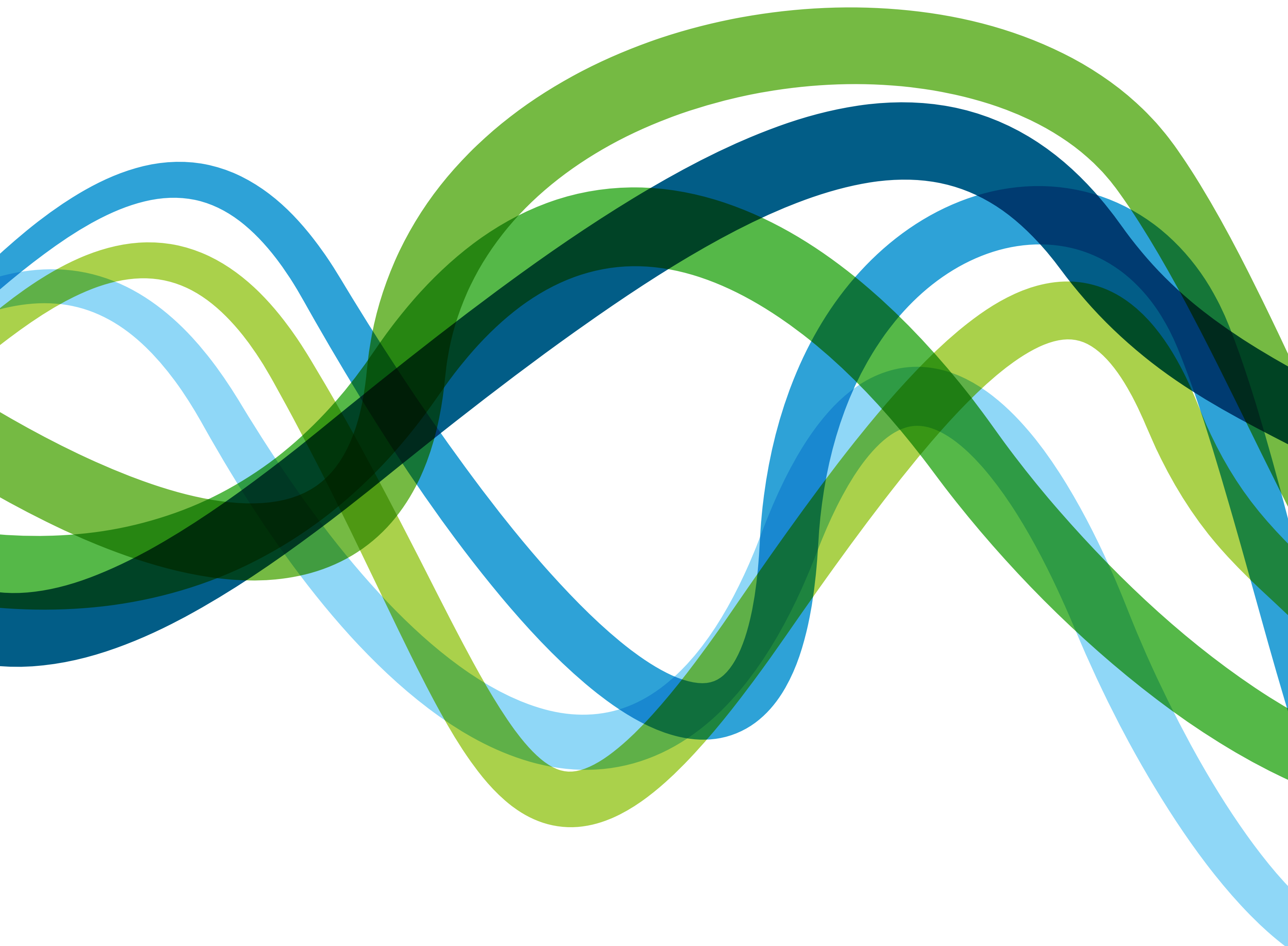
Seymour Health

Caring for Our Community



2017–18

Annual Report and Financial Statements

Corporate Governance

The Governor-in-Council, upon the recommendation of the Minister for Health, The Hon. Jill Hennessy, MP, appoints the Board of Seymour Health. The capacity of the Board is 12 members.

The functions of the Board as determined by the *Health Services Act 1988* are:

- To oversee and manage the organisation, and
- To ensure the services provided comply with the requirements of the Act and the aims of the organisation

Governance by the Board is achieved through:

- Strategic planning to ensure the strategic directions align with the organisational vision, mission and values
- Effective management by the Chief Executive Officer; the Board conducts an annual performance appraisal and sets realistic goals; the Chief Executive Officer is responsible for managing the organisation at an operational level
- Funding of service agreements – the Board endorses plans, strategies and budgets and ensures annual agreements reflect accurate, achievable and ethical outcomes and monitors the performance of the organisation through appropriate budgetary processes
- Effective and efficient Quality and Risk Management; the Board oversees the organisation's programs which ensure a safe working environment, adhering to Legislation, By-Laws and Operational Practices

May 1920

Under a deed of trust, Seymour Soldier's Memorial Hospital opened. The hospital was funded by public subscription and leased to Matron L.C. Rutherford, to treat ex-serviceman.

June 1951

The hospital became a public community facility and plans developed for a new building.

November 1959

28 bed facility was opened and officially named Seymour District Hospital.

September 1965

Hospital was renamed and gazetted as Seymour District Memorial Hospital.

February 1980

The 20 bed Nursing Home opened and operated as Seymour District Nursing Home Society Incorporated with a separate Board.

September 1990

Nursing Home increased to 30 beds with an additional 10 Nursing Home beds officially opened.

April 1994

Hospital and Nursing Home services were amalgamated. A Deed of Novation was signed and approval granted to operate both services as Seymour District Memorial Hospital.

November 1996

$3.5m hospital expansion including redevelopment of 1959 building opened. The 1959 building now houses operating theatres and radiology areas.

September 2006

Official opening of the $5.1m purpose built residential aged care building, Barrabill House and the $1.8m Ambulatory Care Centre.

February 2007

Official opening of Community Services building.

November 2009

Renovations to improve access to the Emergency Department and Medical Records completed.

March 2011

Closing the Health Gap Lower Hume Project official opening of Goranwarrabul House.

May 2015

Official opening of the Cancer-/Dialysis Services Unit by the Hon Jill Hennessy, MP – Minister for Health.

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Our vision

Understanding our community – supporting a healthy community by engaging and informing the community in decisions and information about their health.

Responsive services – providing local access to quality health services that improve health outcomes.

Building Partnerships – Developing respectful partnerships that enhance the work of the organisation.

Investing in our workforce – supporting our staff to provide consistent best quality care for our community.

Being sustainable – ensuring that our organisational resources are well managed to provide services into the future.

Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Seymour Health for the year ending 30 June 2018.

Annie Fletcher-Nicholls
Board Chair
Seymour Health
23 August 2018

To be known for quality, integrated, community based health services that meet the changing community needs.

Annual reporting

Seymour Health reports on its annual performance in two separate documents. This Annual Financial and Performance Report fulfils the statutory reporting requirements to Government by way of an Annual Report and the Victorian Quality Account reports on quality, risk management and performance improvement matters.

Both documents are presented to the Annual General Meeting and then distributed to the community. The report is also available on Seymour Health website at **www.seymourhealth.org.au**

Relevant Ministers

The responsible Ministers during the reporting period were:

The Honourable Jill Hennessy, Minister for Health and Human Services, Minister for Ambulance Services

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

Achievements

Master plan

- Urgent Care Centre funding confirmed
- Funding submission for Barrabill House Stage 1

Communication strategy

- Digital noticeboards installed
- Internal staff newsletters distributed monthly
- Community newsletter developed
- Visiting Medical Officer newsletter developed

Meeting accreditation

- Home Care Common Standards accreditation achieved
- ACHS Organisation-wide accreditation achieved

Supporting staff

- Security upgrade including security guards
- Appointment of Equal Opportunity Contact Officers and Family Violence Contact Officers
- Re-establishment of Health and Wellbeing Focus Group
- OHS committee refresh and training
- Clinician to Manager training

Quality and safety

- Immunisation 93%
- People Matter Survey response to Patient Safety Culture 82%
- RIPERN nurse training and Nurse Practitioner Candidate

Community engagement

- Community Reference Committee (CRC) audit and refresh
- CRC review of organisational publications
- Community members on Capital Development Project Groups

Key initiatives and projects

- University of Melbourne Department of Rural Health (Shepparton) Crossroads Project
- Strategic Plan operational and implementation plan developed
- Oral Health services wait list management project
- Strengthening Hospital Response to Family Violence
- Exploration of possible Seymour Health – Yea & District Memorial Hospital shared services
- Aboriginal and Torres Strait Islander 'Road to Good Health' project

Our services

Clinical services

- Acute ward – medical/surgical
- Day surgery
- Renal dialysis
- Urgent Care Centre
- Cancer services
- Infection control services
- Residential aged care
- Central sterilisation department
- Pre-admission
- Theatre

Community services

- Allied health services
- Clinical education
- District nursing service
- Oral health services
- Social support group
- Ambulatory Care Centre
- Community and women's health services
- Goranwarrabul House – Aboriginal and TSI Services
- Palliative care services
- Chronic disease service – HARP
- Diabetes clinic
- Health Promotion
- Post-Acute Care Services

Support services

- Administration
- Finance and Payroll
- Supply
- Catering Services
- Maintenance
- Cleaning Services
- People and Culture

Chief Executive Officer and Board Chair Report

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Seymour Health for the year ending 30 June 2018.

The 2017–18 year has been one of exciting developments and successful outcomes for Seymour Health and we are pleased to provide a summary of these in this Annual Report.

Quality

Three successful accreditation reviews in ten months is a significant achievement and demonstrated the quality of our services and our commitment to provide a high standard of care across the whole of the organisation. Importantly in each accreditation process was the feedback from our community that highlighted a high level of satisfaction with the services and how we engage consumers in managing their care.

> The 2017–18 year has been one of exciting developments and successful outcomes for Seymour Health.

We would like to acknowledge the outstanding work of our staff in achieving these excellent results and promoting best practice throughout the organisation.

Consumer engagement

Seymour Health continues its strong commitment to consumer engagement, both from a governance and service perspective.

A priority action this year was to review and strengthen our Community Reference Committee (CRC) to ensure that we actively listen to the feedback from the community.

We engaged an external consultant to work with the CRC on developing a three-year plan to strengthen collaboration and identify opportunities to enhance community engagement. One of the key actions was to develop a Community Participation Plan, which would be underpinned by a comprehensive, integrated communication strategy. We have allocated a dedicated resource to develop and coordinate our communication framework to ensure timely and relevant information responsive to the needs of our community.

A practical example of our communication strategy is the implementation of digital noticeboards located throughout our facility. These noticeboards provide messages on our services, our performance and our feedback from the community. The CRC reviews all of the information on the noticeboards prior to it being uploaded. Our aim is that 100% of our consumer information and publications are reviewed by the CRC and consumers before being distributed.

Capital projects

As detailed in last year's report, our master planning process was in the last stages of completion. The plan has been completed and allowed us to identify areas for redevelopment to ensure that we provide contemporary facilities that meet the needs and expectations of our community.

The master planning identified the need to redevelop the Urgent Care Centre (UCC) to respond to the more than 6,000 presentations per year. We have since been successful in securing $1.6m funding through the Rural Health Infrastructure Fund (RHIF) for the redevelopment of the Urgent Care Centre. Together with Seymour Health's contribution of $200k, the redevelopment will deliver new UCC waiting areas and a new secure reception area serving both the UCC and main reception of the hospital. A new entrance with a dedicated waiting area will be a feature of this project.

The master plan also identified the need to redevelop our aged care facility at Barrabill House to accommodate residents with higher care needs, including dementia. An application for funding has also been made for a new 10 bed wing at Barrabill House and we await the outcome.

> We are pleased to report that we have been successful in securing $1.6m funding though the Rural Health Infrastructure Fund for the redevelopment of our Urgent Care Centre.

Another exciting and innovative development is our planning for an Integrated Primary Care Centre (IPCC). We are in the process of detailed design of a three stage IPCC that incorporates mental health, aboriginal health, primary health with consulting rooms and community meeting and education spaces.

Further staged developments will include opportunity to expand clinical education and training to support and develop our workforce. Later stages will include an expanded dental clinic.

We are actively seeking funding for this exciting development and are confident that the need to provide locally based services with better and more timely access will be recognised by both the State and Commonwealth governments.

Partnerships

Seymour Health has established a significant partnership with University of Melbourne Department of Rural Health (Shepparton) to deliver the Crossroads Project. This longitudinal study on self-reported health outcomes is particularly relevant to support a community that has lower than average health outcomes. The results of the project will directly guide the services and interventions that Seymour Health will undertake to improve the health outcomes of the target population.

We will also be engaged in the RESPOND project led by Deakin University's Global Obesity Centre for the prevention of obesity especially in early childhood. This five year study across the region will use data evidence and systems science to encourage change in the community to prevent the obesity epidemic. Seymour Health will be investing a community leadership approach to ensure that broader community led changes are made to reduce the incidence of obesity and other associated chronic diseases.

The 2017 annual report detailed potential shared services between Seymour Health and Yea & District Memorial Hospital (Y&DMH). This was an extensive process with many opportunities for service partnerships and efficiencies being identified. In late 2017 Y&DMH requested the process be put on hold whilst they completed their service planning process. At this stage discussions on the shared services will not be progressing; however there may be opportunities in the future to strengthen services between both organisations.

People

Seymour Health would like to acknowledge the significant contribution of our staff in the provision of high quality services to our community.

We have a strong approach to ensuring that staff feedback is heard and considered. This year's staff participation in the People Matter Survey was 73%, double the previous year's response rate. With this level of staff involvement, we are able to strengthen what we do well and look to improve on areas where we can do better.

Seymour Health continues to invest in staff through ongoing education including the Rural and Isolated Practice Endorsed Registered Nurses (RIPERN), Nurse Practitioner Candidacy and Clinician to Manager programs.

All staff are required to complete organisational mandatory competencies. Working together as a team resulted in the outstanding result of 100% compliance during 2017–18.

Although it is a state government target that 80% of staff are vaccinated against influenza, Seymour Health achieved 91% compliance; demonstrating strong commitment of staff, patient and resident safety.

> Seymour Health would like to acknowledge the significant contribution of our staff in the provision of high quality services to our community.

I would like to take this opportunity to thank our current and outgoing Board members for their governance oversight during an eventful and highly successful year. They have demonstrated leadership and guidance in strategic planning as the hospital moves towards a new model of expanded care in the community.

We would like to acknowledge the valuable contribution made by Bill Stevens and Dr Gaveen Jayarajan, who resigned from the Board this year, both of whom were strong contributors to the Board.

We also acknowledge the leadership from our CEO, Chris McDonnell and his executive team supported by professional dedicated staff, together making Seymour Health a quality service with a focus on the best outcomes for the community.

In the year to come, we will continue to work with the community to deliver high quality services; continuing to pursue funding to support Seymour Health's vision for the future of healthcare.

Annie Fletcher-Nicholls
Board Chair

Chris McDonnell
Chief Executive Officer

Director Business Services and Performance Report

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations and Annual Financial Statements for the year ending 30 June 2018.

Seymour Health provides a range of health services to the Seymour and surrounding communities from primary care through to residential care and acute services. Service areas include: acute inpatient, urgent care, dialysis, chemotherapy, Barrabill House residential care, Goranwarrabul House, oral health services, Ambulatory Care Centre, palliative care and community health. There were no changes to the range of services provided by Seymour Heath in the 2017–18.

The operating financial result before capital and specific items for 2017–18 was a surplus of $587,000 against a break even budget. All services were adequately resourced during the year and the surplus position has enabled Seymour Health to allocate funds to future capital projects while continuing to invest in replacement and new assets.

The net result for the entity was a deficit of $577,000 after capital and specific items. This result includes capital income of $779,000 and depreciation $1,627,000.

The key drivers of the financial result were: additional activity and associated grant funding for dental services, palliative care, dialysis and DVA clients/patients.

There was no diminished service capacity in 2017–18 compared to the prior year.

Overall operating revenue increased by 4.2% compared with the previous year, operating expenditure increased by 5% including employee expenses. This relates to the 4.5% EBA increases and additional staff to support increase in funding and organisational strategic directions.

The Seymour community's support of Seymour Health is greatly appreciated. Total donations and fund raising received in 2017–18 was $32,521 compared to $45,000 the previous year. These funds will continue to be directed towards new and/or replacement of medical equipment.

Seymour Health was successful in application to redevelop the Urgent Care Centre entrance and reception areas. Initial funding has been received for this project. A share of the Hume Rural Health Alliance (HRHA) patient administration system project is included in reported capital income and expenditure.

The positive financial result will ensure Seymour Health continues to build on a strong financial position. Working Capital has increased to 166% (2016–17 147%). Cash and investments $6,541,000 includes tied funds for residential Refundable Accommodation Deposits (RADs) and the Urgent Care Redevelopment project. The favourable result to budget allowed the purchase of medical equipment, upgrade of staff dining room and replacement of ageing IT infrastructure during the year. It also supports opportunities for future capital development and enhanced service provision.

Medical equipment purchased in 2017–18, included:

- Paediatric colonovideoscope
- ENT headlight
- Mobile lifting machines
- Overhead lifting machines
- Arthroscope
- Patient scale
- CSSD steriliser and trolley
- Gastrovideoscope
- Electrosurgical instruments insulation tester
- General telescope

Cheryl Nickels-Beattie
Director Business Services and Performance

	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
Total revenue	19,738	18,937	18,631	18,010	16,880
Total expenses	19,151	18,241	17,557	17,674	16,862
Net result for the year (before capital and specific items)	**587**	**697**	**1074**	**336**	**18**
Retained surplus/(accumulated deficit)	**2,586**	**3,163**	**3,705**	**4,296**	**3,323**
Total assets	32,076	31,092	30,987	31,570	30,046
Total liabilities	5,214	5,604	4,788	4,780	4,228
Net assets	**26,862**	**25,488**	**26,199**	**26,790**	**25,818**
Total equity	**26,862**	**25,488**	**26,199**	**26,790**	**25,818**

Financial Governance sub-committee

The Financial Governance sub-committee was in effective operation for the 2017–18 year in accordance with the *Financial Management Act 1994* and *Standing Directions of the Minister for Finance 2016* requirement for public entities to have an audit and risk management committee.

The purpose of the committee is to oversee and advise the Board and CEO on matters of accountability and internal control affecting the operations of Seymour Health. The committee consists of three Board Directors appointed by the Board.

The committee held ten meetings during the 2017–18 year. The activities of the committee included:

- Review of Terms of Reference for the Financial Governance sub-committee
- Review of monthly financial performance
- Review and endorsement of financial and risk management policies
- Review and endorsement of Delegations of Authority
- Continuing appointment of internal auditor
- Internal audit on Human Resources Administration, Information Technology Management and Compliance to Standing Directions of the Minister for Finance 2016
- Financial Governance sub-committee self-assessment

Having conducted the above reviews, the committee is confident to report that the financial policies, procedures and practices at Seymour Health are effective in meeting operational requirements, controlling risks and are compliant with departmental and legislative requirements.

Michael Molony
Financial Governance sub-committee Chair

Executive staff

Chris McDonnell

Chief Executive Officer
Dip. Teaching, Grad. Dip. Spec. Ed. Master of Arts-Industrial Relations

The Chief Executive Officer (CEO) is responsible to the Board for the efficient and effective management of Seymour Health.

Dr. Peter Sloan

Director Medical Services
MBBS, MBA, FRACMA

The Director of Medical Services has professional responsibility for the credentialing and management of Visiting Medical Officers and oversight of clinical governance.

Cheryl Nickels-Beattie

Director Business Services and Performance
B Bus (Accounting)

The Director of Business Services and Performance has overall responsibility for the effective delivery of corporate and operational support services. The role includes Chief Finance Officer and Chief Procurement Officer responsibilities.

Jo-Anne Cavill

Deputy CEO/Director Clinical Services
RN, B. Nursing, Grad.Dip Health Management

The Deputy CEO/Director of Clinical Services has professional responsibility for all clinical staff and operational responsibility for all clinical services across the organisation. The role also supports the CEO function and involves community engagement.

Anne Daley

Assistant Director Quality and Service Development
RN, Grad. Dip. App. Science (Critical Care Nursing)

The Assistant Director Quality and Service Development has responsibility for quality activities, management of accreditation processes, safety and quality of patient care, organisational improvement, risk management, consumer feedback, legislative compliance and policy development and review.

Jane Garnett (to July 2017)

Manager People and Culture
Politics BA (HONs), Post Grad Dip. HR Management

Kelly Christensen (from July 2017)

Manager People and Culture
Dip. HR

Manager People and Culture is responsible for the oversight of the human resource services including staff recruitment, employment orientation and induction, performance management, employment relations, industrial relations, equal opportunity, WorkCover, and to promote a healthy workplace culture by supporting all staff and their wellbeing.

Seymour Health Board

Annie Fletcher-Nicholls (Chair)

Appointment 2012 | Term expiry 30 June 2020

B Arts (ANU), Member AICD

Annie's has a wealth of experience as a CEO and senior executive in corporate communications and public affairs across a broad range of industry sectors. She is also currently Chair of Goulburn River Valley Tourism Board, and a director of Docklands Studios Melbourne. Annie has been on the Board of Seymour Health since 2012 and is passionate about providing first class health care to the Seymour community.

Michael Molony (Deputy Chair)

Appointment 2013 | Term expiry 30 June 2019

Financial Governance sub-committee (Chair)

CPA B.Bus (Acc)

Michael is Deputy Chair and the Chair of the Financial Governance sub-committee.

A Certified Practising Accountant, Michael has operated his own accounting and financial planning practice in Seymour for more than 30 years. Michael has participated in (and continues to support) a diverse range of community organisations; his membership of the Seymour Health Board stems from that passion and commitment to our region.

Graeme Dove

Appointment 2010 | Term expiry 30 June 2019

Quality, Safety and Risk management sub-committee

A Board Director since 2010, Graeme has served on multiple sub-committees during his time with Seymour Health.

Graeme is a local business owner and operator, having managed automotive businesses in the Mitchell Shire for almost 30 years. Graeme has been a representative on many local and regional committees in past years. Graeme brings governance, financial and HR expertise to the Board.

Graeme believes that quality healthcare should be available to all Victorians, regardless of where they live; regional, rural or metropolitan.

Terry Old

Appointment 1993 | Term expiry 30 June 2019

B.AppSci (EH), Dip. Public Health

Terry has been a Director of the Board since 1993. Terry runs his own business in environmental health contracting. Terry remains a committed Board Director because he would like the hospital to continue to grow so that it provides the services and quality to the high service level that is expected by the community it serves.

Leanne Meeny

Appointment 2012 | Term expiry 30 June 2020

Quality, Safety and Risk management sub-committee

Leanne has lived in the local area for the last fifteen years. Her involvement in working with the local community within the allied health space ensures Leanne is well versed in community needs and issues. Leanne joined the Board in 2012 and believes she has seen positive change at Seymour Health and looks forward to being an integral part of further change.

Ian Chadwick

Appointment 2015 | Term expiry 30 June 2019

Financial Governance sub-committee

Dip. Ed. B.E. (Graphics)

Ian originally joined the Board in 1999, serving in various capacities until 2012. He re-joined the Board in 2015, and currently chairs the Community Reference Committee. As a Board Director, Ian aims to improve health services for Seymour and surrounding district and to keep the community informed of all the services available to them from Seymour Health.

Fred Sartori

Appointment 2015 | Term expiry 30 June 2019

Quality, Safety and Risk Management sub-committee

A local businessman who has been self-employed in the Seymour community for over 40 years, Fred joined the Board in 2015 following membership on the Community Reference Committee. Fred is a member of the Board Quality, Safety and Risk Management sub-committee.

With a strong interest in consumer engagement, consumer participation and aged care services, Fred is passionate about supporting the local community.

Meena Vannitamby

Appointment 2016 | Term expiry 30 June 2018

Quality, Safety and Risk Management sub-committee

BND, MPPM, FCHSM

With significant skills and experience in legal, governance and risk management, Meena has actively participated on other Boards and committees and is passionate about volunteering and supporting local communities, as well as supporting the provision of health services to the local Seymour community. Specifically, serving on the Seymour Board is consistent with Meena's principles and values and is both professionally and personally fulfilling.

Sharon Walsh

Appointment 2017 | Term expiry 30 June 2020

Quality, Safety and Risk Management sub-committee

Dip. Nursing and Midwifery, M.HSM

Working for Austin Health as the Divisional Manager ICU, Respiratory and Endocrinology, Sharon joined the Board in 2017. Sharon holds a Masters in Health Services Management and brings her strong project management and accreditation experience to the Seymour Health Board. Sharon joined the Board as she wanted to give back to our community using the knowledge and experience gained from working in healthcare both locally and abroad.

Dr Gaveen Jayarajan (resigned 22 June 2018)

Appointment 2017 | Term expiry 30 June 2019

MBBS, FRACGP, GAICD

Bill Stevens (resigned 23 Nov 2017)

Appointment 2013 | Term expiry 30 June 2018

Financial Governance sub-committee

Dip. E, B.Ed

Directors of the Board act in a voluntary capacity and have not received any fees in the 2017–18 year.

Board committees

Seymour Health had eleven Board Directors during 2017–18. The following sub-committees were in operation for this period; Financial Governance, Quality Safety and Risk Management, CEO Remuneration and Performance. The Community Reference Committee of eight members continues to provide advice and information to the Board and the organisation; this committee meets six times per year.

Board Director's attendance for meetings 1 July 2017 – 30 June 2018

	Seymour Health Board	Financial governance sub-committee	Quality, safety and risk management sub-committee	
Number of meetings	10	10	10	Percentage
Annie Fletcher–Nicholls	10	–	10	100%
Michael Molony	9	8	–	85%
Graeme Dove	9	–	–	90%
Terry Old	8	–	–	80%
Leanne Meeny	7	–	7	70%
Ian Chadwick	8	9	–	85%
Fred Sartori	10	4 (of 4)	10	100%
Meena Vannitamby	9	–	7	80%
Sharon Walsh	7	–	6	65%
Bill Stevens*	3 (of 5)	4 (of 4)	–	78%
Gaveen Jayarajan^	7 (of 9)	–	–	78%

*resigned Nov 2017 ^resigned Jun 2018

Pecuniary interest

Board Directors are required to declare at each meeting any pecuniary interest which might give rise to a conflict of interest. The Board has a policy and Code of Conduct which clarifies the responsibilities of Board Directors. A Conflict of Interest Register is in place and completed as required.

Life Governors past and present

Seymour Soldiers Memorial Hospital

Mr T. Tehan
Dr J.C. Morton
Mr E. Hayward
Mr J. Chittick
Mr A. Stewart
Mr H.V. Rose
Mr S.A.T. Finlay
Mr J.C. Howard
Mr J.B. Bullen
Mr H.A. McKenzie
Mr C. McKenzie
Mr J Chisholm
Mr R. Chisholm
Mr W. M. Angliss MLC
Mr J. O'Sullivan
Mr A.G. Hunter
Mr W. Gilbert
Mr J. McCormack
Mr. R. J. Clydesdale
Miss M. Guild
Miss E. Plummer
Miss M. Lette
Mrs McKeddie
Mrs Grace Adams
Mr E.G. Finlay
Archdeacon Carter
Miss E. O'Sullivan
Miss B. Moody
Miss D. Gronow
Mr D. A. Lawrie
Miss Gerard
Mr G. Mallet
Mrs Herkes
Mr J. Tobin
Mr T. Sheehan
Mr L. Carpenter
Mr E. Wilmott
Mr E.J. Corboy
Mr W. J. Grieg
Mr A. Smith
Mr H. Green
Mrs A. Collopy
Mr H.E. Clarey
Mr W.J. Osborne
Mr W.J. Elliott
Mrs A. Rae
The Rev. C.H. Partridge
Mr D. Chisholm

Seymour Memorial Hospital

Rev. C.H. Partridge
D. Burns
V. Hall
G.W. Hall
E.J. Corboy
G. Diggle
R.J. Browne
G.P. Hare
J. Elliott
J.H. Roberts
N.L. Bell
Mrs A.B. Whiteman (Newlan)
J.R. Carroll
Hon Arthur Smith
C. Geoghegan
Mrs K.M. Pollard
R.H. Thompson
Mrs L.M. Baker
C.A. Brown
Miss E. Kemp
J.A. Ware
F.H. English
Mrs A.V. Ansett

Seymour District Memorial Hospital

C.V. Smith
Matron G. Stimson
F.H. Cribbes
L.H.T. Denton
L.N. Smethurst
Mrs D. Arundale
Mrs M. Howard
Sister M.L. Humphries
Mrs T. Hall
Mr G. Pope
Mr W. Neale
Mrs B. Quick
Mrs I. Sloane
Mrs M. Andrea
Mrs M. Walsh
Mr E. Moylan
Mr W.E. Ferris
Mrs E. Butt
Mrs D. Wright
Dr J.R. Bryce
Mrs F. Coulson
Mrs C. Lewis
Dr C.B. Officer
Dr R.C.I. Russell
Mrs H. Sapsford
Mrs J. Smith
Mr J. Tuckwell
Mr J. Davey
Mr R. Muller
Mrs V. Kelly
Mr M. Deason
Miss J. McCarthy ARRC
Ms N. Ley
Mr W. Keating
Mrs J. Martin

Seymour Health

Mr R. Webster
Dr R. Peterson
Mr T. Heinz

Donations

Seymour Health greatly appreciates the efforts of all who have financially supported our organisation over the year. This year the total amount donated was $32,521.

Bequests and donations make a significant contribution to the care and services provided by Seymour Health.

Memorial donations

Thank you to those who have asked for donations to be made to our facility in lieu of flowers following the passing of a loved one. This kindness has helped improve patient comfort and care.

Seymour Health appreciates memorial donations from families in memory of the late Mr Graeme Binion, Mrs Norma Crawley, Dr John Hollaway and Mr John Griffin.

Donations or bequests to Seymour Health can be forwarded to Locked Bag 1, Seymour Vic 3661. Donations of $2 or more are tax deductible. A receipt will be issued upon request.

Medical staff

Visiting director medical services

Dr. P. Sloan
MB, BS, MBA, FRACMA

Visiting general practitioners

Dr E Jarman
MB, BS, Dip. Obst. RACOG

Dr D Perera
MB, BS (Pakistan)

Dr R Stobie
MB, BS, FRACGP, DRANZCOG

Dr A Pathagamage
MD (Russia)

Dr S Subbaiah
MB, BS

Visiting general practitioner/obstetrician

Dr J Griffiths
MB, BS, FRACGP, FACRRM, Dip. Obs (Adv)

Visiting general practitioner/anaesthetists

Dr W Dwyer
MB, BS, FRACGP, FACRRM, DA (UK), DRANZCOG

Dr C. Blanchot
MB, BS, FRACGP

Dr H Thurairajah
MB, BS (Sri Lanka), FRACGP/FARGP

Visiting general practitioner registrars/general practitioners in training

Dr P Dashtpour
MD (Iran)

Dr R Godwin
MD (Russia)

Dr S Hewavitharana
MB, BS

Dr R Inbanathan
MB, BS

Dr C Lawford
MB, BS

Dr A Singh
MB, BS (India)

Dr R Acabado
MD (Philippines), BSc (Philippines)

Dr J Newton
MB, BS

Dr I Wijetunge
MB, BS

Visiting general surgeons

Miss I Bringmann
MSc, MD, FRACS

Mr A W Heinz
MB, BS, FRACS

Mr R Bassari
MB, BS, FRACS

Ms B Lai
MB, BS

Mr T Pham
MB, BS, FRACS

Visiting gastroenterologist

Dr D Fone
MB, BS, FRACP, DM

Mr D Van Langenberg
MB, BS, FRACP

Dr M Ward
MB, BS, FRACP

Visiting colorectal surgeon

Mr P Simpson
MB, BS/LLB, FRACS

Visiting orthopaedic surgeons

Miss A Boecksteiner
MB, BS, Dip. Anat., FRACS (Ortho)

Mr A Jain
MB, BS, MS, FRACS

Visiting obstetrician/gynaecologists

Dr M Ilias
MB, BCh (Egypt), RANZCOG

Visiting urologist

Mr D Druitt
MB, BS, FRCS (Edin), FRACS

Visiting specialist anaesthetists

Dr U Babitu
MB, BS, FANZCA

Dr G Stainsby
MB, BS, FANZCA

Dr P Ching
MB, BS

Shepparton Anaesthetic Service

Visiting oral and maxillofacial surgeon (affiliated)

Dr G Wright
BDS, MB, BS, MDSc, FRACDS

Visiting ear, nose and throat surgeon

Mr B Costello
BDS, MB, BS, FRACS

Mr M Subramaniyan
MB, BS, FRACS

Visiting cardiologist

Dr J Morgan
MB, BS, FRACP

Visiting dentist

Dr P Lejins
BDSc

Dr A ABD Elghany
BDS

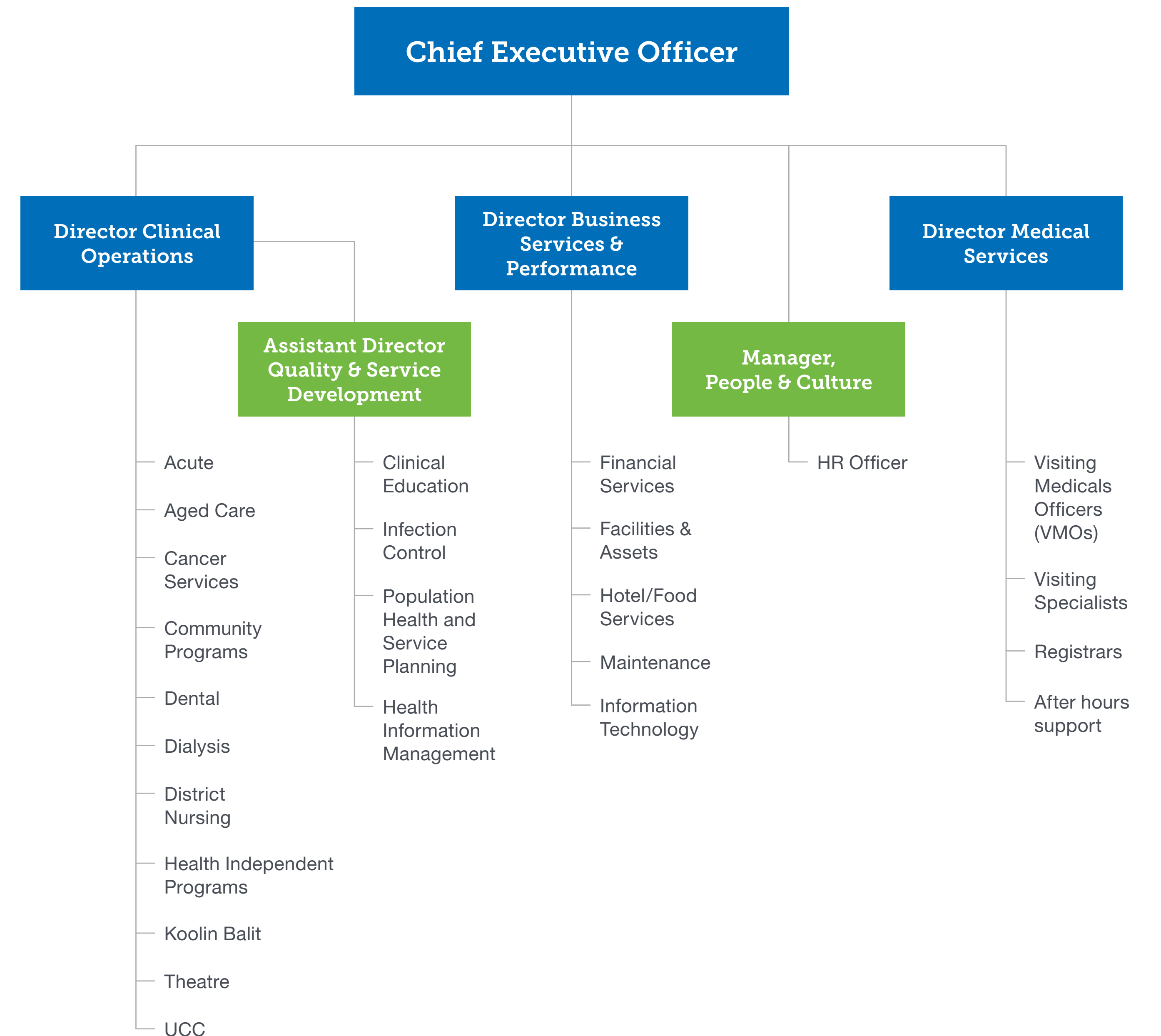
Visiting GP oncologists

Dr A Saquid
MB, BS, FRACP

Dr B Tamjid
MD (Tehran), FRACP

Dr J Torres
MB, BS, FRACP

Organisational chart



Recognition of service

10 years
Marlene Burrett
Rachael Cooney
Angela Williams
Lisa Montgomery
Elizabeth Solomon
Julie Crook

15 years
Michelle Roscoe
Sarah Kendall

20 years
Jacqueline Mellett
Julie Melican
Susan Tillson
Margaret Powney
Carol Parsons

30 years
Julieanne Hendy

40 years
Karen Richards

Employment and conduct principles

Seymour Health ensures a fair and transparent process for recruitment, selection, transfer and promotion of staff. It bases its employment selection on merit and complies with the relevant legislation. Policies and procedures are in place to ensure staff are treated fairly, respected and provide with avenues for grievance and complaint processes. Seymour Health is committed to the application of the employment and conduct principles and all employees have been correctly classified in workforce data collections.

Workforce data

Labour category	JUNE current month FTE		JUNE YTD FTE		JUNE head count	
	2017	2018	2017	2018	2017	2018
Nursing	65.24	73.42	68.35	68.40	123	120
Administration and Clerical	24.23	24.64	22.47	24.85	36	37
Medical Support	3.23	3.44	2.54	3.22	5	5
Hotel and Allied Services	24.71	26.56	26.29	25.76	41	42
Director Medical Services	0.32	0.32	0.32	0.32	1	1
Ancillary Staff (Allied Health)	14.84	13.53	14.03	13.71	26	25
Total	**132.57**	**141.91**	**134.00**	**136.26**	**232**	**230**

Key financial and service performance reporting

Service and activity data	2017–18	2016–17	2015–16
Admitted patient separations			
Acute			
Same day	2,328	2,181	2,463
Overnight stay	585	815	768
Unqualified newborn	–	–	8
Nursing home type – DVA	–	–	–
Palliative care	26	31	–
Total separated patients	**2,939**	**3,027**	**3,239**
Admitted patient days			
Acute	5,261	5,073	5,924
Unqualified newborn	–	–	17
Nursing home type – DVA	–	–	–
Palliative care	327	209	–
Total patient days	**5,588**	**5,282**	**5,941**
Total acute WIES	1,340.8	1,354.7	1,527.8
Separation per available bed	98	101	108
Occupancy rate; admitted patients – acute beds	51.03	48.24	54.26

Organisation data	2017–18	2016–17	2015–16
Inpatients treated	2,939	3,027	3,239
Daily average occupancy (acute beds)	15.31	14.47	16.28
Average stay in days	1.90	1.74	1.83
UCC attendances	5,819	5,914	6,055
Births	–	–	1
Surgical procedures	1,307	1,374	1,383
District nursing			
Occasions of service	5,872	6,355	7,693
Hours of service (HACC only)	4,146	5,100	5,739
Number of clients seen	227		
Residential aged care			
Bed days – nursing home resident (inc. respite)	10,717	10,426	10,763
Food services			
Meals prepared	51,335	49,672	52,879
Planned activity group			
Attendances	1,417	2,219	1,747
Hours of service (HACC only)	8509	8,456	11,054
Number of clients seen	43	40	55
Health Independent Programs Sub-Acute Ambulatory (SACS)			
Client contacts	5,471	6,407	5,377
Group sessions	325	329	201
Home-based rehabilitation	218	179	134
HARP (Hospital Admission Risk Program) contacts	1,675	1,843	1,540
HARP new referrals	120	131	145
Post-acute care completed episodes	690	639	625
Post-acute care client contacts	4,604	3,865	4,403
Lower Hume services			
Palliative care contacts	5,710	4,725	4,201
Dental services			
Attendances	2,876	2,921	3,048
Treatments	8,076	8,938	–
Emergency treatments and vouchers	1,115	666	744

Statutory statements

Consultancies

Details of consultancies (under $10,000)

In 2017–18, Seymour Health engaged five consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred in 2017–18 in relation to these consultancies is $25,302 (excl. GST).

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

In 2017–18, Seymour Health engaged four consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2017–18 in relation to this consultancy is $154,175 (excl. GST).

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (ex GST)	Expenditure (ex GST)	Future expenditure (ex GST)
Aspex Consulting	Proposed shared services – due diligence	May 2017	Oct 2017	$45,000	$45,016	–
Architect Research Consultancy	Capital funding submission	May 2017	Dec 2017	$60,795	$60,795	–
Biruu	Capital funding submission	Aug 2017	Aug 2017	$36,364	$36,364	–
Dominion Group	Seymour and Yea asset due diligence review	Jan 2018	Feb 2018	$12,000	$12,000	–

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2017–18 is $506,193 (excl. GST) with the details shown below.

Business As Usual (BAU) ICT expenditure (Total ex GST)	Non Business As Usual (non BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure ex GST)	Operational expenditure (ex GST)	Capital expenditure (ex GST)
$506,193	Nil	$493,585	$12,608

Occupational violence

Occupational violence statistics	2017–18
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0.7
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.0
3. Number of occupational violence incidents reported	38
4. Number of occupational violence incidents reported per 100 FTE	28
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	2.6

Definitions

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

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

Incident – occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.

Accepted WorkCover claims – Accepted WorkCover claims that were lodged in 2017–18.

Lost time – is defined as greater than one day.

Occupational Health and Safety (OHS)

Seymour Health is committed to providing a safe and healthy environment and workplace. All OH&S incidents are reported through Riskman, followed through by management and action plans developed to prevent recurrence of incidents.

OH&S incidents are reported through the Occupational Health & Safety and Continuous Quality Improvement committees, to the Board Quality, Safety & Risk Management sub-committee.

In 2017–18, Seymour Health received $13,297 from the DHHS Security Staff funding to improve staff and patient safety. This facilitated the commencement of an evening onsite security guard. This service will be continued in 2018–19.

Seymour Health also received funding to training of staff to support staff and patients who are experiencing family violence. Training in understanding Family Violence has been provided to key staff contacts. Training sessions will be provided to all staff across the organisation and enhance the culture of the organisation.

During 2017–18, the OHS committee was 'refreshed' with new Health and Safety Representatives elected by their peers. All committee members undertook OHS training; either the initial five day legislated OHS training or a one day refresher course with GOTafe.

Projects completed during the past twelve months to improve safety include:

- Evening security guard
- Installation of ladder and landing rails for roof walkway
- Submission for funding of additional CCTV cameras
- Immunisation campaign to encourage staff to take up offer of flu vaccine
- Participation in the Strengthening Hospital Response to Family Violence Program. Project officer appointed to assist with the role out of the Train the trainer program.

WorkCover

Seymour Health is committed to providing a safe workplace for all its employees. The Manager People and Culture proactively manages the streamlined program to ensure adherence to legislation for staff safety and wellbeing. The program is supported by a web based risk program for early notification of risks.

Claims are processed as per legislative requirements; there were five claims lodged during the year, which were investigated with work practices and manual handling procedures being modified or reinforced as necessary.

Return-to-work plans are implemented as soon as practicable to enable employees to return to work in a safe and supportive environment.

Compliance with Building Act

All renovations and maintenance to existing buildings conform to the *Buildings Act 1993*. All existing buildings comply with regulations in force at the time of construction. There are no orders to cease occupancy or to undertake urgent works. The site is subject to a Fire Safety Audit and Risk Assessment according to revised standards as directed by the Department of Health and Human Services.

Freedom of Information, Privacy and Health Records Act

The *Freedom of Information Act 1982*, *Information Privacy Act 2000*, and *Health Records Act 2001* provides for members of the public access to their medical records for the purpose of viewing, amending incorrect notations or copying parts of the record. In accordance with the Act an application fee is payable upon request and administration charges apply.

During 2017–18 there were 36 Freedom of Information requests. The information requested was provided in full.

Safe Patient Care Act

There were no disclosures made under the *Safe Patient Care Act 2015* in 2017–18.

Protected Disclosure Act

Seymour Health is committed to the principles of the *Protect Disclosure Act 2012* and has policies and procedures in place to enable full compliance with the Act. The Act is designed to protect people who disclose information about serious wrongdoings within the Victorian Public Sector and to provide a framework for the investigation of these matters disclosed. A copy of the Act and policy is available on request.

Seymour Health did not make any disclosures to IBAC under section 21(2) during 2017–18.

VIPP Contracts

Seymour Health complies with the regulations of the *Victorian Industry Participation Policy (VIPP) Act 2003*. In 2017–18, there were no contracts entered into to which VIPP applied.

Carers Recognition Act

The *Carers Recognition Act 2012* provides a framework for transparency between the hospital and carers as defined in the Act to ensure open communication at all times and improve healthcare outcomes for the community.

Seymour Health is compliant with the *Carers Recognition Act 2012.*

Competitive Neutrality Policy Victoria

Seymour Health complied with all the government policies regarding competitive neutrality.

Environmental performance

Seymour Health is committed to improving the sustainable environment through community awareness and commitment of staff to implement efficiencies across the organisation.

During the 2017–18 year we have:

- Continued the LED lighting replacement program, installing new LED ceiling lights
- Provided education to clinical staff to separate clinical and general waste correctly
- Considered disposal of unused equipment through donations to other organisations and segregation of scrap metal
- Eliminated use of harmful substances in cleaning consumables
- Continued education on use of microfiber by environmental services staff

Greenhouse gas emissions

Greenhouse gas emissions have slightly reduced from 2016–17.

Greenhouse gas emissions	2015–16	2016–17	2017–18
Greenhouse gas emissions (tonnes CO2e)	1,590	1,614	1,609

Energy and water

Electricity usage has increased, however gas usage and water consumption has reduced. There are opportunities within future capital projects to consider attributes which provide environmental benefits to our staff and consumers.

	2015–16	2016–17	2017–18
Energy			
Electricity (GJ)	4,237	4,329	4,431
Natural Gas (GJ)	5,051	5,885	5,423
Water			
Potable Water (KL)	11,981	12,425	12,265

Waste and recycling

The waste results provide an opportunity for improvement throughout the organisation to reduce the environmental impact of waste/landfill.

Waste	2016–17	2017–18(i)
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	95,394	114,915
Recycling rate % (kg recycling/(kg general waste+kg recycling))	28.14	27.73

(i) 2017–18 data includes secured document disposal and toner waste recycle.

Paper

Introduction of 'Follow me' printing has reduced the paper usage per FTE.

Paper	2016–17	2017–18
Total reams of paper	1,108	1,135
Reams of paper per FTE	8.33	7.99
Rate recycled paper % (0–49%)	100.00	100.00

Additional information available on request

Consistent with FRD 22H details in respect of the items listed below have been retained by Seymour Health 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; and

(l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Statement of priorities for 2017–18

Part A

Domain	Action	Deliverables	Outcome
Better health			
A system geared to prevention as much as treatment	Reduce statewide risks	Work in partnership with Goulburn Valley Health to implement a whole of hospital service model to respond to Family Violence.	**In progress** • SHRVF working group developed • Policies and procedures 100% completed • Train the Trainer completed • Staff contacts established
Everyone understands their own health and risks	Build healthy neighbourhoods	Partner to deliver Road to 'Good Health Program' to the Aboriginal community.	**Completed** • Developed service partnership with Rumbalara for on-site services • Collaboration with LHPCP Aboriginal Health and Wellbeing Project Officer to deliver Road to Good Health program
Illness is detected and managed early	Help people to stay healthy	Increase capacity to respond to National Bowel Cancer Screening Program.	**Completed** • 100% target achieved
Healthy neighbourhoods and communities encourage healthy lifestyles	Target health gaps	Improve antimicrobial stewardship.	**Completed** • 100% compliance with antimicrobial prescribing • AMS policies developed • Improvement shown in prescription compliance through National Antibiotic Prescribing Survey • Traffic light system implemented
		Increase capacity and reach of dental health services across the catchment.	**In progress** Participated in Draft Hume Oral Health Plan and associated action plan has been developed that will promote and improve patient centred care in Dental services
		To work in partnerships to improve outcomes for people with cardiac and pulmonary conditions.	**Not progressed** Cardiac and pulmonary rehab program unable to be completed as a result of Yea Partnership not being progressed
Better access			
Care is always there when people need it	Plan and invest	Expand the after-hours on-call Nurse Practitioner Model sub-regionally.	**Completed** • Submission to BCV for sub-regional Nurse Practitioner Model for after-hours service completed but not successful

Domain	Action	Deliverables	Outcome
More access to care in the home and community	Unlock innovation	Access to care: Redevelop the Urgent Care facility to improve access and security to after-hours services Increase clinical workforce capability to enhance service provision	**In progress** • Implementation of Uniti software system to update and enhance clinical care at point of delivery • Palliative Care team have attended Banksia (palliative care) course • Provided training and support to multi-skill District Nursing and Palliative Care staff to provide integrated patient centred care for shared clients in the community
People are connected to the full range of care and support they need	Provide easier access	Develop a service model to deliver services to National Disability Insurance Scheme eligible clients.	**In progress** • Assessed and confirmed our ability to participate in the NDIS as a third party service provider • Registered and confirmed our intentions with DHHS
There is equal access to care	Ensure fair access	Improve community access opportunities for Aged Care residents.	**In progress** • ACFI reviews and care plans undertaken to identify resources and opportunities available for aged care clients to access external support services
Better care			
Target zero avoidable harm	Put quality first	Implement the new clinical governance framework across the health service.	**Completed** • Clinical governance framework, policies and Quality framework developed and implemented across the health service • Successful review in the ACHS organisational wide survey
Healthcare that focuses on outcomes	Join up care	Develop agreements with Northern Health for clinical governance oversight of Urgent Care Centre and Acute services.	**In progress** • Agreement with Northern Health for Deputy Director ED to provide clinical governance support, case reviews and onsite training for Board and clinical staff • Confirmed with Monash Health, implementation of simulation training for operating suite staff
Patients and carers are active partners in care	Partner with patients	Patients are actively involved in improving health care delivery	**In progress** • Consultation with CRC to review all client information publications, including information on the organisational-wide digital noticeboards • All complaints and compliments, VHES survey results and clinical performance data are provided to CRC for input into quality improvements in patient care

Domain	Action	Deliverables	Outcome
Care fits together around people's needs	Strengthen the workforce	Staff are supported to provide good care and to do their job well	**Completed** • Weekend on-call Nurse Practitioner model of care embedded into operational practice with extremely positive feedback from patients, staff and the community • Increase in RIPERN qualified nursing staff through allocated internal funding – four endorsed in 2017–18
	Embed evidence	Evidence drives performance improvement initiatives	**In progress** • Improved reporting to drive performance • Traffic light system implemented for prescription of antibiotic prescriptions • Monitoring and reporting of UCC data to Clinical Risk and Quality committee • Monitoring reports to Drugs and Therapeutics Committee
	Ensure equal care	Increase opportunities for ATSI community to access health care services in Seymour	**In progress** • Service partnership with Rumbalara in place • Practitioner onsite and available on week days
	Mandatory actions against the 'Target zero avoidable harm' goal: Develop and implement a plan to educate staff about obligations to report patient safety concerns.	Implement staff education and training programs on the effective use of Victorian Health Incident Management System (VHIMS), including a focus on reporting near misses.	**Completed** • 100% of commencing staff are provided with training on incident reporting and use of VHIMS • A higher level of compliance in reporting of near misses • Mandatory training and competency compliance is consistently above 90%
	Establish agreements to involve with external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review).	Develop agreement with Goulburn Valley Health for clinical governance oversight and support for surgical services.	**In progress** • No agreement with GVH for clinical support for surgical services • Completed external reviews (2) by medical specialists of theatre capability and processes to ensure safe patient care
	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience.	Partnering with consumers to: Improve discharge planning, Improve food and nutritional choices, Improve presentation of patient and public of amenities.	**Completed** • Completed local reviews of discharge planning to assess patient satisfaction. 100% satisfaction rate compared to VHES 94%

Part B: Performance priorities

High quality and safe care

Key performance indicator	Target	2017–18 Actuals
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	87%
Percentage of healthcare workers immunised for influenza	75%	92%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95% positive experience	99%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75% very positive experience	95%
Victorian Healthcare Experience Survey – patients perception of cleanliness	70%	92%
Adverse events		
Number of sentinel events	Nil	Nil
Mortality – number of deaths in low mortality DRGs[1]	Nil	N/A[2]

1 DRG is Diagnosis Related Group

2 This indicator was withdrawn during 2017–18 and is currently under review by the Victorian Agency for Health Information

Strong governance, leadership and culture

Key performance indicator	Target	2017–18 Actuals
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	82%
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%	85%
People matter survey – percentage of staff with a positive response to the question, 'Patient care errors are handled appropriately in my work area'	80%	82%
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%	86%
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%	75%
People matter survey – percentage of staff with a positive response to the question, 'Management is driving us to be a safety-centred organisation'	80%	90%
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%	79%
People matter survey – percentage of staff with a positive response to the question, 'Trainees in my discipline are adequately supervised'	80%	71%
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%	86%

Effective financial management

Key performance indicator	Target	2017–18 Actuals
Finance		
Operating result ($m)	0.00	0.59
Average number of days to paying trade creditors	60 days	41 days
Average number of days to receiving patient fee debtors	60 days	40 days
Adjusted current asset ratio	0.7	2.2
Number of days of available cash	14 days	97 days

Part C: Activity and funding

Funding type	Activity target	2017–18 Activity achievement
Small Rural		
Small Rural Acute	179	194
Small Rural Primary Health	636[2]	380
Small Rural Residential Care	10,848	10,717
Small Rural HACC	2,066	2,126
Health Workforce	4	4
Small Rural Health Independence Program	12,325	13,103

2 adjusted target due to transfer of service (original target 1,052)

Attestations

Data Integrity

I, Chris McDonnell, certify that Seymour Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance.

Seymour Health has critically reviewed these controls and processes during the year.

Chris McDonnell
CEO
Seymour Health
23 August 2018

Conflict of Interest

I, Chris McDonnell, certify that Seymour Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017. Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Seymour Health and Directors 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.

Chris McDonnell
CEO
Seymour Health
23 August 2018

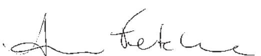
Attestation on Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Chris McDonnell certify that Seymour Health 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.

Chris McDonnell
CEO
Seymour Health
23 August 2018

Financial Management Compliance Attestation

I, Annie Fletcher-Nicholls, on behalf of the Responsible Body, certify that Seymour Health has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



Annie Fletcher-Nicholls
Board Chair
Seymour Health
23 August 2018

Disclosure index

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

Legislation	Requirement	Page reference
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	Inside cover, 2
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Financial
Statements
2017–18

Accountable officers' declaration

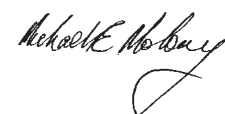
Board member's, accountable officer's and chief finance officer's declaration

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

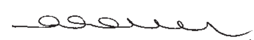
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Seymour Health at 30 June 2018.

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

We authorise the attached financial statements for issue on 23 August 2018.



Michael Moloney
Board Member
Chair Financial Governance Sub-Committee
Seymour Health
23 August 2018



Chris McDonnell
Chief Executive Officer
Seymour Health
23 August 2018

Cheryl Nickels-Beattie
Chief Finance Officer
Seymour Health
23 August 2018

Independent Auditor's Report

To the Board of Seymour Health

Opinion

I have audited the financial report of Seymour Health (the health service) which comprises the:

- balance sheet as at 30 June 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

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

In preparing the financial report, the Board are 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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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
27 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

2

Seymour Health
Comprehensive operating statement

For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue from operating activities	2.1	19,594	18,795
Revenue from non-operating activities	2.1	144	143
Employee expenses	3.1	(12,734)	(12,181)
Non salary labour costs	3.1	(1,316)	(1,340)
Supplies and consumables	3.1	(1,793)	(1,656)
Other expenses[i]	3.1	(3,308)	(3,064)
Net result before capital and specific items		**587**	**697**
Capital purpose income	2.1	779	325
Depreciation and amortisation	4.3	(1,627)	(1,575)
Finance costs	3.3	(6)	(7)
Expenditure for capital purpose	3.1	(281)	(4)
Net result after capital and specific items		**(548)**	**(564)**
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets		(32)	(39)
Other gains/(losses) from other economic flows		11	(32)
Revaluation of long service leave		(8)	93
Total other economic flows included in net result		**(29)**	**22**
Net result from continuing operations		**(577)**	**(542)**
NET RESULT FOR THE YEAR		**(577)**	**(542)**
Other comprehensive income items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.1	1,951	(169)
Total other comprehensive income		**1,951**	**(169)**
Comprehensive result		**1,374**	**(711)**

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

(i) Doubtful and bad debts has been reallocated to other economic flows included in net result (in 2017 audited statements reported as other expenses).

Seymour Health
Balance sheet

As at 30 June 2018

	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	6.2	1,604	1,665
Receivables	5.1	742	559
Investments and other financial assets	4.1	4,937	4,706
Inventories	5.2	88	73
Prepayments and other assets	5.4	117	84
Total current assets		**7,488**	**7,087**
Non-current assets			
Receivables	5.1	479	520
Property, plant and equipment	4.2	24,109	23,485
Total non-current assets		**24,588**	**24,005**
TOTAL ASSETS		**32,076**	**31,092**
Current liabilities			
Payables	5.5	883	937
Borrowings	6.1	51	60
Provisions	3.4	2,894	2,515
Other liabilities	5.3	672	1,298
Total current liabilities		**4,500**	**4,810**
Non-current liabilities			
Borrowings	6.1	117	163
Provisions	3.4	597	631
Total non-current liabilities		**714**	**794**
TOTAL LIABILITIES		**5,214**	**5,604**
NET ASSETS		**26,862**	**25,488**
EQUITY			
Property, plant and equipment revaluation surplus	8.1a	17,444	15,493
Contributed capital	8.1c	6,832	6,832
Accumulated surpluses	8.1c	2,586	3,163
TOTAL EQUITY	8.1c	**26,862**	**25,488**

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

Seymour Health
Statement of changes in equity

For the year ended 30 June 2018

	Note	Property, plant and equipment revaluation surplus $'000	Restricted specific purpose surplus $'000	Contributions by owners $'000	Accumulated surpluses $'000	Total $'000
Balance at 1 July 2016		**15,662**	**–**	**6,832**	**3,705**	**26,199**
Net result for the year		–	–	–	(542)	(542)
Other comprehensive income for the year	8.1a	(169)	–	–	–	(169)
Balance at 30 June 2017		**15,493**	**–**	**6,832**	**3,163**	**25,488**
Net result for the year		–	–	–	(577)	(577)
Other comprehensive income for the year	8.1a	1,951	–	–	–	1,951
Balance at 30 June 2018		**17,444**	**–**	**6,832**	**2,586**	**26,862**

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

Seymour Health
Cash flow statement

For the Year Ended 30 June 2018

	Note	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		16,942	16,480
Capital grants from government		570	116
Patient and resident fees received		1,375	1,439
Donations and bequests received		5	17
Capital donations and bequests received		28	28
Interest received		144	143
Other receipts		1,141	1,435
Total receipts		**20,205**	**19,658**
Employee expenses paid		(12,396)	(12,098)
Non salary labour costs		(1,191)	(1,194)
Payments for supplies and consumables		(1,988)	(1,822)
Finance costs		(6)	(7)
Other payments		(3,441)	(3,026)
Total payments		**(19,022)**	**(18,147)**
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	**1,183**	**1,511**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(856)	(936)
Payments for non-financial assets		(382)	(681)
Proceeds from sale of non-financial assets		50	79
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(1,188)**	**(1,538)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(56)	223
NET CASH FLOW FROM FINANCING ACTIVITIES		**(56)**	**223**
Net increase/(decrease) in cash and cash equivalents held		**(61)**	**196**
Cash and cash equivalents at beginning of financial year		1,665	1,469
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**1,604**	**1,665**

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

Notes to the financial statements

30 June 2018

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Basis of presentation

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

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

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

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

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

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

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

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

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Seymour Health for the period ended 30 June 2018. The report provides users with information about Seymour Health' 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). 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 & Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

Seymour Health is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to 'not-for-profit' Health Services under the AASBs.

The annual financial statements were authorised for issue by the Board of Seymour Health Service on 23 August 2018.

(b) Reporting entity

The financial statements include all the controlled activities of Seymour Health.

Its principal address is:

1 Bretonneux Street
Seymour, Victoria 3660

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

Objectives and funding

Seymour Health's overall objective is to provide outstanding local care, as well as improve the quality of life to Victorians.

Seymour Health 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 substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis. (refer to Note 8.11)

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

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

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

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

- non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result); and
- the fair value of assets other than land is generally based on their depreciated replacement value.

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

Note 1: Summary of significant accounting policies (continued)

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

- the fair value of land, buildings, infrastructure, plant and equipment, (refer Note 4.2e);
- superannuation expense (refer Note 3.5); and
- employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4).

Goods and Services Tax (GST)

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

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

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

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

(d) Principles of consolidation

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

- the consolidated financial statements of Seymour Health include all reporting entities controlled by Seymour Health as at 30 June 2018;
- the consolidated financial statements exclude bodies of Seymour Health that are not controlled by Seymour Health, and therefore are not consolidated; and
- control exists when Seymour Health has the power to govern the financial and operating policies of a Health Service so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

There were no entities controlled by Seymour Health as at 30 June 2018.

Jointly controlled operation

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

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

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

Seymour Health is a Member of the Hume Rural Health Alliance (HRHA) and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.10).

Note: 2 Funding delivery of our services

Seymour Health's overall objective is to provide quality health services that support and enhance the wellbeing of the community.

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

Structure

2.1 Analysis of revenue by source

Note 2.1: Analysis of revenue by source

	Admitted patients 2018 $'000	Non-admitted 2018 $'000	RAC incl. mental health 2018 $'000	Aged care 2018 $'000	Primary health 2018 $'000	Other 2018 $'000	Total 2018 $'000
Government grant	9,811	2,669	2,857	731	894	–	16,962
Indirect contributions by Department of Health and Human Services	229	–	4	1	1	–	235
Patient and resident fees	472	101	655	74	122	–	1,424
Commercial activities	8	28	2	8	1	210	257
Donations and bequests	–	–	–	–	–	5	5
Other revenue from operating activities	492	69	94	24	15	17	711
Total revenue from operating activities	**11,012**	**2,867**	**3,612**	**838**	**1,033**	**232**	**19,594**
Interest	87	3	44	6	4	–	144
Other revenue from non-operating activities	–	–	–	–	–	–	–
Total revenue from non-operating activities	**87**	**3**	**44**	**6**	**4**	**–**	**144**
Capital purpose income (excluding interest)	–	–	–	–	–	751	751
Donations and bequests	–	–	–	–	–	28	28
Jointly controlled operations and assets – HRHA	–	–	–	–	–	–	–
Total capital purpose income	**–**	**–**	**–**	**–**	**–**	**779**	**779**
Total revenue	**11,099**	**2,870**	**3,656**	**844**	**1,037**	**1,011**	**20,517**

Note 2.1: Analysis of revenue by source (continued)

	Admitted patients 2017 $'000	Non-admitted 2017 $'000	RAC incl. mental health 2017 $'000	Aged care 2017 $'000	Primary health 2017 $'000	Other 2017 $'000	Total 2017 $'000
Government grant	9,141	2,493	2,730	717	707	–	15,788
Indirect contributions by Department of Health and Human Services	382	–	4	1	1	–	387
Patient and resident fees	409	124	724	91	160	–	1,507
Commercial activities	10	25	3	6	–	195	239
Donations and bequests	–	–	–	–	–	17	18
Other revenue from operating activities	631	69	103	24	15	13	856
Total revenue from operating activities	**10,573**	**2,711**	**3,564**	**839**	**883**	**225**	**18,795**
Interest	79	3	52	5	4	–	143
Other revenue from non-operating activities	–	–	–	–	–	–	–
Total revenue from non-operating activities	**79**	**3**	**52**	**5**	**4**	**–**	**143**
Capital purpose income (excluding interest)	–	–	–	–	–	298	298
Donations and bequests	–	–	–	–	–	27	27
Total capital purpose income	**–**	**–**	**–**	**–**	**–**	**325**	**325**
Total revenue	**10,652**	**2,714**	**3,615**	**844**	**887**	**551**	**19,263**

Other programs include commercial activities, special purpose funds and capital.

Income from transactions

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

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

Government grants and other transfers of income (other than contributions by owners)

In accordance with AASB1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when Seymour Health gains control of the underlying assets irrespective of whether conditions are imposed on Seymour Health's use of the contributions.

Contributions are reported as a payable when Seymour Health has a present obligation to repay them and the present obligation can be reliably measured.

Indirect contributions from the Department of Health and Human Services

Department of Health and Human Services makes certain payments on behalf of the hospital. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses. This includes:

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

Patient and resident fees

Patient fees are recognised as revenue at the time the service is provided in an accrual basis.

Revenue from commercial activities

Revenue from commercial activities is recognised on an accrual basis.

Donations and other bequests

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

Interest revenue

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

Other revenue

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

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

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements.

In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Category groups

Seymour Health has used the following category groups for reporting purposes for the current and previous financial years:

- **Admitted patient services (admitted patients)** comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.
- **Non-admitted services** comprises acute and subacute non-admitted services, where services are delivered in public hospitals an provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.
- **Residential aged care including mental health (RAC incl. mental health**) referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the department under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units and secure extended care units.
- **Aged care** comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.
- **Primary, community and dental health** comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.
- **Other services not reported elsewhere – (other)** comprises services not separately classified above, including diagnostic services. Health and Community Initiatives also falls in this category group.

Note 3: The cost of delivering our 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 Analysis of expenses by source
3.2: Analysis of expense and revenue by internally managed and restricted specific purpose funds for services supported by hospital and community initiatives
3.3 Finance costs
3.4 Employee benefits in the balance sheet
3.5 Superannuation

Note 3.1: Analysis of expenses by source

	Admitted patients 2018 $'000	Non-admitted 2018 $'000	RAC incl. mental health 2018 $'000	Aged care 2018 $'000	Primary health 2018 $'000	Other 2018 $'000	Total 2018 $'000
Employee expenses	5,992	1,605	3,702	943	492	–	12,734
Other operating expenses							
– Non salary labour costs	1,161	–	147	–	8	–	1,316
– Supplies and consumables	710	450	253	35	327	18	1,793
– Other expenses	2,210	191	606	115	144	42	3,308
Total expenditure from operating activities	**10,073**	**2,246**	**4,708**	**1,093**	**971**	**60**	**19,151**
Finance costs (refer Note 3.3)	–	–	–	–	–	6	6
Other non-operating expenses							
– Expenditure for capital purposes	–	–	–	–	–	281	281
Depreciation and amortisation (refer Note 4.3)	–	–	–	–	–	1,627	1,627
Total other expenses	**–**	**–**	**–**	**–**	**–**	**1,914**	**1,914**
Total expenses	**10,073**	**2,246**	**4,708**	**1,093**	**971**	**1,974**	**21,065**

	Admitted patients 2017 $'000	Non-admitted 2017 $'000	RAC incl. mental health 2017 $'000	Aged care 2017 $'000	Primary health 2017 $'000	Other 2017 $'000	Total 2017 $'000
Employee expenses	5,616	1,513	3,655	925	472	–	12,181
Other operating expenses							
– Non salary labour costs	1,231	1	88	2	18	–	1,340
– Supplies and consumables	731	408	280	25	177	35	1,656
– Other expenses(i)	2,061	144	574	106	148	31	3,064
Total expenditure from operating activities	**9,639**	**2,066**	**4,597**	**1,058**	**815**	**66**	**18,241**
Finance costs (refer Note 3.3)	–	–	–	–	–	7	7
Other non-operating expenses							
– Expenditure for capital purposes	–	–	–	–	–	4	4
– Depreciation and amortisation (refer Note 4.3)	–	–	–	–	–	1,575	1,575
Total other expenses	**–**	**–**	**–**	**–**	**–**	**1,586**	**1,586**
Total expenses	**9,639**	**2,066**	**4,597**	**1,058**	**815**	**1,652**	**19,827**

(i) 2017 audited statements included doubtful and bad debts as other expenses in the above table. This has been amended by $32k.

Expense recognition

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

Employee expenses

Employee expenses include:

- wages and salaries;
- fringe benefits tax;
- leave entitlements;
- termination payments;
- workcover premiums; and
- superannuation expenses.

Other operating expenses

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

Supplies and consumables

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

Fair value of assets provided free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

Note 3.2: Analysis of expense and revenue by internally managed and restricted specific purpose funds

	Expense		Revenue	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Commercial activities				
Medical supplies	6	21	21	20
Catering	93	117	22	20
Property expense/revenue	41	30	183	168
Other	–	–	5	18
TOTAL	**140**	**168**	**231**	**226**

Note 3.3: Finance costs

	2018 $'000	2017 $'000
Finance charges on finance leases	6	7
	6	**7**
Total finance costs	**6**	**7**

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

Note 3.4: Employee benefits in the balance sheet

	2018 $'000	2017 $'000
Current provisions		
Employee benefits(i)		
Accrued days off (ADO)		
– Unconditional and expected to be settled within 12 months(ii)	23	16
– Unconditional and expected to be settled after 12 months(iii)	–	–
Annual leave		
– Unconditional and expected to be settled wholly within 12 months(ii)	870	884
– Unconditional and expected to be settled wholly after 12 months(iii)	268	121
Long service leave		
– Unconditional and expected to be settled wholly within 12 months(ii)	219	162
– Unconditional and expected to be settled wholly after 12 months(iii)	1,056	954
	2,436	**2,137**
Provisions related to employee benefit on–costs		
– Unconditional and expected to be settled within 12 months(ii)	108	105
– Unconditional and expected to be settled after 12 months(iii)	144	120
	252	**225**
Accrued salaries and wages	206	153
Total current provisions	**2,894**	**2,515**
Non-current provisions		
Employee benefits(i)	537	567
Provisions related to employee benefit on-costs	60	64
Total non-current provisions	**597**	**631**
Total provisions	**3,491**	**3,146**
(a) Employee benefits and related on-costs		
Current employee benefits and related on-costs		
Unconditional long service leave entitlement	1,417	1,243
Annual leave entitlements	1,248	1,103
Accrued wages and salaries	206	153
Accrued days off	23	16
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements(ii)	597	631
Total employee benefits and related on-costs	**3,491**	**3,146**

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

Note 3.4: Employee benefits in the balance sheet (continued)

	2018 $'000	2017 $'000
Movement in long service leave		
Balance at start of year	**1,874**	**1,916**
Provision made during the year		
– Revaluations	(8)	93
– Expense recognising employee service	263	119
Settlement made during the year	(115)	(254)
Balance at end of year	**2,014**	**1,874**

Provisions

Provisions are recognised when the hospital 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.

Employee benefits

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

Salaries and wages, annual leave, sick leave and accrued days off

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

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- Undiscounted value – if the liability is expected to wholly settle within 12 months; or
- Present value – if the liability is not expected to wholly settle within 12 months.

Long service leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Seymour Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Undiscounted value – if the liability is expected to wholly settle within 12 months; or
- Present value – if the liability is not expected to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service (currently 10 years). This non current LSL liability is required to be measured at present value.

Any gain or loss on revaluation of the present value of LSL liability is recognised as a transaction, except to the extent that the gain or loss arises due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors which are recognised as other economic flows.

On-costs related to employee expense

Provision for on-costs, such as workers compensation insurance premium and superannuation are recognised together with provisions for employee benefits.

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Note 3.5: Superannuation

	2018 $'000	2017 $'000
Defined benefit plans[(i)]		
First State	26	24
Defined contribution plans		
First State	1,024	991
Total	**1,050**	**1,015**

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

Note: all superannuation contributions are paid via the First State Super Clearing House.

Employees of Seymour Health are entitled to receive superannuation benefits and it 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.

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

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

The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by Seymour Health 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 Property, plant and equipment
4.3 Depreciation and amortisation

Note 4.1: Investments and other financial assets

	Operating fund		Capital fund		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
CURRENT						
Loans and receivables						
Term deposit						
– Aust. dollar term deposits > 3 months[(i)]	4,268	3,773	669	933	4,937	4,706
Total current	**4,268**	**3,773**	**669**	**933**	**4,937**	**4,706**
NON CURRENT						
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**4,268**	**3,773**	**669**	**933**	**4,937**	**4,706**
Represented by:						
Health service investments – other than TCV	1,990	1,628	–	–	1,990	1,628
Health service investments – TCV	2,275	1,780	–	–	2,275	1,780
Accommodation bonds (refundable entrance fees)	3	365	669	933	672	1,298
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**4,268**	**3,773**	**669**	**933**	**4,937**	**4,706**

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

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

Investments are classified as available-for-sale financial assets.

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

Seymour Health's investments must comply with Standing Direction 3.7.2 – Treasury and Investment Risk Management. The investment portfolio of Seymour Health is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

All financial assets, except for those measured at fair value through the comprehensive operating statement are subject to annual review for impairment.

Impairment of financial assets

At the end of each reporting period, Seymour Health 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 the comprehensive income statement, 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 per cent 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 2018 for its portfolio of financial assets, Seymour Health and its controlled entities 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: Property, plant and equipment

(a) Gross carrying amount and accumulated depreciation

	2018 $'000	2017 $'000
Land		
Land at fair value	2,106	1,389
Total land	**2,106**	**1,389**
Buildings		
Buildings at fair value	20,715	24,217
Less acc'd depreciation	–	3,641
Total buildings	**20,715**	**20,576**
Plant and equipment		
HRHA Alliance plant and equipment	82	137
Plant and equipment at fair value	552	754
Less acc'd depreciation	378	550
Total plant and equipment	**256**	**341**
Medical equipment		
Medical equipment at fair value	1,566	1,476
Less acc'd depreciation	901	870
Total medical equipment	**665**	**606**
Motor vehicles		
Motor vehicles at fair value	243	235
Less acc'd depreciation	111	93
Total motor vehicles	**132**	**142**
Computer and communication		
Computers and communications at fair value	109	104
Less acc'd depreciation	63	52
Total computer and communication	**46**	**52**
Furniture and fittings		
Furniture and fittings at fair value	59	362
Less acc'd depreciation	30	196
Total furniture and fittings	**29**	**166**
Under construction		
Assets under construction	32	54
Total assets under construction	**32**	**54**
Leased assets		
Motor vehicles at fair value	187	187
Less acc'd amortisation	59	28
Total leased assets	**128**	**159**
TOTAL	**24,109**	**23,485**

Note 4.2: Property, plant and equipment (continued)

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

	Land $'000	Buildings $'000	Plant and equip. $'000	Medical equip. $'000	Motor vehicles $'000	Computers and communic. $'000	Furniture and fittings $'000	Assets under construct. $'000	Leased assets $'000	Total $'000
Balance at 1 July 2016	**1,558**	**21,820**	**352**	**684**	**159**	**19**	**194**	**–**	**–**	**24,786**
Additions	–	1	17	58	115	52	21	54	187	505
Disposals	–	–	–	(12)	(88)	–	(19)	–	–	(119)
Revaluation increments/ (decrements)	(169)	–	–	–	–	–	–	–	–	(169)
Depreciation (Note 4.3)	–	(1,245)	(85)	(124)	(44)	(19)	(30)	–	(28)	(1,575)
Balance at 1 July 2017	**1,389**	**20,576**	**341**	**606**	**142**	**52**	**166**	**54**	**159**	**23,485**
Additions	–	23	14	275	74	10	7	(22)	–	381
Disposals	–	–	(9)	(19)	(41)	–	(12)	–	–	(81)
Revaluation increments/ (decrements)	–	1,951	–	–	–	–	–	–	–	1,951
Net transfers between classes	717	(586)	(13)	(5)	–	–	(113)	–	–	–
Depreciation (Note 4.3)	–	(1,249)	(77)	(192)	(43)	(16)	(19)	–	(31)	(1,627)
Balance at 30 June 2018	**2,106**	**20,715**	**256**	**665**	**132**	**46**	**29**	**32**	**128**	**24,109**

Land and buildings and leased assets carried at valuation

The Valuer-General Victoria undertook to re-value all of Seymour Health's 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 2014.

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

The fair value of the land was adjusted by a managerial revaluation in 2017. No further land revaluation was required in 2018. The latest indices required a managerial revaluation of buildings in 2018. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the building asset class of $20.7m.

(c) Fair value measurement hierarchy for assets

	Carrying amount	Fair value measurement at end of reporting period using:		
Balance at 30 June 2018	$'000	Level 1[(i)] $'000	Level 2[(i)] $'000	Level 3[(i)] $'000
Land at fair value				
Non-specialised land	548	–	548	–
Specialised land	1,558	–	–	1,558
Total of land at fair value	**2,106**	**–**	**548**	**1,558**
Buildings at fair value				
Non-specialised buildings	312	–	312	–
Specialised buildings	20,403	–	–	20,403
Total of building at fair value	**20,715**	**–**	**312**	**20,403**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value	256	–	–	256
Total of plant, equipment and vehicles at fair value	**256**	**–**	**–**	**256**
Medical equipment at fair value				
Total medical equipment at fair value	**665**	**–**	**–**	**665**
Motor vehicles at fair value				
Total motor vehicles at fair value	**132**	**–**	**–**	**132**
Computers and communication at fair value				
Total computers and communication at fair value	**46**	**–**	**–**	**46**
Furniture and fittings at fair value				
Total furniture and fittings assets at fair value	**29**	**–**	**–**	**29**
Assets under construction at fair value				
Total assets under construction at fair value	**32**	**–**	**–**	**32**
Leased assets at fair value				
Total leased assets at fair value	**128**	**–**	**–**	**128**
	24,109	**–**	**860**	**23,249**

(i) Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

Note 4.2: Property, plant and equipment (continued)

Balance at 30 June 2017	Carrying amount $'000	Fair value measurement at end of reporting period using: Level 1[(i)] $'000	Level 2[(i)] $'000	Level 3[(i)] $'000
Land at fair value				
Non-specialised land	548	–	548	–
Specialised land	841	–	–	841
Total of land at fair value	**1,389**	**–**	**548**	**841**
Buildings at fair value				
Non-specialised buildings	287	–	287	–
Specialised buildings	20,289	–	–	20,289
Total of building at fair value	**20,576**	**–**	**287**	**20,289**
Plant and equipment at fair value				
Total of plant, equipment and vehicles at fair value	**341**	**–**	**–**	**341**
Medical equipment at fair value				
Total medical equipment at fair value	**606**	**–**	**–**	**606**
Motor vehicles at fair value				
Total motor vehicles at fair value	**142**	**–**	**–**	**142**
Computers and communication at fair value				
Total computers and communication at fair value	**52**	**–**	**–**	**52**
Furniture and fittings at fair value				
Total furniture and fittings assets at fair value	**166**	**–**	**–**	**166**
Assets under construction at fair value				
Total assets under construction at fair value	**54**	**–**	**–**	**54**
Leased assets at fair value				
Total leased assets at fair value	**159**	**–**	**–**	**159**
	23,485	**–**	**835**	**22,650**

(i) Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

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(d) Reconciliation of Level 3 fair value

	Land $'000	Buildings $'000	Plant and equip. $'000	Medical equip. $'000	Motor vehicles $'000	Computers and communic. $'000	Furniture and fittings $'000	Assets under construct. $'000	Leased assets $'000	Total $'000
Balance at 1 July 2017	**841**	**20,289**	**341**	**606**	**142**	**52**	**166**	**54**	**159**	**22,650**
Additions/(disposals)	**–**	**16**	**14**	**275**	**74**	**10**	**7**	**(22)**	**–**	**374**
Transfers in/(out) of Level 3	**717**	**(594)**	**(13)**	**(5)**	**–**	**–**	**(113)**	**–**	**–**	**(8)**
Gains or losses recognised in net result										
– Depreciation	–	(1,237)	(77)	(192)	(43)	(16)	(19)	–	(31)	(1,615)
– Disposals	–	–	(9)	(19)	(41)	–	(12)	–	–	(81)
Subtotal	**1,558**	**18,474**	**256**	**665**	**132**	**46**	**29**	**32**	**128**	**21,320**
Items recognised in other comprehensive income										
– Revaluation	–	1,929	–	–	–	–	–	–	–	1,929
Subtotal	**–**	**1,929**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,929**
Balance at 30 June 2018	**1,558**	**20,403**	**256**	**665**	**132**	**46**	**29**	**32**	**128**	**23,249**

Balance at 1 July 2016	Land $'000	Buildings $'000	Plant and equip. $'000	Medical equip. $'000	Motor vehicles $'000	Computers and communic. $'000	Furniture and fittings $'000	Assets under construct. $'000	Leased assets $'000	Total $'000
Opening balance	**943**	**21,522**	**352**	**684**	**159**	**19**	**194**	**–**	**–**	**23,873**
Additions/(disposals)	**–**	**1**	**74**	**58**	**115**	**52**	**21**	**54**	**187**	**562**
Transfers in/(out) of Level 3	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Gains or losses recognised in net result										
– Depreciation	–	(1,234)	(85)	(124)	(44)	(19)	(30)	–	(28)	(1,564)
– Disposals	–	–	–	(12)	(88)	–	(19)	–	–	(119)
Subtotal	**943**	**20,289**	**341**	**606**	**142**	**52**	**166**	**54**	**159**	**22,752**
Items recognised in other comprehensive income										
– Revaluation	(102)	–	–	–	–	–	–	–	–	(102)
Subtotal	**(102)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(102)**
Balance at 30 June 2017	**841**	**20,289**	**341**	**606**	**142**	**52**	**166**	**54**	**159**	**22,650**

Note 4.2: Property, plant and equipment (continued)

(e) Fair value determination

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

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

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

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

Initial recognition

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

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

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

Subsequent measurement

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2(c)).

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

Consistent with AASB 13 *Fair Value Measurement*, Seymour Health 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, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (refer to Note 4.2(e)).

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

In addition, Seymour Health 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.

Non-specialised land, non-specialised buildings and cultural assets

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

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

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

Specialised land and specialised buildings

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

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

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

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

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

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

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

Plant and equipment

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

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

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

Note 4.2: Property, plant and equipment (continued)

Revaluations of non-current physical assets

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

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

Revaluation decrements are recognised in other comprehensive income to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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

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

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

Note 4.3: Depreciation and amortisation

	2018 $'000	2017 $'000
Depreciation		
Buildings	1,249	1,245
Plant and equipment	42	44
Medical equipment	192	124
Computers and communications	16	19
Furniture and fittings	19	30
Motor vehicles	43	44
HRHA Alliance	35	41
Leased assets	31	28
Total depreciation	**1,627**	**1,575**

Depreciation

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

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

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

	2018	2017
Buildings		
– Structure shell building fabric	25–50 years	25–50 years
– Site engineering services and central plant	36 years	36 years
Central plant		
– Fit out	20 years	20 years
– Trunk reticulated building systems	10–22 years	10–22 years
Plant and equipment	4–25 years	4–25 years
Medical equipment	6–10 years	6–10 years
Computers and communications	3–4 years	3–4 years
Furniture and fittings	4–6 years	4–6 years
Motor vehicles	10–20 years	10–20 years

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

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables
5.2 Inventories
5.3 Other liabilities
5.4 Prepayments and other assets
5.5 Payables
5.6 Maturity analysis of financial liabilities as at 30 June

Note 5.1: Receivables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade debtors	41	59
Patient fees	155	172
Accrued revenue	–	–
– Sundry debtors	68	74
– Interest revenue	26	12
– Other	7	5
HRHA receivables	171	119
Less allowance for doubtful debts	–	–
– Patient fees	(26)	(46)
	442	**394**
Statutory		
GST receivable	131	136
Accrued revenue – Department of Health and Human Services	93	–
Accrued revenue – Dental Health Services Victoria	76	29
	300	**165**
TOTAL CURRENT RECEIVABLES	**742**	**559**
NON CURRENT		
Statutory		
Long service leave – Department of Health and Human Services	479	520
	479	**520**
TOTAL NON-CURRENT RECEIVABLES	**479**	**520**
TOTAL RECEIVABLES	**1,220**	**1,079**
(a) Movement in the allowance for doubtful debts		
Balance at beginning of year	46	25
Amounts written off during the year	10	11
Increase in allowance recognised in net result	(30)	10
Balance at end of year	**26**	**46**

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services; and
- statutory receivables, which includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

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

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

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 5.2: Inventories

	2018 $'000	2017 $'000
Pharmaceuticals		
At cost	39	32
Medical and surgical lines		
At cost	49	41
Total medical and surgical lines	**49**	**41**
TOTAL INVENTORIES	**88**	**73**

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. It excludes depreciable assets.

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.

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

The bases used in assessing loss of service 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 existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

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

Note 5.3: Other liabilities

	2018 $'000	2017 $'000
CURRENT		
Monies held in trust		
– Accommodation bonds (refundable entrance fees)	672	1,298
Total non-current	**–**	**–**
Total other liabilities	**672**	**1,298**
Represented by the following assets:		
Cash assets (refer to Note 6.2)	3	365
Investment and other financial assets (refer to Note 4.1)	669	933
TOTAL	**672**	**1,298**

Note 5.4: Prepayments and other assets

	2018 $'000	2017 $'000
Prepayments	111	78
HRHA Alliance prepayments	6	6
TOTAL CURRENT OTHER ASSETS	**117**	**84**
TOTAL OTHER ASSETS	**117**	**84**

Prepayments 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 5.5: Payables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade creditors	393	395
Accrued expenses	228	232
HRHA Alliance payables	220	22
Amounts payable to governments and agencies	22	204
	863	**853**
Statutory		
GST payable	13	76
FBT payable	7	8
	20	**84**
TOTAL PAYABLES	**883**	**937**

Notes to and Forming Part of the Financial Statements Seymour Health Annual Report 2017–18

(a) Maturity analysis of payables

Please refer to Note 5.6 for the ageing analysis of contractual payables.

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the hospital prior to the end of the financial year that are unpaid, and arise when the hospital becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually nett 21 days from end of month of invoice.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Note 5.6: Maturity analysis of financial liabilities as at 30 June

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

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 Months	3 Months – 1 year	1-5 Years
2018	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities						
At amortised cost						
Payables	863	863	835	22	–	6
Borrowings	168	168	4	9	38	117
Other financial liabilities[(i)]						
– Accommodation bonds	672	672	672	–	–	–
Total financial liabilities	**1,703**	**1,730**	**1,539**	**30**	**38**	**123**
2017						
Financial liabilities						
At amortised cost						
Payables	853	853	790	54	9	–
Borrowings	223	223	5	10	45	163
Other financial liabilities[(i)]						
– Accommodation bonds	1,298	1,298	1,298	–	–	–
Total financial liabilities	**2,374**	**2,374**	**2,093**	**64**	**54**	**163**

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

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Note 6.1: Borrowings

	2018 $'000	2017 $'000
CURRENT		
Australian dollar borrowings		
– Finance lease liability – HRHA Alliance(i)	19	30
– Finance lease liability – VicFleet	32	30
Total Australian dollars borrowings	**51**	**60**
Total current	**51**	**60**
NON CURRENT		
Australian dollar borrowings		
– TCV Loan	–	–
– Finance lease liability – HRHA Alliance	19	34
– Finance lease liability – VicFleet	98	129
Total Australian dollars borrowings	**117**	**163**
Total non-current	**117**	**163**
Total borrowings	**168**	**223**

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

(a) Maturity analysis of borrowings

Please refer to Note 5.6 for the ageing analysis of borrowings.

(b) Defaults and breaches

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

Notes to and Forming Part of the Financial Statements Seymour Health Annual Report 2017–18

(c) Finance lease liabilities

Repayments in relation to finance leases are payable as follows:

	Minimum future lease payments	
	2018 $'000	2017 $'000
Finance leases		
Not later than one year	56	66
Later than 1 year and not later than 5 years	118	169
Later than 5 years	–	–
Minimum lease payments	174	235
Less future finance charges	(6)	(12)
TOTAL	**168**	**223**
Included in the financial statements as:		
Current borrowings finance lease liability	51	60
Non-current borrowings finance lease liability	117	163
TOTAL	**168**	**223**

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

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

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

All other leases are classified as operating leases (Note 6.3).

Finance leases

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. If there is certainty that the health service will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

(d) Operating lease liabilities

Operating leases relate to the investment property owned by Seymour Health with lease terms between five and ten years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2018	2017
Non-cancellable operating lease receivables		
Not longer than one year	76	75
Longer than one year but not longer than five years	120	184
Longer than five years	–	–
	196	**259**

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 7.1(f).

Note 6.2: Cash and cash equivalents

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

	2018 $'000	2017 $'000
Cash on hand	2	1
Cash at bank	1,359	1,499
HRHA Alliance cash at bank	243	165
Total cash and cash equivalents	**1,604**	**1,665**
Represented by:		
Cash for health service operations (as per cash flow statement)	1,604	1,665
Total cash and cash equivalents	**1,604**	**1,665**

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

Note 6.3: Commitments for expenditure

	2018 $'000	2017 $'000
Capital expenditure commitments		
Payable:		
Land and buildings	87	–
Total capital expenditure commitments	**87**	**–**
Land and buildings		
Not later than one year	48	–
Later than 1 year and not later than 5 years	39	–
Later than 5 years	–	–
Total	**87**	**–**
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	203	270
Finance leases	168	223
Total lease commitments	**371**	**493**
Operating leases		
Payable as follows:		
Cancellable		
Franking machine lease		
– Not later than one year	4	4
– Later than 1 year and not later than 5 years	3	7
Sub total	**7**	**11**
Non-cancellable		
Photocopier lease		
– Not later than one year	57	57
– Later than 1 year and not later than 5 years	110	167
Information technology services		
– Not later than one year	19	18
– Later than 1 year and not later than 5 years	10	17
Sub total	**196**	**259**
Total operating lease commitments	**203**	**270**
Finance leases		
Commitments in relation to finance leases are payable as follows:		
Current	56	66
Non-current	118	169
Minimum lease payments	174	235
Less future finance charges	(6)	(12)
Total finance lease commitments	**168**	**223**
Total lease commitments	**371**	**493**

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Commitments for future expenditure include operating and capital commitments arising from contracts. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

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

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 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 Seymour Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

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

(a) Financial risk management objectives and policies

Seymour Health Service's principal financial instruments comprise of:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- investment in equities and managed investment schemes
- payables (excluding statutory payables)
- finance lease payables
- accommodation bonds
- debt securities

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

Seymour Health's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. Seymour Health manages these financial risks in accordance with its financial risk management policy.

Seymour Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial governance sub-committee of Seymour Health.

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

Categorisation of financial instruments

Details of each categories in accordance with AASB 139, shall be disclosed either on the face of the balance sheet or in the notes.

2018	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual financial assets			
Cash and cash equivalents	1,604	–	1,604
Receivables			
– Trade debtors	41	–	41
– Other receivables	427	–	427
Other financial assets			
– Term deposit	4,937	–	4,937
Total financial assets(i)	**7,009**	**–**	**7,009**
Financial liabilities			
Payables	–	863	863
Borrowings	–	168	168
Other financial liabilities			
– Accommodation bonds	–	672	672
Total financial liabilities(ii)	**–**	**1,703**	**1,703**

2017	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual financial assets			
Cash and cash equivalents	1,665	–	1,665
Receivables			
– Trade debtors	59	–	59
– Other receivables	382	–	382
Other financial assets			
– Term deposit	4,706	–	4,706
Total financial assets(i)	**6,812**	**–**	**6,812**
Financial liabilities			
Payables	–	853	853
Borrowings	–	223	223
Other financial liabilities			
– Accommodation bonds	–	1,298	1,298
Total financial liabilities(ii)	**–**	**2,374**	**2,374**

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

Note 7.1: Financial instruments (continued)

Categories of non-derivative financial instruments

Loans and receivables

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

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

Financial liabilities at amortised cost

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

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

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

	Total interest income/ (expense) $'000	Total $'000
2018		
Financial assets		
Cash and cash equivalents[i]	44	44
Loans and receivables[i]	99	99
Total financial assets	**144**	**144**
Financial liabilities		
At amortised cost[ii]	6	6
Total financial liabilities	**6**	**6**
2017		
Financial assets		
Cash and cash equivalents[i]	52	52
Loans and receivables[i]	91	91
Total financial assets	**143**	**143**
Financial liabilities		
At amortised cost[ii]	7	7
Total financial liabilities	**7**	**7**

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

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense measured at amortised cost.

Note 7.2: Contingent assets and contingent liabilities

As at the date of this report Seymour Health is not aware of any contingent assets or liabilities.

Note 8: Other disclosures

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

Structure

8.1 Equity
8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
8.3 Responsible persons
8.4 Remuneration of executive officers
8.5 Related party disclosures
8.6 Remuneration of auditors
8.7 Ex-gratia payments
8.8 Events occurring after the balance sheet date
8.9 AASBs issued not effective
8.10 Joint venture
8.11 Economic dependency
8.12 Alternative presentation of comprehensive operating statement
8.13 Glossary of terms and style conventions

Note 8.1: Equity

	2018 $'000	2017 $'000
(a) Surpluses		
Property, plant and equipment revaluation surplus[(i)]		
Balance at the beginning of the reporting period	15,493	15,662
Revaluation increment/(decrements)		
– Land	–	(169)
– Buildings	1,951	–
Balance at the end of the reporting period	**17,444**	**15,493**
Represented by:		
– Land	653	569
– Buildings	16,791	14,924
Total surpluses	**17,444**	**15,493**
(b) Contributed capital		
Balance at the beginning of the reporting period	6,832	6,832
Capital contribution received from Victorian Government	–	–
Balance at the end of the reporting period	**6,832**	**6,832**
(c) Accumulated surpluses/(deficits)		
Balance at the beginning of the reporting period	3,163	3,705
Net result for the year	(577)	(542)
Balance at the end of the reporting period	**2,586**	**3,163**
Total equity at end of financial year	**26,862**	**25,488**

(i) The property, plant and equipment asset revaluation surplus arises on the revaluation of property, plant and equipment.

Contributed capital

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

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

Property, plant and equipment revaluation surplus

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

Specific restricted purpose surplus

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

Note 8.2: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	2018 $'000	2017 $'000
Net result for the period	(577)	(542)
Non-cash movements:		
Depreciation and amortisation	1,627	1,575
Provision for doubtful debts	(20)	21
Movements included in investing and financing activities		
Net (gain)/loss from disposal of non financial physical assets	32	39
Movements in assets and liabilities:		
Change in operating assets and liabilities		
– (Increase)/decrease in receivables	(121)	99
– (Increase)/decrease in other assets	–	–
– (Increase)/decrease in prepayments	(33)	(30)
– Increase/(decrease) in payables	(54)	348
– Increase/(decrease) in provisions	345	(11)
– (Increase)/decrease in inventories	(15)	12
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**1,183**	**1,511**

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	1/7/2017 – 30/6/2018
Governing Boards	
A. Fletcher-Nicholls	1/7/2017 – 30/6/2018
M. Molony	1/7/2017 – 30/6/2018
T. Old	1/7/2017 – 30/6/2018
G. Dove	1/7/2017 – 30/6/2018
L. Meeny	1/7/2017 – 30/6/2018
I. Chadwick	1/7/2017 – 30/6/2018
F. Sartori	1/7/2017 – 30/6/2018
M. Vannitamby	1/7/2017 – 30/6/2018
S. Walsh	1/7/2017 – 30/6/2018
G. Jayarajan	1/7/2017 – 22/6/2018
B. Stevens	1/7/2017 – 23/11/2017
Accountable Officer	
C. McDonnell	1/7/2017 – 30/6/2018

Remuneration of responsible persons

The number of responsible persons are shown in their relevant income bands;

Income band	2018 No.	2017 No.
$0 – $9,999	11	11
$210,000 – $219,999	–	1
$239,000 – $249,999	1	–
Total numbers	**12**	**12**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$243,524**	**$219,408**

Amounts relating to the Governing Board Directors and Accountable Officer are disclosed in Seymour Health's financial statements.

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

Note 8.4: 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** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- **Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- **Other long-term benefits** include long service leave, other long-service benefit or deferred compensation.

	Total remuneration	
Remuneration of executive officers	2018 $	2017 $
Short-term benefits	585,222	587,358
Post-employment benefits (superannuation)	51,419	49,890
Other long-term benefits[(i)]	27,211	19,360
Total remuneration	**663,852**	**656,608**
Total number of executives[(ii)]	**5**	**5**
Total annualised employee equivalent (AEE)[(iii)]	**4.12**	**4.05**

(i) 2017 Comparison has been corrected for consistency against 2018 reporting.

(ii) The total number of executive officers includes persons who meet the definition of Key Management Personnell (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.5).

(iii) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 8.5: Related party disclosures

Seymour Health 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.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Seymour Health directly or indirectly. The Board and Executive Officers of Seymour Health are deemed to be KMPs.

Key management personnel	Position
A. Fletcher-Nicholls	Board Chair
M. Molony	Board Director
T. Old	Board Director
G. Dove	Board Director
L. Meeny	Board Director
I. Chadwick	Board Director
B. Stevens	Board Director
F. Sartori	Board Director
M. Vannitamby	Board Director
G. Jayarajan	Board Director
S. Walsh	Board Director
C. McDonnell	Chief Executive Officer
J. Cavill	Director Clinical Services/Deputy CEO
C. Nickels-Beattie	Director Business Services & Performance
P. Sloan	Director Medical Services
A. Daley	Assistant Director Quality & Service Development
K. Christensen	Manager People & Culture

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive.

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

Transactions of key management personnel

During the year, related parties of key management personnel were awarded contracts on terms and conditions equivalent for those that prevail in arm's length transactions under the State's procurement process. The transactions involved the provision of motor vehicle purchase and maintenance services with an aggregated value of $89,227 (2016–17 $62,000).

Compensation: Key management personnel	2018 $	2017 $
Short-term benefits[(i)]	807,097	784,985
Post-employment benefits (superannuation)	68,798	66,195
Other long-term benefits[(ii)]	31,481	24,837
Total remuneration[(iii)]	**907,376**	**876,017**

(i) Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.
(ii) 2017 comparison has been corrected for consistency against 2018 reporting.
(iii) MHPs are also reported in Note 8.3 Responsible persons and Note 8.4 Remuneration of executives.

Significant transactions with government-related entities

Seymour Health received funding from the Department of Health and Human Services of $14.3m (2017: $13.7m) and indirect contributions of $.02m (2017: $.02m).

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

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

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

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 and the matter noted below, 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. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

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

Except for the transaction listed below, there were no other related party transactions required to be disclosed for Seymour Health.

	2018 $	2017 $
G. Dove is the owner of Seymour Toyota and is also a member of Seymour Health's Board. Seymour Toyota provides services to Seymour Health for the provision and service of hospital fleet vehicles. All dealings with Seymour Toyota are in the ordinary course of business and are on normal commercial terms and conditions.	89	62

Note 8.6: Remuneration of auditors

	2018 $'000	2017 $'000
Victorian Auditor-General's Office		
Audit of financial statement	24	24
	24	**24**

Note 8.7: Ex-gratia payments

Seymour Health did not make any ex-gratia payments.

Note 8.8: Events occurring after the balance sheet date

There are no known events occurring after the balance sheet date that would materially effect the financial result.

Note 8.9: AASBs issued that are not yet effective

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

As at 30 June 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Seymour Health has not and does not intend to adopt these standards early.

Standard/ interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Seymour Health financial statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from* AASB 9	Amends various AASBs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 *Amendments to Australian Accounting Standards arising from* AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably.	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2016–8 *Amendments to Australian Accounting Standards – Effective Date of* AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2018 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018–19 reporting period in accordance with the transition requirements.
AASB 2017–3 *Amendments to Australian Accounting Standards – Clarifications to* AASB 15	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2017–7 *Amendments to Australian Accounting Standards – Deferral of* AASB 15 *for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019–20 reporting period.
AASB 2017–8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	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. The amendments: • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
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 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.

Note 8.9: AASBs issued that are not yet effective (continued)

Standard/ interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Seymour Health financial statements
AASB 2017–4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	The standard amends AASB 136 *Impairment of Assets* to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2018	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 *Fair Value Measurement* is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 *Income of Not-for-Profit Entities*	This standard replaces AASB 1004 *Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2017–18 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2017–2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.*
- AASB 2018–2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle.*

Note 8.10: Jointly controlled operations and assets

Name of entity	Principal activity	Ownership interest 2018 %	Ownership interest 2017 %
Hume Rural Health Alliance	Information Communications Technology Service	4.41	4.55

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

	2018 $'000	2017 $'000
Current assets		
Cash and cash equivalents	243	165
Receivables	171	119
Other assets	6	6
Total current assets	**420**	**290**
Non current assets		
Property, plant and equipment	82	136
Total non current assets	**82**	**136**
Total assets	**502**	**426**
Current liabilities		
Payables	220	22
Lease liability	19	30
Total current liabilities	**239**	**52**
Non current liabilities		
Lease liability	19	34
Total non current liabilities	**19**	**34**
Total liabilities	**258**	**86**
Net assets	**244**	**340**
Equity		
Accumulated surpluses/(deficits)	244	340
Total equity	**244**	**340**

Seymour Health's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2018 $'000	2017 $'000
Revenues		
Operating activities	212	247
Income from member contributions	143	141
Non-operating activities	2	1
Capital purpose income	181	182
Total revenue	**538**	**571**
Expenses		
Employee benefits	56	77
Other expenses from continuing operations	249	264
Depreciation and amortisation	35	41
Capital expenditure	281	–
Finance charges	2	2
Total expenses	**623**	**384**
Net result	**(85)**	**187**

Contingent liabilities and capital commitments

There are no known contingent assets or liabilities for HRHA at the date of this report.

Note 8.11: Economic dependency

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

Note 8.12: Alternate presentation of comprehensive operating statement

For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Grants			
– Operating	2.1	17,197	16,175
– Capital	2.1	751	298
Interest	2.1	144	143
Sales of goods and services	2.1	1,681	1,746
Other income			
– Other capital income	2.1	28	27
– Other operating income	2.1	716	874
Revenue from transactions		**20,517**	**19,263**
Employee expenses	3.1	12,734	12,181
Operating expenses			
– Supplies and consumables	3.1	1,793	1,656
– Non salary labour costs	3.1	1,316	1,340
– Other	3.1	3,308	3,064
Expenditure for capital purpose	3.1	281	4
Non-operating expenses			
– Finance costs – other	3.3	6	7
Depreciation and amortisation	4.3	1,627	1,575
Expenses from transactions		**21,065**	**19,827**
Net result from transactions		**(548)**	**(564)**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets		(32)	(39)
Other gains/(losses) from other economic flows		11	(32)
Revaluation of long service leave		(8)	93
Total other economic flows included in net result		**(29)**	**22**
NET RESULT FOR THE YEAR		**(577)**	**(542)**
Other comprehensive income			
Changes in physical asset revaluation surplus	8.1	1,951	(169)
Total other comprehensive income		1,951	(169)
Comprehensive result		1,374	(711)

Notes to and Forming Part of the Financial Statements Seymour Health Annual Report 2017–18

Note 8.13: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and

(b) the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex-gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:

- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

(a) A contractual obligation:

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) A contract that will or may be settled in the entity's own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

(a) Balance sheet as at the end of the period;

(b) Comprehensive operating statement for the period;

(c) A statement of changes in equity for the period;

(d) Cash flow statement for the period;

(e) Notes, comprising a summary of significant accounting policies and other explanatory information;

Notes to and Forming Part of the Financial Statements Seymour Health Annual Report 2017–18

Note 8.13: Glossary of terms and style conventions (continued)

(f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and

(g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

(a) The parties are bound by a contractual arrangement.

(b) The contractual arrangement gives two or more of those parties joint control of the arrangement

A joint arrangement is either a joint operation or a joint venture.

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the startup costs associated with capital projects).

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

zero, or rounded to zero

(xxx.x) negative numbers

2018 year period

2017–18 year period

Seymour Health
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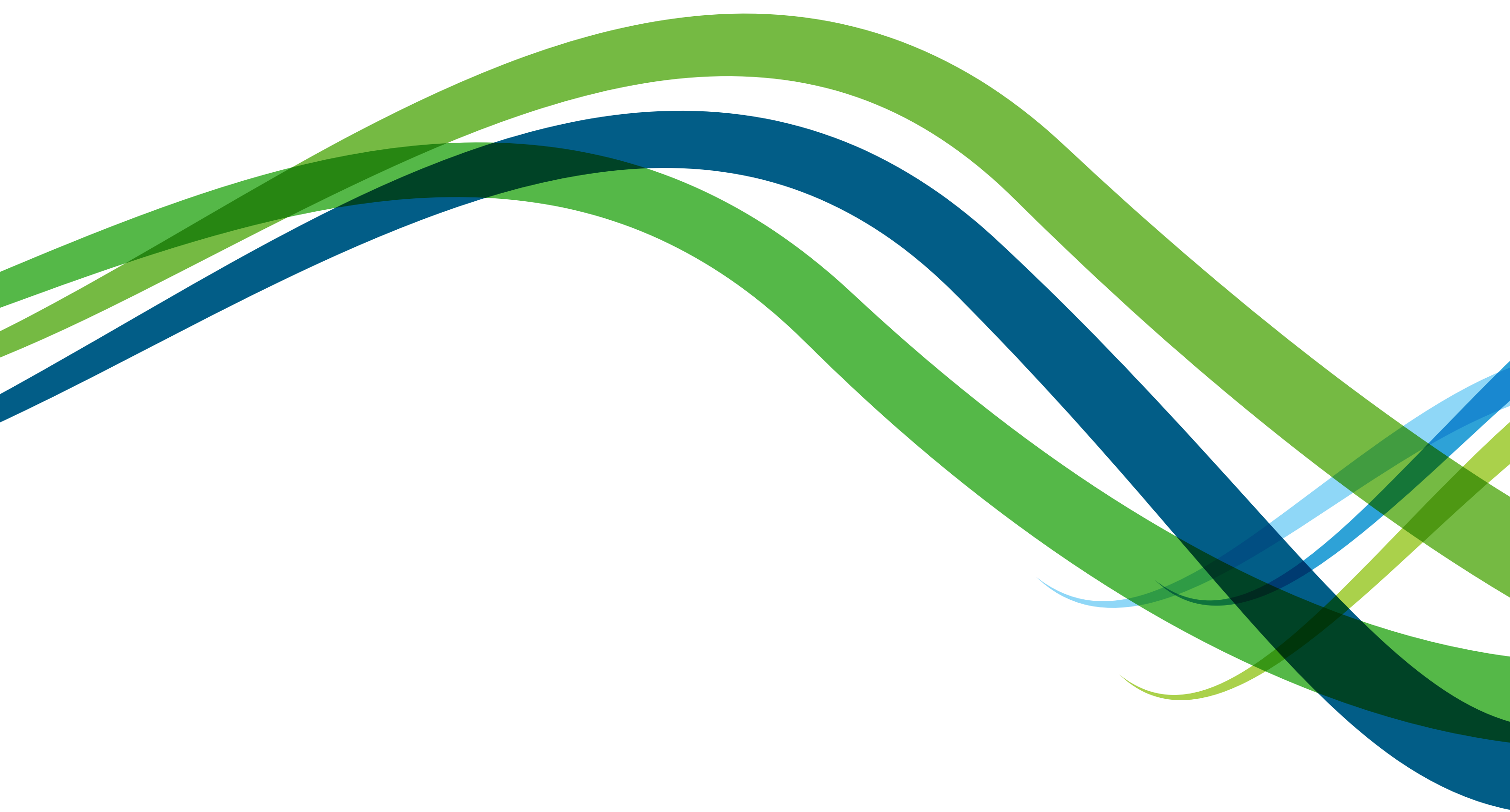

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