PORTLAND
DISTRICT HEALTH

2017-18 Annual Report

We Create

We Surpass

We Learn

We Connect

We are Responsible

Our Vision,
Our Community, Your Health

CONTENTS

PORTLAND
DISTRICT HEALTH

The community we live and work in is vitally important to us. Our focus is the health and wellbeing of the people in our community.

We Value Wisdom
We use knowledge, experience and understanding to make the decisions that matter.

We Value Compassion
We care about people – their safety matters above all else. Every person's need is different and is respected. Our service quality is second to none.

We Value Courage
We are fearless and courageous in making things happen, embracing opportunities and creating solutions.

FUTURE PRIORITIES

OUR COMMITMENTS

We Surpass
Your experiences in our care will be safe and the highest quality they can be.

We Connect
Our collaborations, partnerships and relationships are vital to our success.

We Learn
Our skilled team are the heart of our organisation; they are dedicated to lifelong learning, allowing us to deliver high quality healthcare

We Create
Discovering and developing innovative solutions is our way of delivering the best care we can.

We Are Responsible
We work hard to meet or exceed expectations and comply with what is required of us.

Jerikka Pevitt – winner of the Ka-ree-ta Ngoot-yoong Wat-nan-da (Grow Healthy Together) Indigenous Advisory Committee art competition.

CHIEF EXECUTIVE REPORT & PRESIDENT REPORT

Every single day, staff members across Portland District health strive to give the best compassionate care they can to every patient and family member. They're always ready to help, to care and motivate people on their journey to improved health and wellbeing.

Our staff members embrace lifelong learning and are also always ready to except challenges with the aim of meeting or exceeding the needs of our patients and community. We pride ourselves on being a vital part of the Portland community and on our ability to collaborate and embrace innovation that benefits our patients, residents and the community.

Care is such a small word, but it has a lasting impact on everyone it touches. Care fills the room when our staff and volunteers show compassion at a bedside, in our consulting rooms or in a patient's home. It fills the hearts of the entire community as they generously support us as we deliver that care. We all thrive when we stand together and care.

The 2017/18 Annual and Quality of Care Reports highlight many of the achievements of our exceptional Health Service. From the dedicated Board of Management right through to all the staff, we work diligently for our community, residents and patients.

Portland District Health has set a healthy vision for the local community to be more involved in their own health encouraging this via the 'It Ok To ask' campaign. The campaign changes focus each season:

- It's Ok To Ask to give birth or have your elective surgery at PDH
- It's Ok To Ask if staff have washed their hands
- It's Ok To Ask if staff have had their flu vaccination
- It's Ok To Ask if you think you need urgent review (MET call trigger)

SEAchange (Sustainable Eating and Activity - Change) is one of the most important programs Portland District Health partners in. The third round of biometric assessments coordinated by Deakin University in our school children has shown we are succeeding in improving the health of our younger generation. SEAchange is a collective impact community owned program with over 200 local initiatives underway to reduce the prevalence of obesity in Portland children.

A key strategy for Portland District Health is to ensure your experiences in our care are safe and the highest quality they can be. Across South-West Victoria the public health services have launched a new initiative called the Health Accord (hA+) to connect care and facilitate collaboration ensuring our patients care is well planned, accessible and high quality. Portland District Health, Western District Health Service, South West Healthcare, Colac Area Health, Heywood Rural Health, Casterton Memorial Hospital, Moyne Health Services, Terang & Mortlake Health, Timboon District Health Service, Hesse Rural Health, Lorne Health and Otway Health have signed onto the hA+ initiative to collectively lead, manage and provide clinical excellence for every patient every time. A number of workshops have been facilitated to plan the hA+ program which included an evening for Board Presidents and CEOs to discuss how we work together to meet our communities needs into the future.

Portland District Health has been very active in advocating to improve ongoing training and development of the clinical workforce in the South West of Victoria. In particular to alleviate chronic doctor shortages in rural areas. Chris Giles was invited to attend the inaugural National Summit on Rural Health in Canberra in March 2018 to represent our area with a voice. Subsequently, Professor Paul Worley, Rural Health Commissioner travelled to Portland to meet with local Glenelg Shire representatives and hA+ CEOs to examine how Rural Generalist Medical Officers can improve the health and well-being of our communities. Chris Giles is now an active participant in an expert reference group tasked with developing the future rural medical workforce.

Portland District Health continues to respect and work closely with our first nation's people, the Gunditjmara aboriginal people. Ka-ree-ta Ngoot-yoong Wat-nan-da (Grow Healthy Together) is our Indigenous Health Advisory Committee which continues to meet quarterly and plan ways to improve Aboriginal health and employment in the region. This year the committee held an art competition to find a local artistic representation of Ka-ree-ta Ngoot-yoong Wat-nan-da.

16-year-old Jerrika Pevitt's "Mootalarra Murmuration" was announced the winner of the competition.

The artwork has a background of gradient yellows to represent a sunrise and in the foreground, is a flock of red tailed black cockatoos, representing coming together and releasing spirits into the sky. The artwork reflects the core business of health and each organisation's respect for the Aboriginal and Torres Strait Islander community and the commitment to support and empower the health journey for all people. This artistic representation is being used with the committee member organisations to promote our commitment to the health and well-being of Aboriginal and Torres Strait Islander people in our organisation.

We are grateful for the continued support of the community who, through their participation in our fund-raising events, have raised much needed funds to purchase 5 chemotherapy and dialysis treatment chairs. The annual golf day and dinner this year raised $25,000. To date, the golf event has raised a total of $120,000 over 6 years.

It has been pleasing to see our local service clubs showing support towards our health service providing funding to purchase essential equipment throughout this financial year. These clubs include The Lions Club (Murray 2 Moyne team 'White Lioners'), Rotary Clubs of Portland and Portland Bay, Country Women's Assoc. Heywood, Women's Service club, RSL Memorial Bowling Club Women's sub-section and United Way Glenelg.

Portland District Health is working with Donate Life to give the local community a chance to save lives by donating their organs. We are working in collaboration with Donate Life to educate the local community about their donation options and facilitate in a sensitive and caring manner.

Portland people who suffer eye injuries now have ready access to specialist care with the introduction of new world-first technology at Portland District Health. A new eyeConnect device introduced at PDH's Urgent Care Centre connect patients, who have eye injuries or acute conditions, to specialists at the Royal Victorian Eye and Ear Hospital. This enables expert advice and treatment locally without having to travel to Melbourne.

Another new service introduced this year is diagnostic echo cardiology. This was funded by a bequest fund which allows our cardiologist to look at the patient's heart structure and function. The new machine is an important addition to our cardiac services, and improves access to vital services locally for our patients, previously many patients had to travel to Warrnambool, Hamilton or Mt Gambier for this diagnostic procedure.

We support the Future Leaders Program which mentor students from Bayview College, Portland Secondary College and Heywood & District Secondary College. The program gives students the opportunity to explore health careers first hand and is an important part of inspiring our future health workforce.

We continue to share our stories via our active social media presence, and now have over 1500 followers on Facebook which continues to grow each week. We encourage all members of the community to keep informed with what is happening at their Health Service by liking our Facebook page or visiting the website. This year we have added a quality dashboard to our website. This will provide our community with information about the quality of our services and we encourage everyone to visit the website to find out more.

We celebrate the ongoing contribution of an amazing team of volunteers who continue to support our clients in many ways. We acknowledge and thank all who have supported Portland District Health during the 2017/18 year, including our staff, volunteers, clients and carers, the Department of Health and Human Services, our visiting medical and clinical staff, and our partner organisations.

Finally, we recognise and commend the outstanding service provided to the community by Professor Paul Yielder, Project Leader and Program Director of Medical Imaging School of Medicine at Deakin University in Geelong. He has retired from his honorary Board position with Portland District Health in 2017/18. Professor Yielder has provided Portland District Health with 3 years of expert opinions with his vast clinical background and we thank him for the service given to the provision of dedicated leadership, expertise and governance at Portland District Health.

We welcomed to the Board of Management on 01 July 2017, Professor Michael Bailey. He has a diverse background in hospital medical data, including more than a decade as principal statistician for the Alfred Hospital and more recently working in the area of intensive care data. Michael will bring a fantastic skill mix to the table to ensure our health service continues to grow and meet targets.

With our expanded regional leadership role in the South West, we continue to collaborate and work closely with our neighbouring health services and extended community to expand services provided, delivering a safe and quality service.

MICHELLE KEARNEY
BOARD OF MANAGEMENT PRESIDENT

CHRISTINE GILES
CHIEF EXECUTIVE OFFICER

FINANCIAL OVERVIEW

Portland District Health incurred a comprehensive consolidated deficit in 2017/18 of $2.6m ($1.6m 2016/17) an increase of $1.1m mainly due to the higher cost of locum medical staff and agency nursing staff.

Portland District Health is constantly challenged to maintain service delivery in a financially sustainable manner. Department of Health and Human Services continues to work closely with Portland District Health under the Intensive Monitoring program whereby financial performance is monitored on a regular basis and Portland District Health continually look for financial strategies to work towards achieving a sustainable business model. Portland District Health acknowledges the support provided by Department of Health and Human Services during the year and looks forward to continuing the close collaboration in current year.

COMPREHENSIVE RESULT

In 2018 Portland District Health achieved record patient levels across all services. As a result of this Portland District Health exceeded the Department of Health and Human Services acute target by 4%.

OPERATING PERFORMANCE

The Net Result before Capital and Specific Items is used by management of the Health Service, Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of health services. For the financial year ended 30 June 2018 the Net result before capital and specific Items was a deficit of $0.065m (2016/17 $1.065m surplus). The reduced operating performance was largely attributable to sustainability funding of $5m (2016/17 $2.7m) provided by Department of Health and Human Services offset by higher cost of locum medical staff, agency nursing staff and higher employee costs.

Service delivery increased in the following areas of the health service:

- Acute by 6% or 279 discharges with 5,207 patients treated (2016/17 4,928)
- Urgent care by 10% or 674 presentations with 7,535 patients treated (2016/17 6,861)
- Theatre by 9% or 197 extra sessions with 2,432 patients (2016/17 2,235)

CASH

Portland District Health generated cash flows from operations in 2017/18 of $1.4m (2016/17 $1.8m). $0.698m was used to purchase plant and equipment during the year and $300k in borrowings was repaid. The entity increased cash held by $349k during the year. The current asset ratio at June 30 is 0.55:1 (0.51:1 2016/17).

ASSET PURCHASES

Assets to the value of $0.698m were purchased in 2017/18. The major items were the purchase of an Echo ultrasound machine and a covered outdoor area for Portland District Health residential aged care building.

THE FUTURE

The continuing support of the community is essential to ensure Portland District Health's financial future, as is the continuing partnership with government and sub-regional health services.

The health service continues to operate in a climate where funding for health provision across the wider community is finite. Where possible all endeavors must be undertaken to maximise efficiencies in light of scarce financial resources whilst maintaining a suite of high quality health services to meet local community health needs.

PERFORMANCE AT A GLANCE

FINANCIALS ('000's)

	2017/18 $'000s	2016/17 $'000s	2015/16 $'000s	2014/15 $'000s	2013/14 $'000s
Total Revenue	45,781	42,457	38,400	39,596	70,912
Total Expenses	48,425	44,061	41,056	41,137	40,367
Net Result after capital and specific items	(2,644)	(1,604)	(2,654)	(1,541)	30,545
Retained Surplus/(Accumulated Deficit)	(26,636)	(24,003)	(22,459)	(19,765)	(18,243)
Total Assets	68,010	66,088	66,699	66,409	67,770
Total Liabilities	14,101	14,414	13,480	10,497	10,336
Net Assets	53,910	51,674	53,218	55,912	57,434
Total Equity	53,910	51,674	53,218	55,912	57,434

Financials includes the consolidated controlled entity Active Health Portland Ltd

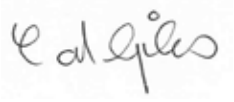
STAFFING

	2017/18	2016/17	2015/16
Number of Staff Employed	450	427	405
Number of Staff Employed (EFT)	269.66	261.42	254.24
Time Lost through Work Cover Claims (EFT)	0.30	0.00	0.21
Time Lost through Industrial Disputes (hours)	0.00	0.00	0.00
Sick Leave as % of Basic Salaries	5.57%	5.57%	6.11%

Responsible Bodies Declaration

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

ANDREW LEVINGS
ACTING PRESIDENT BOARD OF MANAGEMENT
PORTLAND DISTRICT HEALTH
Date: 30 July 2018



MS CHRISTINE GILES
CHIEF EXECUTIVE OFFICER
PORTLAND DISTRICT HEALTH
Date: 30 July 2018

BOARD OF MANAGEMENT

The Board Directors role at Portland District Health has, in the past, been a voluntary honorary role. Changes by Department of Health and Human Service will see the Board Directors remunerated for their service as of 1 July 2018. The skills and experience within the Directors is regularly reviewed to ensure an appropriate Board skill mix is maintained.

The Board of Management is responsible to the Minister for Health for setting the strategic direction and governance of Portland District Health, within the framework of government policy. Board Directors are accountable for ensuring the services:

- are efficiently and effectively managed;
- provide high quality care and service delivery;
- meet the needs of the community; and
- meet performance targets

The Directors are committed to ensuring that the services provided by Portland District Health comply with their legislative requirements and the Objectives, Mission and Vision of the Service, within the resources provided.

The Directors review governance information monthly in order to continually assess the performance of Portland District Health against its objectives and are also responsible for appointing and evaluating the performance of the Chief Executive Officer.

The Victorian Government has also committed to ensuring government boards and committees broadly mirror the diversity present in Victoria's communities. This includes appropriate representation of women, regional Victorians, Aboriginal people, young Victorians, Victoria's culturally diverse community, the LGBTI community and Victorians living with a disability.

Board Chair

Commenced Chair: 27 Nov 2014
Dr Michelle Kearney
Appointed: 01 July 2013
Term Expires: 30 June 2019
Committees:

- Remuneration
- Finance, Audit & Risk

Director Senior Deputy- Chair

Dr Andrew Levings
Appointed: 19 Aug 2014
Term Expires: 30 June 2019
Committees:

- Quality, Safety & Risk
- Grow Healthy Together Indigenous Advisory
- Remuneration

Director Junior Deputy-Chair

Anita Rank
Appointed: 2012
Term Expires: 30 June 2019
Committees:

- Consumer Advisory (Chair)
- Active Health Portland (Director/Chair)
- Remuneration

Director

Prof Paul Yielder
Appointed: 01 July 2015
Term Expires: 30 June 2018
Committees:

- Quality, Safety & Risk (Chair)

Director

David Patterson
Appointed: 01 July 2015
Term Expires: 30 June 2021
Committees:

- Finance, Audit & Risk (Chair)
- Remuneration

Director

Sandy Burgoyne
Appointed: 01 July 2016
Term Expires: 30 June 2021
Committees:

- Workforce, Culture & Development (Chair)

Director

Alex Campbell
Appointed: 01 July 2016
Term Expires: 30 June 2019
Committees:

- Finance, Audit & Risk
- DHHS Quarterly Performance meeting rep

Director

Dr Ann Miller
Appointed: 01 July 2016
Term Expires: 30 June 2021
Committees:

- Quality, Safety & Risk
- Workforce, Culture & Development
- Consumer Advisory
- Credentialing & Scope of Practice

Director

Roslyn Pevitt
Appointed: 01 July 2016
Term Expires: 30 June 2019
Committees:

- Grow Healthy Together Indigenous Advisory
- Workforce, Culture & Development
- Active Health Portland

Director

Prof Michael Bailey
Appointed: 01 July 2017
Term Expires: 30 June 2020
Committees:

- Quality, Safety & Risk

2017-18 MEETING ATTENDANCE

Michelle Kearney	8 / 11
Ann Miller	9 / 11
Anita Rank	6 / 11
David Patterson	8 / 11
Michael Bailey	9 /11
Alex Campbell	11 / 11
Andrew Levings	10 / 11
Roslyn Pevitt	6 / 11
Prof Paul Yielder	6 / 11
Sandy Burgoyne	8 / 11

EXECUTIVE MANAGEMENT

Chief Executive
Christine Giles

Executive Director of Corporate Services
Karena Prevett
Commenced July 2017

Executive Director of Nursing
Ros Alexander

Executive Director of Primary & Aged Care Services
Fiona Heenan

Executive Director Medical Services
Acting: Dr Naveen Sharma
From April 2017 – December 2017

Dr Kaushik Banerjea
Commenced December 2017

Director Finance
Jennie Stinson

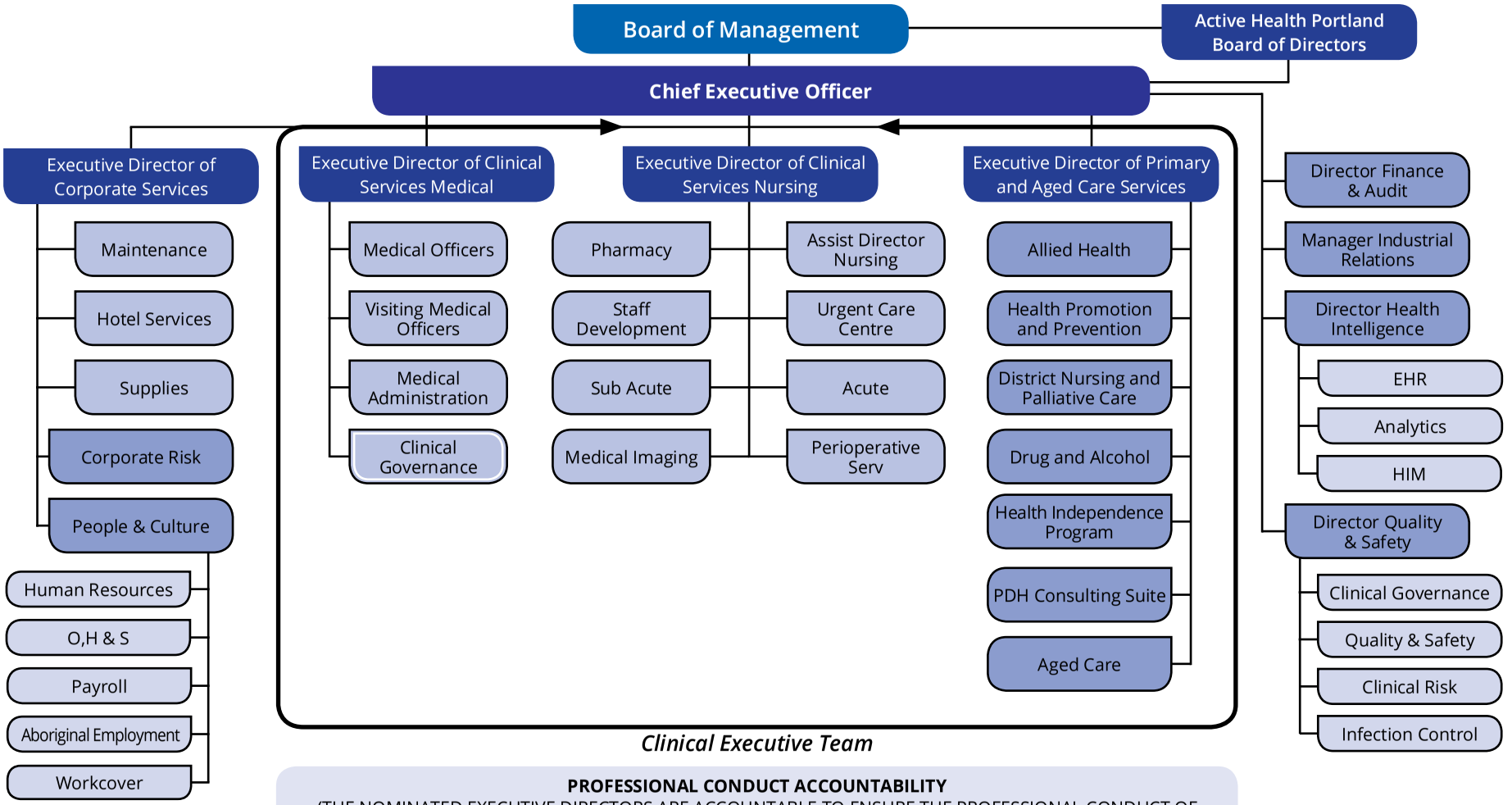
Director Quality, Safety & Risk
Loren Drought

Director Health Intelligence
Claire Holt

The Executive team met 40 times during the year, providing regular reports to the Board of Management.

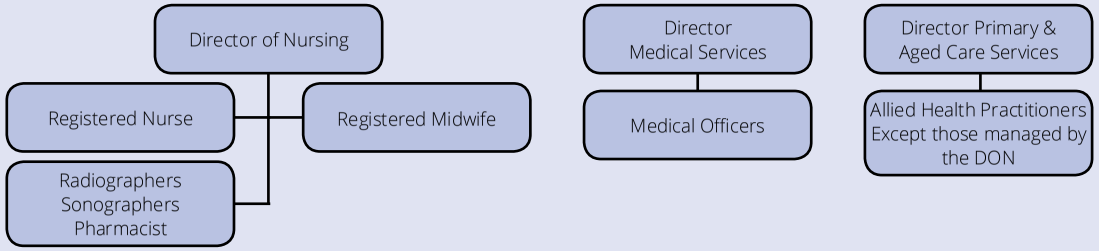
Photo from Left: Claire Holt, Karena Prevett, Loren Drought, Christine Giles, Ros Alexander, Jennie Stinson, Kaushik Banerjea and Fiona Heenan

ORGANISATIONAL CHART



PROFESSIONAL CONDUCT ACCOUNTABILITY

(THE NOMINATED EXECUTIVE DIRECTORS ARE ACCOUNTABLE TO ENSURE THE PROFESSIONAL CONDUCT OF OUR CLINICAL STAFF IS UPHELD TO EXEMPLARY STANDARDS)



Reviewed April 2017 by CEO

OUR SERVICES

MEDICAL UNITS

Anaesthesiology
Cardiology
Dermatology
Endocrinology
Endoscopies
ENT Surgery
General Surgery
General Medicine
Geriatric Medicine
Nephrology
Obstetrics & Gynaecology
Oncology
Ophthalmology
Oral Surgery
Orthopaedics
Paediatrics
Plastic Surgery
Respiratory
Urgent Care
Urology
Vascular

DIAGNOSTIC

Echocardiograms
Holter Monitoring
Pathology
Pharmacy
Radiology
- CT Scanning
- General X-rays
- Ultrasound
- Mammograms
- Fluoroscopy
- Bone Density
- OPG/Cone beam CT

Sleep Studies
Stress Testing

NURSING / MIDWIFERY SPECIALITIES

Central Sterilizing Service
Chemotherapy
Day Procedure
Hospital in the Home
Immunisation Service
Lactation Consultant
Medical - Acute
Midwifery – Neonatal Care
Palliative Care
Perioperative
Renal Dialysis
Residential Aged Care
Respite Care
Shorts Stay UCC
Sub-Acute care
Surgical - Acute
Transition Care
Urgent Care (Emergency)

PRIMARY, COMMUNITY & ALLIED HEALTH

Asthma Education
Breast Care
Cancer Support
Community Nursing
Continence
Counselling
- Psychology
- Social Worker
- Mental Health Nurse

Diabetes Education
Dietetics
Discharge Planning
District Nursing
Drug, Alcohol & Counselling
Exercise Physiologist
Hand Therapy
Health Independence
- Community Rehab
- HARP
- Post-Acute Care

Health Promotion
Lymphoedema
Needle Exchange
Occupational Therapy
Palliative Care
Physiotherapy
Podiatry
Speech Therapy

SUPPORT SERVICES

Administration
Health Informatics
Hotel Services
- Catering
- Environmental
- Meals on Wheels

Staff Education
Maintenance
Quality & Safety
- Infection Control & Prevention

Security
Staff Health
Supply
Waste Management
Volunteers
Helipad

PDH MEDICAL OFFICERS

SALARIED MEDICAL OFFICERS

Emergency Physicians
Dr T Baker MBBS (Hons) B.MedSc (Hons) FACEM
Dr A Lishman MBBS (Hons) B.MedSc FACEM
Dr F Schreve MBBS B.MedSc FACEM
Dr S Thomas MBBS FACEM
Dr C Belchi MBBS FACEM

Specialist Physicians
Dr N Sharma MBBS MS FRACP FCSANZ
Dr S Jayathilake MBBS FRACP

Surgeon
Mr T Pishori MBBS FRACS

Anaesthetists
Dr G Hool MBBS FFARACS, FANZCA
Dr P Reid MB CHB DUND
Dr J Parker (GP Anaes) FACRRM MBBS

Obstetricians & Gynaecologist
Dr Yasser Diab MBBS FRANZCOG MD

Hospital Medical Officers
Dr S Dissanayake MBBS
Dr F Rahman MBBS
Dr P Rani MBBS
Dr S Imtiaz MBBS
Dr T Safayat MBBS
Dr M Rashid MBB
Dr S Subbaraman MBBS
Dr R Nelakurthi MBBS
Dr Neeraj Nilmun

VISITING MEDICAL OFFICERS

General Practitioners
Dr G Patel MBBS

Specialist Anaesthetist
Dr J Muir MBchB LRCP LRCS FRCA FANZCA
Dr N Shorney MBBS FANZCA

Physicians
Dr N Bayley MBBS FRACP
Dr A Bowman MBBS FRACP
Dr T Branken MBChB(Brim) FCP(SA) FRACP

Endocrinologist
Dr G Nicholson MBBS FRACP

Nephrologist
Dr M Desmond MBBS FRACP PHD
Dr C Somerville MBBS FRACP PHD
Dr A Tjipto MBBS FRACP

Oncologist
Dr I Collins MBBS FRACP
Dr T Hayes MBBS FRACP

Radiation Oncologist
Dr T Gleisner MBBS FRACP
Dr K So MBBS FRACP
Dr S Islam MBBS FRACP

Haematologist
Dr J Brotchie MBBS FRACP

ENT Specialist
Dr A Cass MBBS FRACS

Ophthalmologist
Dr R Harvey MBBS, FRCO, FRACS

Paediatrician
Dr N Thies MBBS DCH FRACP (Paed)
Dr K Olinsky MBBS FRACP (Paed)

Radiologists
Dr D Cleeve MBBS FRANZCR
Dr J Eng MBBS FRANZCR
Dr R Jarvis MBBS FRANZCR
Dr S Skinner MBBS FRANZCR
Dr J Wilkie MBBS RCR RANZCR
Dr J Tamangani MBBS MSc RCR
Dr S Kruger MBBS FRANZCR

General Surgeons
Mr U Naidoo MBCHB FCS (FA)
Mr J Ragg MBBS FRACS
Mr R Moore MBBS FRACS
Mr P Gan MBBS FRACS

Orthopaedic Surgeons
Dr K Arogundade MBBS FRACS MD FRCS
Dr M Liptak BMBS FRACS
Dr M Ling BMBS FRACS
Prof J Krishnan MBBS FRACS PhD
Dr M Penta MBBS FRACS FAOA
Dr A Sood BMBS FRACS
Dr J Ward BMBS FRACS
Dr A Mitra MBBS FRACS
Dr N Russell BMBS FRACS

Plastic Surgeon
Dr R Toma MBBS FRACS (Plast)
Dr J Masters MBBS FRACS (Plast)
Dr P Riddell MBBS FRACS (Plast)
Dr D Keating MMBS FRACS (Plast)

Urologist
Mr A Davidson MBBS FRACS

Vascular Surgeon
Mr R Mayer MBBS (Hon) Dip Surg Anat FRACS

Dermatologist
Dr M Goh MBBS FACD
Dr V Chitreddy MBBS FACD
Dr L Ly MBBS FACD
Dr A Amerasingh MBBS FACD
Dr M Cicchiello

VISITING DENTAL OFFICERS

Oral Maxillo Facial Surgeon
Dr B Robinson MDS BDS

Dentists
Dr Y Jiang BDS
Dr Caitlyn Huang
Dr K Stock BDS
Dr A Nascimento BDS
Dr D Blood BDS

VISITING ALLIED HEALTH

Psychologist
Lana Kossoft (Aged Care)

Prosthetist
P Young ADDP

Portland District Health regulates the appointment, credentialing and definition of scope of clinical practice for all health practitioners who provide services within our health service.

Dr Jun Parker – Hospital Anaesthetist

WORKFORCE DATA

Labour Category	June Current Month FTE		June YTD FTE	
	2017	2018	2017	2018
Nursing	136.04	143.38	136.11	138.3
Administration & Clerical	40.82	44.33	40.81	42.75
Medical Support	5.92	5.49	5.92	5.4
Hotel and Allied Services	36.06	34.31	36.05	36.57
Medical Officers	14.29	14.08	14.28	16.43
Ancillary	28.24	30.43	28.25	30.21
TOTAL	**261.37**	**272.02**	**261.42**	**269.66**

STATUTORY COMPLIANCE

During 2017/18, Portland District Health made Nil mandatory reports to AHPRA regarding health professionals. There were no reports under the Protected Disclosure Act.

CODE OF CONDUCT

All staff receive training on appropriate/expected code of conduct as a part of regular mandatory training in 'PDH Acceptable Workplace Behavior' at Portland District Health. Part of this training includes 'Workplace Bullying & Harassment' policy which covers:

- Occupational Health and Safety Act 2004
- Equal Opportunity (Gender Identity & Sexual Orientation Act 2000)
- Human Rights and Equal Opportunity Act 1986
- Racial Discrimination Act 1975
- Sex Discrimination Act 1984
- Disability Discrimination Act 1992 Crimes Act 1958
- Workplace Relations Act 1996

INDUSTRIAL RELATIONS

Nil work hours were lost at Portland District Health as a result of industrial action during 2017/18.

EMPLOYMENT PRINCIPLES

Portland District Health is a public community based service that:

- makes fair employment decisions with a fair system of review;
- recognises that the usual basis for engagement is as an ongoing employee;
- makes decisions relating to engagement and promotion that are based on merit;
- requires effective performance from each employee;
- provides flexible, safe and rewarding workplaces where communication, consultation, cooperation and input from employees on matters that affect their workplaces are valued;
- promotes workplace culture free from bullying, harassment, discrimination, patronage and favouritism;
- recognises the diversity of the Portland community and fosters diversity in the workplace

PEOPLE AND LEARNING

Our commitment is to the ongoing development of Portland District Health as a dynamic and capable organisation.

Portland District Health will:

- attract and retain dedicated, skilled and motivated workforce
- promote a workplace that is professional and supportive of the health and wellbeing of staff
- champion a learning and developmental culture
- ensure effective communication, collaborative decision making and problem solving
- support professional development pathways within the organisation
- build succession capability within the organisation

POLICE RECORD CHECKS

It is a legislative requirement that all staff and volunteers have a current police check. No one is employed or engaged as a volunteer at Portland District Health without a valid police record check.

EQUAL OPPORTUNITY (EEO) ACT (VIC) 2010

To comply with the legislation Portland District Health has effectively developed systems that ensure:

- Open competition in recruitment, selection, transfer and promotion
- All employment decisions are based on merit
- Employees are provided with a reasonable avenue of redress against any unfair treatment

WORKFORCE DATA

Occupational Violence Statistics	2016-17	2017-18
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0.01	1.11
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	2.32	6.55
3. Number of occupational violence incidents reported	73	99
4. Number of occupational violence incidents reported per 100 FTE	27.9%	36.7%
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%	13.13%

For the purposes of the statistics the following definitions apply:

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

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

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

Lost time – is defined as greater than one day.

Midwifery

SERVICE ACTIVITY

ACTIVITY / INDICATOR	2013/14	2014/15	2015/16	2016/17	2017/18
Number of inpatients - Hospital	4395	4903	5000	4928	5207
Number of inpatients - Nursing Home	56	45	50	52	61
Number of inpatient days - Hospital	11286	11314	11897	11592	11354
Number of inpatient days - Nursing Home	8584	9757	10472	9934	10401
Daily Average (days - Hospital)	30.92	30.9	32.6	31.75	31.11
Daily Average (days - Nursing Home)	23.51	26.73	28.61	27.22	28.50
Average stay (days - Hospital)	2.57	2.31	2.37	2.35	2.18
Average stay (days - Nursing Home)	153.28	216.8	209.4	191.03	170.51
Number of beds available - Hospital	55	55	55	55	55
Number of beds available - Nursing Home	30	30	30	30	30
Urgent Care Centre	7731	7479	6960	6861	7535
Births	27	64	81	56	67
Hospital in the Home	3	2	10	8	11
Meals on Wheels delivered	4636	4468	3438	4039	6016
Meals served (total)	78454	85629	88335	86417	88632
Operations performed	2435	2853	2203	2235	2432
Mammogram & Breast screens	1258	1250	1285	1215	1312
CT Examinations	2282	2384	2091	2482	2867
OPG / Dental Examinations	675	466	454	484	517
Procedures	164	160	154	134	673
Ultrasound Examinations	5610	5638	5258	5230	5946
DEXA Scans	236	280	286	285	324
General X-rays	7725	7852	7248	7439	7925
X-ray – Inpatients	1160	1103	843	549	1371
X-ray - Outpatients	13600	14009	14153	15262	13758
Examinations including Breastscreens (Total)	18596	18034	15680	16294	19564
Primary Care Statistics (Contact Hours)					
Community Nursing	4612	3623	4378	4568	5208
Counselling / Social Work	2577	1861	3374	2683	1360
Dietetics	515	671	1099	981	1068
District Nurse visits	9072	9027	8130	9335	8849
IHSHY Youth Worker - Direct Care	298	466	338	203	196
Occupational Therapy	972	1037	2188	1480	1241
Palliative Care	2128	2385	2741	3030	2466
Physiotherapy	476	731	1247	1700	1985
Speech Pathology	1087	957	1179	1206	1244
HACC / CHSP (Contact Hours)					
Dietetics – HACC-PYP	619	470	373	69	188
Dietetics – CHSP				353	286
Occupational Therapy – HACC/PYP					436
Occupational Therapy - CHSP					730
Podiatry - HACC-PYP	735	748	423	110	133
Podiatry - CHSP				565	569
Volunteer Coordinator – HACC/PYP					428
Volunteer Coordinator - CHSP	2355	2191	2557	2265	1733

LIFE GOVERNOR'S & SERVICE AWARDS

Portland District Health values the significant contribution that many individuals make to the overall well-being of the organisation. The most prestigious award available to a person providing outstanding and continued long services to Portland District Health is Life Governorship.

LIFE MEMBERS OF THE FORMER PORTLAND AND DISTRICT COMMUNITY HEALTH CENTRE INC.

Association for the Blind
Mr W (Bill) Collett
Portland Neighborhood House
Mr Jeff Baulch
Mr Jeff Knuckey
Mrs Marilyn Baulch
Mrs Anne Lanyon
Mr David Harris

LIFE GOVERNORS

Mrs Pam Godfrey-Smith
Mr Michael Noske
Mr A K (Keith) Ough
Rotary Club of Portland
Apex Club of Portland
Mrs S Fyfe
Mrs Brenda Edwards
Mrs Mavis L Jennings
Percy Baxter Trust
Mrs Mary M Sharrock
Miss Eunice Lightbody
Mrs R Smith
Lions Club of Portland
Mrs P Mitchell
Mrs Ellie Lane
Miss June Stewart
Helen Macpherson Smith (Trust)
Miss Sheila M Farrands
Portland Aluminium
Mrs Pat Wilmot
Portland Professional Women's Service Club
Mr John C Wigan
Mr Stephen Poon
Mrs Faith Sutterby
Mrs Margrett Oates
Mrs Heather Burton
Dr Geoff Hitchman

Congratulations to our newly recognised Life Governors of Portland District Health:
A Life Governorship is the highest recognition Portland District Health can bestow. Our recipients have given an outstanding contribution to our health service over a prolonged period of time.

AWARDED AT 2017 AGM

Mrs Roslyn Jones
Mrs Maureen Allan

DISTINGUISHED SERVICE AWARDS

1994 Mr Jesse Das

CONSULTANT SURGEON EMERITUS

2008 Mr William C Maling – Deceased 2014

STAFF LENGTH OF SERVICE AWARDS

10 years
Dr Timothy Baker
Marisa Di Serio
Cheryl Donehue
Mark Fuller
Sonia Hartel
Fiona Jenkins
Annette Kerr
Deborah Magann
Rosana Pekin
Martin Schmetzer
Tracy Stafford
Martin Starick
Leanne Stiles
Rachel Stoneman
Nicole Taylor
Ellen Wombwell

15 Years
Louis Adriaanse
Kym Cook
Susan Fechner
Lauren Hockley
Susanne Johnson
Amanda Malseed
Casey Scott

20 Years
Donna Eichler
Gerard Leonard
Noelene Mabbitt
Susan Maher
Brenda McCulloch
Lynette McNaughton
Bronwyn Mibus
Janne Morrison
Joanna Spurge

25 Years
Jennifer Craig
Lynette Thomas
Jennifer Trenorden

30 Years
Erin Barker
Megan Bunge
Peter Bunge
Bruce Caslake
Tanya Doran
Jillian Jennings
Julie Marsh
Elizabeth Rundell

35 Years
Janet Doran

We thank all of our wonderful and dedicated staff for their input and contribution in our mission – "The community we live and work in is vitally important to us – Our focus is the health and wellbeing of the people in our community".

VOLUNTEER SERVICE AWARDS

5 years
Sam Carter
Lynda Davis
Mick Doherty
Pearl Doherty
Dorothy Longley
Julie Rogers
Brian Tevelein
Beverley Turner
Maria Walker
Bernadette Wood
Assets Real Estate

10 years
Anne Mewett
Allan Mewett
Rosemary Vagg

15 years
Shirley Dunn
Gwen Finck
Bob Gower

Portland District Health thanks all of our dedicated and valuable volunteers for the many hours of work and support every year for the benefit of our Health Service and community.

FINANCIAL & SERVICE PERFORMANCE

Part A: Statement of Priorities

Priority	Action	Deliverable	Q4 Progress
Better Health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** Reduce state-wide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Reduce the level of childhood obesity in Portland primary school aged children through SEA Change Portland program.	**Achieved** SEA (Sustainable Eating and Activity)-Change program has 270 different activities in the community underway. Preliminary data released by Deakin University demonstrates increased water consumption, increased physical activity, increased fruit & vegetable consumption & decreased BMI for children in the Glenelg Shire. Sugary Drinks not sold on the health service campus.
		Participate in the Western Region Alcohol and Drug program 'Communities that Care' to reduce the incidents of alcohol sales to underage youths in the Glenelg Shire.	**Achieved** Communities that Care program tailored from youth and community consultation, developing in Portland in collaboration with key local partners.
		Educate the community on appropriate use of antibiotics via local paper, social media and information sessions.	**Achieved** • Antibiotic Awareness Campaign completed activities included: • Antibiotic Awareness displays at key entrances • promoted antibiotic awareness in the local media • Education for local healthcare practitioners
		Migrate antimicrobial stewardship requirements from paper to electronic health record.	**Partially Achieved** Progressed, delayed pending regional Electronic Health Record upgrade.
		Ka-ree-ta Ngoot-yoong Wat-nan-da (Grow Healthy Together) in partnership with the Gunditjmara community and other health agencies; identify and implement two specific projects targeting improvement in health and wellbeing for Aboriginal people.	**Achieved** Dhauwurd-Wurrung – Portland District Health partnership to recruit medical officer to clinic was successful. Commenced an ongoing clinical staff exchange/exposure program to facilitate a strong relationship with Dhauwurd-Wurrung at the clinician level.

FINANCIAL & SERVICE PERFORMANCE

Priority	Action	Deliverable	Q4 Progress
Better Access Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	**Better Access** Plan and invest Unlock innovation Provide easier access Ensure fair access	Develop and publish a monthly consumer-focused quality outcomes dashboard on the Portland District Health public website.	**Achieved** Community Quality Dashboard is published on the Portland District Health website.
		Working in partnership with Western District Health Services to develop a local shared pharmacy model of care.	**Achieved - In Progress** Model progressing with Joint appointment of Chief Pharmacist and development of an MOU to further share workforce in Pharmacy.
		Review the medical workforce model in the Urgent Care Centre to strengthen the skill mix to meet the complex needs of the community.	**Achieved** Medical workforce review complete, workforce plan complete and implementation in progress. Pilot virtual Emergency medicine program underway with support from South West Healthcare senior emergency doctors.
		In collaboration with other sub regional health services develop a partnership model to improve access to high quality safe services close to home in the outer Southwest region of Victoria.	**Achieved** Health Accord (hA+) South West Victorian Clinical Governance collaboration commenced. Executive Officer of hA+ appointed and annual work plan for the three key workgroups in development. Member agencies CEO-Board Presidents forum commenced to meet six monthly.

Prof Worley – Rural Health Commission with Health Accord Clinical Council members

Priority	Action	Deliverable	Q4 Progress
Better Care Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	**Better Care** Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care **Mandatory actions against the 'Target zero avoidable harm' goal:**	Working in partnership with the sub-region, develop comprehensive inter-hospital transfer guidelines, handover-clinical notes template and electronic discharge-separation summaries.	**Partially Achieved** Audit on quality of information has been completed. New checklist being developed to aid in appropriate information transfer for patient received and transferred to other health care services. Regional working party established to develop inter-hospital transfer forms that will then become electronic templates in the patients Electronic Health Record. Health Accord (hA+) - Health Intelligence subcommittee is developing a comprehensive inter-hospital clinical handover guideline.
		Improve community health literacy via "It's Ok To Ask" Campaign by running four promotions in 2017-2018.	**Achieved** 1. It's Ok to Ask for a MET Call – Currently running 2. It's Ok to Ask to have your baby or your surgery at PDH - completed 3. It's Ok To Ask, has your healthcare clinician been vaccinated – completed in collaboration with Health Accord Health Services. 4. It's Ok To Ask to give feedback about your experience at PDH - completed
		Implement Victoria's Care Plan for the Dying Person pathway.	**Partially Achieved** 'End of Life' Working Party plan for new pathway finalised and at implementation stage. Education of key staff complete Commenced unit based roll out to conclude by December 2018.

FINANCIAL & SERVICE PERFORMANCE

Priority	Action	Deliverable	Q4 Progress
Better Care Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Develop and implement a plan to educate staff about obligations to report patient safety concerns.	Actively facilitate and partner sub- regionally to develop and implement a Sub-Regional Reinvented Limited Adverse Event Screening system for all staff.	**Commenced** Regional workgroup formed and developing the LAOS program architecture. Health Accord, Quality, Safety and Risk subcommittee developing the sub regional LAOS program within the Quality and Safety subcommittee work plan.
	Establish agreements to involve with external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review).	Facilitate and actively participate in the Healthshare Clinical Council initiative in the outer south west region in line with the Outer Barwon South Western Region Healthshare Clinical Council report (May 2017).	**Achieved** This initiative has been renamed the South West Victoria Health Accord (hA+) Clinical Council. The MOU has been completed and signed by member agencies Governance structure including subgroups established, Executive Officer appointed and annual work plans finalised. Portland District Health CEO currently chairs the hA+ CEO steering committee.
	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience.	Develop and evaluate an improvement plan for the following Victorian Healthcare Experience Survey indicators: discharge information to patients, patient – clinician communication and a patient's opportunity to escalate concerns.	**Achieved** Improvement Plan includes: • PDH reviewed, implemented and updated a revised escalation of care process • Improving communication between patients and Clinicians • Review of information given to patients for discharge

Part B: Performance Priorities

HIGH QUALITY AND SAFE CARE

Key Performance Indicator	Target	2017/18 Result
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	90.4%
Percentage of healthcare workers immunised for influenza	75%	85%
Patient experience		
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	99%
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	97%
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	98.9%
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive experience	92%
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive experience	86.4%
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive experience	91.5%
Victorian Healthcare Experience Survey – perception of cleanliness Quarter 1	70%	98%
Victorian Healthcare Experience Survey – perception of cleanliness Quarter 2	70%	90.1%
Victorian Healthcare Experience Survey – perception of cleanliness Quarter 3	70%	91.8%
Adverse events		
Number of sentinel events	Nil	3
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤ 1.6%	4.9%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0.0%

FINANCIAL & SERVICE PERFORMANCE

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

Key Performance Indicator	Target	2017/18 Result
Accreditation		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	90%
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%	96%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	93%
People matter survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	94%
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%	91%
People matter survey – percentage of staff with a positive response to the question,"Management is driving us to be a safety-centred organisation"	80%	91%
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%	84%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	83%
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%	89%

EFFECTIVE FINANCIAL MANAGEMENT

Key Performance Indicator	Target	2017/18 Result
Finance		
Operating result ($m)	0.00	- 0.10
Average number of days to paying trade creditors	60 days	58 days
Average number of days to receiving patient fee debtors	60 days	29 days
Public and Private WIES[1] activity performance to target	100%	104.26%
Adjusted current asset ratio	.70	.55
Number of days of available cash	14 days	9.1 days

[1] WIES is a Weighted Inlier Equivalent Separation

Part C: Activity and Funding

Funding type	2017/18 Activity Achievement
Acute Admitted	
WIES Public	2,631
WIES Private	623
WIES DVA	79
WIES TAC	8
Acute Admitted	
Home Enteral Nutrition	8
Specialist Clinics - Public	6472
Subacute & Non-Acute Admitted	
Maintenance Public	30
Subacute WIES - Rehabilitation Public	0
Subacute WIES - Palliative Care Public	38
Subacute WIES - Palliative Care Private	5
Subacute WIES - DVA	1
Transition Care - Bed days	907
Transition Care - Home days	340
Subacute Non-Admitted	
Health Independence Program - Public	9,294
Aged Care	
Residential Aged Care	10,401
HACC	2,348
Primary Health	
Community Health / Primary Care Programs	13,790

Executive Team – 'R U OK' BBQ lunch for Staff

MANDATORY REPORTING

Established under the Health Services Act 1988, Portland District Health today stands as a modern Public Health Service evolving from the amalgamation of the Portland and District Community Health Centre and Portland and District Hospital on July 1 2003.

OUR LEGISLATIVE COMPLIANCE

Portland District Health has a statutory obligation to report legislative compliance on a range of matters.

ATTESTATIONS: DATA INTEGRITY

I, Christine Giles certify that Portland District Health has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Portland District Health has critically reviewed these controls and processes during the year.

HPV COMPLIANT

I, Christine Giles, certify that Portland District Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the Health Purchasing Policies (HPV) 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.

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 3.7.1 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

I, Christine Giles certify that the Portland District Health has complied with the Ministerial Direction 3.7.1 – Risk Management Framework and Processes. The Portland District Health Finance, Audit & Risk Committee has verified this.

CONFLICT OF INTEREST

I, Christine Giles, certify that Portland District Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the Health Purchasing Policies (HPV) 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.

MS CHRISTINE GILES
CHIEF EXECUTIVE OFFICER
PORTLAND DISTRICT HEALTH
Date: 30 July 2018

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Andrew Levings, Board President on behalf of the Responsible Body, certify that Portland District Health has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

ANDREW LEVINGS
ACTING PRESIDENT BOARD OF MANAGEMENT
PORTLAND DISTRICT HEALTH
Date: 30 July 2018

ESSENTIAL SERVICES

Essential services measures fire, life safety and health items installed or constructed in a building to ensure adequate levels of fire safety protection. Essential safety measures include all traditional building fire services such as sprinklers and mechanical services, passive fire safety such as fire doors, fire rated structures and other building infrastructure items such as paths of travel to exits.

The objective of maintenance is to ensure that every safety measure continues to perform at the same level of operation that existed at the time of commissioning and issue of the occupancy permit.

The maintenance of essential safety measures involves:

- Ensuring the service is maintained at a level of performance specified by the relevant building surveyor.
- Periodical inspections and checks in accordance with an Australian Standard or other specified method.
- Maintaining a record of the maintenance inspections and checks in the form of an annual essential safety measures report.

Regular auditing of essential services undertaken by Stokes Safety and Elliots Fire Safety Services has indicated Portland District Health is operating at the required level of performance in all areas.

Portland District Health acknowledges our engineering team who are pleased to report that all essential safety measures are operating at the required level of performance.

COMMERCIAL APPOINTMENTS

External Auditors: Coffey Hunt (VAGO agent)

Internal Auditors: RSM Bird Cameron

Bankers: National Australian Bank (NAB)

COMPLIMENTS AND COMPLAINTS

Portland District Health values consumer participation and encourages both positive and negative feedback. The organisation aims to present open and accountable services that reassure consumers their complaints are welcome and will be dealt with fairly and timely. It is acknowledged that the organisation will not always be able to meet consumer expectations; however consumer feedback is seen as an essential component of understanding how consumers perceive our services. This feedback may be used in determining quality improvement initiatives and working towards addressing identified gaps.

Feedback may be received in a number of ways, including:

- Direct to the health service in writing or verbally
- Via the Health Services Commissioner
- Comment forms around the organisation
- Satisfaction surveys
- Service evaluation
- Focus groups and Consumer Advisory Committee

2017/18

Compliments 183
Complaints 110

COMPLIMENTS AND COMPLAINTS

Category	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Compliments	14	20	15	8	21	9	21	13	18	15	15	14
Complaints	8	10	6	17	11	10	3	14	4	7	10	10
Acknowledged within 5 days	2	6	5	5	4	2	2	10	4	3	2	7
Open >30 days	2	10	3	11	23	9	2	10	11	5	5	6

MANDATORY REPORTING

CONSULTANCIES

During 2017/18, Portland District Health engaged seven consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $55,005 (excl. GST).

In 2017/18 there were three consultancy where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred in relation to this consultant is $80,905 (excl GST).

CONSULTANCIES > $10,000

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE (ex GST)	EXPENDITURE 2017-18 (ex GST)	FUTURE EXPENDITURE (ex GST)
CAMMS Management Solution	Community Dashboard	$14,400	$14,400	0
Michael C Rhook Consultant	16-17 VCDC Costing	$ 13,394	$ 13,394	0
SWARH	SWARH Transformation	$53,111	$53,111	$98,928
Total		$80,905	$80,905	$98,928

DETAILS OF INFORMATION & COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

During 2017/18 Portland District Health ICT Business As Usual (BAU) Operational expenditure (excluding GST) was $1,356,159 and Capital expenditure (excluding GST) was $64,398.

The total ICT expenditure incurred during 2017/18 is $1,420,557 (excluding GST) with the details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure Total=Operational expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
$1,356,159	$0	$1,356,159	$64,398

ENVIRONMENTAL PERFORMANCE

Portland District Health Board of Management, Executive and staff are committed to protecting the environment and ensuring its sustainability. When planning changes or improvements, consideration is given to conserving energy and water, reducing greenhouse emissions and improving waste management.

Our service is committed to implementing sound environmental practices in all areas of operations. We recognise that it is essential all energy/water users and producers of waste, manage these aspects to minimise the impact on the environment, as well as cost.

Energy and water usage is reported monthly to the Department of Health and Human Services and Sustainability Victoria.

Our key highlights for 2017/18 include:

- Continuation of LED light replacement program throughout the organisation
- Continue to change our motor vehicle fleet to more efficient vehicles with reduced emissions
- Working with Department Health and Human Services on a project to implement Solar Panels to help reduce our Carbon footprint

STATEMENT OF COMPLIANCE

FINANCIAL MANAGEMENT ACT 1994

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

HEALTH RECORDS ACT 2001

The purpose of this Act is to promote fair and responsible handling of health information by protecting the privacy of an individual's health information. This service observes absolute confidentiality in dealing with patient information.

BUILDING ACT 1993

Portland District Health complies with the provisions of the Building Act 1993 in accordance with the Department of Health Capital Development Guidelines (Minister for Finance Guideline Building Act 1993 / Standards for Publicly Owned Buildings 1994 / Building Regulations 2005 and Building Code of Australia 2004).

INFRASTRUCTURE PROJECTS:

Current planning and status of capital works:

- Harbourside Lodge – new air-conditioning installed in residents rooms.
- Harbourside Lodge – New outdoor / Indoor facility completed
- Quotes sourced for new reverse osmosis filtration system for Theatre / CSSD
- Working with Wannon Water to improve the taste of water at PDH. Planning underway
- Concept design developed for Alcohol and Other Drug Healing Garden

PROTECTING YOUR PRIVACY

Portland District Health complies with the provisions of the Health Services Act 1988 (No.49/1988), the Health Records Act 2001 (No.2/2001) and the Information Privacy Act 2000 (No.98/2000) relating to confidentiality and privacy by ensuring that all employees do not disclose any information or records concerning Portland District Health's patients, clients, staff and customers acquired in the course of their employment, other than for any authorised or lawful purpose.

PROTECTED DISCLOSURE ACT 2012

Portland District Health has in place appropriate procedures for disclosure in accordance with the Protected Disclosure Act 2012. No protected disclosures were made under the Act in 2017/2018.

NATIONAL COMPETITION POLICY

The Victorian Government's Competitive Neutrality policy commits public health services to apply this policy to all dealings. This includes the adoption of pricing principles to take account of the full cost attribution for net competitive advantage conferred by government ownership.

The policy gives direction that where government business activities involve it in competition with private sector business activities, the net advantages that accrue to government business are offset.

CONTRACTS 2017–18 VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP) ACT 2003

Portland District Health complied with the regulations within the Victorian Industry Participation Policy (VIPP) Act 2003 for 2017/18.

No contracts were commenced and/or completed in the financial year to which the VIPP applied.

STATEMENT OF MERIT AND EQUITY

The Victorian Government's Merit and Equity principles are considered in our recruitment, advertising and selection of employees. Portland District Health complies with employment conditions as specified in relevant Health Awards and Enterprise Bargaining Agreements. The employment of staff satisfies equal employment opportunity requirements, legislative and moral obligations, and terms and conditions of the Fair Work Act, Australia including National Employment Standards.

TAX DEDUCTIBLE GIFTS

Portland District Health is endorsed by the Australian Taxation Office as a Deductible Gift Recipient. Gifts to Portland District Health, a public health service, qualify for a tax deduction under item 1 .1.1 of section 3-BA of the Income Tax Assessment Act 1997.

FREEDOM OF INFORMATION

A total of 46 requests under the Freedom of Information Act 1982 were processed during 2017/18 with 2 requests refused and information not granted. Portland District Health's nominated officers under the Freedom of Information Act are: Principal Officer Christine Giles; Chief Executive, FOI Officer, Claire Holt; Director of Health Informatics.

FEES AND CHARGES

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

STATEMENT OF COMPLIANCE

COMPLIANCE WITH THE OCCUPATIONAL HEALTH & SAFETY ACT 2004

Portland District Health complies with the Occupational Health & Safety Act of 2004 and its associated regulations and code of practice to meet the Australian Council of Health Care Standards requirement. Portland District Health is committed to providing a safe and healthy environment for patients, residents, staff, visitors, volunteers and contractors under the auspices of the Health Safety and Environment Committee.. Our commitment is to facilitate effective consultation across all sections of Portland District Health which is essential to improve Health & Safety performance.

All staff injuries and hazards in the workplace are reported and followed up via the 'RiskMan', an electronic incident management system available to all staff. We support our staff both in the provision of training to reduce risk of injury and, if an injury does occur, a comprehensive return to work program.

Occupational, Health & Safety training continues to occur on a regular basis throughout the Health Service. All health and safety representatives have attended health and safety training.

2016-17 OCCUPATIONAL HEALTH & SAFETY REPORTING	2016-17	2017-18 (JUL 17 - MAR 18)
1. Reported hazards/incidents per 100 full-time FTE	56.37	43.39
2. Number of lost time per 100 full-time FTE (Standard claims)	0.76	1.11
3. Average cost per claim as advised by WorkSafe	$2,227	$25,911
Explanation on variation between prior years if applicable:		
Slight increase in claims, lost time, medical expenses and statistical case estimate in 2017/18.		
Cost per claims has risen due to one staff member requiring surgical intervention which will increase future year's statistical estimates.		

CARERS RECOGNITION ACT 2012

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

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

SAFE PATIENT CARE ACT 2015

The Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Bill 2015 was introduced to Parliament on 1 September 2015 and took effect from 23 December 2015.

The Safe Patient Care Act 2015 demonstrates the responsibilities required by Portland District Health as follows:

- If the Magistrates' Court declares that a ratio or a ratio variation was breached, together with the action taken and the details of any civil penalty imposed;
- If the Magistrates' Court imposes an injunction relating to the legislation;
- If the Magistrates' Court declares that the hospital has not consulted in good faith with nurses, midwives and relevant unions in respect to a proposed variation to ratio; or
- If a Safe Patient Care Compliance Direction has been issued by the Secretary of the Department of Health & Human Services.

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

CHRISTINE GILES
CHIEF EXECUTIVE OFFICER
Date: July 2018

GOVERNANCE

BOARD OF MANAGEMENT:

Portland District Health is governed by Board Directors appointed by the Minister for Health. The Board of Management is responsible for the overall governance of the Health Service; this includes setting the strategic direction and monitoring performance.

GOVERNANCE COMMITTEES:

The Board is a strong advocate of corporate and clinical governance and seeks to ensure that the Health Service fulfils its governance obligations and responsibilities to all its stakeholders.

To assist the Board in the discharge of its responsibilities, it has established a number of committees. The Board's advisory committees are:

QUALITY, SAFETY & CLINICAL RISK MANAGEMENT COMMITTEE – meets monthly

The committee's primary function is to assist the Board of Management to ensure a high standard of health care, a continuous improvement of service delivery, and to maintain an environment that supports clinical excellence across Portland District Health.

- The committee reviews and makes recommendations to the Board of Management to:
- Ensure provision of safe, high quality care in accordance with Safer Care Victoria
- Mitigate Portland District Health's clinical risks and ensure a Clinical Risk Management Plan is in place and reviewed annually
- Evaluate the processes in place to continuously improve, particularly in those areas related to high and significant risk.

External/Consumer Members: Ellie Lane and Pamela Stringer

FINANCE, AUDIT AND CORPORATE RISK COMMITTEE – meets monthly

The Finance, Audit & Risk Committee recommends and advises the Board of Management on financial, investment, building and commercial matters.

Section 65S of the Health Services Act 1988 requires the Board of a public health service to ensure that its audit and accounting systems accurately reflect the financial position and viability of the health service, and that effective and accountable non clinical risk management systems are in place.

The committee also ensures the Corporate Risk and Management Plan is in place and reviewed regularly.

External Members: Ewen Lovell (retired Dec 2017) and Andrew Trigg

WORKFORCE, CULTURE & DEVELOPMENT COMMITTEE – meets monthly

The committee's primary function recommends and advises the Board of Management on issues relating to workforce, culture and staff development.

REMUNERATION COMMITTEE – meets twice yearly

The Remuneration Committee ensure that remuneration policies and practices are consistent with government policy.

It reviews on an annual basis the remuneration of the Chief Executive Officer, including establishing the overall benefits and incentives.

OTHER BOARD ADVISORY COMMITTEES

- Consumer Advisory Committee – meets bimonthly
- Grow Healthy Together Indigenous 'Ka-ree-ta Ngoot-yoong Wat-nan-da' Advisory Committee – meets quarterly.
- Credentialing & Scope of Practice (Medical Appointment) Committee – meets quarterly
- Project Control Group – as needed

EXECUTIVE ROLE

Responsibility for the management and operation of Portland District Health is delegated to the Chief Executive Officer who is accountable to the Board of Management and who operates within clearly defined delegation levels. The management is made up of the Chief Executive Officer, Director of Nursing, Director of Corporate Services, Director of Primary and Aged Care Services, Director of Finance, Director of Medical Services, Director of Health Informatics and Director of Quality & Safety. The Executive meets weekly and provides monthly reports to the Board of Management.

RESPONSIBLE MINISTER

The responsible Ministers in 2017/18 for Portland District Health is the Victorian Minister for Health, The Hon Jill Hennessy and the Minister for Housing Disability and Ageing, Minister for Mental Health, The Hon Martin Foley MP.

ETHICAL STANDARDS

The Board of Management promotes the continued maintenance of corporate governance practice and ethical conduct by Board directors and employees of Portland District Health. The Board has endorsed a code of conduct which applies to Board directors, officers and all employees.

GOVERNANCE

PECUNIARY INTEREST

Members of the Board of Management of Portland District Health are required to notify the President of the Board of any pecuniary interests which might give rise to a conflict of interest in accordance with Portland District Health policy and the Board's code of conduct. All necessary declarations have been completed.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

The report of operations should confirm that details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- 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;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- 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;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Dr Sagarika Jayathilake – Hospital Physician

DONATIONS

SIGNIFICANT PARTNERSHIP RECOGNITION

United Way Glenelg	
• Infant cot for Urgent Care Centre	$2,500
White Lioners Murray 2 Moyne Team	$6,000
Beats Cycle for Hope	
Lions Club of Portland	
Royal Victorian Eye and Ear Hospital	
Wannon Water	
Rotary Club of Portland – Mattresses	$2,500
Portland Anti-Cancer Council Group	

PDH DONATIONS ($50+ AND IN KIND)

Admellas Fruit N Veg
A Little Decorum
Anne Sutton
Anti-Cancer Council of Australia – Portland Unit
Bakers Delight
Beats Cycle for Hope
Beach House Pizza
Beverley Wilson
Bi Rite Electrical
Bonnie Taylor
Brass Compass
C Miller
Charlotte Boutique
Complete Angler
C.W.A. Burswood Group
C.W.A. Wattle Hill Creek Group
Daly's IGA
Darren Flanagan
Davis & Sons
Des Pevitt
Emerikus Land Foundation / Bendigo Bikers Charity Support Group
Fiona Flannery
Galpen Children
Gary & Lorraine Bamforth
Gazebo Hair
Gordon Hotel
Gunnas Surf & Sport
Graincorp Ltd
Hallidays Butchers
Harbour Lights
Hammonds Paint
Heartbreaker studio
Henty Fish Shop
Ian Argo family & friends
Imelda & Larenzo Brussolo
Ivie & Eve Boutique
Irene Mayall
J & B Smith
JJ's Balloons and Flowers
John O'Neill
Kellie Bourke
Kellie Wakeley
Kevin Paisley Eyewear
Kevin Phillips
Lauren Newman
Lido Larder
Lions Club of Portland Inc
Lions Club Yarrawonga
Lisa Stephenson
Little Canine Company
Logans Cycles
Lois Price
Lyn Imbi & family
Main Street Café
Mary Hards
Melissa Smith
Mitchell Benbow
McGees Tattslotto
Moyne Fashion
Orielle Rogers
Pauline's Absolutely Fabulous
P Langeluddecke
Peter & Debra Robinson
Port of Call
Portland Community Markets
Portland Community Needle Workers Group
Portland Disposals
Portland Exhaust Centre
Portland Mens Shed Inc
Portland Post Office
Portland RSL
Portland Signworks
Richard & Judy Tarr
Richmond Henty
Robert & Marie Glenn
Roger Graham family & friends
Rotary Club of Portland Bay
RSL Memorial Bowling Club Ladies Sub Section
Safeway Portland
Sally Evans
Sandra Shoulders
Selwyn Makin
Sharon Wilson
Smith's Showcase Jewellers
Spuds Portland
Subway Portland
Surf Inn
Sweetwater Aquatics
South West Tafe
Tasty Tuckerbox
Terry Cain
Trevor & Maureen Saxon
Uniting Church
Welcome Home Giftware
William Barratt
Winsome Barnes

MAJOR GOLF DAY SPONSORS

KFC	$2,500
Salary Packaging Plus	$2,500
Australian Bluegum Plantations	$1,700
Assets Real Estate	$1,500
Porthaul	$1,500
Taipan Security	$1,200
IMRI – SA Orthopaedic Group	$1,200
C3 Australia	$1,050
QUBE Ports	$1,000
Intersystems	$1,000
Graincorp Ltd	$1,000
Veolia Waste	$1,000

DONATIONS

Bendigo Radiology	$750
Dr A Cass & Dr Ryan	$500
Ace Radio – advertising & voucher	$2,500
Sharp airlines - Return Flights	$1,000
Portland Observer	$960
Portland Signworks	$900
Rex Airlines-Return Flights	$900
Callaghan Motors	

OTHER GOLF DAY FINANCIAL SPONSORS

Helloworld Travel
Bendigo Bank
National Australia Bank
Pauline's Absolutely Fabulous
Portland Golf Club
Roma Britnell MP
South Portland Pharmacy
South West Fibre
Terri Cain
Victoria Lodge Motor Inn

IN KIND GOLF DAY DONATIONS:

Admellas Fruit n Veg
Carolyn Malseed
Café Bahloo
Café Lazat
Charlotte Boutique
Dean Outtram & Damon Yuill music
Elijah's Sportspower
Game on Charters
Gardenlife Centre
Golf Clearance Outlet
Gordon Hotel
Gunna's Surf & Sports
Halliday's Butchers
Intimate Apparel
Jedore Beauty
Little Black Sow
Logan's Cycles
Luna Park
Mac's Hotel Bentinck
National Australia Bank
Port of Portland
Portland Florist
Portland Golf Club
Portland Phone Shop
Powerhouse Productions
Prestige Promotions
Quest Hotel Portland
Richard & Judy Tarr
Royal Hotel
RSL Portland
Seaview Real Estate
Sweetwater Aquatics
Twilight Cinemas
Wannon Water

PDH ANNUAL FUNDRAISERS

PDH Golf Day Fundraiser	$25,544
PDH Community Market/Fete	$8,605

Portland District Health extends its sincere appreciation to the staff, volunteers and the many individual and in-memoriam donors for their generous support during 2017/18. Due to your generosity and commitment, we are able to continue to provide a high calibre service to our community.

DISCLOSURE INDEX

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

Legislation	Requirement	Page Reference
Ministerial Directions - Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	27
FRD 22H	Purpose, functions, powers and duties	Inside Front Cover
FRD 22H	Initiatives and key achievements	2-3
FRD 22H	Nature and range of services provided	9
Management and structure		
FRD 22H	Organisational structure	8
Financial and other information		
FRD 10A	Disclosure index	31
FRD 11A	Disclosure of ex gratia expenses	N/A
FRD 21C	Responsible person and executive officer disclosures	Financials
FRD 22H	Application and operation of Protected Disclosure Act 2012	25
FRD 22H	Application and operation of Carers Recognition Act 2012	26
FRD 22H	Application and operation of Freedom of Information Act 1982	25
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	25
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FRD 22H	Details of consultancies under $10,000	24
FRD 22H	Employment and conduct principles	11
FRD 22H	Information and Communication Technology Expenditure	24
FRD 22H	Major changes or factors affecting performance	4
FRD 22H	Occupational Violence	12
FRD 22H	Operational and budgetary objectives and performance against objectives	4
FRD 22H	Summary of the entity's environmental performance	24
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FRD 22H	Subsequent events	Financials
FRD 22H	Summary of the financial results for the year	5
FRD 22H	Additional information available on request	28
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	11
FRD 25C	Victorian Industry Participation Policy disclosures	25
FRD 103F	Non-Financial Physical Assets	Financials
FRD 110A	Cash flow Statements	Financials
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Other requirements under Standing Directions 5.2		
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Annual Financial Statements

2017/18

Portland District Health

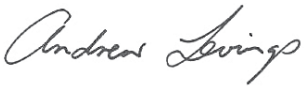
BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

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

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

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

We authorise the attached financial statements for issue on 15 August 2018.



Andrew Levings
Acting Chairman
Board of Management

Portland
15 August 2018

Christine Giles
Chief Executive Officer

Portland
15 August 2018

Jennie Stinson
Chief Finance & Accounting Officer

Portland
15 August 2018

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Portland District Health

Opinion	I have audited the consolidated financial report of Portland District Health (the health service) and its controlled entities (together the consolidated entity), which comprises the: • consolidated entity and health service balance sheets as at 30 June 2018 • consolidated entity and health service comprehensive operating statements for the year then ended • consolidated entity and health service statements of changes in equity for the year then ended • consolidated entity and health service cash flow statements 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. In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Other Information	The Board of the health service are responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
Board's responsibilities for the financial report	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 Financial Management Act 1994, 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. In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion.

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

MELBOURNE
16 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
Revenue from operating activities	2.1	43,357	39,858	44,848	41,254
Revenue from non-operating activities	2.1	36	458	38	475
Employee expenses	3.1	(28,528)	(26,304)	(29,734)	(27,388)
Non salary labour costs	3.1	(4,997)	(4,220)	(5,078)	(4,301)
Supplies and consumables	3.1	(3,776)	(3,222)	(3,796)	(3,264)
Other expenses	3.1	(6,208)	(5,605)	(6,343)	(5,711)
Net Result before Capital and Specific Items		**(116)**	**965**	**(65)**	**1,065**
Capital purpose income	2.1	705	335	705	335
Specific income	2.2	176	390	176	390
Impairment of non-financial assets	3.1	-	(6)	-	(6)
Depreciation and Amortisation	4.3	(3,346)	(3,273)	(3,362)	(3,298)
Specific Expenses	3.3	(35)	(21)	(35)	(21)
Finance Costs	3.4	(14)	(72)	(14)	(72)
Expenditure for Capital Purpose	3.1	(63)	-	(63)	-
Share of net result of associates and Joint Ventures accounted for using the Equity Method	4.1	14	3	14	3
Net Result after Capital and Specific Items		**(2,679)**	**(1,679)**	**(2,644)**	**(1,604)**
Other economic flows included in net result					
Revaluation of Long Service Leave	3.5	11	60	11	60
Total other economic flows included in net result		**11**	**60**	**11**	**60**
Net result for the year		**(2,668)**	**(1,619)**	**(2,633)**	**(1,544)**
Other Comprehensive Income					
Items that will not be reclassified to net result					
Changes in physical asset revaluation surplus	8.1	4,869	-	4,869	-
Total Other Comprehensive income		**4,869**	**-**	**4,869**	**-**
Comprehensive Result		**2,201**	**(1,619)**	**2,236**	**(1,544)**

FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018

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

BALANCE SHEET AS AT 30 JUNE 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
ASSETS					
Current assets					
Cash and Cash Equivalents	6.2	3,710	2,661	4,149	2,967
Receivables	5.1	808	2,411	855	2,478
Inventories	5.2	75	66	75	66
Prepayments and Other assets	5.4	636	579	649	590
Total Current Assets		**5,229**	**5,717**	**5,728**	**6,101**
Non-Current Assets					
Investments accounted for using the equity method	4.1	81	67	81	67
Property, Plant & Equipment	4.2	59,068	56,969	59,102	57,019
Investment properties	4.4	3,100	2,900	3,100	2,900
Total non-current assets		**62,249**	**59,936**	**62,283**	**59,986**
TOTAL ASSETS		**67,478**	**65,653**	**68,011**	**66,088**
LIABILITIES					
Current Liabilities					
Payables	5.5	3,543	4,604	3,609	4,643
Borrowings	6.1	222	231	222	231
Provisions	3.5	5,739	5,338	5,856	5,437
Other current liabilities	5.3	2,434	1,639	2,434	1,640
Total Current Liabilities		**11,937**	**11,812**	**12,121**	**11,951**
Non-Current Liabilities					
Payables	5.5	539	978	539	978
Borrowings	6.1	84	279	84	279
Provisions	3.5	1,314	1,181	1,357	1,206
Total Non-Current Liabilities		**1,937**	**2,438**	**1,980**	**2,463**
TOTAL LIABILITIES		**13,875**	**14,250**	**14,101**	**14,414**
NET ASSETS		**53,604**	**51,403**	**53,910**	**51,674**
EQUITY					
Property, plant & equipment revaluation surplus	8.1a	43,993	39,124	43,993	39,124
Restricted specific purpose surplus	8.1b	858	858	858	858
Contributed capital	8.1c	35,695	35,695	35,695	35,695
Accumulated surpluses/(deficits)	8.1c	(26,942)	(24,274)	(26,636)	(24,003)
TOTAL EQUITY	8.1c	**53,604**	**51,403**	**53,910**	**51,674**
Contingent assets and contingent liabilities	7.2				
Commitments	6.3				

This Statement should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Consolidated	Note	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016		**39,124**	**858**	**35,695**	**(22,459)**	**53,218**
Net result for the year		-	-	-	(1,544)	(1,544)
Balance at 30 June 2017		**39,124**	**858**	**35,695**	**(24,003)**	**51,674**
Net result for the year		-	-	-	(2,633)	(2,633)
Other comprehensive income or the year		4,869	-	-	-	4,869
Balance at 30 June 2018		**43,993**	**858**	**35,695**	**(26,636)**	**53,910**

Parent	Note	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016		**39,124**	**858**	**35,695**	**(22,655)**	**53,022**
Net result for the year		-	-	-	(1,619)	(1,619)
Balance at 30 June 2017		**39,124**	**858**	**35,695**	**(24,274)**	**51,403**
Net result for the year		-	-	-	(2,668)	(2,668)
Other comprehensive income or the year		4,869	-	-	-	4,869
Balance at 30 June 2018		**43,993**	**858**	**35,695**	**(26,942)**	**53,604**

This Statement should be read in conjunction with the accompanying notes

FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		35,873	31,414	35,882	31,584
Capital Grants from Government		427	336	427	336
Patient and Resident Fees Received		6,552	4,601	7,511	5,970
Donations and Bequests Received		239	38	239	38
GST Received from/(paid to) ATO		(17)	24	(17)	24
Interest Received		30	21	28	22
Other Receipts		2,553	2,150	3,067	2,150
TOTAL RECEIPTS		**45,657**	***38,584***	**47,137**	**40,124**
Employee Expenses Paid		(28,093)	(27,154)	(29,262)	(28,361)
Non Salary Labour Costs		(4,876)	(4,220)	(4,957)	(4,220)
Payments for Supplies & Consumables		(11,359)	(5,425)	(11,486)	(5,628)
Finance Costs		(29)	(72)	(14)	(72)
Other Payments		(15)	(12)	-	(12)
TOTAL PAYMENTS		**(44,372)**	**(36,883)**	**(45,719)**	**(38,293)**
NET CASH INFLOW FROM / (USED IN) OPERATING ACTIVITIES	**8.2**	**1,285**	**1,701**	**1,418**	**1,831**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Non-Financial Assets		(698)	(1,490)	(698)	(1,497)
Cashflows held by Joint Operations		31	(271)	31	(271)
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(667)**	**(1,761)**	**(667)**	**(1,768)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Borrowings		(300)	(200)	(300)	(200)
Repayment of Finance Leases		(102)	-	(102)	-
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**(402)**	**(200)**	**(402)**	**(200)**
Net increase/ (decrease) in cash and cash equivalents held		216	(260)	349	(137)
Cash and cash equivalents at beginning of financial year		697	957	1,003	1,140
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**913**	**697**	**1,352**	**1,003**

This Statement should be read in conjunction with the accompanying notes

BASIS OF PRESENTATION

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

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

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

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 applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Portland District Health and its controlled entities for the year ending 30 June 2018. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

A. STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act* 1994 and applicable Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements.*

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

The Portland District Health is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AAS's.

The annual financial statements were authorised for issue by the Board of Portland District Health on 15 August 2018.

B. REPORTING ENTITY

The financial statements include all the controlled activities of the Portland District Health.

Its principal address is:
Bentinck Street, Portland, VIC 3305

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

C. BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

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

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

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

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

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and

recognition criteria for these items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.6 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.5 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.

D. PRINCIPLES OF CONSOLIDATION

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

- The consolidated financial statements of Portland District Health includes all reporting entities controlled by Portland District Health as at 30 June 2018.
- Control exists when Portland District Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 8.9 Controlled Entities.
- The parent entity is not shown separately in the notes.

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

INTERSEGMENT TRANSACTIONS

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

E. 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, Portland District 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.

Portland District Health is a Member of the South West Alliance of Rural Health Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.10 Jointly Controlled Operations).

NOTE 2: FUNDING DELIVER OF OUR SERVICES

Portland District Health Service's overall objective is the health and wellbeing of the people in our community, as well as to improve the quality of life to Victorians.

Portland District Health Service is predominantly funded by accrual based grant funding for the provision of outputs. To enable the hospital to fulfil its objective it received income based on parliamentary appropriations. The hospital also receives income from the supply of services.

Structure

2.1 Analysis of Revenue by Source
2.2 Specific Income

Note 2.1: Analysis of Revenue by Source

	Admitted Patients	Non Admitted	UCC	RAC	Aged Care	Primary Health	SWARH	Other	Consol'd
	2018	2018	2018	2018	2018	2018	2018	2018	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Government Grants	23,805	2,025	3,777	2,686	804	1,725	-	822	35,644
Indirect Contributions by Department of Health and Human Services	53	6	4	3	1	2	-	-	69
Patient & Resident Fees	2,104	3,062	168	703	81	6	-	1	6,125
Commercial Activities	-	71	-	-	-	-	-	-	71
Other Revenue from Operating Activities	362	1,043	46	44	18	33	1,365	28	2,939
Total Revenue from Operating Activities	**26,324**	**6,207**	**3,995**	**3,436**	**904**	**1,766**	**1,365**	**851**	**44,848**
Interest	-	2	-	-	-	-	-	28	30
Other Revenue from Non-Operating Activities	1	-	1	-	-	-	-	6	8
Total Revenue from Non-Operating Activities	**1**	**2**	**1**	**-**	**-**	**-**	**-**	**34**	**38**
Capital Purpose Income (excluding Interest)	669	-	-	-	-	-	35	-	704
Capital Interest	1	-	-	-	-	-	-	-	1
Total Capital Purpose Income	**670**	**-**	**-**	**-**	**-**	**-**	**35**	**-**	**705**
Specific Income (refer note 2.2)	-	-	-	-	-	-	-	176	176
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Method (refer note 4.1)	-	-	-	-	-	14	-	-	14
Total Revenue	**26,996**	**6,209**	**3,996**	**3,436**	**903**	**1,781**	**1,400**	**1,061**	**45,781**

	Admitted Patients	Non Admitted	UCC	RAC	Aged Care	Primary Health	SWARH	Other	Consol'd
	2017	2017	2017	2017	2017	2017	2017	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Government Grants	20,732	1,795	3,602	2,618	255	2,979	-	150	32,131
Indirect Contributions by Department of Health and Human Services	-	-	-	-	-	-	-	17	17
Patient & Resident Fees	3,631	-	218	651	50	19	-	1,322	5,891
Commercial Activities	-	-	-	-	-	-	-	56	56
Other Revenue from Operating Activities	341	30	4	5	536	186	1,973	84	3,159
Total Revenue from Operating Activities	**24,704**	**1,825**	**3,824**	**3,274**	**841**	**3,184**	**1,973**	**1,629**	**41,254**
Interest	8	-	-	-	-	-	-	22	30
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	-	445	445
Total Revenue from Non-Operating Activities	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**467**	**475**
Capital Purpose Income (excluding Interest)	292	-	-	-	-	-	43	-	335
Total Capital Purpose Income	**292**	**-**	**-**	**-**	**-**	**-**	**43**	**-**	**705**
Specific Income (refer note 2.2)	-	-	-	-	-	-	-	390	390
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Method (refer note 4.1)	-	-	-	-	-	3	-	-	3
Total Revenue	**25,004**	**1,825**	**3,824**	**3,274**	**841**	**3,187**	**2,016**	**2,486**	**42,457**

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

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

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

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

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

Indirect Contributions from the Department of Health & Human Services

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

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised.

Donations and Other Bequests

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

Interest Revenue

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

Other Income

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

Fair value of Assets and Services Received Free of Charge or for Nominal Consideration

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

Category groups

Portland District Health has used the following category groups for reporting purposes for the current and previous financial years.

- **Admitted Patient Services (Admitted Patients)** comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

- **Non Admitted Services** comprises acute and subacute non admitted services, where services are delivered in public hospitals clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

- **Urgent Care Centre** comprises all urgent care services.

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

- **Residential Aged Care** comprises residential care at Harbourside Lodge.

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

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

- **SWARH** - The South West Alliance of Rural Health (SWARH) is an Alliance of public health agencies in the South West of Victoria formed to focus on the development of IT for the Acute Public Hospitals in the South West Region of Victoria.

Note 2.2: Specific income

	Consol'd 2018 $'000	Consol'd 2017 $'000
Specific Income		
Fair value movement in Investment Property	176	390
TOTAL	176	390

NOTE 3: THE COST OF DELIVERING SERVICES

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

Structure

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 $'000	Non Admitted 2018 $'000	UCC 2018 $'000	RAC 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	SWARH 2018 $'000	Other 2018 $'000	Consol'd Total 2018 $'000
Employee Expenses	16,679	3,627	3,807	3,205	837	978		601	29,734
Other Operating Expenses									
Non Salary Labour Costs	3,080	1,112	411	13	1	4	456	1	5,078
Supplies & Consumables	2,973	274	230	171	49	65	-	34	3,796
Other Expenses	1,942	191	1,391	1,072	671	310	740	26	6,343
Total Expenditure from Operating Activities	**24,674**	**5,204**	**5,839**	**4,461**	**1,558**	**1,357**	**1,196**	**662**	**44,951**
Finance Costs (refer note 3.4)	-	-	-	-	-	-	12	2	14
Other Non-Operating Expenses									
Specific Expenses (refer note 3.3)	8	2	1	1	-	1	-	22	35
Expenditure for Capital Purposes	38	9	6	5	1	3	-	1	63
Depreciation & Amortisation (refer note 4.3)	1,921	469	292	251	66	130	156	77	3,362
Total other expenses	**1,967**	**480**	**299**	**257**	**67**	**134**	**168**	**102**	**3,474**
Total Expenses	**26,641**	**5,684**	**6,138**	**4,718**	**1,625**	**1,491**	**1,364**	**764**	**48,425**

Note 3.1: Analysis of Expense by Source (Continued)

	Admitted Patients 2017 $'000	Non Admitted 2017 $'000	UCC 2017 $'000	RAC 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	SWARH 2017 $'000	Other 2017 $'000	Consol'd Total 2017 $'000
Employee Expenses	15,674	3,418	2,736	2,966	842	1,128	-	624	27,388
Other Operating Expenses									
Non Salary Labour Costs	2,475	958	279	15	2	5	567	-	4,301
Supplies & Consumables	2,549	210	186	249	25	33	-	12	3,264
Other Expenses	1,492	62	828	42	1,226	619	1,416	26	5,711
Total Expenditure from Operating Activities	**22,189**	**4,648**	**4,029**	**3,272**	**2,095**	**1,785**	**1,983**	**662**	**40,664**
Finance Costs (refer note 3.4)	-	-	-	2	-	-	70	-	72
Other Non-Operating Expenses									
Specific Expenses (refer note 3.3)	-	-	-	-	-	-	-	21	21
Impairment of Non-Financial Assets	-	-	-	-	-	-	6	-	6
Depreciation & Amortisation (refer note 4.3)	1,794	423	272	234	62	121	320	72	3,298
Total other expenses	**1,794**	**423**	**272**	**234**	**62**	**121**	**396**	**95**	**3,397**
Total Expenses	**23,983**	**5,071**	**4,301**	**3,508**	**2,157**	**1,906**	**2,379**	**756**	**44,061**

Note 3.1: Analysis of Expense by Source (Continued)

Expense recognition

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

Employee expenses

Employee expenses include;

- Salaries and wages;
- Fringe benefits tax;
- Leave entitlements;
- Termination payments;
- Work cover premiums.

Grants and other transfers

These include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

Other operating expenses

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

- *Supplies and consumables* - Supplies and service costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- *Borrowing Costs of Qualifying Assets* - In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, Portland District Health continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.
- Share of net profits/ (losses) of associates and jointly controlled entities, excluding dividends - Refer to Note 1 Basis of consolidation.
- *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
  - Net gain/(loss) on disposal of PPE note 4.2

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

	Expense		Revenue	
Commercial Activities	Consol'd 2018 $'000	Consol'd 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
Active Health Portland	1,476	1,414	1,523	1,489
Diagnostic Imaging	2,254	2,013	2,083	1,921
Property Rent	-	6	380	264
Meals on Wheels	26	41	71	56
TOTAL	3,756	3,474	4,057	3,730

Note 3.3: Specific expenses

Specific Expenses	Consol'd 2018 $'000	Consol'd 2017 $'000
Doubtful Debts	13	-
Department of Health Loan Present Value Discount	22	21
Total Specific Expenses	35	21

Note 3.4: Finance costs

	Consol'd 2018 $'000	Consol'd 2017 $'000
Finance Charges on Finance Leases	14	72
Total Finance Costs	**14**	**72**

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

Finance costs include;

- Charges in respect of finance leases recognised in accordance with AASB117 *Leases*.

Note 3.5: Employee Benefits in the Balance Sheet

	Consol'd 2018 $'000	Consol'd 2017 $'000
Current Provisions		
Employee Benefits [(i)]		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	1,740	1,502
- Unconditional and expected to be settled wholly after 12 months [(iii)]	77	67
Long service leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	352	542
- Unconditional and expected to be settled wholly after 12 months [(iii)]	1,978	1,765
Accrued Days Off		
- Unconditional and expected to be settled within 12 months [(ii)]	70	52
Accrued wages and salaries		
- Unconditional and expected to be settled within 12 months [(ii)]	986	859
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	414	449
- Unconditional and expected to be settled wholly after 12 months [(iii)]	239	200
Total Current Provisions	**5,856**	**5,437**
Non-Current Provisions		
Employee Benefits [(i)]	1,236	1,094
Provisions related to Employee Benefit On-Costs	121	112
Total Non-Current Provisions	**1,357**	**1,206**
Total Provisions	**7,213**	**6,643**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	2,330	2,380
Annual Leave Entitlements	1,726	1,991
Accrued Wages and Salaries	986	859
Accrued Days Off	70	52
SWARH employment benefits	91	150
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements [(ii)]	1,219	1,185
SWARH employment benefits	17	26
Total Employee Benefits	**6,439**	**6,643**
On-Costs		
Current On-Costs	653	884
Non-Current On-Costs	121	392
Total On-Costs	**774**	**1,276**
Total Employee Benefits and Related On-Costs	**7,213**	**6,643**
(b) Movement in Provisions		
Movement in Long Service Leave:		
Balance at start of year	**3,735**	**3,611**
Provision made during the year		
- Revaluations	(10)	(60)
- Expense recognising Employee Service	645	465
Settlement made during the year	(352)	(281)
Balance at end of year	**4,018**	**3,735**

Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs

(ii) The amounts disclosed are nominal amounts

(iii) The amounts disclosed are discounted to present values

Employee Benefit Recognition

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

Provisions

Provisions are recognised when the Portland District 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.

Employee Benefits

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

Salaries and Wages, Annual Leave, and Accrued Days Off

Liabilities for salaries and wages, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because Portland District Health does not have an unconditional right to defer settlements of these liabilities.

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

- Undiscounted value – if Portland District Health expects to wholly settle within 12 months; or
- Present value – if Portland District Health does not expect to 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 Portland District Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Undiscounted value – if Portland District Health expects to wholly settle within 12 months; and
- Present value – if Portland District Health does not expect to settle within 12 months.

Conditional LSLis 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 bond interest rates for which it is then recognised as other economic flow.

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.

Employee benefit on-costs

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

Note 3.6. Superannuation

The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Services are as follows:

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Consol'd 2018 $'000	Consol'd 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
Defined benefit plans (i):				
- First State Super	42	71	3	-
Defined contribution plans:				
- First State Super	1,494	1,509	112	2
- Hesta	581	557	46	2
- Other	100	182	5	6
Total	**2,217**	**2,319**	**166**	**10**

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

Superannuation Liabilities

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

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

NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

Structure

Note 4.1: Investments Accounted for using the Equity Method

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %	Published Fair Value 2018 $'000	Published Fair Value 2017 $'000
Southern Grampians/Glenelg Shire PCP	Primary Health	31	31	81	67

An associate is an entity over which Portland District Health exercises significant influence, but not control.

The investment in the associate is accounted for using the equity method of accounting. Under the equity method for accounting, the investment in the associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased in subsequent years to recognise Portland District Health's share of the profits or losses of the associates after the date of acquisition. Portland District Health's share of the associate's profit or loss is recognised in Portland District Health's net result as 'Share of net result of associates and Joint Ventures accounted for using the Equity Method'. The share of post-acquisition changes in revaluation surpluses and any other reserves are recognised in both the comprehensive operating statement and the statement of changes in equity.

Note 4.2: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	Consol'd 2018 $'000	Consol'd 2017 $'000
Land		
Land at Cost	-	373
Land at Fair Value	2,842	2,464
Total Land	**2,842**	**2,837**
Buildings		
Buildings at Fair Value	52,735	56,795
Less Acc'd Depreciation	-	6,760
Total Buildings	**52,735**	**50,036**
Plant and Equipment		
Plant and Equipment at Fair Value	5,374	5,594
Less Acc'd Depreciation	4,682	4,844
Total Plant and Equipment	**694**	**749**
Medical Equipment		
Medical Equipment at Fair Value	7,064	6,803
Less Acc'd Depreciation	4,887	4,262
Total Medical Equipment	**2,177**	**2,541**
Computers and Communication		
Computers and Communication at Fair Value	528	921
Less Acc'd Depreciation	225	310
Total Computers and Communication	**303**	**611**
Furniture and Fittings		
Furniture and Fittings at Fair Value	505	566
Less Acc'd Depreciation	353	424
Total Furniture and Fittings	**152**	**142**
Motor Vehicles		
Motor Vehicles at Fair Value	537	500
Less Acc'd Depreciation	426	398
Total Motor Vehicles	**111**	**102**
Leased Assets		
Motor Vehicles	102	-
Less Acc'd Amortisation	15	-
Total Leased Assets	**87**	**-**
TOTAL	**59,102**	**57,019**

Note 4.2: Property, Plant & Equipment (continued)

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

	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers / Comm $'000	Furniture / Fittings $'000	Motor Vehicles $'000	Total Consol'd $'000
Balance at 1 July 2016	**2,464**	**52,779**	**626**	**2,462**	**708**	**149**	**109**	**59,298**
Additions	2	-	166	571	246	13	20	1,019
Net Transfers between Classes	371	(469)	86	2	10	-	-	-
Depreciation (Note 4.3)	-	(2,274)	(128)	(494)	(354)	(20)	(27)	(3,298)
Balance at 1 July 2017	**2,837**	**50,036**	**749**	**2,541**	**611**	**142**	**102**	**57,019**
Additions	5	108	97	268	65	39	187	769
Disposals	-	-	-	-	(172)	-	(21)	(193)
Revaluation increments/(decrements)	-	4,869	-	-	-	-	-	4,869
Depreciation (Note 4.3)		(2,278)	(152)	(632)	(201)	(29)	(70)	(3,362)
Balance at 30 June 2018	**2,842**	**52,735**	**694**	**2,177**	**303**	**152**	**198**	**59,102**

Land and buildings carried at valuation

An independent valuation of the Portland District Health land and buildings was performed by the Valuer-General Victoria as a 30 June 2014 to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

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

The latest indices required a managerial revaluation in 2018. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the building asset class of $4.87m.

(c) Fair value measurement hierarchy for assets

Balance at 30 June 2018	Consol'd Carrying Amount	Fair value measurement at end of reporting period using: Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Land at Fair Value				
Specialised land	2,842	-	-	2,842
Total of land at fair value	**2,842**	**-**	**-**	**2,842**
Buildings at Fair Value				
Specialised buildings	52,735	-	-	52,735
Total of building at fair value	**52,735**	**-**	**-**	**52,735**
Plant and Equipment at Fair Value				
Plant Equipment and Vehicles at Fair Value				
- Plant and equipment	694	-	-	694
- Medical equipment	2,177	-	-	2,177
- Computers and Communication	303	-	-	303
- Furniture and Fittings	152	-	-	152
- Motor Vehicles	198	-	-	198
Total of building at fair value	**3,524**	**-**	**-**	**3,524**
	59,102	**-**	**-**	**59,102**

Balance at 30 June 2017	Consol'd Carrying Amount	Fair value measurement at end of reporting period using: Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Land at fair value				
Specialised land	2,837	-	-	2,837
Total of land at fair value	**2,837**	**-**	**-**	**2,837**
Buildings at fair value				
Specialised buildings	50,036	-	-	50,036
Total of building at fair value	**50,036**	**-**	**-**	**50,036**
Plant and Equipment at Fair Value				
Plant Equipment and Vehicles at Fair Value				
- Plant and equipment	749	-	-	749
- Medical equipment	2,541	-	-	2,541
- Computers and Communication	611	-	-	611
- Furniture and Fittings	142	-	-	142
- Motor Vehicles	102	-	-	102
Total of building at fair value	**4,145**	**-**	**-**	**4,145**
	57,019	**-**	**-**	**57,019**

Note:

(i) Classified in accordance with the fair value hierarchy

(d) Reconciliation of Level 3 Fair Value

Consolidated 30 June 2018	Land	Buildings	Plant & Equip.	Medical Equip	Computers & Comm.	Furniture & Fittings	Motor Vehicle	Total
Opening Balance	2,837	50,036	749	2,541	611	142	102	57,019
Purchases (sales)	5	108	97	268	(107)	39	166	576
Reclassification/Restructuring	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	-	4,869	-	-	-	-	-	4,869
Gains or losses recognised in net result								
- Depreciation	-	(2,278)	(152)	(632)	(201)	(29)	(70)	(3,362)
Closing Balance	**2,842**	**52,735**	**694**	**2,177**	**303**	**152**	**198**	**59,102**

Consolidated 30 June 2017	Land	Buildings	Plant & Equip.	Medical Equip	Computers & Comm.	Furniture & Fittings	Motor Vehicle	Total
Opening Balance	2,464	52,779	626	2,462	708	149	109	59,298
Purchases (sales)	2	-	166	571	246	13	20	1,019
Reclassification/Restructuring	371	(469)	86	2	10	-	-	-
Gains or losses recognised in net result								
- Depreciation	-	(2,274)	(129)	(494)	(354)	(20)	(27)	(3,298)
Closing Balance	**2,837**	**50,036**	**749**	**2,541**	**611**	**142**	**102**	**57,019**

(e) Property, Plant and Equipment (Fair value determination)

Asset class	Examples of types of assets	Expected fair value level	Valuation approach	Significant inputs (Level 3 only)[(c)]
Specialised Land (Crown / Freehold)	• Land subject to restriction as to use and/or sale • Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligations Adjustments
Specialised buildings	Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals and schools	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Vehicles	If there is no active resale market available	Level 3	Depreciated replacement cost approach	Cost per unit Useful life
Plant and equipment at fair value	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per unit Useful life
Medical Equipment at fair value	Any type	Level 3	Depreciated replacement cost approach	Cost per unit Useful life

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

Initial Recognition

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

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

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

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

Subsequent Measurement

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

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

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

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

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

Fair value measurement

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

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

Judgements about highest and best use (HBU) 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, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.
Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:
External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;

- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use.

Internal factors:

- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

Specialised land and specialised buildings

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

In June 2018 a managerial valuation was carried out in accordance with FRD 103F to revalue the buildings to their fair value.

Vehicles

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

Plant and equipment

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

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

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

Revaluations of non-current physical assets

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

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

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

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

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

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

Note 4.3: Depreciation and amortisation

	Consol'd 2018 $'000	Consol'd 2017 $'000
Depreciation		
Buildings	2,278	2,274
Plant & Equipment	152	128
Medical Equipment	632	495
Computers and Communication	201	355
Motor Vehicles	70	27
Furniture and Fittings	29	20
Total Depreciation	**3,362**	**3,298**

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties).

Depreciation is generally calculated on a straight line basis at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2018	2017
Buildings		
Structure Shell Building Fabric	5 – 50 years	5 – 50 years
Site Engineering Services and Central Plant	20 – 30 years	20 – 30 years
Central Plant		
Fit Out	20 – 30 years	20 – 30 years
Trunk Reticulated Building Systems	30 – 40 years	30 – 40 years
Plant & Equipment	3 – 20 years	3 – 20 years
Medical Equipment	5 – 10 years	5 – 10 years
Furniture and Fitting	5 – 10 years	5 – 10 years
Computers and Communication	3 – 5 years	3 – 5 years
Motor Vehicles	3 – 5 years	3 – 5 years

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

Note 4.4: Investment Properties

(a) Movements in carrying value for investment properties as at 30 June 2018

	Consol'd 2018 $'000	Consol'd 2017 $'000
Balance at Beginning of Period	2,900	2,500
Additions	24	10
Net Gain from Fair Value Adjustments	176	390
Balance at End of Period	**3,100**	**2,900**

(b) Fair value measurement hierarchy for investment properties

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Investment properties	3,100	-	3,100	-
	3,100	**-**	**3,100**	**-**

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Investment properties	2,900	-	2,900	-
	2,900	**-**	**2,900**	**-**

[(i)] classified in accordance with the fair value hierarchy

The fair value of Seaview House (2 Otway Court Portland) has been arrived at on the basis of an independent valuation by VRC Property Limited (Victorian Valuer-General agent) dated 30 June 2018. This is the sole investment property held in the reporting period.

The valuation, which conforms to market valuation standards, was arrived at by reference to market evidence of transaction prices for similar properties. The value contained herein is the market value at reporting date.

Investment properties

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

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Health Service.

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight line basis over the lease term.

NOTE 5: OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from Portland District Health's operations

Structure

5.1 Receivables
5.2 Inventories
5.3 Other Liabilities
5.4 Prepayments and other assets
5.5 Payables

Note 5.1: Receivables

	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT		
Contractual		
Trade Debtors	221	1,817
Patient Fees	539	344
Accrued Revenue - Other	-	20
Other Receivables	-	26
Less Allowance for Doubtful Debts		
Trade Debtors	(15)	-
Patient Fees	(35)	(36)
	710	2,170
Statutory		
GST Receivable	137	125
Accrued Revenue - Department of Health / Department of Health and Human Services	8	183
	145	308
TOTAL CURRENT RECEIVABLES	855	2,478
TOTAL RECEIVABLES	855	2,478

(a) Movement in the Allowance for doubtful debts

	Consol'd 2018 $'000	Consol'd 2017 $'000
Balance at beginning of year	36	76
Increase/(decrease) in allowance recognised in net result	14	(40)
Balance at end of year	50	36

Receivables Recognition

Receivables consist of:

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

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment. Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised where there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Note 5.2: Inventories

	Consol'd 2018 $'000	Consol'd 2017 $'000
Pharmaceuticals		
At cost	71	64
Total Medical and Surgical lines	**71**	**64**
Administration Stores		
Information Technology Supplies at Cost	4	2
TOTAL INVENTORIES	**75**	**66**

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.

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

Note 5.3: Other liabilities

	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT		
Monies Held in Trust*		
- Patient Monies Held in Trust*	19	57
- Accommodation Bonds (Refundable Entrance Fees)*	2,352	1,450
Other Liabilities	12	12
Income Received in Advance	51	120
Total Current	**2,434**	**1,640**
Total Other Liabilities	**2,434**	**1,640**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to Note 6.2)	2,371	1,507
TOTAL	**2,371**	**1,507**

Note 5.4: Prepayments and other non-financial assets

	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT		
Prepayments	649	590
TOTAL CURRENT OTHER ASSETS	**649**	**590**

Prepayments

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

Note 5.5: Payables

	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT		
Contractual		
Trade Creditors [(i)]	2,267	3,471
Accrued Expenses	742	748
Total Current Contractual	**3,009**	**4,219**
Statutory		
Department of Health and Human Services	140	125
Non Interest Bearing Loan (DHHS)(1)	460	300
Total Current Statutory	**600**	**425**
TOTAL CURRENT	**3,609**	**4,643**
NON CURRENT		
Statutory		
Non Interest Bearing Loan (DHHS)(1)	539	978
TOTAL NON CURRENT	**539**	**978**
TOTAL PAYABLES	**4,148**	**5,621**

(i) The average credit period is 30 days. No interest is charged on overdue payables.
(ii) Terms and conditions of amounts payable to the Department of Health and Human Services vary according to the particular agreement with the Department.

(1) Loans from Department of Health and Human Services
The Department of Health and Human Services (DHHS) provided Portland District Health with non-interest bearing loans in 2013 / 14 ($900k) and 2014 / 15 ($980k). The non-current portion of these borrowings have been discounted to present value in line with Department of Treasury and Finance Financial Directive FRD114-A.

Payables

Payables consist of:

- contractual payables which comprise predominantly of accounts payable representing liabilities for goods and services provided to the health service prior to the end of the financial year that are unpaid. Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost.
- statutory payables, such as goods and services tax and fringe benefits tax payables. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Note 5.5 (a): Maturity analysis of Financial Liabilities as at 30 June

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

			Maturity Dates			
	Consol'd Carrying Amount	Consol'd Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
2018	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
At amortised cost						
Payables	3,009	3,009	2,267	742	-	-
Borrowings	306	222	-	-	222	84
Other Financial Liabilities (i)						
- Accommodation Bonds	2,352	2,352	-	-	-	2,352
- Other	82	82	82	-	-	-
Total Financial Liabilities	5,749	5,749	2,349	742	222	2,436
2017						
Financial Liabilities						
At amortised cost						
Payables	4,219	4,219	3,471	748	-	-
Borrowings	510	510	-	-	231	279
Other Financial Liabilities (i)						
- Accommodation Bonds	1,450	1,450	-	-	-	1,450
- Other	190	190	-	-	-	-
Total Financial Liabilities	**6,369**	**6,369**	**3,471**	**748**	**231**	**1,729**

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

NOTE 6: HOW WE FINANCE OUR OPERATIONS

This section provides information on the sources of finance utilised by Portland District 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 7.1provides additional, specific financial instrument disclosures.

Structure

Note 6.1: Borrowings

	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT		
Australian Dollar Borrowings		
– Finance Lease Liability [(i)]	222	231
Total Australian Dollars Borrowings	**222**	**231**
Total Current	**222**	**231**
NON CURRENT		
Australian Dollar Borrowings		
– Finance Lease Liability	84	279
Total Australian Dollars Borrowings		**279**
Total Non-Current	**84**	**279**
Total Borrowings	**306**	**510**

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

(a) Maturity analysis of borrowings

Please refer to Note 5.5(a) for the ageing analysis of borrowings.

(b) Defaults and breaches

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

Borrowing Recognition

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

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

Finance leases

Entity as lessor

The Health Service does not hold any finance lease arrangements with other parties.

Entity as lessee

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

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

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method. Fair value is determined in the manner described in Note 4.2

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

Note 6.2: Cash and cash equivalents

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

	Consol'd 2018 $'000	Consol'd 2017 $'000
Cash at bank	4,149	2,967
Total Cash and Cash Equivalents	**4,149**	**2,967**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	1,352	1,003
Cash for Jointly Controlled Assets (note 8.10)		
- Cash at Bank	426	457
Cash for Monies Held in Trust (note 5.3)		
- Cash at Bank	2,371	1,507
Total Cash and Cash Equivalents	**4,149**	**2,967**

Cash and Cash Equivalents

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

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

Note 6.3: Commitments for Expenditure

	Consol'd 2018 $'000	Consol'd 2017 $'000
a) Commitments		
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	23	31
Finance leases	306	510
Total lease commitments	**329**	**540**
Operating leases		
Fitness Equipment Lease		
Non-cancellable	23	31
Total operating lease commitments	**23**	**31**
Finance Leases		
Commitments in relation to finance leases are payable as follows:		
Current	227	255
Non-current	84	316
Minimum Lease Payments	311	571
Less Future Finance Charges	5	38
Total finance lease commitments	**306**	**533**
Total lease commitments	**329**	**563**
Total Commitments (inclusive of GST)	**329**	**540**

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

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

NOTE 7: RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES

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

Structure

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

(a) Financial instruments: categorisation

Categorisation of financial instruments 2018	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets			
Cash and cash equivalents	4,149	-	4,149
Receivables			
- Trade Debtors	221	-	221
- Other Receivables	489	-	489
Total Financial Assets [(i)]	**4,859**	**-**	**4,859**
Financial Liabilities			
Payables	-	3,009	3,009
Borrowings	-	306	306
Other Financial Liabilities			
- Accommodation bonds	-	2,352	2,352
- Other	-	82	82
Total Financial Liabilities [(i)]	**-**	**5,749**	**5,749**

Categorisation of financial instruments 2017	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets			
Cash and cash equivalents	2,967	-	2,967
Receivables			
- Trade Debtors	1,817	-	1,817
- Other Receivables	537	-	537
Total Financial Assets [(i)]	**5,320**	**-**	**5,320**
Financial Liabilities			
Payables	-	4,219	4,219
Borrowings	-	510	510
Other Financial Liabilities			
- Accommodation bonds	-	1,450	1,450
- Other	-	190	190
Total Financial Liabilities [(i)]	**-**	**6,369**	**6,369**

(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).

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

	Net holding gain/(loss) $'000	Interest income / (expense) $'000	Total $'000
2018 **Financial Assets**			
Cash and Cash Equivalents [(i)]	-	41	41
Total Financial Assets	**-**	**41**	**41**
Financial Liabilities			
At Amortised Cost [(ii)]	66	-	66
Total Financial Liabilities	**66**	**-**	**66**
2017 **Financial Assets**			
Cash and Cash Equivalents [(i)]	-	30	30
Total Financial Assets	**-**	**30**	**30**
Financial Liabilities			
At Amortised Cost [(ii)]	64	-	64
Total Financial Liabilities	**64**	**-**	**64**

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

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, measured at amortised cost; 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). Portland District Health recognises the following assets in this category:

- cash assets
- receivables (excluding statutory receivables)
- term deposits

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. Portland District Health recognises the following liabilities in this category:

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

Note 7.2: Contingent Assets and Contingent Liabilities

As at balance date, the Board of Directors are aware of the existence of a contingent asset that may have a material effect on the balance sheet as a result of a bequest from a community member $0.3m (2017 $0.5m).

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 their nominal value and are inclusive of the goods and services tax receivable or payable respectively. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

NOTE 8: OTHER DISCLOSURES

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

Structure

Note 8.1: Equity

	Consol'd 2018 $'000	Consol'd 2017 $'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus [(i)]		
Balance at the beginning of the reporting period	39,124	39,124
Revaluation Increment/(Decrements)		
- Buildings	4,869	-
Balance at the end of the reporting period	**43,993**	**39,124**
Represented by:		
- Buildings	43,993	39,124
	43,993	**39,124**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	858	858
Balance at the end of the reporting period	**858**	**858**
Total Surpluses	**44,851**	**39,982**
(b) Contributed Capital		
Balance at the beginning of the reporting period	35,695	35,695
Balance at the end of the reporting period	**35,695**	**35,695**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	(24,003)	(22,459)
Net Result for the Year	(2,633)	(1,544)
Balance at the end of the reporting period	**(26,636)**	**(24,003)**
Total Equity at end of financial year	**53,910**	**51,674**

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

Equity

Contributed Capital

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

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

Property, Plant &Equipment Revaluation Surplus

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

Specific Restricted Purpose Surplus

A Specific Restricted Purpose Surplus is established where Portland District Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

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

	Consol'd 2018 $'000	Consol'd 2017 $'000
Net result for the period	(2,644)	(1,604)
Non-cash movements:		
Depreciation and amortisation	3,362	3,298
Impairment of financial and non-financial assets	-	6
Provision for doubtful debts	14	(40)
Finance Lease Expenses	14	72
Movements included in investing and financing activities		
Net (Gain)/Loss on financial liabilities	22	21
Operating (Profit)/Loss from Joint Ventures	(14)	(3)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	1,402	(470)
(Increase)/decrease in prepayments and other assets	146	(152)
(Increase)/decrease in inventories	(9)	13
Increase/(decrease) in payables	(1,339)	382
Increase/(decrease) in provisions	449	-
Increase/(decrease) in other liabilities	15	308
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**1,418**	**1,831**

Note 8.3: Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/7/2017 - 30/6/2018
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/7/2017 - 30/6/2018
Governing Boards	
Dr M Kearney	1/7/2017 - 30/6/2018
Professor P Yielder	1/7/2017 - 30/6/2018
Ms A Rank	1/7/2017 - 30/6/2018
Professor M Bailey	1/7/2017 - 30/6/2018
Dr A Levings	1/7/2017 - 30/6/2018
Dr A Miller	1/7/2017 - 30/6/2018
Mr D Patterson	1/7/2017 - 30/6/2018
Ms R Pevitt	1/7/2017 - 30/6/2018
Mr A Campbell	1/7/2017 - 30/6/2018
Ms S Burgoyne	1/7/2017 - 30/6/2018
Accountable Officers	
Ms C Giles	1/7/2017 - 30/6/2018

Remuneration of Responsible Persons

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

	Consol'd	
	2018	2017
Income Band	No.	No.
$0 - $9,999	10	10
$230,000 - $239,999	1	-
$260,000 - $269,999	-	1
Total Numbers	**11**	**11**

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Portland District Health's controlled entities financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.5 Related Parties.

Note 8.4: Remuneration of Executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.
Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

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

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

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

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	Consol'd Total Remuneration 2018 $'000	2017 $'000
Short-term benefits	524	539
Post-employment benefits	46	59
Other long-term benefits	18	20
Total remuneration	**588**	**618**
Total number of executives	**4**	**4**
Total annualised employee equivalent (AEE)*	**4.0**	**3.6**

*Annualised employee equivalent is based on the time fraction worked during the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week.

Note 8.5: Related Parties

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

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

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

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

The Board of Directors and the Executive Directors of Portland District Health and it's controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
Portland District Health	Dr M Kearney	Chair of the Board
Portland District Health	Prof P Yielder	Board Member
Portland District Health	Ms A Rank	Board Member
Portland District Health	Prof M Bailey	Board Member
Portland District Health	Dr A Levings	Board Member
Portland District Health	Dr A Miller	Board Member
Portland District Health	Mr D Patterson	Board Member
Portland District Health	Ms R Pevitt	Board Member
Portland District Health	Mr A Campbell	Board Member
Portland District Health	Ms S Burgoyne	Board Member
Portland District Health	Ms C Giles	Chief Executive Officer
Portland District Health	Ms K Prevett	Executive Director Corporate Services
Portland District Health	Dr K Banerjea	Executive Director Clinical Services Medical
Portland District Health	MS R Alexander	Executive Director Clinical Services Nursing
Portland District Health	Ms F Heenan	Executive Director Primary and Aged Care Services
Active Health Portland Ltd	Ms A Rank	Chair of the Board
Active Health Portland Ltd	Mr M Noske	Board Member
Active Health Portland Ltd	Dr D Ford	Board Member
Active Health Portland Ltd	Ms M Robertson	Board Member
Active Health Portland Ltd	Ms R Pevitt	Board Member

Remuneration of Key Management Personnel	Consol'd Total Remuneration 2018 $'000	2017 $'000
Short-term benefits	736	779
Post-employment benefits	63	76
Other long-term benefits	24	24
Total remuneration	**823**	**879**

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.

Significant transactions with government-related entities

Portland District Health received funding from the Department of Health and Human Services of $32.1m (2017: $28.6m).

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

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

Transactions with Key Management Personnel and Other Related Parties

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

by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scare resources. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

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

There were no related party transactions required to be disclosed for Portland District Health Board of Directors and Executive Directors in 2018.

There were no other related party transactions required to be disclosed for Active Health Portland Limited Board of Directors in 2018.

Other Transactions of Responsible Persons and their Related Parties

Transactions with responsible persons and their related parties are all on normal terms and conditions.

Controlled Entities Related Party Transactions

Ms A Rank was chair of the Board of Management for the period 1 July 2017 to 30 June 2018of controlled entity Active Health Portland Ltd (AHP).

Note 8.6: Remuneration of Auditors

	Consol'd 2018 $'000	Consol'd 2017 $'000
Victorian Auditor-General's Office		
Audit of financial statements	27	27
Total Remuneration of Auditors	27	27

Note 8.7: AASBs issued that are not yet effective

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

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

Portland District Health has not and does not intend to adopt these standards early.

Standard/ Interpretation [1]	**Summary**	**Applicable for annual reporting periods beginning on**	**Impact on public sector entity financial statements**
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial positon however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. 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.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.

Standard/ Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends as follows: • Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. • Dividends are recognised in the profit and loss only when: i) the entity's right to receive payment of the dividend is established; ii) it is probable that the economic benefits associated with the dividend will flow to the entity; and iii) the amount can be measured reliably.	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.

Standard/ Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	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: *AASB 9* • Statutory receivables are recognised and measured similarly to financial assets *AASB 15* • The "customer" does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or "equivalent means"; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.

Standard/ Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 standard 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*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective. ..	1 Jan 2019	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

The following accounting pronouncements are also issued but not effective for the 2017-18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- 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

Note 8.8: Events Occurring After the Balance Sheet Date

There were no events that occurred after balance sheet date.

Note 8.9: Controlled entities

Name of Entity	Country of Incorporation	Equity Holding
Active Health Portland Ltd	Australia	100%

CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED RESULTS		
NET RESULT FOR THE YEAR	2018 $'000	2017 $'000
Active Health Portland Ltd	47	95

Note 8.10: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %
South West Alliance of Rural Health (SWARH)	Information Systems	5.77	8.72

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

South West Alliance of Rural Health	2018 $'000	2017 $'000
Current Assets		
Cash at Bank	426	457
Receivables	113	1,607
Inventories	5	2
Total Current Assets	**544**	**2,066**
Non-Current Assets		
Property, Plant and Equipment	30	48
Leased Assets	197	475
Total Non-Current Assets	**227**	**523**
Total Assets	**771**	**2,589**
Current Liabilities		
Payables	302	1,743
Leased Liabilities	217	230
Employee Benefits	91	150
Deferred Revenue	46	97
Total Current Liabilities	**656**	**2,220**
Non-Current Liabilities		
Employee Benefits	16	26
Leased Liabilities	-	279
Total Non-Current Liabilities	**16**	**306**
Total Liabilities	**672**	**2,526**
Share of Controlled Entities' Net Assets	**99**	**63**

South West Alliance of Rural Health	2018 $'000	2017 $'000
Revenue		
Revenue from operations	1,365	1,973
Total Revenue	**1,365**	**1,973**
Expenses		
Employee benefits	(457)	(567)
Other expenses from ordinary activities	(718)	(998)
Total Expenses	**(1,175)**	**(1,565)**
Net operating result	**190**	**408**
Capital and specific items		
Capital revenue	35	43
Finance costs	(12)	(69)
Depreciation	(156)	(320)
Impairment	-	(6)
Total capital and specific items	**(133)**	**(352)**
Net Result after capital and specific items	**57**	**56**
Other economic flows - revaluation of long service leave	-	3
Share of Jointly Controlled Entities' Net Result	**57**	**59**

Contingent Liabilities and Capital Commitments

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

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

Note 8.11: Economic dependency

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

Note: 8.12 Alternative presentation of comprehensive operating statement

	Note	Consol'd 2018 $'000	Consol'd 2017 $'000
Grants		36,170	31,672
Interest and Dividends	2.1	32	21
Sales of Goods and Services		7,035	6,163
Other income	2.1	2,605	4,623
Revenue from Transactions		**45,842**	**42,479**
Employee Expenses	3.1	(29,778)	(27,313)
Operating Expenses		(15,291)	(13,352)
Interest Expense	3.3	(9)	(40)
Depreciation and Amortisation	4.5	(3,376)	(3,373)
Expenses from Transactions		**(48,454)**	**(44,078)**
Net Result from Transactions		**(2,612)**	**(1,599)**
Other economic flows included in net result			
Other gains/(losses) from other economic flows	2.1	(21)	55
Total other economic flows included in net result		**(21)**	55
Net result from continuing operations		**(2,633)**	**(1,544)**
NET RESULT FOR THE YEAR		**(2,633)**	**(1,544)**
Comprehensive result		**(2,633)**	**(1,544)**

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the hospital's annual report.

Our Community,
Your Health

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DISTRICT HEALTH

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