Surplus \$000	Restricted Specific Purpose Surplus \$000	Contributed Capital \$000	Accumulated Deficits \$000	Total \$000
Balance as at 1 July 2017		174,127	563	155,997	(50,714)	279,973
Net Result for the Year		-	-	-	(16,965)	(16,965)
Other Comprehensive Income for the Year	8.1	3,832	-	-	-	3,832
Transfer to Accumulated Surplus	8.1	-	(51)	-	51	-
Balance as at 30 June 2018		177,959	512	155,997	(67,628)	266,840
Net Result for the Year		-	-	-	(29,447)	(29,447)
Other Comprehensive Income for the Year	8.1	93,244	-	-	-	93,244
Transfer to Accumulated Surplus	8.1	-	(22)	-	22	-
Balance as at 30 June 2019		271,203	490	155,997	(97,053)	330,637

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

BALLARAT HEALTH SERVICES CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$000 Inflows/ (Outflows)	2018 \$000 Inflows/ (Outflows)
Cash Flows from Operating Activities			
Receipts			
Operating Grants from Government		420,287	398,650
Capital Grants		6,706	7,487
Proceeds from Donations		231	241
Capital Proceeds from Donations and Bequests		616	2,481
Patient & Resident Fees		25,911	30,085
Interest and Dividends Received		1,851	1,386
GST Received from ATO		7,903	7,288
Other		38,499	39,402
Total Receipts		502,004	487,020
Payments			
Employee Benefits		(338,255)	(318,334)
Supplies & Consumables		(121,581)	(107,128)
Capital Expense		(706)	(1,766)
Other Payments		(40,572)	(37,434)
Total Payments		(501,114)	(464,662)
Net Cash Inflows from Operating Activities	8.2	890	22,358
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(8,526)	(16,562)
Purchase of Financial Assets		(654)	(478)
Proceeds from Disposal of Financial Assets		4,000	-
Proceeds from Disposal of Non-Financial Assets		334	209
Net Cash (Outflows) from Investing Activities		(4,846)	(16,831)
Cash Flows from Financing Activities			
Proceeds from Borrowings		216	-
Repayment of Borrowings		(5)	-
Receipt of Accommodation Deposits		13,540	16,638
Repayment of Accommodation Deposits		(12,738)	(12,755)
Net Cash Inflows from Financing Activities		1,013	3,883
Net Increase / (Decrease) in Cash and Cash Equivalents Held		(2,943)	9,410
Cash and Cash Equivalents at Beginning of Financial Year		14,386	4,976
Cash and Cash Equivalents at End of Year	6.2	11,443	14,386

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

Ballarat Health Services

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1: Summary of Significant Accounting Policies

The annual financial statements represent the audited general purpose financial statements for Ballarat Health Services for the period ending 30 June 2019. The report provides 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 AASBs which include interpretations issued by the Australian Accounting Standards Board (AASB) and other mandatory requirements. The AASBs include Australian equivalents to International Financial Reporting Standards. They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

Ballarat Health Services is a not-for-profit entity and therefore applies the additional Australian paragraphs applicable to not-for-profit health services under the AASBs.

The annual financial statements were authorised for issue by the Board of Directors of Ballarat Health Services on 9 August 2019.

(b) Reporting Entity

The financial statements include all of the controlled activities of Ballarat Health Services.

Its principal address is:
Drummond St North
Ballarat, Victoria, 3350

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

Objectives and Funding

Ballarat Health Services overall objective is to deliver quality care to the communities we serve by providing safe, accessible and integrated health services resulting in positive experiences and outcomes as well as improve the quality of life to Victorians.

Ballarat Health Services is predominantly funded by accrual based grant funding for the provision of outputs.

(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 substances of the underlying transactions or other events are 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.

These financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

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

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 definition 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 underlying assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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. Judgments and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- 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);
- Doubtful debt provisions and expected credit losses including the evaluation of bad debt write-offs, disclosed further in Note 5.1; and
- Fair value of financial and non-financial assets, disclosed further in Note 4.1, 4.3 and 4.5.

Ballarat Health Services

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

(d) Principles of Consolidation

Ballarat Health Services does not have any consolidated reporting entities.

Inter-Segment Transactions

Transactions between segments within Ballarat Health Services have been eliminated to reflect the extent of Ballarat Health Services operations as a group.

Joint Operations

Interests in the jointly controlled operations of Grampians Rural Health Alliance are not consolidated by Ballarat Health Services but are accounted for in accordance with the policy outlined in Note 4.2 Jointly Controlled Operations.

(e) Rounding

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

(f) Comparatives

Where applicable, the comparable figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, Note 3.1 and Note 7.1.

(g) Goods and Services Tax (GST)

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

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

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

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

Note 2: Funding Delivery of our Services

The hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable the hospital to fulfil its objective it receives accrual based grant funding for the provision of outputs.

The hospital also receives income from the supply of services.

Note 2.1: Income from Transactions

	Total 2019 \$000	Total 2018 \$000
Government Grants - Operating	431,088	403,473
Government Grants - Capital	6,653	8,348
Other Capital Purpose Income (Including Capital Donations)	641	3,435
Patient and Resident Fees	18,682	17,232
Commercial Activities	37,504	36,378
Other Revenue from Operating Activities (Including Non-Capital Donations)	17,674	12,412
Total Income from Operating Activities	512,242	481,278
Revenue from Non-Operating Activities		
Capital Interest and Dividends	71	44
Other Interest & Dividends	1,851	1,386
Total Income from Non-Operating Activities	1,922	1,430
Total Income from Transactions	514,164	482,708

The Department of Health & Human Services makes Indirect Contributions for insurance payments on behalf of Ballarat Health Services. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expense.

Revenue Recognition

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

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

Government Grants

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

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

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

Non-Cash Contributions from the Department of Health & Human Services

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular

Patient and Resident Fees

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

Donations and Bequests

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

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from Ballarat Health Services investment in financial assets.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

Sale of Investments

The gain/loss from the sale of an investment is recognised when the investment is realised.

Other Income

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

Note 3: The Cost of Delivering Services

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

Structure

- 3.1: Expenses from Transactions
- 3.2: Other Economic Flows
- 3.3: Analysis of Expense and Revenue by Special Purpose Funds
- 3.4: Employee Benefits in the Balance Sheet
- 3.5: Superannuation

Note 3.1: Expenses from Transactions

	Total 2019 \$000	Total 2018 \$000
Employee Expenses		
Salaries and Wages	273,434	255,471
On-Costs	68,516	62,092
Agency Expenses	4,403	3,157
WorkCover Premium	4,857	3,942
Total Employee Expenses	351,210	324,662
Supplies and Consumables		
Drug Supplies	18,363	19,144
Medical and Surgical Supplies	91,153	78,614
Pathology Supplies	2,610	2,614
Other Supplies and Consumables	4,255	4,460
Total Supplies and Consumables	116,381	104,832
Finance Costs		
Interest Charges	1	-
Total Finance Costs	1	-
Other Operating Expenses		
Fuel, Light, Power and Water	5,408	5,005
Repairs and Maintenance	10,805	10,587
Medical Indemnity Insurance	5,401	5,202
Other Administrative Expenses	21,836	20,282
Expenditure for Capital Purpose	706	1,765
Total Other Operating Expenses	44,156	42,842
Other Non-Operating Expenses		
Depreciation and Amortisation	27,800	26,728
Total Other Non-Operating Expenses	27,800	26,728
Total Expenses from Transactions	539,548	499,063

Expense Recognition

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

Cost of Goods Sold

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

Employee Expenses

Employee expenses include:

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

Grants and Other Transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable.

Other Operating Expenses

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

- 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 Ballarat Health Services. 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 considerations.

Supplies and Consumables

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

Bad and Doubtful Debts

Refer to Note 5.1a.

Note 3.2: Other Economic Flows

	2019 \$000	2018 \$000
Net Gain/(Loss) on Sale of Non-Financial Assets		
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	295	(916)
Total Net Gain/(Loss) on Sale of Non-Financial Assets	295	(916)
Net Gain/(Loss) on Financial Instruments at Fair Value		
Allowance for impairment losses of contractual receivables	(29)	-
Other Gains/(Losses) from Other Economic Flows	(212)	442
Total Net Gain/(Loss) on Financial Instruments at Fair Value	(241)	442
Other Gains/(Losses) from Other Economic Flows		
Net Loss arising from Revaluation of Long Service Liability	(4,117)	(136)
Total Other Gains/(Losses) from Other Economic Flows	(4,117)	(136)
Total Other Losses from Economic Flows	(4,063)	(610)

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

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 4.3 Property, plant and equipment.);
- Net gain/(loss) on disposal of non-financial assets; and
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net Gain/(Loss) on Financial Instruments at Fair Value

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

- Realised and unrealised gains and losses from revaluation 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 de-recognition 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 rate movements, inflation rate movements and the impact of changes of probability factors; and
- Transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Note 3.3: Analysis of Expense and Revenue by Special Purpose Funds

	Expense		Revenue	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Business Units				
Safety Link	6,514	6,450	5,958	6,322
Eureka Linen	4,637	4,683	5,694	5,751
Catering	9,517	10,136	9,715	10,072
Radiology	19,775	18,529	19,926	19,234
Business Unit Total	40,443	39,798	41,293	41,379
Other Services				
Education Services	3,383	3,203	3,014	3,451
Breastscreen	1,557	1,617	1,631	1,759
Grampians Integrated Cancer Service	1,481	1,376	1,482	1,375
Dental Teaching Clinic	1,364	1,420	1,403	1,282
Grampians Rural Health Alliance	1,128	1,071	1,195	1,148
Accommodation	811	781	1,474	1,431
IMS Research	528	477	1,079	698
Private Practice	429	1,397	3,027	4,331
Car Park	337	336	929	878
Midwifery	208	157	161	300
Print Shop	190	186	310	285
Salary Packaging	155	236	1,974	1,895
Child and Youth Redesign	18	95	-	-
Diabetic Shop	7	26	11	14
Other	105	2,805	3,353	3,469
Other Services Total	11,701	15,183	21,043	22,316
Total	52,144	54,981	62,336	63,695

Note 3.4: Employee Benefits in the Balance Sheet

	2019 \$000	2018 \$000
Current Provisions		
Employee Benefits		
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months	19,138	17,446
- Unconditional and expected to be settled wholly after 12 months	3,222	2,946
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months	6,177	5,595
- Unconditional and expected to be settled wholly after 12 months	31,345	25,252
Other		
- Accrued Days Off	597	567
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled wholly within 12 months	3,520	2,893
- Unconditional and expected to be settled wholly after 12 months	4,449	3,582
Other		
- Accrued Days Off	85	81
Total Current	68,533	58,362
Non-Current Provisions		
Conditional Long Service Leave	13,810	11,955
Provisions related to Employee Benefit On-Costs	1,758	1,522
Total Non-Current	15,568	13,477
Total Provisions	84,101	71,839
(a): Employee Benefits and Related On-Costs		
	2019 \$000	2018 \$000
Current		
Unconditional Long Service Leave	42,297	34,773
Annual Leave	25,554	22,941
Accrued Days Off	682	648
Total Current	68,533	58,362
Non-Current		
Conditional Long Service Leave	15,568	13,477
Total Non-Current	15,568	13,477
Total Employee Benefits	84,101	71,839
(b): Movement in On-Costs Provision		
Opening Balance	8,078	
Additional provisions recognised	359	
Unwinding of discount and effect of changes in discount rate	214	
Balance at end of year	8,652	

Note 3.4: Employee Benefits in the Balance Sheet (cont.)

Provisions

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

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

Employee Benefits

This provision arises for benefits accruing to employees in respect of annual leave and Long Service Leave (LSL) for services rendered to the reporting date.

Annual Leave and Accrued Days Off

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

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

- Nominal value - if Ballarat Health Services expects to wholly settle within 12 months; or
- Present value - if Ballarat Health Services does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

The liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Ballarat Health Services 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 Ballarat Health Services expects to wholly settle within 12 months; or
- Present value - if Ballarat Health Services does not expect to wholly settle within 12 months.

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

On-Costs Related to Employee Expense

Employee benefit for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.5: Superannuation

	Paid Contribution		Contribution Outstanding	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Defined Benefit Plans (i):				
First State Super	1,295	1,141	105	101
Defined Contribution Plans:				
First State Super	14,583	13,962	1,233	1,159
Hesta	6,220	6,030	544	500
Emergency Services Scheme	470	364	38	27
Other	2,347	1,322	153	149
Total	24,915	22,819	2,073	1,936

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

Employees of Ballarat Health Services are entitled to receive superannuation benefits and Ballarat Health Services contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement for Ballarat Health Services.

Defined Contribution Plans

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

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Ballarat Health Services to the superannuation plans in respect of the services of current Ballarat Health Services 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.

Ballarat Health Services does not recognise any unfunded defined benefit liability in respect of the plans 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 and Finance disclose 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 Ballarat Health Services.

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

Note 4: Key Assets to Support Service Delivery

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

Structure

- 4.1: Investments and Other Financial Assets
- 4.2: Jointly Controlled Operations and Assets
- 4.3: Property, Plant and Equipment
- 4.4: Depreciation and Amortisation
- 4.5: Intangible Assets

Note 4.1: Investments and Other Financial Assets

	Operating Fund	Operating Fund	Specific Purpose Fund	Specific Purpose Fund	Trust Fund	Trust Fund	Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current								
Equities	769	718	-	-	-	-	769	718
Central Banking System	-	-	-	-	-	-	-	-
Floating Rate Notes > 3 Months	-	-	-	-	5,600	4,000	5,600	4,000
Managed Investment Schemes (VFMC)	-	-	489	512	14,433	13,543	14,922	14,055
Grampians Rural Health Alliance	-	-	1,566	1,613	-	-	1,566	1,613
Total Current	769	718	2,055	2,125	20,033	17,543	22,857	20,386
Non-Current								
Floating Rate Notes > 12 Months	-	-	-	-	3,400	9,001	3,400	9,001
Total Non-Current	-	-	-	-	3,400	9,001	3,400	9,001
Total	769	718	2,055	2,125	23,433	26,544	26,257	29,387
Represented by:								
Health Service Investments	769	718	489	512	-	-	1,258	1,230
Monies Held in Trust	-	-	-	-	-	-	-	-
- Accommodation Bonds	-	-	-	-	22,502	25,606	22,502	25,606
- Patient Monies	-	-	-	-	672	618	672	618
- State Wide Equipment Program	-	-	-	-	79	121	79	121
- Grampians Integrated Cancer Services	-	-	-	-	180	199	180	199
Grampians Rural Health Alliance	-	-	1,566	1,613	-	-	1,566	1,613
Total	769	718	2,055	2,125	23,433	26,544	26,257	29,387

Investment Recognition

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

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

Ballarat Health Services investments must comply with the Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

Impairment of Financial Assets

At the end of each reporting period, Ballarat Health Services assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through the profit and loss, are subject to annual review for impairment.

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

In order to determine an appropriate fair value as at 30 June 2019 for its portfolio of financial assets, Ballarat Health Services used the market value of investments held provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Note 4.2: Jointly Controlled Operations and Assets

Ballarat Health Services has an interest in a Jointly Controlled Operation. The Jointly Controlled Operation is Grampians Rural Health Alliance. Details of operations are listed as follows:

In June 2008, the Department of Health issued circular number 17/2008, which outlines government requirements for the operation of rural health Information and Communication Technology (ICT) alliances. The policy outlines the accepted governance model for the operation of the ICT alliances.

The policy requires public hospitals, public health services and multipurpose services which are declared or established under the Health Services Act 1988, to enter into the alliance for the region in which they operate, in accordance with a Joint Operation Agreement. Consistent with this policy, the Grampians Rural Health Alliance came into effect on 9th of December 2008.

	2019	2018
	\$000	\$000
Revenue	1,219	1,317
Expenses	(1,280)	(1,157)
Net Result	(61)	160
Assets	1,566	1,613
Liabilities	(155)	(108)
Net Assets	1,411	1,505
Equity	1,411	1,505

Ownership Interest	19.22%	19.66%
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Investments in Joint Operations

In respect of any interest in joint operations, Ballarat Health Services recognises in the financial statements:

- Its assets including its share of any assets held jointly
- Any liabilities including its share of liabilities that it had incurred
- Its revenue from the sale of its share of the output from the joint operation
- Its share of the revenue from the sale of the of the output by the operation
- Its expenses including its share of any expenses incurred jointly

Contingent Liabilities and Capital Commitments

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

Note 4.3: Property, Plant and Equipment

(a): Gross Carrying Amount and Accumulated Depreciation

	Gross Cost Valuation 2019 \$000	Accumulated Dep'n 2019 \$000	Written Down Value 2019 \$000	Written Down Value 2018 \$000
Land at Fair Value	32,415	-	32,415	25,459
Under Construction at Cost	-	3,464	-	4,069
Buildings at Fair Value	356,929	-	356,929	281,284
Buildings (Leasehold Improvements) at Cost	-	-	-	6,970
Plant and Equipment at Fair Value	18,361	9,618	8,743	9,053
Medical Equipment at Fair Value	33,764	23,829	9,935	10,502
Computers and Communications at Fair Value	6,638	5,124	1,514	1,389
Furniture and Fittings at Fair Value	2,027	1,636	391	557
Personal Alarm Call Systems at Fair Value	-	5,557	2,994	2,957
Linen Stock at Fair Value	2,221	1,423	798	727
Motor Vehicles at Fair Value	3,606	2,668	938	976
Leased Assets at Fair Value	216	5	211	-
Total Property, Plant and Equipment	465,198	47,298	417,901	343,943

(b): Reconciliations of the Carrying Amount of each Class of Assets

Reconciliations of the carrying amounts of each class of assets for the entity at the beginning and end of the previous and current financial year is set out below.

	Land	Under Construction	Buildings	Plant and Equipment	Medical Equipment	Computers and Comm'n	Furniture and Fittings	Personal Alarm Call Systems	Linen Stock	Motor Vehicles	Leased Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2019												
Balance at 1 July 2018	25,459	4,069	288,254	9,053	10,502	1,389	557	2,957	727	976	-	343,943
Additions	-	1,897	88	609	2,605	614	23	557	363	606	216	7,578
Revaluations	6,956	-	86,288	-	-	-	-	-	-	-	-	93,244
Net transfers between classes	-	(2,502)	1,181	601	223	288	34	-	-	-	-	(175)
Disposals	-	-	-	(3)	(5)	-	-	-	-	(32)	-	(40)
Depreciation	-	-	(18,882)	(1,517)	(3,390)	(777)	(223)	(951)	(292)	(612)	(5)	(26,649)
Balance at 30 June 2019	32,415	3,464	356,929	8,743	9,935	1,514	391	2,563	798	938	211	417,901
2018												
Balance at 1 July 2017	21,866	9,334	296,273	9,605	8,825	1,231	611	2,634	723	1,390	-	352,492
Additions	155	11,276	360	411	2,534	501	75	1,182	270	339	-	17,103
Revaluations	3,832	-	-	-	-	-	-	-	-	-	-	3,832
Net transfers between classes	-	(16,541)	10,810	919	2,104	401	89	-	-	-	-	(2,218)
Disposals	(394)	-	(629)	(31)	(9)	-	-	-	-	(62)	-	(1,125)
Depreciation	-	-	(18,560)	(1,851)	(2,952)	(744)	(218)	(859)	(266)	(691)	-	(26,141)
Balance at 30 June 2018	25,459	4,069	288,254	9,053	10,502	1,389	557	2,957	727	976	-	343,943

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Ballarat Health Services owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

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

(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	Level 2	Level 3
Land at fair value				
Non-Specialised Land	16,610	-	16,610	-
Specialised Land	15,805	-	-	15,805
Total of Land at fair value	32,415	-	16,610	15,805
Buildings at fair value				
Non-Specialised Buildings	155,352	-	155,352	-
Specialised Buildings	201,577	-	-	201,577
Total of Buildings at fair value	356,929	-	155,352	201,577
Plant, Equipment and Vehicles at fair value				
- Motor Vehicles	938	-	-	938
- Plant and Equipment	8,743	-	-	8,743
- Furniture and Fittings	391	-	-	391
- Medical Equipment	9,935	-	-	9,935
- Computers and Communications	1,514	-	-	1,514
- Personal Alarm Call Systems	2,563	-	-	2,563
- Linen Stock	798	-	-	798
- Leased Assets	211	-	-	211
Total of Plant, Equipment and Vehicles at fair value	25,093	-	-	25,093
Total	414,437	-	171,962	242,475

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-Specialised Land	12,693	-	12,693	-
Specialised Land	12,766	-	-	12,766
Total of Land at fair value	25,459	-	12,693	12,766
Buildings at fair value				
Non-Specialised Land	122,406	-	122,406	-
Specialised Land	165,848	-	-	165,848
Total of Buildings at fair value	288,254	-	122,406	165,848
Plant, Equipment and Vehicles at fair value				
- Motor Vehicles	976	-	-	976
- Plant and Equipment	9,053	-	-	9,053
- Furniture and Fittings	557	-	-	557
- Medical Equipment	10,502	-	-	10,502
- Computers and Communications	1,389	-	-	1,389
- Personal Alarm Call Systems	2,957	-	-	2,957
- Linen Stock	727	-	-	727
Total of Plant, Equipment and Vehicles at fair value	26,161	-	-	26,161
Total	339,874	-	135,099	204,775

(d): Reconciliation of Level 3 Fair Value

	Land \$000	Buildings \$000	Plant and Equipment \$000
2019			
Opening Balance	12,766	165,848	26,161
Additions (disposals)	-	529	6,698
Transfers in of Level 3	827	919	-
Subtotal	13,593	167,296	32,859
Gains or losses recognised in net result			
- Depreciation	-	(13,655)	(7,766)
Subtotal	-	(13,655)	(7,766)
Items recognised in other comprehensive income			
- Revaluation	2,212	47,936	-
Subtotal	2,212	47,936	-
Closing Balance	15,805	201,577	25,093

	Land \$000	Buildings \$000	Plant and Equipment \$000
2018			
Opening Balance	10,845	168,711	25,019
Additions (disposals)	-	10,382	8,723
Subtotal	10,845	179,093	33,742
Gains or losses recognised in net result			
- Depreciation	-	(13,245)	(7,581)
Subtotal	-	(13,245)	(7,581)
Items recognised in other comprehensive income			
- Revaluation	1,921	-	-
Subtotal	1,921	-	-
Closing Balance	12,766	165,848	26,161

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

Note 4.3(e): Description of Significant Unobservable Inputs to Level 3 Valuations

	Valuation technique	Significant unobservable inputs
Specialised Land Queen Elizabeth Centre - Ascot Street Sth 908 Eyre Street Base Hospital - Drummond Street Nth Sebastopol Complex - Morgan Street 113 Ascot Street Sth	Market Approach (i)	Community Service Obligation (CSO) Adjustment
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre Useful life of specialised buildings
Plant and Equipment at Fair Value	Depreciated Replacement Cost	Cost Per Unit Useful Life of Plant and Equipment
Medical Equipment at Fair Value	Depreciated Replacement Cost	Cost Per Unit Useful Life of Medical Equipment

(i) CSO adjustments of between 5% to 20% were applied to reduce the market approach value for the Health Services specialised land

Initial Recognition

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

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

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

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

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

Subsequent Measurement

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

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

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

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

The Valuer-General Victoria (VGV) is Ballarat Health Services independent valuation agency.

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

Fair Value Measurement

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

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

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

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

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

These indicators, as a minimum, include:

External factors:

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

Valuation Hierarchy

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

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

Note 4.3(e): Description of Significant Unobservable Inputs to Level 3 Valuations

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 Ballarat Health Services has determined that the transaction price or quoted price does not represent fair value.

Ballarat Health Services shall develop unobservable inputs using the best information available in the circumstances, which might include Ballarat Health Services own data. In developing unobservable inputs, Ballarat Health Services 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. Ballarat Health Services 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.

Non-Specialised Land and Non-Specialised Buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

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

An independent valuation of Ballarat Health Services 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

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2019. For all assets measured at fair value, the current use is considered the highest and best use.

Revaluations of Non-Current Physical Assets

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

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

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

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

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

Note 4.4: Depreciation and Amortisation

	2019 \$000	2018 \$000
Depreciation		
Buildings	18,882	18,560
Medical Equipment	3,390	2,952
Plant and Equipment	1,517	1,851
Motor Vehicles	612	691
Personal Alarm Call Systems	951	859
Linen Stock	292	266
Computers and Communications	777	744
Furniture and Fittings	223	218
Leased Assets	5	-
Total Depreciation	26,649	26,141
Amortisation		
Intangibles	1,151	587
Total Amortisation	1,151	587
Total Depreciation and Amortisation	27,800	26,728

Depreciation

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

Ballarat Health Services determines the useful lives of assets by consideration of the nature and characteristics of specific assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Amortisation

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight line) basis over the assets useful life. Amortisation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The consumption of intangible non-produced assets with finite useful lives is classified as amortisation. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	3-59 years	5-60 years
- Site Engineering Services	3-50 years	5-53 years
- Fit out	3-25 years	3-25 years
- Trunk Reticulated Building Systems	3-30 years	5-30 years
Plant and Equipment	5-22 years	5-22 years
Medical Equipment	5-10 years	3-10 years
Furniture and Fittings	5 years	5 years
Personal Alert Call Systems	5 years	5 years
Linen	5 years	5 years
Motor Vehicles	3-7 years	3-7 years
Computers and Communications	3-5 years	3-5 years
Leased Assets	3-5 years	N/a
Intangibles	3 years	3-5 years

Note 4.5: Intangible Assets

	2019 \$000	2018 \$000
	Note	
Computer Software	6,234	6,609
Less: Accumulated Amortisation	(3,941)	(4,335)
Total	2,293	2,274
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year.		
Balance at 1 July	2,274	425
Additions	995	218
Net transfers between Classes	175	2,218
Amortisation	(1,151)	(587)
Balance at 30 June	2,293	2,274

Intangible Assets

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

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

Note 5: Other Assets and Liabilities

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

Structure

- 5.1: Receivables
- 5.2: Inventories
- 5.3: Prepayments
- 5.4: Other Liabilities
- 5.5: Payables

Note 5.1: Receivables

	Current 2019 \$000	Non-Current 2019 \$000	Total 2019 \$000	Current 2018 \$000	Non-Current 2018 \$000	Total 2018 \$000
Contractual						
Trade Debtors						
- Acute and Sub-Acute Inpatients	1,318	-	1,318	1,137	-	1,137
- RAC	487	-	487	118	-	118
- Eureka Linen	283	-	283	312	-	312
- Radiology	181	-	181	198	-	198
- Safety Link	362	-	362	372	-	372
- Sundry	4,069	-	4,069	2,184	-	2,184
Accrued Investment Income	127	-	127	176	-	176
Accrued Revenue Other	25,805	-	25,805	11,358	-	11,358
Deposits Paid	20	-	20	20	-	20
<i>Less: Allowance for impairment losses of contractual receivables</i>						
Trade Debtors	(131)	-	(131)	(156)	-	(156)
Patient Fees	(136)	-	(136)	(106)	-	(106)
Total Contractual	32,385	-	32,387	15,613	-	15,613
Statutory						
GST Receivable	741	-	741	693	-	693
Department of Health & Human Services	4,754	17,036	21,790	3,463	14,575	18,038
Total Statutory	5,495	17,036	22,531	4,156	14,575	18,731
Total	37,880	17,036	54,917	19,769	14,575	34,344

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

	2019 \$000	2018 \$000
Balance at Beginning of Year		(261)
Amounts Written off During the Year	56	160
Amounts Recovered During the Year	72	114
Increase/(Decrease) in Allowance Recognised in the Net Result	(133)	(274)
Balance at End of Year	(266)	(261)

Receivables consist of:

- Contractual receivables which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Ballarat Health Services 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. Ballarat Health Services 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.

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment. Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Accrued Revenue Other relates to revenue earned by Ballarat Health Services through the provision of approved services to external vendors, that are yet to be invoiced.

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.

Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. An allowance for impairment losses is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Note 5.2: Inventories

	2019 \$000	2018 \$000
General (at cost)	942	888
Pharmaceuticals (at cost)	465	555
Total	1,407	1,443

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches current technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

Note 5.3: Prepayments

	2019 \$000	2018 \$000
Current		
Prepayments	2,892	1,461
Total	2,892	1,461

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

Note 5.4: Other Liabilities

	2019 \$000	2018 \$000
Current		
Monies Held in Trust*		
- Accommodation Deposits (Refundable Entrance Fees)	39,888	38,053
- Patient Monies Held in Trust	672	618
- Grampians Integrated Cancer Service	180	199
- State Wide Equipment Program	79	121
Grampians Rural Health Alliance	155	108
Total Other Liabilities	40,974	39,099
*Monies Held in Trust Represented by:		
Other Financial Assets	26,257	29,387
Cash and Cash Equivalents	14,563	9,604
Total	40,820	38,991

Note 5.5: Payables

	2019 \$000	2018 \$000
Current		
Trade Creditors and Accrued Expenses	38,793	33,491
Accrued Salary and Wages	15,969	15,417
Salary Packaging	584	552
Department of Health & Human Services (i)	5,841	-
Total	61,187	49,460

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

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to Ballarat Health Services prior to the end of the financial year that are unpaid, and arise when Ballarat Health Services becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms are 30 days from the end of the month, in which the invoice was raised; and
- Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Note 6: How we Finance our Operations

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

This section includes disclosures of balances that are financial instruments.

Structure

- 6.1: Borrowings
- 6.2: Cash and Cash Equivalents
- 6.3: Commitments

Note 6.1: Borrowings

	2019 \$000	2018 \$000
Current		
Finance Lease Liability (i)	30	-
Total Current Borrowings	30	-
Non-Current		
Finance Lease Liability (i)	181	-
Total Non-Current Liability	181	-
Total Borrowings	211	-

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

Defaults and breaches

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

Finance Lease Liabilities

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Finance Leases				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	37	-	65	-
Later than 1 year and not later than 5 years	193	-	146	-
Minimum lease payments	230	-	211	-
Less future finance charges	(19)	-	-	-
Total	211	-	211	-
Included in the financial statements as:				
Current borrowings finance lease liability	-	-	30	-
Non-current borrowings finance lease liability	-	-	181	-
Total	-	-	211	-

The weighted average interest rate implicit in the finance lease is 3.25% (2018:Nil)

Borrowings 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 transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases, in the manner described in Note 6.3 Commitments.

Finance Leases

Entity as Lessor

Ballarat Health Services 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. 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.

Note 6.2: Cash and Cash Equivalents

	2019 \$000	2018 \$000
Cash on hand and at bank	11,443	14,386
Total Cash and Cash Equivalents	11,443	14,386
Represented By		
Cash for Health Services Operations (as per Cash Flow Statement)	11,443	14,386
Total Cash and Cash Equivalents	11,443	14,386

Cash and cash equivalents recognised on the balance sheet comprise of cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes and are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Note 6.3: Commitments

	2019 \$000	2018 \$000
Capital Expenditure Commitments		
Land and Buildings	7,841	12,311
Furniture and Fittings	47	11
Medical Equipment	660	845
Computer	23	739
Plant and Equipment	456	169
Intangible Assets	142	-
Total Capital Expenditure Commitments	9,169	14,075
Not later than 1 year	9,169	14,075
Total Capital Expenditure Commitments Payable	9,169	14,075
Operating Expenditure Commitments		
Furniture and Fittings	31	51
Plant and Equipment	440	365
Computer	1,305	2,055
Medical Equipment	4,896	4,345
Other	897	1,198
Total Operating Expenditure Commitments	7,569	8,014
Not later than 1 year	4,097	4,270
Later than 1 year and not later than 5 years	3,348	3,249
Later than 5 years	124	495
Total Operating Expenditure Commitments Payable	7,569	8,014
Non-Cancellable Operating Lease Commitments		
Property	3,582	4,426
Medical Equipment	-	225
IT Equipment	107	153
Total Non-Cancellable Operating Lease Commitments	3,689	4,804
Not later than 1 year	572	1,049
Later than 1 year and not later than 5 years	1,803	2,077
Later than 5 years	1,314	1,678
Total Non-Cancellable Operating Lease Commitments	3,689	4,804
Total Commitments for Expenditure (inclusive of GST)	20,427	26,893
Less GST recoverable from the Australian Tax Office	(1,844)	(2,395)
Total Commitments for Expenditure (exclusive of GST)	18,583	24,498

Capital Commitments of \$7.8m (2018: \$10.9m) are fully funded by DHHS.

Commitments for future expenditure include operating and capital commitments arising from contracts. Major project commitments are fully funded by the Department of Health & Human Services. These commitments are disclosed by way of this note at their nominal value and are inclusive of the GST payable.

Note 7: Risks, Contingencies and Valuation Uncertainties

The hospital is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure

- 7.1: Financial Instruments
- 7.2: Net Gain/(Loss) on Disposal of Non-Financial Assets
- 7.3: Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Ballarat Health Services' 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: Presentations*.

Note 7.1(a) Financial Instruments: Categorisation

	Financial Assets at Amortised Costs \$000	Financial Assets at Fair Value Through Net Result \$000	Financial Liabilities at Amortised Cost \$000	Total \$000
2019				
Financial Assets				
Cash and Cash Equivalents	11,443	-	-	11,443
Receivables	32,385	-	-	32,385
Investments and Other Financial Assets	9,000	17,257	-	26,257
Total Financial Assets(i)	52,828	17,257	-	70,085
Financial Liabilities				
Payables	-	-	61,187	61,187
Accommodation Bonds	-	-	39,888	39,888
Monies Held in Trust	-	-	932	932
Other	-	-	155	155
Total Financial Liabilities(ii)	-	-	102,163	102,163
	Contractual Financial Assets - Loans and Receivables and Cash \$000	Contractual Financial Assets - Available-for-Sale \$000	Contractual Financial Liabilities at Amortised Cost \$000	Total \$000
2018				
Financial Assets				
Cash and Cash Equivalents	14,386	-	-	14,386
Receivables	15,613	-	-	15,613
Investments and Other Financial Assets	13,001	16,386	-	29,387
Total Financial Assets(i)	43,000	16,386	-	59,386
Financial Liabilities				
Payables	-	-	49,460	49,460
Accommodation Bonds	-	-	38,053	38,053
Monies Held in Trust	-	-	938	938
Other	-	-	108	108
Total Financial Liabilities(ii)	-	-	88,559	88,559

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

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

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

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

- the assets are held by Ballarat Health Services 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.

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 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, Ballarat Health Services 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.

Ballarat Health Services 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 Instruments 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). Ballarat Health Services recognises the following assets in the 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' 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' is transferred to other economic flows in the net result.

Note 7.1: Financial Instruments (cont.)

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. Ballarat Health Services 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,

Impairment of financial asset: At the end of each reporting period, Ballarat Health Services 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*.

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

The following table discloses the contractual maturity analysis for Ballarat Health Services' 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 \$000	1-3 Months \$000	3 Months - 1 Year \$000
2019						
Financial Liabilities						
Payables	5.5	61,187	61,187	61,187	-	-
Accommodation Bonds	5.4	39,888	39,888	-	-	39,888
Monies Held in Trust	5.4	932	932	-	259	672
Other Liabilities	5.4	155	155	-	-	155
Total Financial Liabilities		102,162	102,162	61,187	259	40,715
2018						
Financial Liabilities						
Payables	5.5	49,460	49,460	49,460	-	-
Accommodation Bonds	5.4	38,053	38,053	486	1,467	36,100
Monies Held in Trust	5.4	938	938	-	320	618
Other Liabilities	5.4	108	108	-	-	108
Total Financial Liabilities		88,559	88,559	49,946	1,787	36,826

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

	2019 \$000	2018 \$000
Proceeds from Disposal of Non-Financial Assets		
Plant and Equipment	1	27
Motor Vehicles	334	182
Total Proceeds from Disposal of Non-Financial Assets	335	209
Less: Written Down Value of Non-Financial Assets Sold		
Plant and Equipment	(3)	(31)
Medical Equipment	(5)	(8)
Land	-	(394)
Motor Vehicles	(32)	(63)
Buildings	-	(629)
Total Written Down Value of Non-Financial Assets Sold	(40)	(1,125)
Net Loss on Disposal of Non-Financial Assets	295	(916)

Disposal of Non-Financial Assets

Any gain or loss on the sale of a non-financial asset is recognised at the date that control of the asset is passed to the buyer and is determined after deducting the proceeds from the carrying value of the asset at the time. Refer to Note 8.2 - Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities.

Note 7.3: Contingent Assets and Contingent Liabilities

There were no contingent assets or liabilities as at 30 June 2019 (2018 NIL).

Note 8: Other Disclosures

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

Structure

- 8.1: Equity
- 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
- 8.3: Responsible Persons
- 8.4: Remuneration of Executives
- 8.5: Related Parties
- 8.6: Remuneration of Auditors
- 8.7: Events Occurring after the Balance Sheet Date
- 8.8: Economic Dependency
- 8.9: AASB's Issued that are not yet effective

Note 8: Other Disclosures

Note 8.1: Equity

(a): Reserves

	2019 \$000	2018 \$000
Asset Revaluation Reserve (i)		
Balance at the beginning of the reporting period	177,959	174,127
Revaluation Increments	93,244	3,832
Balance at the end of the reporting period	271,203	177,959
Represented by:		
- Land	25,111	18,155
- Buildings	246,092	159,804
	271,203	177,959
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	512	563
Transfer to accumulated surplus	(22)	(51)
Balance at the end of the reporting period	490	512
Total Reserves	271,692	178,471

(i) The land and buildings assets revaluation reserve arises on the revaluation of land and buildings.

The above reserves are internally managed Special Purpose Funds, which are used to quarantine Capital Income such as Donations, Capital Grants and Interest Revenue. Once quarantined, this income is used to fund Capital Projects, Refurbishments, Equipment and Education.

(b): Contributed Capital

	2019 \$000	2018 \$000
Balance at the beginning of the reporting period	155,997	155,997
Capital contribution received from the Victorian Government	-	-
Balance at the end of the reporting period	155,997	155,997

(c): Retained Earnings

	2019 \$000	2018 \$000
Balance at the beginning of the reporting period	(67,628)	(50,714)
Net Result for the year	(29,447)	(16,965)
Transfer from Reserve	22	51
Balance at the end of the reporting period	(97,053)	(67,628)

(d): Total Equity at the End of the Financial Year

	2019 \$000	2018 \$000
Total Equity at the beginning of the reporting period	266,840	279,973
Total changes in Equity recognised in Comprehensive Operating Statement	63,797	(13,133)
Total Equity at the end of the reporting period	330,637	266,840

Contributed Capital

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

Property, Plant and Equipment Revaluation Surplus

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

Specific Restricted Purpose Surplus

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

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

	2019 \$000	2018 \$000
Net Result for the Year	(29,447)	(16,965)
Non-Operating Cash Movements		
Net (Gain)/Loss on Disposal of Non Financial Assets	(295)	916
Non-Cash Movements		
Depreciation and Amortisation	27,800	26,727
Grampians Rural Health Alliance	61	(160)
Resources/Assets Received Free of Charge	(538)	(662)
Impairment of Investments	212	(442)
Provision for Doubtful Debts	5	(80)
Movements in Assets and Liabilities		
Change in operating assets and liabilities		
Increase in Payables	11,725	2,406
Increase in Employee Benefits	12,263	13,162
Increase in Other Liabilities	1,875	4,817
Decrease in Inventory	36	108
(Increase) in Monies Held in Trust	(802)	(3,883)
(Increase)/Decrease in Prepayments	(1,431)	252
(Increase) in Receivables	(20,574)	(3,838)
Net Cash Inflows from Operating Activities	890	22,358

Note 8.3: Responsible Persons

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

	Period	
Responsible Ministers		
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2018	29/11/2018
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services	29/11/2018	30/06/2019
The Honourable Martin Foley, Minister for Mental Health	1/07/2018	30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	1/07/2018	29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018	30/06/2019
Governing Boards		
Mrs R Coutts - Chair of the Board	01/07/2018	30/06/2019
Mr A McPherson - Member of the Board	01/07/2018	30/06/2019
Mr W Clark - Member of the Board	01/07/2018	30/06/2019
Ms P Kinnersly - Member of the Board	01/07/2018	31/10/2018
Mr D Miller - Member of the Board	01/07/2018	30/06/2019
Ms N Reiter - Member of the Board	01/07/2018	30/06/2019
Professor P Paliadelis - Member of the Board	01/07/2018	30/06/2019
Mr S Bond - Member of the Board	01/07/2018	30/06/2019
Dr P Lynch - Member of the Board	01/07/2018	30/06/2019
Accountable Officer		
Mr D Fraser - Chief Executive Officer	01/07/2018	30/06/2019

Remuneration of Responsible Persons

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

	2019 No.	2018 No.
Income Band		
\$0 - \$9,999	1	-
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	7	7
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$350,000 - \$359,999	-	1
\$400,000 - \$409,999	1	-
Total Numbers	10	10
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	652,468	586,710

The ministers remuneration and allowances is set by the *Parliamentary Salary and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services Financial Report.

Remuneration received or receivable by the accountable officers in connection with the management of Ballarat Health Services during the reporting period was in the range \$400,000 - \$409,999 (\$350,000 - \$359,999 2017-18)

Note 8.4: Remuneration of Executives

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

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.

Termination Benefits

Termination of employment payments, such as severance packages.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

	2019 \$000	2018 \$000
Remuneration		
Short term employee benefits	1,770	1,583
Post-employment benefits	136	130
Other long-term benefits	45	40
Terminations benefits	15	-
Total Remuneration(b)	1,966	1,753
Total Number of Executive Officers	8	7
Employee Equivalent (AEE)(b)	8	7

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Ballarat Health Services under AASB124 Related Parties Disclosures and are also reported within the related parties note disclosure (Note 8.5).

(b) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

All payments made to Executives are governed by the Government Sector Executive Remuneration Panel (GSERP).

The changes from the previous year reflect GSERP approved pay increases, as well as the payment of accumulated long service leave for a number of Executives.

Note 8.5: Related Parties

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

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

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

Key Management Personnel

Key management personnel (KMP) of the hospital include the Portfolio Ministers and KMPs as determined by the hospital. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the financial statements of the Department of Parliamentary Services Financial Report. For information regarding related party transactions of ministers, the register of members interests is publicly available from: www.parliament.vic.gov.au/publications/register of interests. In addition to the Portfolio Ministers BHS has identified the following KMPs.

	Period	
Portfolio Ministers		
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2018	29/11/2018
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services	29/11/2018	30/06/2019
The Honourable Martin Foley, Minister for Mental Health	1/07/2018	30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	1/07/2018	29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018	30/06/2019
Board Members		
Mrs R Coutts - Chair of the Board	01/07/2018	30/06/2019
Mr A McPherson - Member of the Board	01/07/2018	30/06/2019
Mr W Clark - Member of the Board	01/07/2018	30/06/2019
Ms P Kinnersly - Member of the Board	01/07/2018	31/10/2018
Mr D Miller - Member of the Board	01/07/2018	30/06/2019
Ms N Reiter - Member of the Board	01/07/2018	30/06/2019
Professor P Paliadelis - Member of the Board	01/07/2018	30/06/2019
Mr S Bond - Member of the Board	01/07/2018	30/06/2019
Dr P Lynch - Member of the Board	01/07/2018	30/06/2019
Executive Directors		
Mr D Fraser - Chief Executive Officer	01/07/2018	30/06/2019
Mr R Hansen - Executive Director of Resource and Planning	01/07/2018	30/06/2019
	2019	2018
Compensation	\$000	\$000
Short term employee benefits (a)	865	769
Post-employment benefits	57	53
Other long-term benefits	16	14
Total Compensation (b)	938	836

(a) Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

(b) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

Significant transactions with government-related entities

Ballarat Health Services received funding from the Department of Health and Human Services of \$350 million (2018:\$334 million).

During the year Ballarat Health Services had the following government-related entity transactions:

- Grants contributing towards the operating costs of Ballarat Health Services totalling \$344 million (2018:\$326 million).
- Grants contributing towards the capital costs of Ballarat Health Services totalling \$6 million (2018:\$8 million).

Transactions with key management personnel and other related parties

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

Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

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

Note 8.6: Remuneration of Auditors

	2019	2018
	\$000	\$000
Audit of the Financial Statement (Victorian Auditor-General's Office)	89	95
Internal Audit	132	173
Total Remuneration of Auditors	221	268

Note 8.7: Events Occurring after the Balance Sheet Date

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

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

No events have occurred since reporting date and date of certification of this report which will have a material effect on the information contained in the financial report.

Note 8.8: Economic Dependency

Ballarat Health Services is dependent upon the State of Victoria via the Department of Health and Human Services, for the funding of significant proportion of its operations. At the date of this report, the Board of Directors has no reason to believe the Department of Health and Human Services will not continue to support Ballarat Health Services.

Note 8.9: AASB's Issued that are not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Department of Treasury and Finance assesses the impact of all new standards and advises Ballarat Health Services of their applicability and early adoption where suitable.

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 below. Ballarat Health Services has not and does not intend to adopt these standards early.

AASB Compiled Standards

Standard/ Interpretation	Summary	Applicable for annual reporting period beginning on	Impact on Ballarat Health Services financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1-Jan-19	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.
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1-Jan-19	AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: <ul style="list-style-type: none"> • Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; • IP licenses to be accounted for under AASB 15; and • Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. 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.	1-Jan-19	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>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.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

Note 8.9: AASB's Issued that are not yet effective (cont.)

<p>AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities</p>	<p>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.</p>	<p>1-Jan-19</p>	<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>AASB 1058 Income of Not-for-Profit Entities</p>	<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 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context,</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	<p>1-Jan-19</p>	<p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.</p>
<p>AASB 17 Insurance Contracts</p>	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard currently does not apply to the not-for-profit public sector entities.</p>	<p>1-Jan-21</p>	<p>The assessment has indicated that there will be no significant impact for the public sector.</p>
<p>AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material</p>	<p>This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.</p>	<p>1-Jan-20</p>	<p>The standard is not expected to have a significant impact on the public sector.</p>

AASB Amending Standards

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



Ballarat **Health** Services

