



Annual Report

2018 - 2019

A trusted leader in complete community care

MISSION

We will promote the health and wellbeing of the community by providing accessible integrated high quality services

We listen to our consumers and strive to meet or exceed their expectations

VISION

A Trusted Leader in Complete Community Care

RESPECT

To have due regard for each other's differences, choices and rights

INTEGRITY

To act in an open, honest and reliable manner that promotes quality and excellence in all things we do

COMPASSION

To demonstrate empathy, care and concern for others in a nurturing, non-judgemental manner

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Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Colac Area Health for the year ending 30 June 2019.



John De Lorenzo Chairman
Colac Area Health
13 September 2019

Message from the Chair and Chief Executive

As a health service CAH is a public hospital under Schedule 1 of the Health Services Act 1988 we provide a range of services from aged care, acute, allied health and community services.

The Beginning of a New Era

The era of growth for Colac Area Health continued - during 2018-19, the first full year of Colac Area Health's transition from "Rural to Regional" a key strategic priority for the Board.

2018-2019 was the first full financial year of the Board's public medical model of provision of medical care provided by hospital medical officers.

The Board takes the opportunity to thank our local general practitioners and our major referral agency, Barwon Health in supporting the model throughout the year.

A Year of Consolidated Growth

Growth occurred in each of our program areas.

In Urgent Care we experienced 8% growth in presentations.

Acute patients treated increased during 2018-19 to 6,561 an increase from 6,413 patients we treated last year.

Community Care saw significant growth in services. In particular, the expansion of Family and Community Services in response to the government's Prevention of Family Violence strategy.

We have achieved these levels of activity with the budget outcome of a \$1.9 M deficit. Recognising the growth that has occurred across our four program areas has come at a cost. The next twelve months is a period of financial consolidation as we focus on improving the financial viability of Colac Area Health.

We Treated More Patients

Overall our throughput for all patient types rose to 6,580 7.6% higher than the previous year.

We treated 2,952 surgical patients during the 2018-19 financial year. Previously there has been a consistent level of activity over the last six years, heading towards utilising all current capacity. The Board is cognisant of planning for future expansion.

The Pre-Anaesthetic Clinic was commenced in 2018 -19 for public elective surgical patients. The pre-anaesthetic review ensure we continue to deliver contemporary and safe practices for our community.

While birthing numbers have decreased in 2018-2019 compared to prior years, Colac Area health continues to support patient choice of birthing.

Specialist Care

The theme of improved access to services for our community continued throughout 2018-19.

The increased access to medical specialities and community care specialists over the 2018-19 year means more support close to home. Improving the health and wellbeing of our community is our goal. Our achievements in seeking to improve health and wellbeing through expanded services and better access are pleasing such as the introduction of the skin clinic and cardiology services.

Caring for Older People

Adult Day Activity Program farewelled their loved Co-Ordinator, Ms Sally Sparks.

Sally ran a highly successful and supportive suite of programs for clients over many years.

Adult Day Activity Program again had a very successful year providing a wide range of support services to the socially isolated in our community.

Aged residential care is integral to the range of services provided by Colac Area Health to the community. The recommendations from the Royal Commission into Aged Care Quality and Safety will provide opportunity to learn, enhance and strengthen the services we provide so that we remain an attractive option for residents and their carers.

Corangamarah enjoyed an average occupancy of 100% across the year above Board expectations 95-99% and is clearly a facility of choice for our community.

Residents experience is important to us. A range of activities are provided and supported with the most recent Men's Breakfast having an attendance rate of 90%.

Supporting Those in Need of Urgent Care

Previously the Board outlined the benefits from the introduction of a public medical model. During 2018-19 the benefits were highlighted as activity in our Urgent Care Centre, rose by 8% during the year.

There was a total of 9,782 presentations to Urgent Care during the year.

The need to review our facilities to cope with increased activity is a Board objective. The current facility was constructed during 1998, where a time of less demand for the service was experienced.

Community Care – An Expanding Service

Community Care services has continued to expand with growth of 28% across Family and Community Program services.

Many of these services relate to the findings of the Royal Commission into Family Violence and support for the bushfire victims in the south west.

Community Nursing grew by 12% for the year while the Public Dental services expanded by 6%.

Community Care activity grew by 27% across the year from 59,000 to 75,000.

On behalf of the Board I express our appreciation and recognition of the work by the:

- Neighbourhood House and Birregurra Advisory Committees
- Colac Area Health Auxiliaries
- The many volunteers who support Colac Area Health services
- Business community in Colac for their ongoing support and contributions to the service

We thank the Foundation Board for its continued support through the Long Road Appeal. The level of community support for the Long Road Appeal has been exceptional.

The support provided has assisted many of our community members through purchase of equipment and supporting beneficial innovation and initiatives.

Executive Changes

During 2018-19, Our CEO Mr Geoff Iles announced his impending retirement. An extensive recruitment process was undertaken to find a successful replacement.

We are delighted to announce that Mrs Fiona Brew was the successful candidate, commencing on 27 May 2019.

We farewellled Geoff Iles on 3 June 2019, honouring him for a lasting legacy of 13 years of dedicated service. During that time he oversaw a lot of change and development.

We thank Geoff for his commitment to Colac Area Health and wish him all the best in retirement.

Colac Area Health Achievements 2007 – 2019	
2007	Celebrated CAH turning 125 years - Commissioning of Corangamarah Residential Aged Care facility Consolidation of Main Campus site that brought together the Executive staff into the Galvin McCarthy Building, Relocating service staff into Polwarth House and Otway Pioneers and relocation of dental clinic from Hart Street to the former Nurses education unit
2008	Expansion of public oral health with the opening of the Dental Health Services Complex
2009	Career Medical Officer introduction
2010	Supported fluoridation of public water supply to Colac Collocation of Jigsaw Adolescent Mental Health with Community Services Commenced strategic planning for a Foundation
2011	Secured funding for Youth Health Hub, Student Accommodation and Theatre Redevelopment
2013	Theatre Improvement Project completed with additional day stay beds, anaesthetic rooms and additional recovery beds Finalised Central Supply Project and introduced the central system that saves cost of idle stock Colac Area Health Foundation established. The foundation has contributed millions of dollars support to the health service
2014	Establishment of Student Accommodation – 14 beds – that supports 250 students on clinical placement each year. Emergency Registrar rotation arrangement with Barwon Health after 8 years of planning. Surgical Registrar arrangement finalised under the Southern General Surgery Training Program. The Board recognises the invaluable assistance of Mr Chris Sutherland, General Surgeon, in establishing the training arrangements. Specialist Training Program (STP) funding secured for an accredited position in general surgery.
2015	CAH actively began the establishment of specialist clinics Introduction of an organisation-wide key performance indicator measurement system
2016	CAH - 100% smoke free Frank Minchinton Centre opened to support cancer patients Introduction of Electronic Medical Records as first step towards a fully integrated system Commenced region wide Pharmacy Project to improve medication safety, particularly for smaller communities
2017	Introduction of the District Director Medical Administration position Gathering Place established in Miller Street to support the Gulidjan community
2018	Public Medical Model – introduction of HMOs Continued expansion of specialist care services with commencement of cardiac services Commencement of the Public Pre-Anaesthetic Clinic

The Board

Currently there are twelve Board Directors who make up the board and support the four Board Committees.

We welcomed 2 new Board members, Kate Anderson and Dr Amir Rahimi.

As Board Chair, I take this opportunity to thank my fellow Board Directors for their willing engagement and contributions over the year.

On behalf of the Board I thank the Executive and staff of Colac Area Health for what has been a very active and fulfilling year.



Board of Directors:

Back Row: Dr Amir Rahimi, John DeLorenzo, David Shelton, Tim Greene

Front Row: Donald Gordon, Anne-Marie Leslie, Kate Anderson, Leanne Witcombe, Shelly Forche-Baird

Absent: David Willder, Yvonne (Christine) Turner and Dr Catherine Mandel

Manner and Establishment and the Relevant Minister

Colac Area Health is a public hospital established under the Health Services Act 1988. Colac Area Health provides a range of health, aged and community based services as authorised under the Act and operates aged residential care services under the Aged Care Act 1997.

The annual report is prepared in accordance with Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994. The following disclosures are made regarding responsible persons for the reporting period.

Responsible Ministers

The Honourable Jill Hennessy,
Minister for Health
Minister for Ambulance Services
01/07/2018 – 29/11/2018

Jenny Mikakos,
Minister for Health
Minister for Ambulance Services
29/11/2018 – 30/06/2019

Martin Foley,
Minister for Mental Health
01/07/2018 – 30/06/2019

The Honourable Luke Donnellan,
MP, Minister for Child Protection, Minister for Disability, Ageing and Carers
29/11/2018- 30/06/2019

Department of Health and Human Services

I take this opportunity to once again express the Board's appreciation to the staff of both Regional Office and Melbourne Office; Department of Health and Human Services for their engagement and support during 2018-2019 and to the Australian Government Department of Health

Staff

For Colac Area Health to be successful requires the willing involvement of many people. As Chair, along with the Chief Executive, I take this opportunity to recognise and thank all who contributed to the service during 2018-2019 and in particular wish to record recognition and appreciation for the work of the Executive Team, Program Managers, Team Leaders and Staff along with Visiting Medical and other Clinical Staff all of whom make the service a success.

Strategic Priorities

In 2018-19 Colac Area Health contributed to the achievement of the Victorian Government's commitments by:

Goals	Strategies	Health Service Deliverables	Outcome
<p>Better Health</p> <p>A system geared to prevention as much as treatment</p> <p>Everyone understands their own health and risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p>	<p>Better Health</p> <p>Reduce state-wide risks</p> <p>Build healthy neighbourhoods</p>	<p>Strengthen clinical safety in partnership with small rural health services through the regional pharmacy collaborative project. Meet established project objectives.</p>	<p>ACHIEVED</p> <p>A governance structure was established with funding from Better Care Victoria to support the partnership arrangements.</p>
	<p>Help people to stay healthy</p> <p>Target health gaps</p>	<p>Actively participate in the Health Accord through the Quality, Safety and Clinical Risk Group to implement regional strategies to strengthen safety and quality outcomes.</p>	<p>ACHIEVED</p> <p>Regional strategies have been developed to implement credentialing of Medical Practitioners ensuring rigorous process to ensure our medical practitioners have the skills to provide safe levels of care</p>
		<p>Implement an expanded public antenatal clinic in the towns of Winchelsea, Birregurra and Apollo Bay.</p>	<p>ACHIEVED</p> <p>Satellite Antenatal Clinics have been successfully established in Apollo Bay, Birregurra and Winchelsea.</p>

Goals	Strategies	Health Service Deliverables	Outcome
		In partnership with Barwon Health implement the Strengthening Hospital Response to Family Violence Project and support the small rural health services.	<p>ACHIEVED</p> <p>All key milestones of the project have been met. Progress report has been submitted to Better Care Victoria.</p>
		Progress discussions with South West Do Care board to explore formal integration.	<p>ACHIEVED</p> <p>Project consultation complete, board has signed off on the integration commencing 1 July 2019.</p>
<p>Better Access</p> <p>Care is always there when people need it</p> <p>More access to care in the home and community</p> <p>People are connected to the full range of care and support they need</p> <p>There is equal access to care</p>	<p>Better Access</p> <p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	Working with the regional cardiac project manager, develop a plan to improve access to cardiac services by December 2018.	<p>ACHIEVED</p> <p>Specialist medical outpatient service has been established with the current facility almost at capacity with the visiting Medical specialists.</p> <p>Cardiac Clinic was in operation from December 2018</p>
		<p>In collaboration with Barwon Health complete a plan to introduce a public antenatal clinic and high risk antenatal clinic.</p> <p>Introduce a public pre-anaesthetic clinic in conjunction with anaesthetists' group.</p>	<p>IN PROGRESS</p> <p>Consultations have commenced with University Hospital Geelong in regard to developing a full Public Antenatal High Risk Clinic</p> <p>2 x weekly Pre-anaesthetic Clinics implemented in November 2018.</p>

Goals	Strategies	Health Service Deliverables	Outcome
		In partnership with the Wathaurong Aboriginal Co-operative develop a plan for the introduction of an eye clinic and explore the feasibility of an ear clinic at Colac Area Health to provide care for Aboriginal people.	<p>UNDER REVIEW</p> <p>Exploring opportunities to develop a local plan to meet the needs of the Aboriginal Cooperative for an eye and ear clinic.</p>
<p>Better Care</p> <p>Target zero avoidable harm</p> <p>Healthcare that focusses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p>Better Care</p> <p>Put quality first</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p>	<p>Establish a system of clinical review designed to prioritise the following indicators:</p> <ul style="list-style-type: none"> • Unexpected return to theatre • Unplanned readmissions within 28 days • Unplanned or unexpected transfer from ward within 24 hours due to deterioration • Unexpected deaths <p>Continue to participate in the staged rollout of virtual pharmacy services to small rural health services in Barwon South West.</p>	<p>ACHIEVED</p> <p>The processes outlined below have been implemented as a result of the clinical review and has now been embedded into review processes</p> <p>Overseen by Clinical Risk Committee. Chaired by District Director Medical Administration.</p> <p>Reported monthly. Process finalized May 2019.</p> <p>Perioperative Nurse Unit Manager reviews unplanned return to theatre.</p> <p>Unplanned readmissions reviewed by Patient Flow Liaison Officer.</p> <p>Unplanned transfer reviewed by Acute Nurse Unit Manager.</p> <p>System under development to report to Clinical Governance Board Sub-committee.</p> <p>ACHIEVED</p> <p>Pharmacy project reviewed and service level agreements being explored with partners for continued service provision.</p>

Goals	Strategies	Health Service Deliverables	Outcome
		<p>Establish a system of review and analysis of re-presentations to the Urgent Care Centre.</p> <p>Identify alternate strategies to manage provision of care.</p>	<p>IN PROGRESS</p> <p>Analysis has been undertaken, noting that overall presentations are increasing 8% per annum. Monthly reports are provided on representations across triage categories.</p> <p>This analysis has identified that more work needs to be undertaken to ensure the most accessible levels of care are available for the community. This will be undertaken during 2019/2020</p>
		<p>Undertake training through the Health Issues Centre of the Community Advisory Committee and for staff.</p>	<p>ACHIEVED</p> <p>Three sessions were run through the Health Issues Centre in September 2018 for identified front line staff:</p> <ul style="list-style-type: none"> • Co-Production for Health Consumers • Health Literacy for Clinical and Non Clinical Staff • Health Literacy for Health Consumers, Community Members and Staff
		<p>Establish a student placement program that places 250 students on clinical placement over the 2018-19 financial year.</p>	<p>ACHIEVED</p> <p>267 Student placements achieved</p>

Goals	Strategies	Health Service Deliverables	Outcome
<p>Specific 2018-19 priorities (mandatory)</p>	<p>Disability Action Plans</p> <p>Draft disability action plans are completed in 2018-19.</p>	<p>Develop and submit a Disability Action Plan to the Department by 30 June 2019 with an approach to fully implement the plan within the health service by 30 June 2021.</p>	<p>PARTIALLY ACHIEVED</p> <p>Draft Disability Action Plan has been developed and requires further consumer consultation.</p>
	<p>Volunteer engagement</p> <p>Ensure that the health service executives have appropriate measures to engage and recognise volunteers.</p>	<p>Recognise volunteers with an annual event to coincide with Volunteer Week.</p> <p>Develop and regularly publish a volunteer newsletter to promote volunteers and volunteering.</p>	<p>ACHIEVED</p> <p>Our volunteer program has been enhanced to provide ongoing support to volunteers:</p> <ul style="list-style-type: none"> • Monthly newsletter • Education and training • Participation in Colac Area Health Social Club • Recognition event held during Volunteer Week • Inaugural Excellence in Volunteer Service award initiated in 2018

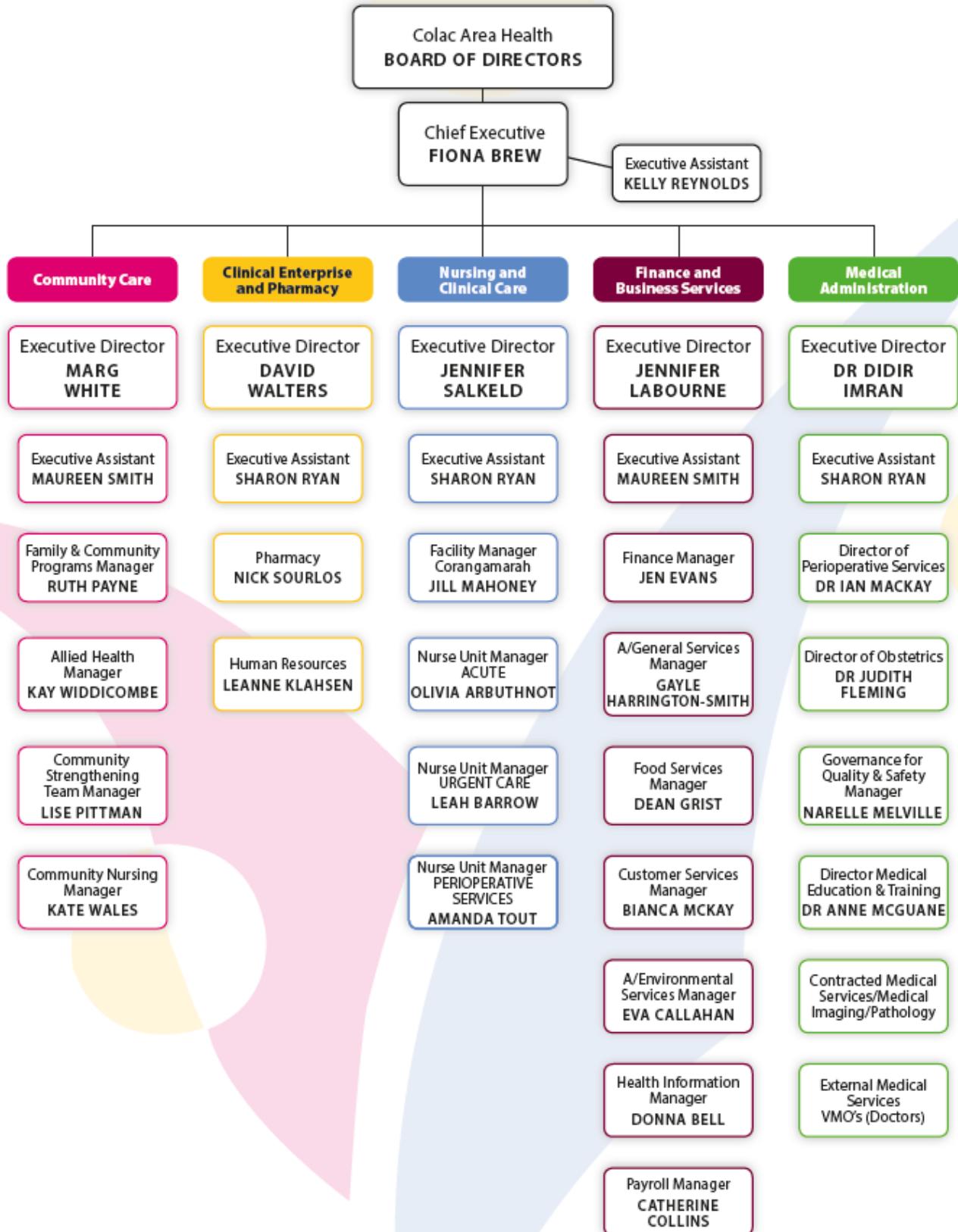
Goals	Strategies	Health Service Deliverables	Outcome
	<p>Bullying and harassment</p> <p>Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p>	<p>Implement “Creating a Positive Culture” program for all staff.</p> <p>Require units across the organisation to undertake positive culture activities within their teams.</p> <p>Conduct a Leadership Program for aspiring leaders.</p> <p>Review systems and processes to ensure timely review of all bullying and harassment claims.</p>	<p>ACHIEVED</p> <p>Over 80% of staff participated in the foundation “Creating a Positive Culture” program</p> <p>Undertaking the Safer Care Victoria Leadership Team Coaching Program – consisting of 32 members of our Senior Leadership Team. In addition, two other leadership programs were provided, “Leadership Foundations” and “Leadership by Design” with 50 participants across the two programs</p> <p>Undertook cultural reviews in Community Nursing, Maternity and Urgent Care</p> <p>Management of bullying and harassment claims reviewed leading to improvement of timelines in management of claims. Where indicated external investigations have been undertaken in a timely manner.</p>

Goals	Strategies	Health Service Deliverables	Outcome
	<p>Occupational violence</p> <p>Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually.</p> <p>Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>Review progress against the six principles contained within the Guide for Violence and Aggression Training in Victorian Health Services and realign staff training where required.</p>	<p>ACHIEVED</p> <p>Review completed informing the change of Occupational Violence and Aggression Training - "Manage Aggressive Customers" train-the-trainer</p> <p>Code Grey and OVA policies being combined with training provided to key staff</p> <p>Scoping of prevention and de-escalation training underway.</p>
		<p>Explore and establish joint arrangements between the Polwarth Alliance partners to develop a short electronic media based tutorial to assist the workforce to employ effective strategies to manage incidents of occupational violence and aggression in the workplace.</p>	<p>ACHIEVED</p> <p>Occupational Violence Aggression e-learning awareness package in place at Colac Area Health as well as the four DHHS learning modules.</p>
	<p>Environmental Sustainability</p> <p>Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce</p>	<p>Complete the implementation of the board's Green Colac Area Health strategy by installing solar panels across the organisation by 31 December 2018.</p>	<p>PARTIALLY ACHIEVED</p> <p>840 Solar panels have been installed. They will generate 240KW of electricity per day. It was planned they would be commissioned by 31 March 2019, however that has now been delayed to 1 November 2019</p>
		<p>Complete a project of sterilizer replacement to reduce water usage, running times and enable reduction in waste water.</p>	<p>ACHIEVED</p> <p>Sterilisers replaced and fully operational. They were commissioned on 15 August 2019</p>

Goals	Strategies	Health Service Deliverables	Outcome
	material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Replacement of all light fittings with LED light fittings.	PARTIALLY ACHIEVED In progress 70% complete
		Introduce a recycling program for medical packaging waste.	ACHIEVED Recycling has been introduced and fully operational
	LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.	Undertake a review of all policies and guides to promote inclusiveness with a focus on: <ul style="list-style-type: none"> • Access to services • Human resources processes and procedures. 	ACHIEVED Organisational review undertaken - 78% of policies and guidelines reviewed ensuring reference to inclusiveness statement
		In association with the Polwarth Alliance and the LGBTI community create a workforce awareness training program to ensure LGBTI service users are welcomed and their rights are acknowledged and wishes respected.	PARTIALLY ACHIEVED LGBTI advocate to deliver a suggested program of how to introduce workforce training program across a number of health services within the Polwarth Partnership

Organisation Structure

COLAC AREA HEALTH ORGANISATION CHART



Our Board

Mr John De Lorenzo - Chairman



FIPS, MAICD, Advanced Diploma of Business (Accounting), Graduate Diploma in Professional Accounting. John is at SPE Management Pty Ltd; an exporting business in Geelong, a position he has held

since 2005.

John has extensive experience in the manufacturing and export forestry business with accounting and corporate governance knowledge; being SPE Company Secretary he has a sound knowledge of risk management and corporate accountability. John has a keen interest in strategic planning leadership and decision making processes.

First Appointed: 01/07/2011

Term of Appointment: 01/07/2017 to 30/06/2020

Ms Leanne Witcombe Junior Vice-Chair



Leanne is the manager of Colac Travel Service, a locally owned business that has been in operation since 1926 making it one of the longest running agencies in the state. This is a role she has held since 1999 in this dynamic and ever changing industry. Leanne also holds a

directorship and is the Secretary on the Board of the Travel Agents Co-Operative, a progressive group of independent travel agents who come together to form a competitive alternative to franchise Agency groups. She is also involved with travel arrangements for Rotary Youth Exchange as an airport liaison officer at Melbourne airport.

First Appointed: 01/07/2015

Term of Appointment: 01/07/2019 to 30/06/2022

Mr David Shelton Senior Vice-Chair



David is a lifelong member of the Colac community and is married with three children. He is the Managing Director of Shelton Timber Treatment Company and has worked in the business for over 25 years. He has been an

active member of several local organisations over the years.

David's experience in a small to medium enterprise gives him a sound knowledge of governance, risk management and financial management.

He is interested in the health needs of the local community both from a personal perspective and that of a local employer.

First appointed: 01/07/2015

Term of Appointment: 01/07/2019 to 30/06/2021

Mr David Willder Treasurer



David is a Partner of WMC Accounting, qualified Chartered Accountant and Certified Taxation Accountant. David is married with five children and actively involved in community life. Currently Treasurer of Geelong Animal Welfare Society, and Director

of NGO Doorstep Education Fiji.

First Appointed: 01/07/2013

Term of Appointment: 01/07/2016 to 30/06/2019



Mrs (Christine) Yvonne Turner

Bachelor of Commerce and Administration (Wellington, NZ); MBA (Monash) Master of Marketing (Monash)

Yvonne has diverse industry experience in the private and public sectors in New Zealand and Australia. Her experience includes working in and consulting to large, complex, regulated organisations such as Australia Post and the not-for-profit sector.

Yvonne is a graduate member of the Australian Institute of Company Directors Course and a member of AICD Director Nexus. Her interest is in corporate governance, strategic thinking and planning, and change management and making a difference to the community by contributing in strategic roles. She is a Non-Executive Director of Unison Housing Limited. Former director roles include Yarra Community Housing, the Australian Centre for Posttraumatic Mental Health (now Phoenix Australia) and the Australian Marketing Institute State Advisory Committee.

First Appointed: 01/07/2013
Term of Appointment: 01/07/2016 to 30/06/2019



Ms Shelly Forche-Baird

Shelly is a Human Resources professional, who has worked within private and public healthcare sectors. Shelly is an Affiliate member of the Australian

Human Resources Institute and holds a Bachelor of Human Resources Management. Shelly currently works in Community Services, with her areas of expertise in: Home Based Aged Care Reforms. She has an interest in ensuring quality care, as well as change management, workforce development and organisational strategy.

Shelly is currently Secretary of Otway Conservation Association, Otway's and Coast Permaculture Group and Southern Otway Food Cooperative.

First appointed: 01/07/2017
Term of appointment: 01/07/2017 to 30/06/2020



Ms Anne-Marie Leslie
BA (Hons) Latrobe University
Major in Politics. Masters
Human Resource Leadership
Rutgers University NJ USA

Anne-Marie is currently on the Deakin University Human Research Ethics Committee and undertakes advisory work to organizations on governance and talent management strategies particularly capability development for growth and transformation. From 2007-2016 she was Senior Vice President Human Resources for Cochlear working with the Board on CEO transition, Executive Remuneration and with the Executive team on global capability development to support a growth business, digital transformation and manager capability development. She worked as a sponsor of all major change initiatives across the business and was able to build world class systems and processes to support the business.

She has over 25 years' experience in local, regional and global human resource management roles having worked for both Bristol-Myers Squibb and Kodak in both Australia and in the USA and having had global and Asian management responsibilities for major IT transformation programs. Earlier experience included leading quality management initiatives at Kodak as winners of the Australian Quality Prize and as an evaluator with Business Excellence Awards in Australia and the USA.

First Appointed: 01/02/2018
Term of Appointment: 01/02/2018 to 30/06/2020



Mr Donald Gordon
Solicitor of the
Supreme Court of
Victoria and High Court
of Australia. Donald
has practiced law in
Sydney, Brisbane,
Auckland, Fiji and
Melbourne. Donald also

teaches at Victoria University, writes for LexisNexis and Thompson Reuters, has his own law practice in Melbourne and has also recently been awarded a Master of Law Scholarship. His area of practice includes disputes, commercial contracts and refugee law. Donald has a keen interest in medico-legal law and community justice.

First appointed: 01/07/2017
Term of appointment: 01/07/2017 to 30/06/2020



Dr Catherine Mandel

Catherine is a radiologist and has extensive experience in patient safety including lectures, presentations and co-organising conferences. She has worked in Australia and the United Kingdom and in public and

private practice and has held appointments at universities in both countries. She was a member of the Medical Expert Committee of Avant, a medical indemnity organisation.

Catherine is a director of AMA Victoria and the Victorian Doctors Health Program. She has been a councillor for the Royal Australian and New Zealand College of Radiologists and was re-elected to Council in January 2018, contributes to the work of several RANZCR committees and was secretary-general of the Australian and New Zealand Society of Neuroradiology. Catherine was also a member of the Medical Expert Committee of Avant, a medical indemnity organisation. This appointment ended on 31 December 2017. Improving patient care and patient safety is central to her clinical practice and governance roles.

She is an advocate of a just culture, openness and transparency in the workplace and encourages patients to be involved in decision-making in their own health care. Her family have had connections with the Colac district for two decades.

First appointed: 01/07/2017

Term of appointment: 01/07/2017 to 30/06/2020



Mr Timothy Greene JP

Timothy Greene spent his working life in banking and finance where he retired from Westpac's Private Banking operation as a Director in 2015 after 43 years. Alongside his working life Tim has had a number of external appointments such

a Justice of The Peace for Victoria; also, he is Life Governor of Melba Support Services Inc. which provides services in day training and residential care for those with an intellectual disability. Tim was also on the Foundation Board for St Vincent's Institute for Medical Research in Melbourne and The Economic Development Board for council amalgamations between The Shire of Yarra Ranges and Sherbrooke Shires.

Tim was given a leave of absence from the CAH Board while he was Acting Chief Executive of The Coroners Court for Victoria based in Melbourne. This appointment was short term and he returned to the CAH Board in July 2018.

Tim attended Geelong College, and has a post graduate degree in business from RMIT. Married to Mary for 43 years they have two married adult sons and three grandsons. Both Tim and Mary (nee Carew) moved to Colac for their retirement due to having a long family history in this area.

First appointed: 01/02/2018

Term of Appointment: 01/02/2018 to 30/06/2020



Ms Kate Anderson

Masters of Business Administration (MBA).

Registered Nurse (RN) with more than twenty years experience working in the Operating Suite in both public and private health services. Kate has also worked extensively throughout regional Australia, metropolitan areas and overseas. She has an interest in clinical governance, change management, leadership and strategic planning.

Kate's health service management roles include; Capital Project Manager, Perioperative Services Manager and After-Hours Hospital Management. Kate also participates in extreme physical team challenges to raise money for our community, such as The Fred Hollows Foundation 60 km Coastrek in Sydney and Melbourne.

First Appointed: 01/07/2018
Term of Appointment: 01/07/2018 to 30/06/2021



Dr Amir Rahimi

Amir is a general practitioner and medical administrator with more than 20 years' experience overseas and in Australia. Upon finishing his undergraduate medical degree (MD) in Iran, Amir worked in various practice and hospital settings, including his own general practice clinic, before moving to Australia. In Australia, Amir worked as a GP in and around Geelong and in medical administration positions at the Royal Children's Hospital and The Peter MacCallum Cancer Centre in Melbourne and in the latter, he served as Deputy Chief Medical Officer. Amir is currently working in a combined clinical/medical administration role. He works as part time GP at Horsham and Director of Medical Services for Stawell Regional Health, Rural Northwest Health and Beaufort and Skipton Health Service.

Amir also served as a board director of the GP Association of Geelong, Barwon Medicare Local and then Western Victoria Primary Health Network where he chaired the Finance, Audit and Risk subcommittees. He is a current member of board of directors of Colac Area Health.

Amir is a fellow of RACGP and is in training program of The Royal Australasian College of Medical Administrators (RACMA). He also completed Master of Medicine in infections and immunity at the University of Sydney and Master of Professional Accounting at James Cook University and Australian Institute of Company Directors' Course.

First Appointed: 01/07/2018
Term of Appointment: 01/07/2018 to 30/06/2021

Our Leadership Executive Team

Chief Executive (Until 3 June 2019)



Geoff Iles BA (Soc Sci), Grad Dip DRA, Grad Dip Management (Monash)

Geoff has been CEO of Colac Area Health for the past 12 years and brings to the organisation a wealth of public health policy knowledge. Geoff was previously the Regional Manager of Health and Aged Care Barwon South West Region.

Geoff is a member of the BSW Council of CEO's, is a founding member of the Western Alliance and is a member of the Go Council of Governors for the South West Alliance of Rural Health (SWARH).

Chief Executive



Fiona Brew
RN, Perioperative Certificate, Grad Dip Acute Care Nursing, MACN, MBA, GAICD

Fiona commenced with Colac Area Health in June 2019. Fiona brings extensive regional and rural experience working across a variety of health regions in senior executive roles. She has held portfolios across both the clinical and corporate domains influencing health outcomes for local communities.

Fiona has represented the sector on numerous working groups and through ministerial appointments. Recognising that staff are the greatest asset for any organisation, drives her passion in developing opportunities for people to learn and grow. Fiona is a values driven leader and believes a safe and just culture leads to a high performing organisation

Director Finance and Business Services



Jennifer Labourne
BBus, FCPA, CA

Jennifer has been with Colac Area Health since September 2009.

She has held many Board positions including Health Purchasing Victoria, Parks Victoria and The Florey Institute of Neuroscience and Mental Health. Jennifer brings with her a host of experience in financial management and corporate governance. Jennifer has responsibility for the operations of Food Services, Domestic Services, Supply, Finance, Reception and Health Information. She is keen to ensure that all departments incorporate modern practices into their day to day operations.

Director of Clinical Enterprise and Pharmacy



David Walters BPharm (VCP), MBA (SCU), MGMT (USQ), DipOrthTh (NJ), Grad Dip Clin Edu (Flinders)

With 33 years' experience as the Pharmacist at Colac Area Health, David is excited about the challenge of bring quality care close to home.

David is a member of the Victorian Therapeutic Assessment Group (VicTAG), and an active committee member of SWABS (South West Antimicrobial Stewardship). David has oversight of Human Resources, Pharmacy and partnerships with external health services.

Director Community Care



Marg White BA (Soc Sci),
Grad Dip Management,

Marg has worked in the community sector in Colac over many years. Marg has seen rapid sector change over the

past 10 years as Director of Community Care and is strongly committed to bringing services to rural areas and to providing a diverse range of quality services and programs, particularly for vulnerable members of our community. Marg has actively pursued partnership and co-location opportunities with other service providers to complement and enhance CAH services and programs.

Director of Nursing and Clinical Care



Jennifer Salkeld (RN RM)

A Registered Nurse and Midwife, Jennifer has been Director of Nursing and Clinical Care since February 2018.

Prior to this Jennifer was the Assistant Director of Nursing, Midwifery and Clinical Operations at Colac Area Health for 2 years. Jennifer has extensive experience in Rural Health Leadership.

Her aim is to increase capacity within the nursing division and ensure the provision of contemporary and timely care to the community.

District Director Medical Administration



Dr Didir Imran (MBBS)
With over 10 years of clinical and hospital administration experience, Didir has worked across 5 states and 10 health services after graduating from the University of Adelaide (MBBS).

Didir is a huge advocate for health informatics and he was most recently the Deputy Chief Informatics Officer (CMIO) at Western Health, where he assisted with clinician engagement and in the implementation and design of a multi-million dollar electronic medical record (EMR) system.

A firm believer in life-long learning, Didir is currently undertaking a Masters of Health Services degree through Monash University. He is also a trainee with the Royal Australasian College of Medical Administrators (RACMA).

As the inaugural District Director of Medical Administration (DDMA) for the Polwarth region, Didir has strategic and operational oversight of clinical governance across the region.

Finance and Business Services

Our team covers a broad area of activity from the preparation of financial statements to the preparation of food. We are delighted to have introduced a new menu, which is delivering high quality contemporary meals to our residents and patients. This has been very successful, and we look forward to building on this menu to make Colac Area Health a health service that provides good and nutritious food in a contemporary manner

Energy and Environment

Going solar

The Health Service has participated in a subregional tender process facilitated by Health Purchasing Victoria (HPV) for the purchase and installation of a solar photovoltaic (PV) system for eleven agencies across the South West.

LED Lighting Upgrade

The installation of LED lighting across all campuses is estimated to reduce energy usage at Colac Area Health by 70%. The roll out will also reduce maintenance and our overall carbon footprint.

Main Reception

Colac Area Health's Main Reception is open Monday – Friday 8.30 am - 5.00 pm (excluding Public Holidays).

Main Reception is the central point for paying accounts, general enquiries, purchasing consumables as well as managing the main switchboard for the entire hospital.

Reception manage the emergency phone and coordinate the communication of the emergency announcement system for the whole site.

All appointments are coordinated by Reception for our Community Services teams which includes Family and Community Programs, Allied Health, Community Nursing as well as our co-located and visiting services.

The addition of the new medical consulting rooms has significantly benefited the community by reducing the need to travel to see medical specialists.

In July 2018 an average of 107 patients were seen per week (up from 43 in July 2017) to now an average of 200 patients being seen per week in June 2019.

The medical clinics for which we provide administration support include a Paediatrician, Neurologist, Gynaecologist, Urologist, Infant Hearing, Orthopaedic Surgeon, Ophthalmologist, Cardiology (echocardiography clinic and pacemaker clinic), skin cancer clinics as well as the introduction of the Pre-Anaesthetic Clinic which commenced in November 2018.

Environmental Services

Environmental Services are an integral part of our organisation. We are responsible for maintaining the cleanliness and presentation of key departments including Operating Suite, Acute Care including Frank Minchinton Cancer Centre, Urgent Care and Residential Aged Care. We are also responsible for patient transport, onsite mail delivery, office relocation and linen & waste collection and delivery throughout the organisation.

The standard of cleaning at Colac Area Health is maintained at a very high standard, well above the Acceptable Quality Level (AQL) required in the "Cleaning Standards for Victorian Health Facilities 2011".

The required Acceptable Quality Level is:

- They should reflect the outcomes required of a cleaning service
- They do not measure process but remain focused on the need to have a clean and safe environment
- They focus on the needs of the patient/client
- A cleaning service is a vital component in the
- development and maintenance of a health care services quality system
- Healthcare services need to demonstrate a commitment to continuous quality improvement
- Very High Risk (VHR) - 90%

- High Risk (HR) - 85%
- Moderate Risk (MR) - 85%
- Overall Hospital Score (OHS) - 85%

Monthly cleaning audits are conducted internally. Colac Area Health has 2 QVCSA auditors on site. We consistently achieve above standard results in our monthly audits.

These audits are completed using a software program developed by Infection Prevention Australia. The program enables us to provide feedback to staff via rectification lists and is able to produce graphs to ensure we are achieving the relevant AQL for all the risk categories.

To ensure the hospital meets the requirements of the Department of Health and Human Services and annual audit must be completed by an External Auditor. Mrs Carol Rosevear, from Infection Prevention Australia (IPA), conducted the audit on the 25 July 2018.

The Cleaning Audit is done utilising the "Cleaning standards for Victorian Health Facilities 2011" document. The standards are constructed to aid as a guide for developing service specifications, be clear and unambiguous so that they can be clearly interpreted to meet the obligations of our facility.

The table below reflects Colac Area Health's compliance with Cleaning Standards for Victorian Health facilities 2011.

Cleaning Standard Measure	AQL target	Outcome
Overall compliance with standards	Full compliance	Achieved
Very high risk (Category A)	90 points	Achieved
High risk (Category B)	85 points	Achieved
Moderate risk (Category C)	85 points	Achieved

Financial Information

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
• Operating Result	(1,948)	(280)	(463)	271	767
• Total Revenue	49,514	45,205	41,405	39,521	38,797
• Total Expenses	52,746	47,343	44,405	41,409	40,204
• Net Result from transactions	(3,232)	(2138)	(2700)	(1528)	(1407)
• Total other economic flows	-	3900	26	9	49
• Net result	(3,232)	1,762	(2,674)	(1,519)	(1,358)
• Total assets	61,544	57,968	54,748	54,583	51,711
• Total liabilities	25,657	20,718	19,260	13,840	11,986
• Net assets/Total equity	35,887	37,250	35,488	38,206	39,725

The Operating result is the result for which the health service is monitored in its Statement of Priorities

Reconciliation between the *Net result from transactions* reported in the model to the Operating result as agreed in the Statement of Priorities.

	2019 000's
Net Operating Result *	(1,948)
<u>Capital and Specific Items</u>	
Capital Purpose Income	1,217
Depreciation	(2,384)
Other Economic Flows	<u>(117)</u>
Net Result from Transactions	(3,232)

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

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2018-2019 is \$ 1.64 Million (excluding GST) with the details shown below.

Business As Usual (BAU) expenditure	As Usual ICT expenditure	Non-Business Usual (non-BAU) ICT expenditure	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
\$1.64M	0	0	0	0

Nursing, Midwifery and Aged Care

Acute

The Acute Ward has a continued focus on delivering a high standard of care to consumers. This is achieved through regular assessment and evaluation of our processes. Audit results are reviewed by staff who contribute to recommendations to continually improve the service.

The unit has also had a strong focus on culture and leadership over the last 12 months, with 100% of staff attending on-site training. This has led to improved productivity from staff and increased work place satisfaction.

The Acute Ward pride themselves on being a supportive and welcoming environment for new staff, students and graduate nurses.

Haemodialysis

The haemodialysis unit comprises of 3 chairs. The unit is run by a small team of highly skilled and dedicated staff who strive to ensure their patient's feel "at home" during their treatments. The team are very patient focused understanding dialysis treatment consumes a large part of a patient's time. Colac Area Health's dialysis department is a satellite unit of University Hospital Geelong which means staff and patients have full access to specialist advice at any time.

Cancer Treatment Centre

The Frank Minchinton Centre continues to provide treatment, supportive care, education and advice for a large number of individuals and their families.

The Centre prides itself on being able to deliver low risk chemotherapy as well as supportive therapies such as blood products, iron infusions and intravenous fluids. Other services include radiotherapy skin checks, dressing changes and central line management. Support, education and advice can be given either in person or over the phone.

Visiting specialists include a radiotherapist who visits one afternoon a fortnight and a

medical oncologist who runs a review clinic monthly. Telehealth is also widely used on occasions where the specialist is not on site, to allow for patient reviews minimising the need for travel.

The Centre's plan for the future is to continue to deliver a top quality service to the residents of Colac and surrounding districts.

Perioperative Services

The Pre-anaesthetic Clinic commenced at Colac Area Health from 16 October 2018.

The clinic operates consulting suites in Primary Care every Tuesday afternoon and all day Friday.

There are four GP Anaesthetists from Corangamite Clinic who conduct pre-anaesthetic assessments during these sessions.

Since the commencement of the Pre-anaesthetic Clinic 1174 patients have had a consultation prior to the day of surgery ensuring they are fit for an anaesthetic at Colac Area Health.

In July/August 2018 Perioperative Services was closed for six weeks to enable an upgrade in the Central Sterilising and Supply Department (CSSD).

The upgrade included:

- Replacement of two existing sterilisers
- Refurbishment of the existing fast cycle steriliser
- Installation of a high purity water loop for reverse osmosis water (RO) to comply with AS4187 Reprocessing of reusable medical devices in health service organisations standards
- Installation of two RO units for new sterilisers
- Installation of humidifiers and an upgrade to air conditioning systems
- Associated building and painting works



Perioperative Services introduced a “Reduce, Reuse, Recycling” program in 2018. This innovation is based around using customised recycling bins for disposal of a range of plastics, paper and cardboard. This reduces waste sent to landfill and incinerators so is environmentally friendly, can lead to financial savings and has several other benefits. This program was the recipient of the September 2018 CAH Innovation Award.



Urgent Care

Urgent Care continues the transformation that began early in 2018. The advent of the HMO model (Hospital Medical Officer) has been a welcome addition to Urgent Care providing medical cover 24 hours a day. Supported by the Emergency Registrar two days a week we strive to provide our patients with the best possible emergency care.

An increase in patient numbers and acuity presenting to Urgent Care has driven a trial of Emergency Nurse Practitioner’s to support the medical model. Colac Area Health has successfully obtained funding from the Department of Health and Human Services to formalise the Nurse Practitioner Model of Care. Urgent Care continues to partner with University Hospital Geelong, Ambulance Victoria, Adult Retrieval Victoria, Paediatric Infant Perinatal Emergency Retrieval and Barwon Mental Health when our patients require specialist care and transfer, e.g. trauma, specialist medical and surgical services, paediatrics and mental health services.

Residential Aged Care

Our ability to provide our consumers with a skilled workforce and a positive reputation, ensures a consistently high level of occupancy.

Being situated in a central location in town, our consumers feel a part of the broader community.

We offer a broad range of activities and events for our consumers, catering for all the interests and preference of our consumers.

Our consumers have access to a very wide range of hospital services due to our colocation in the hospital.

In 2018 we implemented a Complex Pain Management program to assist with chronic pain control.

We offer Restorative Care, Respite Care, and have Dementia specific accommodation and we provide Palliative Care which enables consumers to stay in their home environment until end of life.

Last year Corangamarah successfully achieved Accreditation and is currently transitioning to the new Quality standards.

Maternity Services

After a cultural review of the Maternity Unit, a Manager role was created in April this year.

Overlying responsibility of this role is to oversee the total Maternity Service, which includes Birthing, Antenatal Clinics, Domiciliary Service and Lactation Support Services.

There is a robust education program at Colac Area Health, which provides Midwives and the Medical Workforce the opportunity to maintain and develop their scope of practise and skills.

- Practical Obstetric Multi Professional Training (PROMPT)
- Foetal Surveillance Education (CTG)
- NeoResus First Response
- Breast Feeding Education.

Advance Care Planning

Advance Care Planning is a national program that enables all Australians to make best health choices for their life and healthcare.

We have reviewed all documents related to Advance Care Planning to ensure they match Medical Treatment Planning and Decision Act.

We have developed and provided education for all staff about Advance Care Planning.

We have setup a monitoring process to ensure that all documents follow legislation.

All new Advance Care Planning documents uploaded to our electronic patient management system get reviewed. This ensures they follow the Medical Treatment Planning and Decision Act. Any non-compliant documents get followed up by Advance Care Planning Officer to provide support to rectify.

Currently we are developing a Goals of Care form which will document a patient's wishes. The Goals of Care form will not replace - Advance Care Planning but will allow time for the patient to make the best choices about their health care.

Workforce Training and Development Student Placements

Workforce Training and Development sponsored and facilitated a total of 267 student placements with 3,425 days of clinical and healthcare experience provided for a variety of disciplines including nursing, medicine, allied health, community services, health information, initial registration of overseas nurses, TAFE certificates and work experience students.

Staff Education and Training

Colac Area Health staff have access to over 200 online courses and other educational opportunities for continued professional development Learning Management System (LMS) and 350 face to face education and training opportunities were delivered to staff in 2018-2019.

We have 568 staff registered in the Learning Management System.

Additionally, we have two full time and one part time Certificate III in Business trainees rotating through different departments of the organisation.

Graduate Nurse Program

Seven nurses graduated from the 2018 Graduate Nurse program in January 2019 and nine graduate nurses began their nursing career with us in January 2019, where rotations will be undertaken in Community Nursing, Acute Ward, Residential Aged Care, Urgent Care and Perioperative Services.

Post Graduate and Advanced Practice Program

We are currently supporting 2 nurses who are completing Post Graduate studies in Midwifery at Federation University.

We also have one staff member completing Masters level studies through Deakin University.

IT and Systems

Implementation and training for Health Information systems such as Trak and the development of customised databases as well as development and review of CAH template documentation has been achieved.

Microsoft Office training has also been delivered to staff and external participants across the suite of applications.

Learning Management System (LMS)

The LMS for Colac Area Health and across the region has been completed. Development of further courses/training and customisation of the program to suit our needs has been achieved so far throughout 2018-2019 and will be ongoing.



Community Care

The Community Care team at Colac Area Health are a committed and dynamic team with the wellbeing of their clients at the centre of their care. Client engagement and person-centred care is critical to improving the health and wellbeing of our community. The Community Care team strives to engage clients in all aspects of their care to ensure individual needs are met.

Those of us that were lucky enough to participate in the Leadership program have been challenged us to use our strengths to be the best that we can be whilst we strive to build a positive culture.

The following reports from each Community Care area reflect the dedication and commitment of the team to expand and improve our service provision.

The reach to our community continues to be impressive with our data indicating that all targets have been met and the total contacts for the reporting period being 75,882.

SERVICES - 2018 - 2019	CLIENTS	CONTACTS
TRAK - CONTACTS/CLIENTS - BY POST CODE	3895	52348
DENTAL	2784	6632
FAMILY SERVICES - IRIS	256	5456
FINANCIAL COUNSELLING - IRIS	382	1814
HOMELESSNESS - SHIP TO VALIDATA	386	7438
PALLIATIVE CARE - PERM	71	2194
TOTAL	7774	75882

Allied Health Services

The Allied Health Team offers a range of programs and services providing assessment, treatment and care to protect, restore and maintain optimal function. The aim is to support diagnosis, recovery and quality of life. Clinicians work collaboratively with families and other professionals to maximise client capabilities and outcomes.

Dynamic and responsive services – Colac Area Health have been working hard to facilitate access to services for those over 65 years old through the My Aged Care referral system and those with a disability through the National Disability Insurance Services. Our services mean that you can get support to live a more active and independent life at home.

We continue to work on ensuring we are responsibly responding and prioritising our clinical care to those most in need and have introduced a wait list management system.

Specific and Timely Appointments for Triage for our paediatric speech therapy service has ensured children receive assessment and support programs as early as possible to improve their developmental outcomes.

The Dietitians have been successful at gaining a research grant investigating the malnutrition rates of our inpatients and the risk indicators that may contribute to changes in care and management leading to improved health outcomes.

The Speech Pathologists are developing a research grant application on the assessment and management of people with Dysphagia (swallowing difficulties). People are often at high risk of aspiration and pneumonia when they haven't been assessed and managed appropriately - education and training offered will be informed by the research.

South West Do Care is integrating with Colac Area Health. This is an exciting new phase of further developing our social support programs and what we can offer for our current participants. We will continue the amazing visiting Do Care services and Out and About activities, The Adult Day Activity Centre will become known as Miller House and be the location for Do Care, Co Community, Do Companionship, and our Well Together Courses.

Participants will be able to access one on one support at home, supported outings in the community and further afield, and activities that will keep people active and independent at home.

Family and Community Programs

Family and Community Programs offers a unique scope of services that focus on coordinated continuity of care. Our staff expertise across family violence, financial counselling, farmer community support, AOD, children's counselling that includes Family Therapy and group work is exemplary.

Our staff continue to stretch their professional learning within a culture of evidence informed frameworks, best practice and innovation.

Dynamic and Responsive Services

May 31 2018 saw the opening of the Colac Corangamite Access Point for the Orange Door. The Orange Door previously known as Safety and Support Hubs were part of the recommendations of the Royal Commission in Family Violence.

The vision was to establish a single point of access for women, young people and children experiencing family violence to receive coordinated support. The Orange Door is an intake for families who may be concerned about the development or wellbeing of their children.

There is a connection with local aboriginal services and communities, multicultural services, LGBTIQ+ and disability services to meet the diverse needs of individual and families.

Our access point also can provide advice, information and secondary consultation to professionals.

The City of Greater Geelong and Colac Otway were chosen to be of the first sites for this new service.

Our staff now respond to the continuum of family violence and child and wellbeing cases.

Through our access point vulnerable families are prioritised for our Family Support and Women's family violence support programs.

The specialist family violence staff have also been part of the roll out of the Strengthening Hospital responses to Family Violence training. There are groups of women with lived experience of family violence that are running within Colac and Apollo Bay as well as a Stitch in Time quilt group. These groups offer women a safe and healing space to build pathways of recovery.

There is also a family violence capacity network that is using community development approaches to build community understanding of the drivers of family violence. Our vision is for Colac Otway and Corangamite communities to champion prevention of violence against women.

Innovation Supporting Service Delivery

The counselling team is working on strengthening non talking therapies. This involves using yoga techniques, mindfulness, visualisation and relaxation exercise to assist people to connect with helpful ways to reframe their experiences and change behavioural responses

Family Support is trialling ways to hear from our families about what worked and what can be improved. Feedback surveys have gone out to families that we have worked with and it has been great to hear from them. SMS surveys will also start for people to give feedback about their experience of working with us. This feedback helps us learn from people with lived experience and is invaluable to us for offering improved programs and ways of working.

Community Nursing

The suite of Community Nursing Services ensures the provision of high quality care in people's homes, coordinating care and services to assist people in meeting their health care goals.

Dynamic and responsive services

Home Nursing have developed evidence-based best practice skills regarding wound management. The team of nurses are supported through access to a specialist wound Clinical Nurse Consultant who visits on a monthly basis and provides consultation as required. The Colac Area Health Home Nurses are also the first in the state to utilise the Silhouette 3D wound imaging camera, which helps to provide accurate wound information at the point of care to support effective clinical management of patients.

Innovation and Technology supporting service delivery

Our Community Palliative Care Service provides specialist advice, support and management for those living with a life-threatening illness and their families.

The utilisation of tele-health has supported palliative clients with contact via videoconference to their specialist in a regional centre. An example of this is clients who are linked with the Barwon Cachexia Clinic, which is a multi-disciplinary team that provides specialist advice to the eighty percent of those suffering with cancer who suffer with symptoms of reduced muscle mass, weight loss and biochemical alterations.

The HARP team provides care-coordination, education and support to those with chronic and complex health issues who are at high risk of hospital admission. This is another team that frequently utilises telehealth to link their clients with specialist care in other regions, reducing travel and inconvenience for patients, families and health professionals.

Community Dental Service (Oral Health)

In 2018/19, 930 new patients registered with the service with 1,420 children and 1,364 adults receiving dental care (333 more than in 2017/18).

The Oral Health Service continues to support aged care and outreach services in Colac and surrounding towns. 699 children had dental check-ups at their kindergarten or primary school with many having topical fluoride applied to early decay which can prevent progression to cavities.

We were very pleased to host La Trobe and Charles Sturt University Bachelor of Oral Health undergraduates for 2-6 week clinical placements. The feedback was that they enjoyed their time in Colac and the support, mentorship and supervision they received from our Oral Health Therapists, Dentists and Dental Assistants.

It is worthwhile noting that in the past 5 years the number of adults on the wait list and the wait time for general care have halved with 556 adults now waiting for care.

A new model was introduced in March with morning sessions allocated for emergency care ensuring that anybody in pain or lost a filling etc. is assured of being seen within 24 hours. Overall triage compliance for 1,892 emergency patients was 94.3% and we exceeded the State benchmark in all categories.

Another notable achievement is the increase in placement of stainless steel crowns instead of direct fillings for children aged 3 – 7 years. All Oral Health Therapists participated in a training program and research project that has seen an increased use of stainless steel crowns from 16% of restorations to 89% in 5 years which is double the State average and has significantly decreased the number of failed restorations.



We would like to thank all our staff, patients and partners for their continued support of the Oral Health Service.

Labour Employment and Conduct Principles

Colac Area Health is committed to the principles of merit and equity in the workplace with respect to employment, promotion and opportunity.

SENIOR EMPLOYEES				
	Males	Females	Males	Females
	2019		2018	
CEO	1	1	1	
Directors	2	3	2	3
Total Employees %	11%	89%	10%	90%

HOSPITALS LABOUR CATEGORY	JUNE Current Month FTE	JUNE Current Month FTE	JUNE YTD FTE	JUNE YTD FTE
	2018	2019	2018	2019
Nursing	145	163	150	156
Administration and Clerical	33	44	38	42
Medical Support	7	6	2	7
Hotel and Allied Services	41	47	44	46
Medical Officers	0	2	1	1
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	52	67	64	68
Total	278	329	299	320

Human Resources

We have continued to grow our workforce over the year as well as provide more opportunities for existing staff. There are some professional disciplines that are more challenging to recruit to, however this is not specific to Colac Area Health and is replicated across regional areas. We are working with partner health services to develop strategies to attract qualified professionals to the region.

Our face-to-face organisational orientation program saw some changes in early 2019 to ensure practical induction support for understanding IT systems and alike is provided earlier in new staff's engagement and has been well received.

We have continued to develop our teams and their contribution to the organisation through leadership coaching and a focus on individuals' responsibility in creating a positive culture. We are one of five pilot sites to have participated in a *Leadership Team Coaching* program with Safer Care Victoria and will continue embedding these learnings into the New Year.

The Victorian Public Sector Commission's People Matter survey was conducted throughout the organisation in May and June and showed a significant increase in participation. An implementation strategy will guide us in using the results moving forward.

Work Cover

Our WorkCover claims have been well managed through quick action following an injury and engagement of treating practitioners, managers and the individual to work together for a successful rehabilitation.

While we saw an increase in claims overall, the majority were minor with minimal time lost, two were major and we received one Impairment benefit claim.

Workplace Health and Safety

Our OH&S Management system has been thoroughly reviewed and areas strengthened, including ensuring we are meeting legislative compliance requirements.

Our commitment to staff wellbeing is supported (in part) through our provision of the Employee Assistance Program which continues to be well utilised by staff, with onsite services fully booked on a monthly basis, and external clinicians also being utilised regularly.

Occupational Violence Statistics 2018 - 2019

WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	38
Number of occupational violence incidents reported per 100 FTE	11.72
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	2

Freedom of Information Act

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Health Service. For the 12 months ending 30 June 2019 Colac Area Health received 62 valid applications. Of these requests 51 were granted in full, 3 had no documents found, 2 were withdrawn and 6 are still being finalised. If you require further information on how to make an application please access this link [Privacy Information on our website](#).

Our Community Advisory Committee

The Colac Area Health Community Advisory Committee was established in 2013.

Colac Area Health is committed to consumer participation in planning, delivery and evaluation of the health services we provide.

Colac Area Health's Community Advisory Committee includes individuals who are interested in providing input into Colac Area Health's policies, programs and services from a consumer perspective.

The term consumer includes patients, residents, clients, carers/families and any member of the community who have used any of the services at Colac Area Health or may in the future.

In 2018 the Community Advisory Committee has matured into a cohesive group confident in providing consumer perspectives to provide a more balanced approach to health information to help meet the needs of consumers across the services delivered by Colac Area Health.

Five Year Comparison Performance

Five Year Comparison Performance	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Staff					
Full Time Equivalent	329	299	281	275	276
Bed Days	13,538	13,263	12,265	12,341	12,912
Average Length of Stay	1.99	1.7	1.99	2.3	2.16
Aged Care					
Resident Days	21,142	21,559	22,576	21,503	22,352
Births	113	135	152	195	183
Operations	2,952	3,077	2,990	3,172	3,232
Inpatient Statistics					
Same Day	4,431	4,271	3,986	3,848	3,634
Multi Day	2,378	2,256	2,191	2,225	2,357
TOTAL ACUTE SEPARATIONS	6,580	6,527	6,177	6,073	5,991
Weighted Inlier Equivalent Separations (WIES) Fundable Separations					
Total Separations	6,561	6,413	5,916	5,773	5,716
Total WIES	3,713.85	3,737	3,359	3,232	3,408
Urgent Care Centre					
Urgent Care Attendances	9,782	9,165	8,481	8,048	8,004
Community Services					
Total Contacts	75,882	59,230	60,183	58,469	60,893
Total Clients	7,774	6,207	7,060*	6,969*	15,687

* For data recorded in Trak we are able to count unique clients seen across services. In PJB a client was counted in each service they accessed. This resulted in the same client being counted multiple times.

Carers Recognition Act 2012

The Carers Recognition Act formally recognises and values the role of carers and the importance of care relationships in the Victorian community. It includes a set of principles about the significance of care relationships and specifies obligations for state government agencies, local councils and other organisations that interact with people in care relationships. Throughout the year no disclosures have been made under the Act.

Building Act 1993

Colac Area Health conforms to the statutory mechanisms to ensure that buildings conform to the building standards; including mechanisms for inspection, reporting, scheduling and carrying out of rectification and maintenance works on existing buildings.

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

Local Jobs First Act 2003

Colac Area Health abide by the principles of the *Local Jobs First Act 2003*. In 2018-19 there were no contracts completed by Colac Area Health under this Act.

Competitive Neutrality Policy Victoria

Colac Area Health has complied with the requirements of the Government policy statement under the National Competition policy.

Environmental Performance

Colac Area Health are innovators and leaders when it comes to our commitment to sustainability and reducing our carbon footprint. Over previous year, water use has declined by 8.4% while gas usage has declined by 4.6%. Electricity use also declined marginally. Carbon emissions (elect/gas) declined by 7.5% over previous year. These results are influenced by the number of In-Patient Bed Days and Aged Care Bed Nights.

Additional information available on request

Details in respect of the items listed below have been retained by Colac Area 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.

Use of Consultants

In 2018/19 Colac Area Health had seven consultancies with fees payable under <\$10,000 and total expenditure of \$33,389. There were five consultancies where the total fees were >\$10,000 with a total expenditure of \$522,305.

There was a total of twelve consultancies with the total expenditure of \$555,694K. Please refer to table below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee	Expenditure 2018-19	Future expenditure
				(excluding GST)	(excluding GST)	(excluding GST)
Infection Prevention Australia	Infection Control	Jul-18	Jun-19	\$34,560	\$34,560	\$35,000
Dr Veera Makkada	Aged Care	Jul-18	Jun-19	\$12,273	\$13,227	\$13,000
Wendy Hastrich Architect Pty Ltd	Executive	Jul-18	Jun-19	\$0	\$3,444	\$0
Barwon Health	HR Services & Medical Oncologists	Jul-18	Jun-19	\$180,000	\$181,374	\$180,000
Julie White-Richardson	Executive	May-19	Jun-19	\$0	\$5,923	\$0
Auscity Com	IT Services	Nov-18	Nov-18	\$5,000	\$5,212	\$0
Shantiworks	Community Care	Feb-19	Feb-19	\$3,900	\$3,900	\$0
N2SH Pty Ltd	Executive	Dec-18	Dec-18	\$0	\$3,363	\$0
Wendy Bunston	Community Programs	Mar-19	Jun-19	\$10,000	\$6,800	\$10,000
Mark Zampatti Family Trust	Aged Care	Jul-18	Jun-19	\$200,000	\$208,995	\$200,000
Medic Oncall Recruitment	Acute	Jul-18	Jun-19	\$0	\$4,747	\$0
D.K. Sonin & Associates Pty Ltd	Acute	Jul-18	Jun-19	\$70,000	\$84,149	\$70,000

No exgratia payments were made.

Subsequent Events

No events occurred after balance date which would significantly affect Colac Area Health operations in subsequent reporting periods.

Attestations

Financial Management Compliance attestation

I John De Lorenzo, on behalf of the Responsible Body, certify that Colac Area Health has complied with the applicable Standing Directions 2018 under the Financial Management Act 1994 and Instructions



J De Lorenzo
Board Chair
Colac, Victoria
13 September 2019

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Fiona Brew certify that *Colac Area 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.



F Brew
Chief Executive Officer
Colac Area Health
13 September 2019

Integrity, fraud and corruption

I Fiona Brew certify that Colac Area Health has put in place appropriate internal controls and processes to ensure that Integrity, Fraud and Corruption risks have been reviewed and addressed at Colac Area Health during the year.



F Brew
Chief Executive Officer
Colac Area Health

Data Integrity

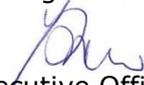
I, Fiona Brew certify that the Colac Area Health Service has put in place appropriate internal controls and processes to ensure that the reported data accurately reflects actual performance. Colac Area Health has critically reviewed these controls and processes during the year.



F Brew
Chief Executive Officer
Colac Area Health
13 September 2019

Conflict of Interest

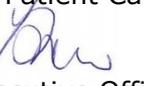
I, Fiona Brew, certify that *Colac Area Health* has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy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



F Brew
Chief Executive Officer
Colac Area Health
13 September 2019

Safe Patient Care Act 2015

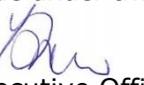
Colac Area Health has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015."



F Brew
Chief Executive Officer
Colac Area Health
13 September 2019

Protected Disclosure Act 2012

Colac Area Health has in place policies for disclosure in accordance with the Protected Disclosure Act 2012. No protected disclosures were made under the Act in 2018/2019.



F Brew
Chief Executive Officer
Colac Area Health

Report on Board Sub-Committees

Risk and Audit Committee

Meets bi-monthly and reviews reports on corporate risk and financial performance and comprises:

Instrument of Delegation

- Review of instrument of delegation

Assurance Matters

- Report of register of all licences and other Registration
- Internal Audit
- External Audit
- Review of contract services
- Emergency planning

Standing Agenda

- Financial and activity performance with Key performance indicators
- IT SWARH
- Creditor and debtor management
- OH&S
- Leave management.

Committee Members

David Shelton, David Willder, Tim Greene, Ken King, Yvonne Turner, Geoff Iles (until May 2019) and Jennifer Labourne

External Financial Audit

The Annual External Financial Audit was outsourced by the Victorian Auditor-General's Office to the accounting firm RSD Audit.

Clinical Governance Sub-Committee

Meets bi-monthly and reviews reports on clinical risk and incidents of note and comprises:

Clinical effectiveness

- Quality and Research Committee
- Patient/Resident Safety Scorecard
- Community Services Monitoring

Effective workforce

- Credentialing
- Clinical risk management
- Legislative compliance gap analysis
- Incidents of note

Committee Members

John De Lorenzo, Dr Catherine Mandel, Dr Amir Rahimi, Leanne Witcombe, Yvonne Turner Dr Didir Imran, David Walters Jenny Salkeld, and Narelle Melville

Consumer Advisory Committee

Meets bi-monthly to provide direction and leadership in relation to the integration of consumer, carer and community views into all levels of health service operations, planning and policy development; to ensure participation reflects the needs and diversity of our community.

Committee Members

Phillip Johnson, (Chair Person), Robyn Alexander, Lorraine Mahoney, Shirley Carew, Shane Murphy, Max Mills (Deceased), Allen Biggins, Colleen Stevens (Deakin Medical Students) Paul Durr (Men's Shed) , Megan Nelson (St Laurence), Caz Gatti (Diversitat), Catherine Riordan (CAH-Ex officio), Geoff Iles (CAH-Ex officio – Until May 2019), Narelle Melville (CAH-Ex officio) Julie Halifax (Neighbourhood House), Vonnie Henderson (Birregurra Community Health Centre Advisory Committee), Maggie Matthews (Youth Rep) David Shelton (CAH Board Representative)

Consumer Care and Safety Sub-Committee

The Committee is the principal advisor on matters of Colac Area Health's consumer safety, practice and quality activities; best practice and safety are overriding considerations. It meets bi-monthly and reports on:

- Standards of Care
- Contracted Service Performance
- Visiting Services Consumer Care and Safety Risk Management

Other reporting includes:

- Accreditation Processes and Readiness
- Quality Improvement Plan
- Assurance Matters

Committee Members

Donald Gordon, Shelly Forche-Baird, Kate Anderson, Yvonne Turner, Anne-Marie Leslie Geoff Iles (Until May 2019) and Marg White

Part B: Performance Priorities

High quality and safe care

Key performance indicator	Target	CAH Actual
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Accredited
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Accredited
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	84%
Percentage of healthcare workers immunised for influenza	80%	87%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	98.3%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	93.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness	70%	95.1%
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	All RCA reports submitted within 30 business days
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	0.0%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0.0%

Strong governance, leadership and culture

Key performance indicator	Target	CAH Actual
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	94%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	97%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	99%
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%	98%
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%	89%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	98%
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%	92%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	90%
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%	94%

Timely access to care

Key performance indicator	Target	CAH Actual
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	80%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	100%

Effective financial management

Key performance indicator	Target	CAH Actual
Finance		
Operating result (\$m)	(0.32m)	(1.9m)
Average number of days to paying trade creditors	60 days	85 days
Average number of days to receiving patient fee debtors	60 days	40 days
Public and Private WIES ¹ activity performance to target	100%	104%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.67
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	14 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	Not achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	-0.49

Part C: Activity

Funding type	Activity
Acute Admitted	
WIES Public	3,247
WIES Private	407
WIES DVA	55
WIES TAC	7
Other Admitted	
Acute Non-Admitted	
Emergency Services	9782
Home enteral Nutrition	55
Specialist Clinics	7,107
Subacute & Non-Acute Admitted	
Maintenance Public	48.6983
Subacute WIES Palliative Care Public	37.4081
Subacute WIES - Palliative Care Private	1.4004
Subacute WIES - DVA	0.0000
Subacute Non-Admitted	
Palliative Care Non-admitted	2,328
Health Independence Program - Public	6,919
Aged Care	
Residential Aged Care	21,142
HACC	2,844
Mental Health and Drug Services	
Drug Services	1
Primary Health	
Community Health / Primary Care Programs	4,293.34
Other	
Health Workforce	8

Disclosure Index

The annual report of the Colac Area Health Service is prepared in accordance with all relevant Victorian legislation.

This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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Colac Area Health

Board Member's Accountable Officer's and Chief Finance and Accounting Officer's Declaration

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

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

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

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



John De Lorenzo
Board Chair
Colac, Victoria
13 September 2019



Fiona Brew
Accountable Officer
Colac, Victoria
13 September 2019



Jennifer Labourne
Chief Finance and
Accounting Officer
Colac, Victoria
13 September 2019

Auditor General's Report



Independent Auditor's Report

To the Board of Colac Area Health

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

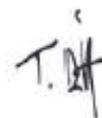
Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
16 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement for the Financial Year Ended 30 June 2019

	Note	Total 2019 \$'000	Total 2018 \$'000
Income from Transactions			
Operating Activities	2.1	49,304	44,960
Non-operating activities	2.1	210	245
Total Income from Transactions		49,514	45,205
Expenses from Transactions			
Employee expenses	3.1	(38,541)	(33,619)
Supplies and consumables	3.1	(5,223)	(4,695)
Depreciation	4.3	(2,384)	(2,809)
Finance Costs	3.1	(18)	(13)
Other operating expenses	3.1	(6,469)	(6,037)
Total Expenses from Transactions		(52,635)	(47,173)
Net Result from Transactions - Net Operating Balance		(3,121)	(1,968)
Other Economic Flows included in Net Result			
Net gain/(loss) on non-financial assets	3.2	0	(10)
Net gain/(loss) on financial instruments at fair value	3.2	6	0
Other gains/(losses) from other economic flows	3.2	(117)	(170)
		(111)	(180)
Net result for the year		(3,232)	(2,148)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.2	1,869	3,910
Total other comprehensive income		1,869	3,910
Comprehensive result for the year		(1,363)	1,762

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

Balance Sheet as at 30 June 2019

	Note	Total 2019 \$'000	Total 2018 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.2	10,216	3,799
Investments and other financial assets	4.1	0	4,610
Receivables	5.1	1,570	1,531
Inventories		49	46
Prepayments and other assets		26	108
Total current assets		11,861	10,094
Non-current assets			
Receivables	5.1	1,961	1,415
Property, plant and equipment	4.2	47,721	46,458
Intangible assets	4.4	1	1
Total non-current assets		49,683	47,874
TOTAL ASSETS		61,544	57,968
LIABILITIES			
Current liabilities			
Payables	5.2	6,925	4,860
Provisions	3.3	7,317	6,453
Other current liabilities	5.3	9,362	7,682
Borrowings	6.1	291	384
Total current liabilities		23,895	19,379
Non-current liabilities			
Provisions	3.3	894	743
Borrowings	6.1	868	596
Total non-current liabilities		1,762	1,339
TOTAL LIABILITIES		25,657	20,718
NET ASSETS		35,887	37,250
EQUITY			
Property, plant & equipment revaluation surplus	4.2	26,833	24,964
Contributed capital		14,253	14,253
Accumulated deficits		(5,199)	(1,967)
TOTAL EQUITY		35,887	37,250

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

Statement of Changes in Equity for the Financial Year Ended 30 June 2019

	Property, Plant & Equipment Revaluation Surplus \$'000	Contributed Capital \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2017	21,054	14,253	181	35,488
Net result for the year	0	0	(2,148)	(2,148)
Other comprehensive income	3,910	0	0	3,910
Balance at 30 June 2018	<u>24,964</u>	<u>14,253</u>	<u>(1,967)</u>	<u>37,250</u>
Net result for the year	0	0	(3,232)	(3,232)
Other comprehensive income	1,869	0	0	1,869
Balance at 30 June 2019	<u>26,833</u>	<u>14,253</u>	<u>(5,199)</u>	<u>35,887</u>

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

Cash Flow Statement for the Financial Year Ended 30 June 2019

	Note	Total 2019	Total 2018
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		39,399	35,109
Capital Grants from Government		987	526
Patient Fees Received		2,667	2,916
GST received from/(paid to) ATO		795	1,040
Donations and bequests received		234	572
Interest received		180	232
Other receipts		6,716	5,592
Total receipts		50,978	45,987
Employee expenses paid		(37,855)	(34,795)
Payments for supplies and consumables		(4,350)	(4,695)
Payments for Medical Idemnity Insurance		(597)	(576)
Payments for Repairs and Maintenance		(546)	(411)
Finance Costs		(30)	(13)
Other Payments		(5,850)	(4,245)
Total payments		(49,228)	(44,735)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.1	1,750	1,252
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		4,610	0
Purchase of Non-Financial Assets	4.2	(1,779)	(2,075)
Proceeds from Disposal of Non-Financial Assets		0	40
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		2,831	(2,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(160)	0
Proceeds from loans		345	800
Receipt of Accommodation Deposits		3,810	5,278
Repayment of Accommodation Deposits		(2,130)	(2,206)
Repayment of Leases		(29)	(313)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		1,836	3,559
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		6,417	2,776
Cash and cash equivalents at beginning of financial year		3,799	1,023
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	10,216	3,799

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2019

Basis of Preparation

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

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

Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Colac Area Health for the year ended 30 June 2019. The report provides users with information about the Health Service’s 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 and Finance, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Colac Area Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

(b) Reporting Entity

The financial statements include all the controlled activities of Colac Area Health. Its principal address is:

2-28 Connor Street
Colac, Victoria 3250

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

(c) Basis of Accounting Preparation and Measurement

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2019, and the

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

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

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

Colac Area Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Health Service's Capital and Specific Purpose Funds include asset revaluation reserve, aged care trust, amounts and contributed capital.

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

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

Revisions to accounting estimates are recognised in the period in which the

estimate is revised and also in future periods that are affected by the revision.

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Defined Benefit Superannuation expense (refer to Note 3.4 Superannuation);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3 Employee Benefits in the Balance Sheet)

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.

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, Colac Area 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.
- Colac Area Health is a Member of the SWARH Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

(d) Equity

Consistent with the requirements of AASB 1004 contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Colac Area Health. Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Note 2 – Funding Delivery of our Services

Colac Area Health's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians. The Health Services is predominantly funded by accrual based grant funding for the provision of outputs. The health service also receives income from the supply of services.

Structure

2.1 Income from transactions

Note 2.1 – Income from Transactions

	Total 2019 \$'000	Total 2018 \$'000
Government Grants - Operating	39,475	35,778
Government Grants - Capital	987	562
Other Capital Purpose Income (including capital donations)	229	572
Patient and Resident Fees	2,876	2,937
Commercial Activities ⁽¹⁾	241	223
Other Revenue from Operating Activities (including non-capital donations)	5,496	4,888
Total Income from Operating Activities	49,304	44,960
Capital Interest	210	245
Total Income from Non-Operating Activities	210	245
Total Income from Transactions	49,514	45,205

(1) Commercial activities represent business activities which health service enter into to support their operations

Revenue Recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent that it is probable that the economic benefits will flow to Colac Area 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, duties and taxes.

Government Grants and Other Transfers of Income (other than contributions by owners)

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

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

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

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

The Department of Health and Human Services makes some payments of behalf of the Health Service as follows:

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

Patient and Resident Fees

Patient and resident fees are recognised as revenue on an accrual basis.

Revenue from Commercial Activities

Revenue from commercial activities such as car park and property rental income are recognised on an accrual basis.

Other Income

Other income includes recoveries for salaries and wages and external services provided and donations and bequests. If donations are for a specific purposes 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.

Note 3: The Cost of Delivering our Services

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

Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows Included in Net Result
- 3.3 Employee Benefits in the Balance Sheet
- 3.4 Superannuation

Note 3.1: Expenses from Transactions

	Total	Total
	2019	2018
	\$'000	\$'000
Salaries and Wages	24,936	22,092
On-costs	6,809	6,153
Agency Expenses	1,161	989
Fee for Service Medical Officer Expenses	5,329	4,181
Workcover Premium	306	204
Total Employee Expenses	38,541	33,619
Drug Supplies	1,082	697
Medical and Surgical Supplies (including Prostheses)	2,155	2,189
Diagnostic and Radiology Supplies	188	190
Other Supplies and Consumables	1,798	1,619
Total Supplies and Consumables	5,223	4,695
Finance Costs	18	13
Total Finance Costs	18	13
Fuel, Light, Power & Water	716	633
Repairs and Maintenance	685	558
Maintenance Contracts	253	309
Medical Indemnity Insurance	597	576
Other Administrative Expenses	4,218	3,961
Total Other Operating Expenses	6,469	6,037
Depreciation (refer Note 4.3)	2,384	2,809
Total Expenses from Non-Operating Activities	2,384	2,809
Total Expenses from Transactions	52,635	47,173

Expenses recognition

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

Employee Expenses

Employee expenses include:

- Salaries and wages (Including Fringe benefits tax, Leave entitlements, Termination payments)
- On Costs
- Agency Expenses

- Fee for Service Medical Officer Expenses
- Work cover premiums

Supplies and Consumables

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

Finance Costs

Finance costs include:

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

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses

Expenditure for capital purposes (represents expenditure relating the purchase of assets that are below the capitalisation threshold).

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

Non-Operating Expenses

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

Inventories

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, including land held for sale, are measured at the lower of cost and net realisable value.

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

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all 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.

Note 3.2: Other Economic Flows

	Total 2019 \$'000	Total 2018 \$'000
<u>Net Gain/(Loss) on non-financial assets</u>		
Net gain/(loss) on disposal of property plant and equipment	0	(10)
Total net gain/(loss) on non-financial assets	0	(10)
<u>Net gain/(loss) on financial instruments at fair value</u>		
Allowance for impairment losses of contractual receivables	36	0
Future value movement in interest free loans	(30)	0
Total net gain/(loss) on financial instruments at fair value	6	0
<u>Other gains/(losses) from other economic flows</u>		
Net Gain/(Loss) on Impairment of non-financial assets	0	(62)
Net gain/(loss) arising from revaluation of long service liability	(117)	(108)
Total other gains/(losses) from other economic flows	(117)	(170)
Total other gains/(losses) from economic flows	(111)	(180)

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

Net gain/(loss) on non-financial assets

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

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

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

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

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;

- Impairment and reversal of impairment for financial instruments at amortised cost; and
- Disposal of financial assets and re-recognition of financial liabilities

Impairment of non-financial assets

Non-financial assets are tested annually for impairment and whenever there is an indication that the asset may be impaired.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

- The revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- Transfer of amounts from the reserves to accumulated surplus or net result due to disposal of de-recognition or reclassification.

Note 3.3: Employee Benefits in the Balance Sheet

	Total 2019 \$'000	Total 2018 \$'000
Current Provisions		
Employee Benefits		
Accrued Days Off		
- Unconditional and expected to be settled wholly within 12 months (ii)	117	60
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (ii)		
	2,270	1,971
- Unconditional and expected to be settled wholly after 12 months (iii)		
	242	193
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	660	450
- Unconditional and expected to be settled wholly after 12 months (iii)	3,034	2,984
	<u>6,323</u>	<u>5,658</u>
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	398	341
- Unconditional and expected to be settled after 12 months (iii)	596	454
	<u>994</u>	<u>795</u>
Total Current Provisions	<u>7,317</u>	<u>6,453</u>
Non-Current Provisions		
Employee Benefits		
Long Service leave	769	650
Employer Benefit On-costs	125	93
	<u>894</u>	<u>743</u>
Total Non-Current Provisions	<u>894</u>	<u>743</u>
Total Provisions	<u>8,211</u>	<u>7,196</u>

i Employee benefits consist of amounts for accrued days off, 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.

(a) Employee Benefits and Related On-Costs	Total 2019 \$'000	Total 2018 \$'000
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	4,295	3,924
Annual Leave Entitlements	2,905	2,460
Accrued Days Off	117	69
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	894	743
Total Employee Benefits and Related On-Costs	<u>8,211</u>	<u>7,196</u>

(b) Movements in provisions

Movement in Long Service Leave:		
Balance at start of year	4,667	4,198
Provision made during the year		
- Revaluations	117	108
- Expense recognising Employee Service	1,103	893
Settlement made during the year	(698)	(532)
Balance at end of year	<u>5,189</u>	<u>4,667</u>

Employee Benefit Recognition

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

Provisions

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

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

Annual leave and accrued days off

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

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

Nominal value – if Colac Area Health expects to wholly settle within 12 months; or

Present value – if Colac Area Health does not expect to wholly settle within 12 months.

Long Service Leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed in the notes to the financial

statements as a current liability even where Colac Area Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period. The components of this current LSL liability are measured at:

- Nominal value – if Colac Area Health expects to wholly settle within 12 months; or
- Present value – if Colac Area Health does not expect to wholly settle within 12 months

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

Termination benefits

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

On-Costs related to employee benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.4 Superannuation

	Paid Contribution for the year		Contribution Outstanding at Year End	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Defined benefit plans: (i)				
First State Superannuation Trustee Corporation	1,654	1,612	98	78
Health Employees Super Trust Australia	645	521	0	0
Other Funds	119	21	0	0
Defined contribution plans				
First State Superannuation Trustee Corporation	118	142	0	0
Total	2,536	2,296	98	78

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

Employees of Colac Area Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

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

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Colac Area Health's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Colac Area Health.

Defined Contribution Superannuation Plans

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

Contributions to defined contribution superannuation plans are expensed when incurred.

Note 4: Key Assets to Support Service Delivery

The health service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the 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
- 4.4 Intangible assets

Note 4.1: Investments and Other Financial Assets

	Capital Fund		Total	
	Total 2019 \$'000	Total 2018 \$'000	Total 2019 \$'000	Total 2018 \$'000
Current				
Amortised cost				
Term Deposits				
Aust. Dollar Term Deposits >3 months	0	4,610	0	4,610
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	0	4,610	0	4,610
Represented by the following assets:				
Represented by:				
Accommodation Bonds (Refundable Entrance Fees)	0	4,610	0	4,610
TOTAL	0	4,610	0	4,610

Note 4.1 Investment and other financial assets

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

In the prior year, investments were classified as loans and receivables. In the current year, they are classified at amortised cost.

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

Colac Area Health's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management.

Derecognition of Financial Assets

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

- The rights to receive cash flows from the asset have expired; or

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

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

Impairment of Financial Assets

At the end of each reporting period, Colac Area Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

Note 4.2: Property, Plant and Equipment

Initial Recognition

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

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

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

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

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

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-Current Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value

assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations

and any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

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

Fair value measurement

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

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

In addition, Colac Area 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) and the end of each reporting period.

The Valuer-General Victoria (VGV) is Colac Area Health's independent valuation agency. The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation hierarchy

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

The levels are as follows:

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

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

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

In accordance with paragraph AASB 13.29, Colac Area Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximize the value of the asset.

Non-specialised land and non-specialised buildings

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

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

Specialised land and specialised buildings

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

Theoretical opportunities that maybe 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, Colac Area 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 Colac Area 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 Colac Area Health specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO.

The effective date of the valuation is 30 June 2019.

Vehicles

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

Plant and equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying amount (depreciated cost).

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

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

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

Note 4.2 (a) Gross carrying amount and accumulated depreciation

	Total 2019 \$'000	Total 2018 \$'000
Land		
Crown Land at Fair Value	882	2,650
Freehold Land at Fair Value	1,936	1,272
Total Land	<u>2,818</u>	<u>3,922</u>
Land Improvements		
Crown Land Improvements at Fair Value	0	365
Less Accumulated Depreciation	0	(36)
Total Land Improvements	<u>0</u>	<u>329</u>
Buildings		
Buildings at Fair Value	41,517	39,914
Less Accumulated Depreciation	0	(6)
Total Buildings	<u>41,517</u>	<u>39,908</u>
Plant and Equipment		
Plant and Equipment at Fair Value	9,018	7,841
Less Accumulated Depreciation	(6,541)	(6,347)
	2,477	1,494
Assets under Construction at Cost	694	497
Total Plant and Equipment	<u>3,171</u>	<u>1,991</u>
Motor Vehicles		
Motor Vehicles at Fair Value	792	792
Less Accumulated Depreciation	(577)	(484)
Total Motor Vehicles	<u>215</u>	<u>308</u>
TOTAL	<u>47,721</u>	<u>46,458</u>

4.2 (b) Reconciliation of the carrying amounts of each class of asset

	Land and Land Improvements \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 30 June 2017	4,108	36,582	2,375	329	43,394
Additions	152	1,422	395	106	2,075
Revaluation Increments (decrements)	0	3,910	0	0	3,910
Impairment of Assets	0	0	(62)	0	(62)
Disposals	0	0	(23)	(27)	(50)
Depreciation (Note 4.3)	(9)	(2,006)	(694)	(100)	(2,809)
Balance at 30 June 2018	4,251	39,908	1,991	308	46,458
Additions	0	59	1,720	0	1,779
Revaluation Increments (decrements)	(1,424)	3,293	0	0	1,869
Disposals	0	0	(1)	0	(1)
Depreciation (Note 4.3)	(9)	(1,743)	(539)	(93)	(2,384)
Balance at 30 June 2019	2,818	41,517	3,171	215	47,721

Land and building carried at valuation

The Valuer-General Victoria undertook to re-value all of Colac Area 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 2019.

The Valuer-General approved a revaluation of the building asset class of \$3.2m (\$3.9m in 2018) and a devaluation of land of \$1.4m (\$0 in 2018). The revaluation performed in 2018 was performed with reference to Land and Building indices from the Valuer-General.

4.2 (c) Fair Value Measurement Hierarchy for Assets

	Fair value measurement at end of reporting period using:			
	Carrying Amount	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$'000	\$'000	\$'000	\$'000
Balance at 30th June 2019				
Land at fair value				
Non-specialised land	1,536	0	1,536	0
Specialised land	1,282	0	0	1,282
Total land at fair value	2,818	0	1,536	1,282
Buildings at fair value				
Non-specialised buildings	2,765	0	2,765	0
Specialised buildings	38,752	0	0	38,752
Total buildings at fair value	41,517	0	2,765	38,752
Plant and equipment at fair value	2,477	0	0	2,477
Motor Vehicles at fair value	215	0	0	215
Total Property, Plant and Equipment	47,027	0	4,301	42,726
	Fair value measurement at end of reporting period using:			
	Carrying amount	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$'000	\$'000	\$'000	\$'000
Balance at 30th June 2018				
Land at fair value				
Non-specialised land	1,181	0	1,181	0
Specialised land	2,741	0	0	2,741
Land Improvements	329	0	0	329
Total land at fair value	4,251	0	1,181	3,070
Buildings at fair value				
Non-specialised buildings	2,384	0	2,384	0
Specialised buildings	37,524	0	0	37,524
Total buildings at fair value	39,908	0	2,384	37,524
Plant and equipment at fair value	1,494	0	0	1,494
Motor Vehicles at fair value	308	0	0	308
Total Property, Plant and Equipment	45,961	0	3,565	42,396

Classified in accordance with the fair value hierarchy.

In the current year, there was a transfer between Level 2 and Level 3 in Land and in Buildings as determined in the revaluation

4.2 (d) Reconciliation of Level 3 fair value measurement

	Land	Buildings	Plant and equipment	Motor Vehicles
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	3,070	37,524	1,494	308
Additions/(Disposals)/Transfers from Work in Progress	0	59	1,522	0
Transfer to/(from) Level 2	185	(702)	0	0
Gains or losses recognised in net result				
- Depreciation	(8)	(1,679)	(539)	(93)
Items recognised in other comprehensive income				
- Revaluation	(1,965)	3,550	0	0
Balance at 30 June 2019	1,282	38,752	2,477	215

	Land	Buildings	Plant and equipment	Motor Vehicles
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	3,079	32,348	2,352	329
Additions/(Disposals)	0	3,222	(102)	79
Gains or losses recognised in net result				
- Depreciation	(9)	(1,956)	(694)	(100)
- Impairment	0	0	(62)	0
Items recognised in other comprehensive income				
- Revaluation	0	3,910	0	0
Balance at 30 June 2018	3,070	37,524	1,494	308

4.2 (e) Description of significant unobservable inputs to Level 3 Valuations

Asset Class	Likely Valuation Approach	Significant inputs (Level 3 only)
Non-specialised land	Market Approach	n.a.
Specialised Land (Crown/Freehold)	Market Approach	Community Service Obligations Adjustments
Non-specialised buildings	Market Approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per sqm - useful life
Vehicles	Depreciated replacement cost approach	- Cost price - useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per sqm - useful life

CSO adjustment of 20% was applied to reduce the market approach value for the Colac Area Health's specialised land.

4.2 (f) Property, plant and equipment revaluation surplus

	Total 2019 \$'000	Total 2018 \$'000
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	24,964	21,054
Revaluation Increment		
- Land	(1,424)	0
- Buildings	3,293	3,910
Balance at the end of the reporting period	26,833	24,964
Represented by:		
- Land	1,181	2,605
- Buildings	25,652	22,359
	26,833	24,964

Note 4.3: Depreciation

	Total 2019 \$'000	Total 2018 \$'000
Depreciation		
Buildings	1,743	2,006
Land Improvements	9	9
Motor Vehicles	93	100
Plant and Equipment	539	694
	<hr/>	<hr/>
Total Depreciation	2,384	2,809
	<hr/> <hr/>	<hr/> <hr/>

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated.

Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

	2019	2018
Land Improvements	20 to 30 years	20 to 30 years
Buildings	6 to 60 years	6 to 60 years
- Structure Shell Building Fabric	45 to 60 years	45 to 60 years
- Site Engineering Services and Central Plant	20 to 30 years	20 to 30 years
Plant & Equipment	4 to 50 years	4 to 50 years
Motor Vehicles	4 to 5 years	4 to 5 years

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

Note 4.4: Intangible Assets

(a) Intangible assets - Gross carrying amount

	Total 2019 \$'000	Total 2018 \$'000
Current		
Intangible Assets (SWARH)	1	1
Total Other Assets	<u>1</u>	<u>1</u>

Intangible Assets

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

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

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 Payables
- 5.3 Other liabilities

Note 5.1: Receivables

	Total 2019 \$'000	Total 2018 \$'000
Current		
Contractual		
Patient and Resident Fees	337	305
Trade Debtors	747	430
Less: Allowance for impairment losses of contractual receivables		
Trade Debtors	(24)	(60)
	<u>1,060</u>	<u>675</u>
Statutory		
GST Receivable	191	116
Accrued Revenue - Department of Health and Human Services Commonwealth of Australia	319	714
	<u>0</u>	<u>26</u>
	510	856
Total Current Receivables	<u>1,570</u>	<u>1,531</u>
Non-Current		
Statutory		
Department of Health and Human Services - Long Service Leave	1,961	1,415
Total Non-Current Receivables	<u>1,961</u>	<u>1,415</u>
Total Receivables	<u>3,531</u>	<u>2,946</u>
(a) Movement in the Allowance for impairment losses of contractual receivables		
	Total 2019 \$'000	Total 2018 \$'000
Balance at beginning of year	60	60
Increase/(decrease) in allowance recognised in net result	(36)	0
Balance at end of year	<u>24</u>	<u>60</u>

Receivables recognition

Receivables consist of:-

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Colac Area Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Colac Area Health applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Colac Area Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual receivables at amortised costs for Colac Area Health's contractual impairment losses.

Note 5.2: Payables

	Total 2019 \$'000	Total 2018 \$'000
Current Contractual		
Trade Creditors	5,042	3,376
Accrued Salaries	1,125	905
Inter- hospital creditors	721	532
Deferred Income	37	47
Total Current Payables	6,925	4,860
Total Payables	6,925	4,860

Payables recognition

Payables consist of:

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

The normal credit terms for accounts payable are usually Nett 60 days.

Maturity analysis of payables

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

Note 5.3: Other Liabilities

	Total 2019 \$'000	Total 2018 \$'000
Current		
Monies Held in Trust		
- Patient Monies Held in Trust	23	8
- Accommodation Deposits (Refundable Entrance Fees)	9,339	7,674
Total Other Liabilities	9,362	7,682
Total Monies Held in Trust		
Represented by the following assets:		
- Cash at Bank	9,362	3,072
- Investments and other financial assets	0	4,610
TOTAL	9,362	7,682

Note 6: How We Finance Our Operations

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

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

Structure

- 6.1 Borrowings
- 6.2 Cash and Cash Equivalents
- 6.3 Commitments for Expenditure

Note 6.1: Borrowings

	Total 2019 \$'000	Total 2018 \$'000
Current		
Finance Lease Liability (i)	79	224
Advances from government (ii)	212	160
Total Current Borrowings	291	384
Total Current	291	384
Non Current		
Finance Lease Liability (i)	119	0
Advances from government (ii)	749	596
Total Non Current Borrowings	868	596
Total Borrowings	1,159	980

Maturity analysis of borrowings

Refer to Note 7.1 (b) for maturity analysis of borrowings.

Defaults and breaches

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

Finance Lease Liabilities

	Minimum future lease payments		Present value of minimum future lease payments	
	Total 2019 \$'000	Total 2018 \$'000	Total 2019 \$'000	Total 2018 \$'000
Finance Leases				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	81	232	81	232
Later than year and not later than 5 years	122	0	122	0
Minimum lease payments	203	232	203	232
Less future finance charges	(5)	(8)	(5)	(8)
TOTAL	198	224	198	224
Included in the financial statements as:				
Current borrowings lease liabilities	79	224	79	224
Non Current borrowings lease liabilities	119	0	119	0
TOTAL	198	224	198	224

The weighted average interest rate implicit in the finance lease is 11% (2018: 11%).

Borrowing Recognition

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

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

Finance Leases Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement.

Colac Area Health recognises the leasing arrangements for local area network equipment, workstations and peripherals (purchased through group buying arrangements with SWARH) as finance leases. Finance leases are regarded as a financial accommodation and under Section 30 of the Health Services Act, 1988, the Minister for Health and the Treasurer must declare a registered funded agency to be an approved borrower for the purposes of this section.

An approved borrower may, with the approval of the Minister and the Treasurer, obtain financial accommodation, whether within or outside Victoria, secured or arranged in a manner and for a period approved by the Treasurer. Colac Area Health has been declared an approved borrower in relation to these finance leases.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Colac Area Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing 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. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Note 6.2: Cash and Cash Equivalents

	Total 2019 \$'000	Total 2018 \$'000
Cash on Hand (excluding Monies held in trust)	2	2
Cash at Bank (excluding Monies held in trust)	852	725
Cash at Bank (Monies held in trust)	9,362	3,072
Total Cash and Cash Equivalents	<u>10,216</u>	<u>3,799</u>

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

The cash flow statement includes monies held in trust.

Note 6.3: Commitments for Expenditure

	Total 2019 \$'000	Total 2018 \$'000
Non-cancellable Operating Lease Commitments		
Less than 1 year	79	224
Later than year and not later than 5 years	119	0
Total Non-cancellable Operating Lease Commitments	<u>198</u>	<u>224</u>
Total Commitments for Expenditure (inclusive of GST)	<u>198</u>	<u>224</u>
Less GST recoverable from the Australian Tax Office	(18)	(20)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	<u>180</u>	<u>204</u>

For finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Colac Area Health has entered into commercial leases on certain computer equipment where it is not in the interest of Colac Area Health to purchase these assets. These leases have an average life of between 1 and 5 years with renewal terms included in the contracts. Renewals are at the option of Colac Area Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 7: Risks, Contingencies and Valuations 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 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 Colac Area 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.

Note 7.1 (a) Financial Instruments: Categorisation

	Financial Assets at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Financial Liabilities at Fair Value Through Net Result \$'000	Total \$'000
2019				
Contractual Financial Assets				
Cash and cash equivalents	10,216	0	0	10,216
Receivables				
- Trade Debtors	1,060	0	0	1,060
Total Financial Assets ⁽ⁱ⁾	11,276	0	0	11,276
Financial Liabilities				
Payables	0	6,925	0	6,925
Other Financial Liabilities				
- Money Held in Trust	0	9,362	0	9,362
- Other Borrowings	0	198	961	1,159
Total Financial Liabilities ⁽ⁱ⁾	0	16,485	961	17,446

	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
2018			
Contractual Financial Assets			
Cash and cash equivalents	3,799	0	3,799
Receivables			
- Trade Debtors	675	0	675
Other Financial Assets			
- Investment and Other Financial Assets	4,610	0	4,610
Total Financial Assets ⁽ⁱ⁾	9,084	0	9,084
Financial Liabilities			
Payables	0	4,954	4,954
Other Financial Liabilities			
- Money Held in Trust	0	7,682	7,682
- Other Borrowings	0	980	980
Total Financial Liabilities ⁽ⁱ⁾	0	13,616	13,616

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

Financial Instruments Categorisation

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

Categories of financial assets under AASB 9**Financial assets at amortised cost.**

Financial assets are measured at amortised costs if both of the following criteria are met and the

assets are not designated as fair value through net result:

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

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

Colac Area Health recognises the following assets in this category:

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

Categories of financial assets previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market.

These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Health Service recognises the following assets in this category:

- cash deposits
- receivables (excluding statutory receivables); and
- term deposit.

Financial liabilities at amortised cost

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

- payables (excluding statutory payables);
- monies held in trust; and
- borrowings – lease liabilities.

Financial assets at fair value through net result

Colac Area Health classifies some financial liabilities at fair value through net result which are subsequently carried at fair value with gains or losses recognised in profit or loss. Changes in an instruments fair value are reported within other economic flows. Colac Area Health recognised the following liabilities in this category:

- Borrowings – interest free loans from DHHS

Derecognition of financial assets

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

Derecognition of financial liabilities

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

Impairment of financial assets

At the end of each reporting period, Colac Area Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

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

Note 7.1 (b): Maturity Analysis of Financial Liabilities

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

Note	Carrying Amount	Nominal Amounts	Maturity Dates			
			Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	5.2	6,925	6,925	6,925	0	0
Other Financial Liabilities (i)						
- Monies Held in Trust	5.3	9,362	9,362	302	907	1,815
- Borrowings - Lease Liabilities	6.1	198	198	0	0	79
<i>At fair value through net result</i>						
- Borrowings - DHHS Loan	6.1	961	985	0	0	212
Total Financial Liabilities		17,446	17,470	7,227	907	2,106
						7,230
2018						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	5.2	4,954	4,954	4,952	2	0
Other Financial Liabilities (i)						
- Accommodation Deposits	5.3	7,682	7,682	248	744	1,489
- Other Borrowings	6.1	980	980	0	0	384
Total Financial Liabilities		13,616	13,616	5,200	746	1,873
						5,797

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

Note 7.1 (c): Contractual Receivables at Amortised Cost

	01-Jul-18	Current	Less than 1 month	1-3 months	3 months - 1 year	Total
Expected loss rate		0%	8%	40%	90%	
Gross carrying amount of contractual receivables		130	588	8	9	735
Loss allowance		0	49	3	8	60

	30-Jun-19	Current	Less than 1 month	1-3 months	3 months - 1 year	Total
Expected loss rate		0%	4%	30%	70%	
Gross carrying amount of contractual receivables		840	220	2	22	1,084
Loss allowance		0	8	1	15	24

Reconciliation of the movement in the loss allowance for contractual receivables

	2018	2017
Balance at beginning of the year	60	60
Opening retained earnings adjustment on adoption of AASB 9	0	0
Opening Loss Allowance	60	60
Increase in provision recognised in the net result	(10)	49
Reversal of provision of receivables written off during the year as uncollect	(26)	(49)
Balance at end of the year	24	60

Note 7.2: Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. A contingent asset exists in respect to a bequest from an estate in which Colac Area Health has been named as a residual beneficiary.

Colac Area Health is receiving income from the estate and fifty per cent of the capital of the estate is receivable on the death of the life tenants. At balance date, the Board of Directors is unaware of the existence of any financial obligation that may have a material impact on the Financial Statements as a result of any future event which may or may not happen (2019 - nil), apart from that disclosed above.

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Person Disclosures
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet Date
- 8.7 Jointly Controlled Operations
- 8.8 Changes in Accounting Policy and revision of estimates
- 8.9 Economic Dependency
- 8.10 AASBs Issued That are not yet Effective

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Total 2019 \$'000	Total 2018 \$'000
Net Result for the Year	(3,232)	(2,148)
Non Cash Movements		
Depreciation	2,384	2,809
Impairment of Financial Assets	0	62
Movements included in Investing and Financing Activities		
Net (Gain)/Loss from Disposal of Non Financial Physical Assets	0	10
Net movement in Finance Lease Liability	26	443
Movements in Assets and Liabilities		
Decrease/(Increase) in Receivables	(585)	587
Decrease/(Increase) in Other Assets	0	(1,500)
Decrease/(Increase) in Prepayments	82	(5)
Decrease/(Increase) in Inventories	(3)	(21)
Increase/(Decrease) in Payables	2,063	(793)
Increase/(Decrease) in Employee Benefits	1,015	628
Increase/(Decrease) in Other Current Liabilities	0	1,180
Net Cash Inflow/(Outflow) from Operating Activities	1,750	1,252

Note 8.2: Responsible Person Disclosures

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

Responsible Ministers:

The Honourable Jill Hennessy,
Minister for Health and Minister for Ambulance Services 01/07/2018 - 29/11/2018

The Honourable Jenny Mikakos,
Minister for Health and Minister for Ambulance Services 29/11/2018 - 30/06/2019

The Honourable Martin Foley,
Minister for Mental Health 01/07/2018 - 30/06/2019

The Honourable Martin Foley,
Minister for Housing, Disability and Ageing 01/07/2018 - 29/11/2018

The Honourable Luke Donnellan,
Minister for Child Protection, Minister for Disability, Ageing and Carers 29/11/2018
- 30/06/2019

Governing Boards

Mr J. DeLorenzo (Chair of the Board)	01/07/2018 – 30/06/2019
Mr D Shelton (Senior Vice Chair)	01/07/2018 – 30/06/2019
Mrs L Witcombe (Junior Vice Chair)	01/07/2018 – 30/06/2019
Mr D Willder	01/07/2018 – 30/06/2019
Ms Y Turner	01/07/2018 – 30/06/2019
M D Gordon	01/07/2018 – 30/06/2019
Mr T Greene	01/07/2018 – 30/06/2019
Ms A Leslie	01/07/2018 – 30/06/2019
Dr C Mandel	01/07/2018 – 30/06/2019
Ms S Forche-Baird	01/07/2018 – 30/06/2019
Dr A Rahimi	01/07/2018 – 30/06/2019
Ms K Anderson	01/07/2018 – 30/06/2019

Accountable Officer

Mr M G Iles – Chief Executive	01/07/2018 – 03/06/2019
Mrs F Brew – Chief Executive	03/06/2019 - 30/06/2019

Remuneration of Responsible Persons

	2019 No.	2018 No.
Income Band		
\$0-\$9,999	12	10
\$10,000-\$20,000	1	0
\$220,000-\$229,999	1	1
Total Numbers	14	11
	2019 \$'000	2018 \$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$ 248	\$ 226

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: 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:

1. Short-term employee benefits

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

2. Post-employee benefits

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

3. Other long term benefits

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

4. Termination benefits

Termination of employment payments, such as severance packages.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year.

These bonus payments depend on the terms of individual employment contracts

Remuneration of executive officers

Short-term employee benefits
Post-employment benefits
Other Long-term benefits
Total Remuneration

Total number of executives
Total annualised employee equivalents

Total Remuneration		
	Total 2019 \$'000	Total 2018 \$'000
	798	744
	76	70
	20	20
	894	834
	5	6
	5	6

- i. The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Colac Area Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.
- ii. Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 8.4: Related Parties

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

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

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Colac Area Health, directly or indirectly.

The Board of Directors and the Executive Directors of Colac Area Health are deemed to be KMPs.

Entity	KMPs	Position Title
Colac Area Health	Mr J. DeLorenzo	Chair of the Board
Colac Area Health	Mr D. Shelton	Board Member and Senior Vice Chair
Colac Area Health	Mrs L. Witcombe	Board Member and Junior Vice Chair
Colac Area Health	Mr D. Willder	Board Member
Colac Area Health	Ms Y. Turner	Board Member
Colac Area Health	Mr D. Gordon	Board Member
Colac Area Health	Mr T. Greene	Board Member
Colac Area Health	Ms A. Leslie	Board Member
Colac Area Health	Dr C. Mandel	Board Member
Colac Area Health	Ms S Forche-Baird	Board Member
Colac Area Health	Dr A Rahimi	Board Member
Colac Area Health	Ms K Anderson	Board Member
Colac Area Health	Mrs F Brew	Chief Executive Officer
Colac Area Health	Mr G Iles	Chief Executive Officer
Colac Area Health	Dr D Imran	District Director Medical Administration
Colac Area Health	Ms J Labourne	Director Finance and Business Services
Colac Area Health	Ms J Salkeld	Director Nursing and Clinical Care
Colac Area Health	Mr D Walters	Director Clinical Enterprise and Pharmacy
Colac Area Health	Ms M White	Director Community Care

The compensation detailed below is reported in \$'000 and 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.

Compensation - KMPs	2019 (\$'000)	2018 (\$'000)
Short term employee benefits	1,019	946
Post-employment benefits	96	90
Other long-term benefits	26	25
Total (i)	1,141	1,061

(i) KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant transactions with government related entities

Colac Area Health received funding from the Department of Health and Human Services of \$39m (2018: \$36 m) and indirect contributions of \$1m (2018: \$1m). Expenses incurred by the Health Service in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require Colac Area Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties

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

Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019. There were no related party transactions required to be disclosed for Colac Area Health's Board of Directors, Chief Executive Officer and Executive Directors in 2019.

Note 8.5: Remuneration of Auditors

	Total 2019 \$'000	Total 2018 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	17	16
TOTAL REMUNERATION OF AUDITORS	17	16

Note 8.6: Events Occurring after the Balance Sheet Date

There are no events occurring after the balance sheet date.

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2019 %	2018 %
SWARH	Information Systems	5.70	5.97

Colac Area Health interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2019 \$'000	2018 \$'000
Current Assets		
Cash and Cash Equivalents	82	440
Receivables	357	113
Inventories	4	5
Other Current Assets	27	6
Total Current Assets	470	564
Non Current Assets		
Property, Plant and Equipment	0	31
Leased Assets	338	202
Intangible Assets	1	1
Total Non Current Assets	339	234
Total Assets	809	798
Current Liabilities		
Payables	247	313
Income in Advance	37	47
Finance Lease Liability	198	224
Provisions	98	94
Total Current Liabilities	580	678
Non Current Liabilities		
Finance Lease Liability	0	0
Provisions	14	17
Total Non Current Liabilities	14	17
Total Liabilities	594	695
NET ASSETS EQUITY	215	103
Accumulated surpluses	215	103
TOTAL EQUITY	215	103

Colac Area Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

Revenues	2019 \$'000	2018 \$'000
Revenue from Operating Activities	1,422	1,449
Total Revenue	1,422	1,449
Expenses		
Employee Benefits	476	472
Other Expenses from Continuing Operations	672	781
Depreciation	162	162
Total Expenses	1,310	1,415
Net result	112	34

Contingent liabilities and capital commitments

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

Note 8.8: Changes in Accounting Policy

Changes in accounting policy

Colac Area Health has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- (a) any adjustments to carrying amounts of financial assets or liabilities are recognised at

- beginning of the current reporting period with difference recognised in opening retained earnings; and
(b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, Colac Area Health's management has assessed for all financial assets based on Colac Area Health's business models for managing the assets. There has been no impact on the financial statements of Colac Area Health other than the reclassifications noted below.

Summary of reclassification and measurement

	AASB 139 Measurement Categories	AASB 9 Measurement Categories	
		Amortised Cost	Fair value through net result
As at 30 June 2018			
AASB 139 Measurement Categories			
<i>Financial assets</i>			
Loan and receivables			
Cash and cash equivalents	3,799	3,799	0
Receivables	675	675	0
Term Deposits	4,610	4,610	0
<i>Financial liabilities</i>			
Amortised cost			
Payables	(4,954)	(4,954)	0
Accommodation bonds	(7,682)	(7,682)	0
Borrowings	(980)	0	(980)
As at 1 July 2018	(4,532)	(3,552)	(980)

Changes to the impairment of financial assets

- Under AASB 9, all loans and receivables are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.
- For other loans and receivables, Colac Area Health applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method resulted in an insignificant change in the provision, therefore no adjustment has been recognised as at 1 July 2018. Refer to note 7.1 (c) for details about the calculation of the allowance.

Transition impact

Transition impact of first time adoption of AASB 9 on balance sheet.

Balance Sheet	Amount at 30/6/2018	Reclassification	Restated amount at 1/07/2018
Financial Assets			
Loans and receivables	9,084	(9,084)	0
Amortised cost	0	9,084	9,084
As at 1 July 2018	9084	0	9084
Financial Liabilities			
Amortised Cost	(13,616)	980	(12,636)
Fair value through net result	0	(980)	(980)
As at 1 July 2018	(13,616)	0	(13,616)
Contributed equity	14,253	0	14,253
Property, plant and equipment revaluation surplus	24,964	0	24,964
Accumulated deficits	(1,967)	0	(1,967)
Total equity	37,250	0	37,250

Note 8.9: Economic Dependency

Colac Area Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services.

The Department of Health and Human Services has provided confirmation that it will continue to provide Colac Area Health with adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2020. On that basis, the financial statements have been prepared on a going concern basis.

The health service's current asset ratio continues to be below an adequate short term position (2019: 0.58 and 2018: 0.55) while cash generated from operations has improved from a \$1.3m surplus in 2018 to a \$1.7m surplus in 2019 and cash reserves have moved from \$0.73m in 2018 to \$0.85m in 2019.

Note 8.10: AASBs Issued that are not yet Effective

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

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Colac Area Health has not and does not intend to adopt these standards early. It is our opinion that there will be zero impact from the adoption AASB 15.16 and 1058.

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1 January 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. This will have an impact on Colac Area Health as it will allow for a significant improvement in the timing of revenue recognition with the expected performance obligations associated with the revenue.
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1 January 2019	<p>AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include:</p> <ul style="list-style-type: none"> - Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; - IP licenses to be accounted for under AASB 15; and - Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2018-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>AASB 2018-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	1 January 2019	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9 Statutory receivables are recognised and measured similarly to financial assets.</p> <p>AASB 15</p> <p>The 'customer' does not need to be the recipient of goods and/or</p> <ul style="list-style-type: none"> · The "contract" could include an arrangement entered into under the direction of another party: · Contracts are enforceable if they are enforceable by legal or 'equivalent' · Contracts do not have to have commercial substance, only economic <p>Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.</p>
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 January 2019	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. It is anticipated this will have no impact on Colac Area Health as the entity holds no operating leases.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	<p>This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p>	1 January 2019	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p>

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 Income of Not-for-Profit Entities	<p>AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 January 2019	<p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. It is anticipated that this will result in more carried forward revenue into periods where expenditure obligations are full-filled.</p>
AASB 17 Insurance Contracts	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard currently does not apply to the not-for-profit public sector entities.</p>	1 January 2021	
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	<p>This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.</p>	1 January 2020	<p>The standard is not expected to have a significant impact on the public sector.</p>
AASB 1059 Service Concession Arrangements: Grantor	<p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p>	1 January 2020	<p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> · Operator is providing public services using a service concession asset; · Operator manages at 'least some' of public services under its own · The State controls / regulates: <ul style="list-style-type: none"> – what services are to be provided; – to whom; and – at what price · State controls any significant residual interest in the asset. <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.</p>

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 January 2020	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)

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

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business