# 2021-22

# ANNUAL REPORT

PORTLAND
DISTRICT HEALTH

WE CREATE • WE SURPASS • WE LEARN • WE CONNECT • WE ARE RESPONSIBLE

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DISTRICT HEALTH

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The History of Portland Hospital can be said to have officially begun at a Public Meeting held in the Court House on Wednesday 30 May 1849.

Portland's Health Services are steeped in history with land set aside in April 1858 for "an Asylum for the benefit of the afflicted or distressed inhabitants and sojourners for the time being of and in the said Town and neighbourhood and for not other purpose whatsoever".

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.

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.

## CONTENTS



### 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.

# INTERIM CEO'S REPORT

The 2021/2022 year has again been a challenging year due to the ongoing Covid–19 Pandemic.

I am extremely proud to have been leading Portland District Health for the majority of 21/22 and to be working alongside colleagues who are caring, compassionate and have a strong belief in our health service.

The clinical and non-clinical staff teams have all continued to work together to ensure care for the community remain at the highest standards. Our staff, who are community members themselves, have shown their resilience and care through many challenges this year, including availability of staff due to Covid-19. All staff are to be commended and thanked for their work and support of each other throughout the year.

Our continued response to Covid–19 includes our drive-through testing clinic housed in an all-weather, permanent covered driveway, sheltered from the winter storms regularly experienced in Portland. Vaccination Clinics continued until April 2022 in partnership with the Barwon Health Public Health Unit at which time the regions health service clinics reduced and vaccination clinics in pharmacies and GP clinics increased. Our staff and volunteers continue to follow any current infection control measures, including vaccination requirements.

As well as managing this environment, we have continued to offer an extensive suite of services to our community and we have seen the reintroduction of the ability for more in person consultations and assessments. Telehealth and a variety of other measures have proved to remain an extremely valuable tool in the care of patients across many health professions.

PDH has been preparing our health service for the National Safety and Quality Health Service (NSQHS) accreditation, which will be undertaken in November 2022. We continue to ensure our services are high quality and accessible aiming to exceed all standards throughout each year. Later this year will also see community, partner and staff consultation to develop a new Strategic Plan creating a positive pathway for PDH's long-term future.

Throughout this year there have been challenges in recruiting staff across the organisation and this has unfortunately at times impacted on the delivery of some services. Our hardworking Human Resources and medical administration team at PDH continue to undertake recruitment through professional and local agencies as appropriate.

One such impact has been for a significant period to our birthing services, one component of our midwifery program. The strength of our partnerships with our regional health services has enabled us to provide the least amount of inconvenience possible to the affected community members. We have appointed Ms Fiona Faulks, a specialist rural maternity consultant, to develop and implement a new model customised to best meet the needs of Portland and the wider region.

The Consumer Advisory Committee continued to attempt to meet throughout the year however public health restriction measures, in response to the pandemic, disrupted the ability to host face to face meetings. Reinvigoration of the committee commenced May 2022, the group have since been meeting monthly to focus on delivering the agreed work plan. The organisation acknowledges the partnership contributions and time provided by Ken Osbourne, Judy Compt and Julie Rogers, who recently resigned from their long standing roles in the Committee.

Our annual fundraising and community engagement activities have been impacted by Covid-19. This saw the cancellation of our 2021 annual Fete and the postponement of our annual golf event until later in 2022. We continue to receive fantastic community support of our organisation and we know the return of these events will be very welcome by all.

This year our winter appeal to provide warmth within our local community to those in need was a huge success with a record of 49 boxes of coats and blankets delivered to our partner in this appeal, the Portland Salvation Army who undertake the distribution. We again collaborated with the Salvation Army to distribute over 400 presents donated to our annual Christmas Wishing Tree appeal.

At the commencement of Covid-19 PDH partnered with a number of services and volunteer organisations to provide support to our most vulnerable community members through the phone help line- 1800 Glenelg Together. These partnerships continue and now form the Glenelg Shire Covid-19 Recovery Reference Group. The helpline is now rotated through these partnership agencies providing support and assistance keeping our most vulnerable community members at home and meeting their need to obtain essential information food, supplies and medications.

We at PDH recognise that Family Violence is a health issue. Over the past 5 years, PDH has participated in the Strengthening Hospital Responses to Family Violence (SHRFV) project, a regional collaborative approach to identifying and responding to Family Violence. As a defined entity under Multi-Agency Risk Assessment and Management Framework (MARAM), PDH adopts and incorporates best practice for family violence risk assessment and management.

Under legislation, PDH are required to implement MARAM assessment and risk management tools and collaborate with partner Information Sharing Entities at a regional and state level. PDH ensures all staff are trained so they are aware of their responsibilities as assigned by the MARAM framework. PDH works to identify people at risk, sensitively responding to disclosure of family violence, and refers victim survivors to specialist family violence services as required.

By respecting the decisions of victim survivors of family violence and offering a range of options, health professionals have a vital role in ensuring that risk and safety planning are prioritised and inclusive of a person's physical, psychological and cultural safety. Such interventions have the potential to empower victim survivors of family violence, contribute to enhanced health outcomes and potentially save lives.

The Future Leaders program of the Local Learning and Employment Networks invites local businesses to mentor students from Bayview College, Portland Secondary College and Heywood & District Secondary College.

This program is designed to develop strong community advocates and confident leaders. PDH has been able to provide the program encouraging and supportive mentors to local students, allowing them to explore the health system and more so specific careers of interest firsthand.

**Karena Prevett**
Interim CEO

# CHAIRPERSON'S REPORT

I was appointed to the Portland District Health Board on 1 July 2021. The then Minister for Health the Hon. Martin Foley appointed me Chairperson on 12 July 2021. My appointment as Chairperson is effective until 30 June 2024.

Also appointed last year were Adjunct Professor Dr Lucy Cuddihy (until 30 June 2024), Mr Andrew Long (30 June 2024), Ms Nadia Baillie (30 June 2023), Mr Jed Macartney OAM (30 June 2024), and Dr Susan Wilson (30 June 2022). Assoc Prof Michael Bartos was re-appointed (30 June 2024). Dr Marcus Kennedy continues as Ministerial Delegate.

Dr Andrew Levings left the board in July 2021. He served as Chairperson from September 2018. Dr Wilson and Mr Alex Campbell retired from the board effective 30 June 2022. Alex served as Deputy Chairperson for several years. I thank Dr Levings, Mr Campbell, and Dr Wilson for their service to the board, PDH, and the community.

Ms Suzanne Anderton, Ms Rebecca Smith, Mr Paul Wright, and Ms Alexandra Georgalas were appointed effective 1 July 2022 – 30 June 2025.

The board was most ably assisted by Interim CEO Ms Karena Prevett, who led PDH from early August 2021. After extended leave, CEO Ms Christine Giles left PDH in April 2022. The Board undertook a recruitment process to appoint a new CEO.

In my appointment letter, the then Minister for Health the Hon. Martin Foley requested the Board focus on five key priorities:

- Organisational Culture
- Clinical Governance, particularly Harbourside Lodge
- Financial Management Improvement Plan
- Medical Workforce
- Partnerships

Many of the priorities were inter-related and complex. The board recognises some will take several years to resolve, but the board's response is systemic, measured, and thorough, commissioning a series of expert reports and reviews to draw these complex strands together.

The last twelve months have been turbulent for PDH, this is inevitable when major changes are underway. The board is confident PDH has made progress towards a more sustainable health service underpinned by collaborative and mature working relationships with its staff, community, and government.

The board thanks and congratulates staff and volunteers for their continued commitment to the care of our community.

We invite you to join us as PDH consolidates its new strategic direction under a new CEO.

**Emeritus Professor Peter Matthews**
PDH Board Chairperson

# 2021-22 FINANCIAL OVERVIEW

Portland District Health (PDH) incurred a comprehensive consolidated deficit in 2021/22 of $3.5m ($2.1m deficit 2020/21) a decline of $1.4m.

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

## OPERATING PERFORMANCE

The Net Result before Capital and Specific Items is used by management of PDH, DH and the Victorian Government to measure the ongoing operating performance of health services. For the financial year ended 30 June 2022 the Net result before capital and specific Items was a surplus of $243k (2020/21 $207k loss). The major expense off setting sustainable funding revenue is the high cost of providing highly skilled medical staff to maintain accessible, safe, high quality health services. The Covid-19 pandemic has also impacted the financial result with a reduction in services offered reducing revenue and an increase in staffing costs for areas such as the Covid-19 respiratory clinic increasing expenses. Funding of Covid-19 costs has been provided by the Department in addition to Health Service budget.

## CASH

PDH generated net cash flows from operations in 2021/22 of $290k (2020/21 $3.6m). Borrowings were reduced by $56k and $752k was used to purchase plant and equipment. The current asset ratio at 30 June 2022 is 0.54:1 (0.56:1 2020/21) this is below the target of 0.7.

## ASSET PURCHASES

Assets to the value of $881K were purchased in 2021/22, the major items being two ultrasound machines costing $179K each.These items were funded through grants provided by the Department of Health.

## THE FUTURE

The continuing support of the community is essential to ensure PDH's financial future, as is the continuing partnership with the state government and our sub-regional health services. We continue 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 financial resources whilst maintaining a suite of high quality health services to meet local community health needs.

At the commencement of the financial year PDH had 100% sole membership of Active Health Ltd (AHP Ltd), who are the operator of the GP Superclinic located on site of PDH, however late in 2021 AHP Ltd determined to expand its membership, with PDH ceasing to be the sole member creating a fundamental shift in the formal relationship between PDH and AHP Ltd. While PDH remains the owner of the GP Superclinic and AHP Ltd the operator, an immediate impact was necessary to separate staffing arrangements and for PDH to resign its membership from AHP Ltd. As indicated in Notes 8.6 of the financial statements in financial year 2022/23 AHP Ltd ceases to be a controlled entity of PDH, however for the financial year 2021/22 AHP Ltd, remained a controlled entity of PDH from an accounting standards perspective as reflected in note 8.7 for the financial statements. The two organisations were governed and operated separately, each with its own Board and Management.

# PERFORMANCE AT A GLANCE

| FINANCIALS | 2022 $'000s | 2021 $'000s | 2020 $'000s | 2019 $'000s | 2018 $'000s |
|---|---|---|---|---|---|
| **Operating Result** | **290** | **(207)** | **798** | **269** | **(65)** |
| Total Revenue | 59,775 | 57,700 | 54,134 | 52,371 | 45,766 |
| Total Expenses | 63,250 | 61,048 | 56,690 | 53,564 | 48,391 |
| **Net Result from transactions** | **(3,475)** | **(3,348)** | **(2,556)** | **(1,193)** | **(2,625)** |
| Total other economic flows | (33) | 600 | (571) | (175) | (8) |
| **Net Result** | **(3,508)** | **(2,747)** | **(3,127)** | **(1,368)** | **(2,633)** |
| Total Assets | 75,323 | 71,099 | 72,289 | 74,718 | 68,011 |
| Total Liabilities | 18,331 | 17,130 | 16,200 | 15,441 | 14,101 |
| **Net Assets / Total Equity** | **56,992** | **53,969** | **56,089** | **59,276** | **53,910** |

** Financials includes the consolidated controlled entity Active Health Portland Ltd.*

| Reconciliation of Net Result and Net Operating Result | 2022 $'000s |
|---|---|
| **Net Operating Result*** | **290** |
| Capital Purpose Income | 489 |
| Specific Income | 1,630 |
| COVID-19 State Supply Arrangements<br>- Assets received free of charge or for nil consideration under the State Supply | 480 |
| State supply items consumed up to 30 June 2021 | (480) |
| Expenditure for capital purpose | (56) |
| Depreciation and Amortisation | (4,043) |
| Net gain on non-financial assets | 82 |
| Total gain from other economic flows | (115) |
| Total gain on financial instruments at fair value | (37) |
| Controlled Entity result | 64 |
| Other | (1,905) |
| Net Results from Transactions | (3,508) |

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

**Responsible Bodies Declaration**

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Portland District Health for the year ending 30 June 2022.

**Peter Matthews**
Chairman - Board of Directors
Portland District Health
Date: 10 February 2023

**Samantha Sharp**
Chief Executive Officer
Portland District Health
Date: 10 February 2023

# BOARD OF DIRECTORS

The skills and experience within the Board Directors is regularly reviewed by Governance Evaluator via a skills survey to ensure an appropriate Board skill mix is maintained and to identify any deficits in governance processes that require strengthening.

The Board of Directors 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 the 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
**Dr. Andrew Levings**
Appointed: 19 August 2014
Resigned: 12 July 2021
Committees:
- Governance Remuneration & Nominations
- Consumer Advisory
- Grow Healthy Together Indigenous Advisory

## BOARD CHAIR
**Prof. Peter Matthews**
Appointed: 01 July 2021
(Appointed Chair on 12 July 2021)
Term Expires: 30 June 2024
Committees:
- Governance Remuneration & Nominations
- Consumer Advisory
- Grow Healthy Together Indigenous Advisory

## DIRECTOR/SENIOR DEPUTY-CHAIR
**Mr. Alex Campbell**
Appointed: 01 July 2016
Term Expired: 30 June 2022
Committees:
- Finance, Audit & Risk
- Governance Remuneration & Nominations
- DHHS Performance meeting

## DIRECTOR
**Mr. Jed Macartney (OAM)**
Appointed: 01 July 2021
Term Expires: 30 June 2024
Committees:
- Finance, Audit & Risk (Chair)
- Clinical Governance
- Consumer Advisory (Chair)
- Governance Remuneration & Nominations

## DIRECTOR
**Ms Nadia Baillie**
Appointed: 01 July 2021
Term Expires: 30 June 2023
Committees:
- Governance Remuneration & Nominations (Chair)
- Finance, Audit & Risk

## DIRECTOR
**Prof. Michael Bailey**
Appointed: 01 July 2017
Term Expires: 30 June 2023
Committees:
- Clinical Governance
- People & Culture

## DIRECTOR
**Prof. Michael Bartos**
Appointed: 01 July 2018
Term Expires: 30 June 2024
Committees:
- People & Culture
- Governance Remuneration & Nominations

## DIRECTOR
**Dr. Lucy Cuddihy**
Appointed: 01 July 2021
Term Expires: 30 June 2024
Committees:
- Clinical Governance (Chair)
- People & Culture
- Clinical Credentialing (Chair)

## DIRECTOR
**Mr. Andrew Long**
Appointed: 01 July 2021
Term Expires: 30 June 2024
Committees:
- Finance, Audit & Risk
- People & Culture (Chair)

## DIRECTOR
**Dr. Susan Wilson**
Appointed: 01 July 2021
Term Expires: 30 June 2022
Committees:
- Clinical Governance
- People & Culture

## MINISTERIAL DELEGATE
**Dr. Marcus Kennedy**
Appointed: 10 July 2020
Term Expires: 27 October 2023

## 2021-22 MEETING ATTENDANCE

| | |
|---|---|
| Dr Andrew Levings | 1 / 11 |
| Nadia Baillie | 10 / 11 |
| Prof Peter Matthews | 11 / 11 |
| Lucy Cuddihy | 11 / 11 |
| Prof Michael Bailey | 11 / 11 |
| Jed Macartney | 11 / 11 |
| Michael Bartos | 11 / 11 |
| Andrew Long | 10 / 11 |
| Alex Campbell | 11 / 11 |
| Susan Wilson | 11 / 11 |

# EXECUTIVE MANAGEMENT

### Chief Executive Officer
**Christine Giles – departed 11 April 2022**

### Acting Chief Executive Officer
**Karena Prevett – 6 August 2021 to 11 April 2022**

### Interim Chief Executive Officer
**Karena Prevett – 12 April 2022 to 30 June 2022**

### Acting Executive Director of Corporate Services
**Annette Hinchliffe**

### Executive Director of Nursing, Aged Care and Midwifery
**Roslyn Nagorcka**

### Executive Director of Primary Care Services
**Margaret Cadenhead**

### Executive Director Medical Services
**Dr Kaushik Banerjea**

### Chief Financial Officer
**Jim Mathewson**

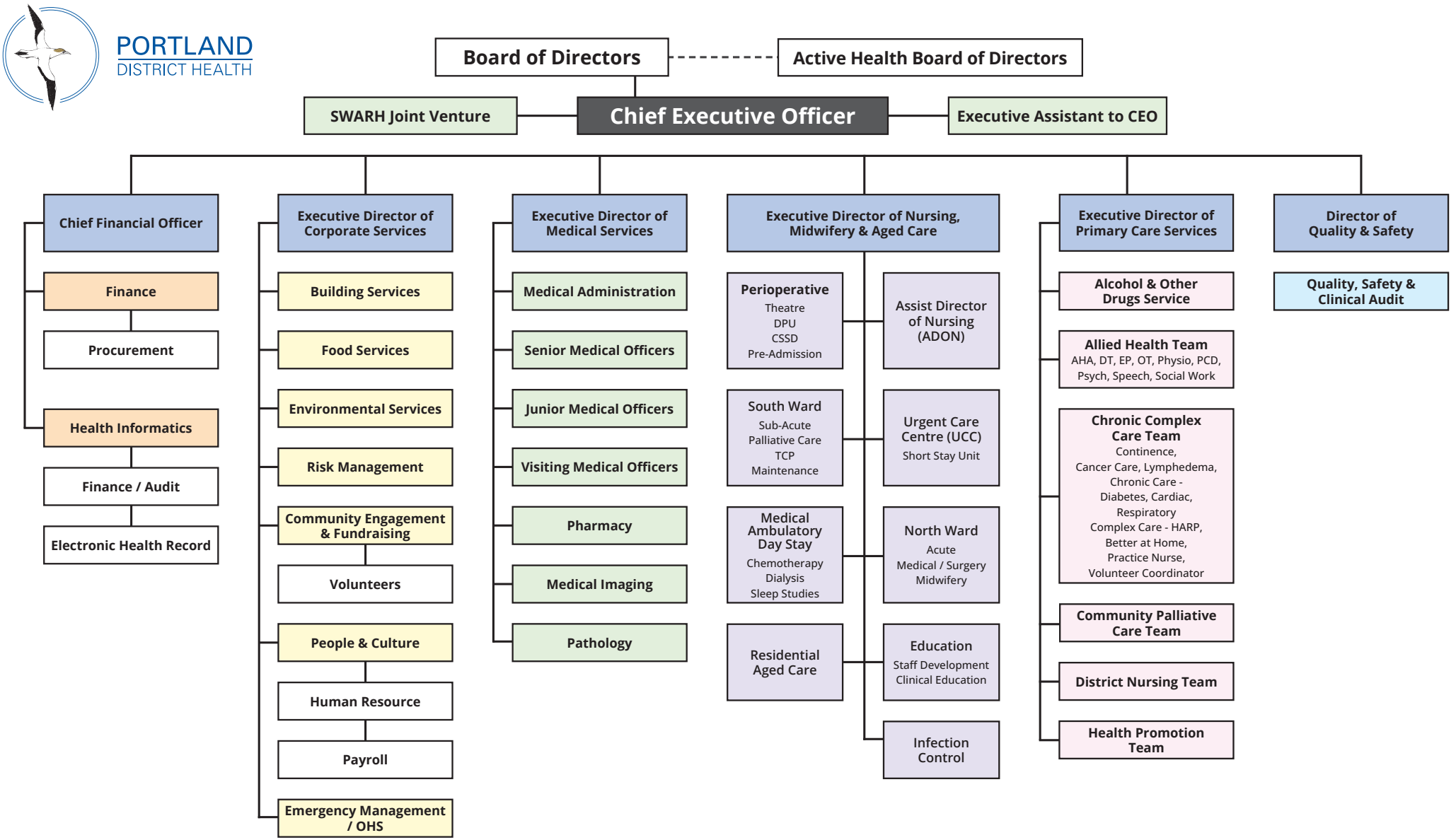
### Acting Executive Director Quality, Safety & Risk
**Suzanne Callaway**

The Executive team met 44 times during the year, providing regular reports to the Board of Management.

Front (left to right): Ros Nagorcka (Executive Director of Nursing, Aged Care and Midwifery), Karena Prevett (Interim Chief Executive Officer)
Back (left to right): Margaret Cadenhead (Executive Director of Primary Care Services), Annette Hinchcliffe (Acting Executive Director of Corporate Services), Suzanne Callaway (Acting Executive Director Quality, Safety & Risk)

# ORGANISATIONAL CHART

PORTLAND DISTRICT HEALTH



# OUR SERVICES

## MEDICAL UNITS

Anaesthesiology
Cardiology
Dermatology
Endocrinology
Endoscopies
ENT Surgery
General Surgery
General Medicine
Geriatric Medicine
Nephrology
Obstetrics and 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

## PRIMARY, COMMUNITY & ALLIED HEALTH continued

Hand Therapy
Health Independence
- Community Rehab
- HARP
- Post-Acute Care

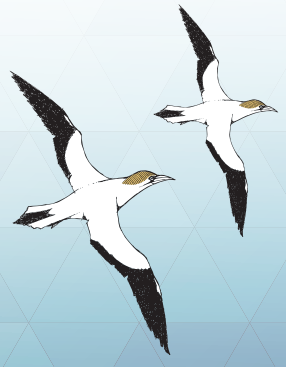
Health Promotion
Lymphoedema
Needle Exchange
Occupational Therapy
Palliative Care
Physiotherapy
Podiatry
Speech Therapy

## 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 S Thomas MBBS FACCRM

**Specialist Physicians**

Dr N Sharma MBBS MS FRACP FCSANZ

Dr E Puglisi MBBS MD

Dr R George MBBS FRACP RGUMS (India)

Dr S Singh MBBS MD FRACP

**Surgeon**

Mr S Karunaratne MBBS MS FRCSED FRACS

**Anaesthetists**

Dr P Reid MB CHB DUND

Dr J Parker MBBS FACRRM (GP Anaesthetist)

Dr D Sayed MSc MBB Ch ANZCA

**Obstetricians & Gynaecologist**

Dr Y Diab MBBS MD FRANZCOG

**Hospital Medical Officers**

Dr S Malle MBBS

Dr K Goraya MBBS

Dr K Pycroft MBBS

Dr A Jabbar MBBS

Dr F Yasmin MBBS

Dr B Yarramsetty MBBS

Dr S Shehata MBBS

Dr A Cameron MBBS RACGP

**Senior Medical Officers**

Dr B Chiezey MBBS

Dr M Pilkington MBBS

Dr A Sorial RACGP

Dr W Smolilo RACGP

**Registrars**

Dr M Muklif

Dr S Xu (Steven) MBBS

Dr S Hamilton MBBS

Dr A Marshall MD

Dr S Wilkes MD

**Interns**

Dr W Liu MBBS

Dr N Trinh MBBS

Dr K Harvey MD

Dr B Borges MD

**Paediatrician**

Dr B Baade MBBS FRACP MD

**Ophthalmologists**

Dr R Harvey MBBS FRCO FRACS

Assoc Prof J O'Shea MBBS MD FRANZCO

## VISITING MEDICAL OFFICERS

**General Practitioners**

Dr G Patel MBBS

**Anaesthetists**

Dr J Williams MBBS ANCAZ

Dr G Matthews MBBS FACRRM

Dr K Fielke MBBS Dip Anaes

**Physicians**

Dr A Bowman MBBS FRACP

**Endocrinologist**

Prof G Nicholson MBBS FRACP

**Nephrologists**

Dr M Desmond MBBS FRACP PHD

Dr C Somerville MBBS FRACP PHD

Dr A Tjipto MBBS FRACP

**Oncologists**

Assoc Prof I Collins MBBS FRACP

Dr T Hayes MBBS FRACP

**Radiation Oncologists**

Dr S Joseph MBBS FRANZCR

Dr M Ali MBBS FRANZCR FCPS

**Haematologists**

Dr J Brotchie MBBS FRACP

Dr P Polistena MBBS FRACP

**ENT Specialist**

Dr A Cass MBBS FRACS

**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 D Arhanghelschi MBBS FRANZCR

**General Surgeons**

Mr U Naidoo MBCHB FCS (FA)

Mr J Ragg MBBS FRACS

Mr P Gan MBBS FRACS

**Orthopaedic Surgeons**

Dr K Arogundade MBBS FRACS MD FRCS

Dr A Mitra MBBS FRACS

Dr N Russell BMBS FRACS

**Plastic Surgeons**

Dr R Toma MBBS FRACS (Plast)

Dr J Masters MBBS FRACS (Plast)

Dr P Riddell MBBS FRACS (Plast)

Dr R Capstick MBBS FRACS (Plast)

**Urologist**

Mr A Davidson MBBS FRACS

**Dermatologists**

Dr M Goh MBBS FACD

Dr F Lai MBBS FACD

Dr P McDonald MBBS FACD

## VISITING DENTAL OFFICERS

**Oral Maxillo Facial Surgeon**

Dr B Robinson MDS BDS

**Dentists**

Dr A Nascimento BDS

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.

Portland District Health is working with South West Healthcare, Western District Health Service, and Colac Area Health to streamline credentialing services in the region.

# WORKFORCE

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

| Labour Category | June Current Month FTE | | June YTD FTE | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Nursing | 160.18 | 161.27 | 164.82 | 163.45 |
| Administration & Clerical | 53.85 | 56.39 | 56.53 | 52.6 |
| Medical Support | 4.11 | 6.36 | 4.88 | 7.37 |
| Hotel and Allied Services | 45.81 | 36.37 | 42.17 | 38.14 |
| Medical Officers | 17.73 | 17.48 | 19.51 | 19.31 |
| Ancillary Staff (Allied Health) | 20.24 | 28.43 | 28.21 | 29.37 |
| **TOTAL** | **301.92** | **306.30** | **316.42** | **310.26** |

## STAFFING

| | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|---|---|---|---|---|
| Number of Staff Employed | **489** | 490 | 486 | 469 |
| Number of Staff Employed (EFT) | **316.42** | 310.26 | 299.69 | 290.29 |
| Time Lost through Work Cover Claims (EFT) | **1.76** | 0.67 | 0.63 | 0.47 |
| Time Lost through Industrial Disputes (hours) | **0** | 0 | 0.00 | 0.00 |
| Sick Leave as % of Basic Salaries | **5.4** | 4.43% | 4.89% | 5.64% |

## STATUTORY COMPLIANCE

During 2021/22, 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*

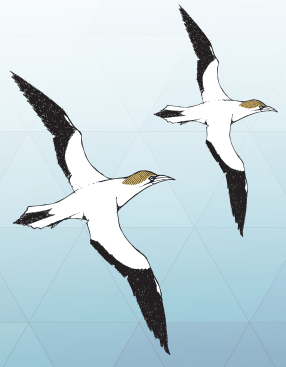
## INDUSTRIAL RELATIONS

Nil work hours were lost at Portland District Health as a result of industrial action during 2021/22.

## 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



## GENDER EQUALITY ACT 2020

The *Gender Equality Act 2020* (the 'Act') commenced in March 2021 and is the first of its kind in Australia. The Act was developed in response to the 2016 Royal Commission into Family Violence which showed that Victoria needs to address gender inequality in order to reduce family violence and all forms of violence against women.

The Act requires us to:

- Consider and promote gender equality in our organization.
- Conduct gender impact assessments for all new public policies, programs and services we develop.
- Undertake workplace gender audits to assess the state and nature of gender inequality in our workplace
- Develop and implement strategies and measures to make reasonable and material progress towards gender equality.
- Report our progress on all of the above

In accordance with the Act, Portland District Health have developed their Gender Equality Action Plan (GEAP), commencing with the collation and analysis of workforce baseline data, analysis of the People Matter Survey results and consultation with various key stakeholders. The GEAP has been endorsed by the Board of Directors, Executive and submitted to the Gender Equality Commission.

Progress on the plan will be reported to the Board and the Commission.

To comply with the legislation, Portland District Health is committed to the implementation of the Act and is gathering data to complete a Workplace Gender Audit and Gender Equality Plan. Key staff have been provided awareness training to help increase understanding of the significance of the organisation's obligations under the Act. Portland District Health is an active participant in a Gender Equality community of practice initiative facilitated by Women's Health and Wellbeing Barwon South West.

## WORKPLACE HEALTH & SAFETY

Our OH&S Management system has been thoroughly reviewed and areas strengthened, including ensuring we are meeting legislative compliance requirements. Our commitment to staff wellbeing is supported through our provision of the Employee Assistance Program (EAP) which is well utilised by staff and the availability of several contact officers in our organisation to provide support and guidance for staff experiencing any issues in the workplace.

Portland District Health empowers staff by providing ongoing training on family violence, elder abuse, bullying, harassment and sexual harassment, occupational violence, stress management, values and occupational health and safety.

## OCCUPATIONAL VIOLENCE STATISTICS

Portland District Health is committed to addressing occupational violence incidences.

| Occupational Violence Statistics | 2021/22 | 2020/21 |
|---|---|---|
| 1. WorkCover accepted claims with an occupational violence cause per 100 FTE | 0.00 | 0.33 |
| 2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 1.60 | 1.92 |
| 3. Number of occupational violence incidents reported | 56 | 79 |
| 4. Number of occupational violence incidents reported per 100 FTE | 26.4 | 26.4 |
| 5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 0.0% | 6.3% |

# SERVICE ACTIVITY

| ACTIVITY / INDICATOR | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|---|---|---|---|---|---|
| Number of inpatients - Hospital | 5147 | 4971 | 5501 | 5617 | 5207 |
| Number of inpatients - Nursing Home | 53 | 56 | 54 | 58 | 61 |
| Number of inpatient days - Hospital | 10613 | 12100 | 12746 | 14063 | 11354 |
| Number of inpatient days - Nursing Home | 10441 | 10322 | 10530 | 10501 | 10401 |
| Daily Average (days - Hospital) | 29 | 33 | 35 | 39 | 31 |
| Daily Average (days - Nursing Home) | 29 | 28.28 | 29 | 29 | 29 |
| Average stay (days - Hospital) | 2.06 | 2.43 | 2.32 | 2.5 | 2.18 |
| Average stay (days - Nursing Home) | 197 | 184.32 | 195 | 181.05 | 170.51 |
| Number of beds available (same day) Hospital | 15 | 15 | 15 | 15 | 15 |
| Number of beds available (overnight stay) Hospital | 55 | 55 | 55 | 55 | 55 |
| Number of beds available - Nursing Home | 30 | 30 | 30 | 30 | 30 |
| Emergency Presentations | 10492 | 9464 | 9080 | 8748 | 7535 |
| COVID-19 Testing Presentations | 18624 | 6336 | 1990 | - | - |
| Births | 51 | 76 | 77 | 75 | 67 |
| Hospital in the Home | 29 | 18 | 10 | 9 | 11 |
| Meals on Wheels delivered | 5637 | 5912 | 6131 | 5996 | 6016 |
| Meals served (total) | 83764 | 84652 | 90229 | 97722 | 94648 |
| Operations performed | 2108 | 1966 | 2008 | 2584 | 2432 |

| Radiology Department | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|---|---|---|---|---|---|
| Mammogram & Breast screens | 1316 | 1313 | 1120 | 1333 | 1312 |
| CT Examinations | 3252 | 2992 | 2874 | 2814 | 2867 |
| OPG / Dental Examinations | 418 | 483 | 418 | 465 | 517 |
| Procedures | 372 | 402 | 832 | 1014 | 673 |
| Ultrasound Examinations | 5549 | 5494 | 6173 | 6427 | 5946 |
| DEXA Scans | 492 | 461 | 438 | 456 | 324 |
| General X-rays | 6843 | 7217 | 7114 | 7839 | 7925 |
| X-ray – Inpatients | 1266 | 1229 | 1299 | 1416 | 1371 |
| X-ray - Outpatients | 16976 | 16069 | 16773 | 17868 | 13758 |
| Examinations including Breastscreens (Total) | 18242 | 18405 | 19029 | 20394 | 19564 |

| Primary Care Statistics (Contact Hours) | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|---|---|---|---|---|---|
| Community Nursing | 3203 | 4931 | 5084 | 5022 | 5208 |
| Counselling / Social Work | 1560 | 1452 | 1535 | 1488 | 1360 |
| Dietetics | 993 | 1326 | 1259 | 1266 | 1068 |
| District Nurse visits | 8336 | 8487 | 8992 | 9930 | 8849 |
| IHSHY Youth Worker - Direct Care | 72 | 213 | 288 | 136 | 196 |
| Occupational Therapy | 471 | 445 | 913 | 622 | 1241 |
| Palliative Care | 1889 | 1992 | 1968 | 2390 | 2466 |
| Physiotherapy | 916 | 1245 | 2615 | 2215 | 1985 |
| Speech Pathology | 851 | 1149 | 1240 | 996 | 1244 |

| HACC / CHSP (Contact Hours) | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|---|---|---|---|---|---|
| Dietetics – HACC-PYP | 245 | 173 | 120 | 261 | 188 |
| Dietetics – CHSP | 341 | 438 | 363 | 281 | 286 |
| Occupational Therapy – HACC/PYP | 56 | 131 | 92 | 257 | 436 |
| Occupational Therapy - CHSP | 771 | 622 | 792 | 597 | 730 |
| Podiatry - HACC-PYP | 81 | 155 | 109 | 133 | 133 |
| Podiatry - CHSP | 345 | 420 | 402 | 503 | 569 |
| Volunteer Coordinator – HACC/PYP | 391 | 555 | 294 | 463 | 428 |
| Volunteer Coordinator - CHSP | 1070 | 1090 | 1198 | 1059 | 1733 |

# LIFE GOVERNORS & 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
Portland Neighborhood House
Mr Jeff Baulch
Mrs Marilyn Baulch
Mr W (Bill) Collett
Mr David Harris
Mr Jeff Knuckey
Mrs Anne Lanyon

## LIFE GOVERNORS

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

## DISTINGUISHED SERVICE AWARDS

1994 Mr Jesse Das – Retired 2019

## CONSULTANT SURGEON EMERITUS

2008 Mr William C Maling - Deceased 2014

## STAFF LENGTH OF SERVICE AWARDS

***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".***

**10 years**
Wiwin Andriyani
Karli Cain
Teegan Drain
Kate Griffith
Madeline Jennings
Zoe McLean
Lauren Newman
Susan Paterson
Faye Tippett
Briony Trace

**15 Years**
Kathleen Bryant
Sharon Cole
Casey Eichler
Nicole Evans
Sandra Jennings
Angela Lane
Karen Malseed
Chantal Millard
Lesa Munn
Jennifer Preece
Ratri Sadhwiti
Vivienne Stevens
Andre Wallace

**20 Years**
Rhonda Bowers
Renae Jarrett
Michelle Jenner
Carolyn Malseed
Laurel Morrissey

**25 Years**
Pamela Thomas

**30 Years**
Erica Clarke
Debra Tozer

## STAFF LENGTH OF SERVICE AWARDS

**35 Years**
Debbie Adams
Lindy Bremner
Elizabeth Rundell

**40 Years**
Carolyn Speed

**50 Years**
Beverley McIlroy

## VOLUNTEER SERVICE AWARDS

***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.***

**5 years**
Thelma Arnold
Keith Compt
Bernadette Coudge
Gaynor Edwards
Marilyn Garner
Judy Lockwood
Joylene Uebergang

**10 Years**
Kath Lewis
Lynette Murphy
Portland Bay School
Kyeema Support Services Inc
Uniting Church Group

**16 Years**
Peter McGregor
Margaret McGregor

**20 Years**
Linda Kenna
Janet Rivett
Ida Tevelein

# REPORTING AGAINST THE STATEMENT OF PRIORITIES

## PART A: STRATEGIC PRIORITIES

In 2021-2022 Portland District Health assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

### Priority 1 (Immediate and Ongoing):

Maintain robust COVID-19 readiness and response, working with the department to ensure rapid response to outbreaks, if and when they occur, which includes providing to testing for community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of the COVID-19 vaccine immunisation program rollout, ensuring the local community's confidence in the program.

#### Outcomes

Portland District Health, as credentialed by the Barwon South West Public Health Unit, implemented the COVID-19 vaccine immunization program across Portland and Heywood communities. The program was tailored according to community demand, resulting in the need to secure larger premises in 2021 to accommodate the appointment requests. Partnering with other health services, local service providers and the primary care sector were pivotal to the success of the program. The population uptake of the initial and second dose vaccines was 95%, however the uptake of the third vaccine did not reach this level. Workforce resourcing issues as the health service business resumed, and the declining community demand resulted in the agreed decision to decommission the PDH vaccine clinic. Ensuring continued access to the vaccine immunization program via primary care and local pharmacies was established before this occurred.

### Priority 2 (Immediate and Ongoing):

Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the Health Service Partnership Policy and Guidelines.

#### Outcomes

Portland District Health contributed to and supported the pandemic response as led by Barwon South West Local Public Health Unit. We supported and received support from South West Healthcare with community covid testing.

Portland District Health participated in the elective surgery recovery and reform program.

Portland District Health partnered with South West Healthcare to provide a transition maternity model during the periods of time over the year when Portland District Health was on diversion for birthing services.

### Priority 3 (Immediate and Ongoing):

Engage with the community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with the Health Service Partnership to:

- implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
- improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.

#### Outcomes

Portland District Health participated in the Barwon South West Health Service Partnership Better at Home initiative.

A suitable candidate for a temporary position was selected in March 2022, however service uplift in activity was disrupted by planned and unplanned leave in the reporting period. A service analysis of the complex coordination processes and pathway is concurrently being undertaken.

Portland District Health contributed to the Barwon South West effort to improve elective surgery performance through the scheduling of five additional theatre days. 22 patients were treated in these additional sessions.

## Priority 4 (Immediate and Ongoing):

Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in the Health Service Partnership and through the Partnership's engagement with Regional Mental Health and Wellbeing Boards.

### Outcomes

Through the Live4Life partnership and service agreement, Portland District Health has provided workforce resources to support the community based Mental Health First Aid program for youth, and their families.

As a member of the Great South Coast Alcohol and Other Drugs Consortium, continual consultation and preparation for the implementation of the mental health and wellbeing recommendations is being undertaken.

## Priority 5 (Immediate and Ongoing):

Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees

### Outcomes

2021 census shows 386 Aboriginal and Torres Strait Islander people live in the 3305 postcode.

PDH has an Aboriginal and Torres Strait Islander workforce officer available to all PDH employees who;

- has presented at conference
- provides orientation and education regarding cultural respect to all new employees
- provides access for inpatients to the Aboriginal Health Workers from DWEC
- provided an Aboriginal awareness module in GROW for all staff

There are gift packs available to all Aboriginal inpatients

We support Aboriginal artwork in the entrance of the hospital and reflected in the name badges.

The Aboriginal women were consulted in the proposed midwifery development.

All staff to undertake cultural experience at Budj Bim.

The PDH Aboriginal and Torres Strait Islander Cultural Committee has been established:

- in recognition that PDH needs to be culturally responsive and inclusive of the needs of our community
- to ensure the culturally appropriate care to the Aboriginal and Torres Strait Islander community
- to maximise opportunities to improve Aboriginal and Torres Strait Islander health

The Committee will report through Board sub-committees on initiatives and programs, as well as progress against the PDH Aboriginal Cultural Safety Plan.

## PART B: KEY PERFORMANCE PRIORITIES

### High Quality and Safe Care

| Key Performance Indicator | Target | Outcomes |
|---|---|---|
| **Infection prevention and control** | | |
| Compliance with the Hand Hygiene Australia program | 85% | 91.5% |
| Percentage of healthcare workers immunised for influenza | 92% | 98% |
| **Patient experience** | | |
| Victorian Healthcare Experience Survey - percentage of positive patient experience responses | 95% | 98.6% |
| Victorian Healthcare Experience Survey - patient's perception of discharge care | 95% | 88.9% |
| **Maternity and Newborn** | | |
| Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes | ≤1.4% | 0.0% |
| Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks | ≤28.6% | 33.3% |

### Strong governance, leadership and culture

| Key Performance Indicator | Target | Outcomes |
|---|---|---|
| **Organisational culture** | | |
| People matter survey - Percentage of staff with an overall positive response to safety culture survey questions | 62% | 63% |

### Timely access to care

| Key Performance Indicator | Target | Outcomes |
|---|---|---|
| **Specialist clinics** | | |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100% | 85% |
| Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days | 90% | 100% |

## Effective Financial Management

| Key Performance Indicator | Target | Outcomes |
|---|---|---|
| Operating result ($M) | $0.00 | 0.24 |
| Average number of days to pay trade creditors | 60 days | 38 |
| Average number of days to receive patient fee debtors | 60 days | 26 |
| Adjusted current asset ratio | 0.70 | 0.67 |
| Actual number of days available cash, measured on the last day of each month | 14.0 days | 9.9 days |
| Variance between forecast and actual Net result from transactions (NRFl) for the current financial year ending 30 June. | +/- ≤$0.25 | -3.45 |

## PART C: ACTIVITY AND FUNDING SUMMARY

| Funding type | Activity Achieved |
|---|---|
| **Acute Admitted** | |
| Acute NWAU | 3301 |
| NWAU DVA | 52 |
| NWAU TAC | 12 |
| **Subacute & Non-Acute Admitted** | |
| Maintenance Public | 38 |
| Subacute NWAU - Palliative Care Public | 78 |
| Subacute NWAU - Palliative Care Private | 8 |
| Subacute NWAU – DVA | 3 |
| Transition Care – Bed days | 1,043 days |
| Transition Care – Home days | 25 days |
| **Subacute Non-Admitted** | |
| Health Independence Program - Public | 4,254 contacts |
| **Aged Care** | |
| Residential Aged Care – Harbourside Lodge | 10,441 bed days |
| Home and Community Care (HACC) | 1,876 hours |
| **Primary Health** | |
| Community Health / Primary Care Programs | 9,745 hours |

# MANDATORY REPORTING

*In accordance with the Directions of the Minister for Finance under the Financial Management Act 1994 Section 45 and 53Q(4) the following disclosures are made for the Responsible Ministers and the Accountable Officers.*

## OUR LEGISLATIVE COMPLIANCE

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

## ATTESTATIONS

### DATA INTEGRITY

I, Karena Prevett 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.

### CONFLICT OF INTEREST

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

### INTEGRITY, FRAUD AND CORRUPTION

I, Karena Prevett, certify that Portland District Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Portland District Health during the year.

### SAFE PATIENT CARE ACT 2015

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

**Mrs Karena Prevett**
Interim Chief Executive
Portland District Health
Date: 30 July 2022

## FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

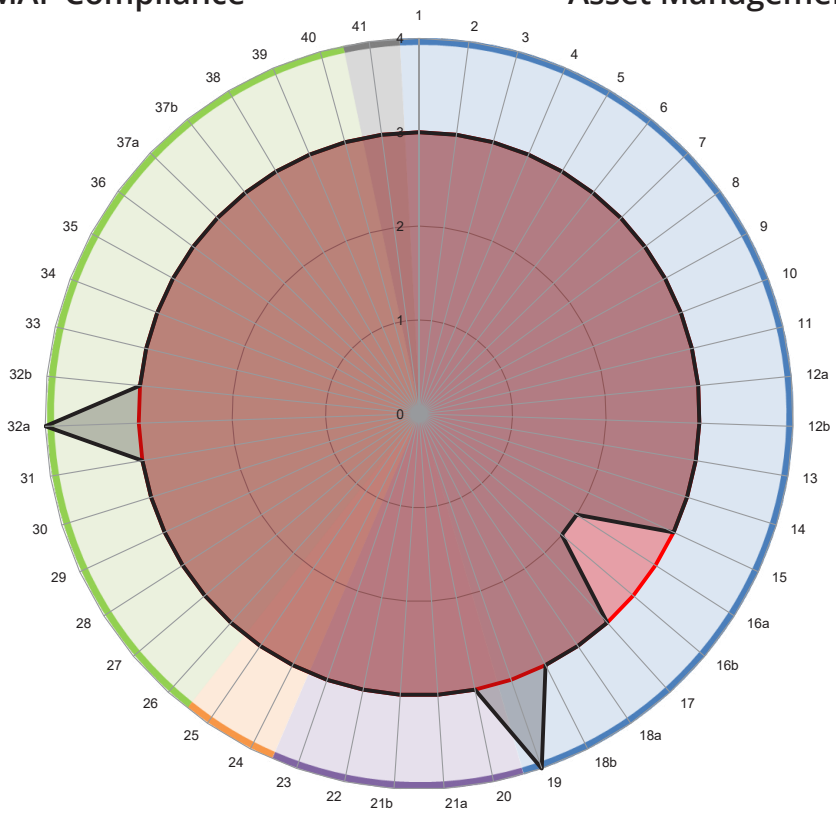
I, Mr Jed Macartney on behalf of the Responsible Body, certify that Portland District Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

## ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK

I, Mr Jed Macartney, certify that Portland District Health effectively utilises and complies with the mandatory requirement of the Assessment Management Accountability Framework as directed by the Minister for Finance.

### AMAF Compliance

### Asset Management Maturity




**Legend**

| Status | Scale |
|---|---|
| Not Applicable | N/A |
| Innocence | 0 |
| Awareness | 1 |
| Developing | 2 |
| Competence | 3 |
| Optimising | 4 |
| Unassessed | U/A |

| | |
|---|---|
| Target | 95% |
| Overall | 96% |

**Leadership and Accountability (requirements 1-19)**

- Portland District Health (PDH) has met or exceeded its target maturity level in 91% (20/22) of the requirements in this category
- PDH paritally complied with some requirements in the area of Asset Management System Performance.
- The key area for improvement required is to establish asset performance standards and KPI's to monitor and evaluate asset and asset system performance and to ensure that performance monitoring is incorporated into corporate and service planning.
- An improvement plan is being developed to improve PDH maturity rating in these areas.

**Planning (requirements 20-23)**

- PDH has met or exceeded its target maturity level in this category

**Acquisition (requirements 24-25)**

- PDH has met or exceeded its target maturity level in this category

**Operation (requirements 26-40)**

- PDH has met or exceeded its target maturity level in this category

**Disposal (requirements 41)**

**Mr Jed Macartney (OAM)**
Chairperson of Finance, Audit & Risk Committee
Portland District Health
Date: 30 July 2022

## 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 Wormald 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: Crowe

Internal Auditors: Moore

Bankers: National Australian Bank (NAB) and Westpac Banking Corporation (WBC)

## 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 Partnering with Consumer Committee

**2021/22**

| | |
|---|---|
| **Compliments** | **147** |
| **Complaints** | **95** |

## COMPLIMENTS AND COMPLAINTS

| Category | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Compliments | 12 | 14 | 7 | 15 | 18 | 21 | 12 | 7 | 10 | 7 | 6 | 18 |
| Complaints | 6 | 6 | 7 | 10 | 6 | 4 | 9 | 8 | 14 | 3 | 10 | 9 |
| Acknowledged within 5 days | 0% | 0% | 100% | 50% | 100% | 100% | 67% | 50% | 64% | 100% | 90% | 80% |
| Open >30 days | 8 | 3 | 6 | 4 | 14 | 11 | 13 | 19 | 7 | 12 | 7 | 7 |

## CONSULTANCIES

During 2021/22, Portland District Health engaged seven consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $15,199 (excl. GST).

In 2021/22 there were five consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred in relation to these consultants was $184,521 (excl GST).

### CONSULTANCIES > $10,000

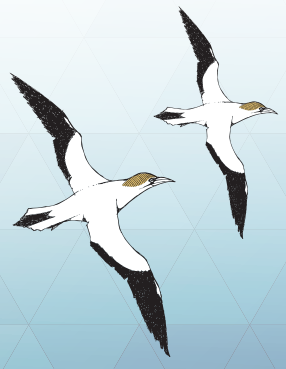
| CONSULTANT | PURPOSE OF CONSULTANCY | TOTAL APPROVED PROJECT FEE (ex GST) | EXPENDITURE 2021-22 (ex GST) | FUTURE EXPENDITURE (ex GST) |
|---|---|---|---|---|
| Workwell Consulting | Strategy Development | $31,000 | $31,000 | 0 |
| Active Quality Management | Clinical Governance System Development | $69,600 | $69,600 | 0 |
| Parmconsult Pty Ltd | Review of medication management and pharmacy services | $14,871 | $14,871 | 0 |
| Pinnacle Health Consultants | Redesign of Maternity Service | $46,500 | $46,500 | 0 |
| Cooper Hardiman | HR Consultancy Services | $22,550 | $22,550 | 0 |
| **Total** | | **$184,521** | **$184,521** | **0** |

## DETAILS OF INFORMATION & COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

During 2021/22 Portland District Health ICT Business As Usual (BAU) Operational expenditure (excluding GST) was $1,374,833 and Capital expenditure (excluding GST) was $17,950.

The total ICT expenditure incurred during 2021/22 is $1,392,783 (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) | (Total=Operational expenditure and Capital expenditure (excluding GST) | Operational expenditure (excluding GST) | Capital expenditure (excluding GST) |
| $1,374,833 | $17,950 | $ 0 | $17,950 |



## ENVIRONMENTAL PERFORMANCE

Portland District Health Board of Directors, 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.

Our solar panels installed 3 years ago continue to provide substantial electricity saving to the organisation.

Our key highlights for 2021/22 include:

- Continuation of LED light replacement program throughout the organisation
- Continue to change our motor vehicle fleet to more efficient vehicles with reduced emissions
- Eliminated disposable plastic plates and cutlery and replaced with biodegradable paper supplies
- Eliminated disposable foam hot drinking cups and replaced with biodegradable paper supplies and encourage staff to BYO coffee/tea cups.

As a result of the strategies and practices in place, this has produced very good results in reducing carbon emissions, water usage and financial savings to the Portland District Health.

## 2021-22 ENERGY AND WATER PERFORMANCE REPORT

### Environmental impacts & energy use

| Energy Use | 2019-20 | 2020-21 | 2021-22 |
|---|---|---|---|
| Electricity (MWh) | 1,534 | 1,512 | 1,502 |
| Natural Gas (gigajoules) | 8,221 | 7,274 | 7,554 |
| **Carbon emissions (thousand tonnes of $CO_2e$)** | **2019-20** | **2020-21** | **2021-22** |
| Electricity | 2 | 1 | 1.37 |
| Natural Gas | 0 | 0 | 0.39 |
| Total emissions | 2 | 2 | 1.76 |
| **Water use (millions litres)** | **2019-20** | **2020-21** | **2021-22** |
| Potable Water | 15 | 13 | 12.82 |

### Factors influencing environmental impacts

| | 2019-20 | 2020-21 | 2021-22 |
|---|---|---|---|
| Floor area (m2) | 12,383 | 12,383 | 12,383 |
| Separations | 5,506 | 4,932 | 5,286 |
| In-Patient Bed Days | 12,514 | 10,958 | 12,208 |
| Aged Care Bed Nights | 10,576 | 10,218 | 10,018 |

### General Notes

1. Information in this report is sourced from data provided by retailers and in some cases data manually uploaded by health services into Eden Suite. Data has not been externally validated. All annual values represent a year ending 30 June.
2. Emissions are calculated using the carbon factors for the year in which the emissions were generated. For health services provided with energy (electricity and steam) under the co-generation ESA (energy services agreement) carbon factors provided by the energy retailer are used.
3. Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
4. Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.

# 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).

Current planning and status of capital works:

- Demolition of adjoining house followed by development of new outdoor car parking
- Installation of airlock and automatic door for Consulting Suite
- Seaview House Residential Care balcony replacement
- Installation of COVID safe rooms in Urgent Care Centre
- Modification to Acute ward to develop a COVID safe environment
- Developed a COVID Testing Drive-thru clinic
- Developed a COVID Vaccination Clinic

## 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.

## PUBLIC INTEREST DISCLOSURE ACT 2012

Portland District Health has in place appropriate procedures for disclosure in accordance with the *Public Interest Disclosures Act 2012*. No protected disclosures were made under the Act in 2020/2021.

## 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.

## LOCAL JOBS FIRST ACT 2003

In 2020/21 there were no contracts requiring disclosure under the Local Jobs First Policy.

## 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 82 requests under the *Freedom of Information Act 1982* were processed during 2021/22 with 2 requests denied and information not granted and 1 request withdrawn. Portland District Health's nominated officers under the Freedom of Information Act are: Principal Officer: Christine Giles; Chief Executive, FOI Officers: Casey Mills; Electronic Health Records Support Officer and Casey Scott; Health Information Manager.

## 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 directives, issued under Regulation 8 of the Hospital and Charities (Fees) Regulations 1986 as amended.

## OCCUPATIONAL HEALTH & SAFETY ACT 2004 COMPLIANCE

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.

| OCCUPATIONAL HEALTH & SAFETY REPORTING | 2021-22 | 2020-22 | 2019-20 |
|---|---|---|---|
| 1. Reported hazards/incidents per 100 full-time FTE | 28.99 | 42.77 | 51.72 |
| 2. The number of 'lost time' standard WorkCover claims for the year per 100 FTE | 0.95 | 0.65 | 1.0 |
| 3. The average cost per WorkCover claim for the year ('000) | $51,171 | $37,012 | $25,637 |

Average claims costs increased in 2021/2022 as the statistical case estimate of the claims lodged in 2021/2022 were significantly higher. The majority of claims lodged in 2021/2022 were stress claims.


## 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 2021/2022.

## 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.

**Karena Prevett**
Interim Chief Executive Officer
Date: 30 July 2022

## BOARD OF DIRECTORS

Portland District Health is governed by Board Directors appointed by the Minister for Health. The Board of Directors 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 committees are:

**Clinical Governance Committee** – monthly

The committee's primary function is to assist the Board of Directors 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 Directors to:

- Ensure provision of safe, high quality care in accordance with Safer Care Victoria and compliant with National Safety and Quality Health Service Standards
- 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: Nil

**Finance, Audit and Corporate Risk Committee – monthly**

The Finance, Audit & Risk Committee recommends and advises the Board of Directors 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 ensures also the Corporate Risk and Management Plan is in place and reviewed regularly.

External Member: Nil

**People & Culture Committee** – quarterly

The committee's primary function recommends and advises the Board of Directors on issues relating to workforce, culture and staff development. It provides strategic advice on workforce strategy, policy and practices to ensure that the organisation is managing its workforce issues effectively.

**Governance, Remuneration and Nominations Committee** – twice yearly

The Governance, Remuneration and Nominations Committee ensure that remuneration policies and practices are consistent with government policy and undertakes a CEO performance review annually.

It reviews on an annual basis the remuneration of the CEO including establishing the overall benefits and incentives.

## OTHER BOARD ADVISORY COMMITTEES

**Consumer Advisory Committee** – bimonthly

This committee provides direction and leadership for Portland District Health in relation to the integration of consumer, carer and community views into all levels of strategy, operations, policy and planning development and provide strategic advice to the PDH Board of Directors on priority areas and issues from a consumer, carer and community perspective.

**Grow Healthy Together 'Ka-ree-ta Ngoot-yoong Wat-nan-da' Indigenous Advisory Committee** – quarterly

This committee is a collaboration between Traditional Gunditjmara owners, local Aboriginal Health controlled organisations and local Health services.

Ka ree ta Ngoot yoong Wat nan da is bringing the people in the local community together to yarn about ways to improve health and wellbeing of the First Nations people.

**e-Credentialing & Scope of Practice (Medical Appointment) Committee** – quarterly or as required as part of the South West regional committee

This committee regulates the appointment, credentialing and definition of scope of clinical practice of health practitioners who provide services to the PDH and related Health Services.

**Project Control Group and Working Parties – as needed**

Project Control Groups and Working Parties are convened by the board to oversee short and intermediate term projects. In 2021-22 these were:

- Clinical Governance Project Control Group
- CEO Recruitment and Working Party
- Maternity re-design Reference Group

These committees have the primary responsibility for overseeing capital redevelopment projects. They determine the scope, quality, time and budget standards and monitor the progress of the projects against these standards

## 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 Directors 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 Care Services, Director of Medical Services, Director of Quality & Safety and Chief Financial Officer. The Executive meets weekly and provides monthly reports to the Board of Directors.

## RESPONSIBLE MINISTER

**The responsible Minister for Health:**

1 July 2021 to 27 June 2022 was
The Hon. Martin Foley MP

- *Minister for Health*
- *Minister for Ambulance Services*
- *Minister of Equality*

27 June 2022 to 30 June 2022 was
The Hon. Mary-Anne Thomas MP

- *Minister for Health*
- *Minister for Ambulance Services*

## OTHER RELEVANT MINISTERS

**The responsible Minister for Mental Health:**

1 July 2021 to 27 June 2022 was
The Hon. James Merlino MP

- *Minister for Mental Health*

27 June 2022 to 30 June 2022 was
The Hon. Gabrielle Williams MP

- *Minister for Mental Health*
- *Minister for Treaty and First Persons*

**Minister for Disability, Ageing and Carers**

1 July 2021 to 11 October 2021 was
The Hon. Luke Donnellan MP

- *Minister for Disability, Ageing and Carers*
- *Minister for Child Protection*

11 October 2021 to 6 December 2021 was
The Hon. James Merlino MP

- *Minister for Disability, Ageing and Carers*

6 December 2021 to 27 June 2022 was
The Hon. Anthony Carbines MP

- *Minister for Disability, Ageing and Carers*
- *Minister for Child Protection and Family Service*

27 June 2022 to 30 June 2022 was
The Hon. Colin Brooks MP

- *Minister for Disability, Ageing and Carers*
- *Minister for Child Protection and Family Services*

## ETHICAL STANDARDS

The Board of Directors 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.

## PECUNIARY INTEREST

Members of the Board of Directors of Portland District Health are required to notify the Chair 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

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, including annual Aboriginal cultural safety reports and plans, 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, including any Aboriginal advisory or governance committees, 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.

# DONATIONS

## SIGNIFICANT PARTNERSHIP RECOGNITION:

United Way Glenelg: $20,172

- Singing Strong Project (Harbourside Lodge) $3,850
- COVID-19 Impact Fund (Community Assistance & Resources)
- Good Samaritan Fund (Community Assistance)
- Manikins & Resources (Maternity)
- Winter Care Packages
- Staff Resources/Refreshments (COVID Clinic)

Anti Cancer Council of Victoria, Portland Unit:

- Palliative Care

Uniting Church Portland Opportunity Shop $2,069.40

- Urgent Care Equipment

Portland Branch Blue Ribbon Foundation

Murray to Moyne:
Portland Lions Club, White Lioners' Team

Rotary Beats Cycle for Hope
"Random act of kindness"gift cards

Portland & District Motoring Enthusiasts Club Inc - Cruise for Charity

Salvation Army Portland

- PDH Annual Blanket and Coat Winter Appeal
- PDH Christmas Present Appeal

## PDH DONATIONS ($50+ AND IN KIND)

Admellas Fruit & Vegetables
Ann Mewett
Assets Real Estate
Australian Bluegum Plantations
Bahloo
Beats Cycle for Hope
Bedazzled
CWA Portland
Friday Stitchers Group
Graham Homley
Ibis Wanderers
In memory of PDH Life Governor, Faith Sutterby
In memory of Noelene Nichol
J Garner
John Leighton
K. Beggs
MA & SA Wiese
Margaret Sawyer Estate
Portland Bowling Club Inc
Portland Community Markets
Portland Golf Club
Portland Lions Club
Portland Signworks
Portland Unit, Anti-Cancer Council of Victoria
Ronald Osborne Estate
Rotary Club of Portland
Rotary Club of Portland Bay
Uniting Church Portland Opportunity Shop
Victoria Lodge Accommodation
Wattle Creek CWA
William Meldrum

## PDH ANNUAL FUNDRAISERS

None of the following events were held due to COVID-19:

- PDH Golf Day Fundraiser
- PDH Online Auction, held concurrently with Golf Day
- PDH Community Market/Fete

## APPRECIATION

Portland District Health extends its sincere appreciation to the staff, volunteers and the many individual and in-memoriam donors for their generous support during 2021/22. Due to your generosity and commitment, we are able to continue to provide a high quality 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 22I | Manner of establishment and the relevant Ministers | 30 |
| FRD 22I | Purpose, functions, powers and duties | Inside Front Cover |
| FRD 22I | Nature and range of services provided | 10 |
| FRD 22I | Activities, programs and achievements for the reporting period | 2 - 4 |
| FRD 22I | Significant changes in key initiatives and expectations for the future | 2 - 4 |
| **Management and structure** | | |
| FRD 22I | Organisational structure | 9 |
| FRD 22I | Workforce data/ employment and conduct principles | 12 |
| FRD 22I | Occupational Health and Safety | 28 |
| **Financial information** | | |
| FRD 22I | Summary of the financial results for the year | 6 |
| FRD 22I | Significant changes in financial position during the year | 5 |
| FRD 22I | Operational and budgetary objectives and performance against objectives | 5 |
| FRD 22I | Subsequent events | Financials |
| FRD 22I | Details of consultancies under $10,000 | 24 |
| FRD 22I | Details of consultancies over $10,000 | 24 |
| FRD 22I | Disclosure of ICT expenditure | 24 |
| **Legislation** | | |
| FRD 22I | Application and operation of *Freedom of Information Act 1982* | 27 |
| FRD 22I | Compliance with building and maintenance provisions of *Building Act 1993* | 27 |
| FRD 22I | Application and operation of *Public Interest Disclosure Act* (Updated 2020-2021) | 27 |
| FRD 22I | Statement on National Competition Policy | 27 |
| FRD 22I | Application and operation of *Carers Recognition Act 2012* | 28 |
| FRD 22I | Summary of the entity's environmental performance | 25 |
| FRD 22I | Additional information available on request | 30 |
| **Other relevant reporting directives** | | |
| FRD 25D | Local Jobs First Act disclosures | 27 |
| SD 5.1.4 | Financial Management Compliance attestation | 22 |
| SD 5.2.3 | Declaration in report of operations | 6 |
| **Attestations** | | |
| Attestation on Data Integrity | | 21 |
| Attestation on managing Conflicts of Interest | | 21 |
| Attestation on Integrity, fraud and corruption | | 21 |
| **Other reporting requirements** | | |
| • Reporting of outcomes from Statement of Priorities 2021-2022 | | 17 - 20 |
| • Occupational Violence reporting | | 14 |
| • *Gender Equality Act* | | 13 |
| • Asset Management Accountability Framework | | 22 |
| • Reporting obligations under the *Safe Patient Care Act 2015* | | 21 |
| • Reporting of compliance regarding Car Parking Fees | | 27 |

PORTLAND
DISTRICT HEALTH

ABN 19 736 725 377

# Annual Financial Statements

Year Ended 30 June 2022

# FINANCIAL REPORT

Portland District Health presents its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with the information about Portland District Health's stewardship of the resources entrusted to it.

## CONTENTS

# Financial Statements
# Financial Year ended 30 June 2022

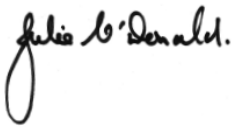
***Board member's, accountable officer's, and chief finance & accounting officer's declaration.***

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of Portland District Health and the Consolidated Entity at 30 June 2022.

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 9 February 2023.

| **Board member** | **Accountable Officer** | **Chief Finance & Accounting Officer** |
|---|---|---|
|  |  |  |
| Prof Peter Matthews | Samantha Sharp | Julie McDonald |
| Chair | Chief Executive Officer | Chief Finance and Accounting Officer |
| Portland | Portland | Portland |
| 9 February 2023 | 9 February 2023 | 9 February 2023 |

# Independent Auditor's Report

Victorian Auditor-General's Office

***To the Board of Portland District Health***

| | |
|---|---|
| **Opinion** | I have audited the financial report of Portland District Health (the health service) which comprises the:<br>• balance sheet as at 30 June 2022<br>• comprehensive operating statement for the year then ended<br>• statement of changes in equity for the year then ended<br>• cash flow statement for the year then ended<br>• notes to the financial statements, including significant accounting policies<br>• board member's, accountable officer's and chief finance & accounting officer's declaration.<br>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 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.<br>My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.<br>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. |
| **Board's responsibilities for the financial report** | The Board of the health service 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.<br>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so. |

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

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

MELBOURNE
13 February 2023

Dominika Ryan
*as delegate for the Auditor-General of Victoria*

# Portland District Health
# Comprehensive Operating Statement
# For the Financial Year Ended 30 June 2022

| | Note | Parent 2022 $'000 | Parent 2021 $'000 | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|---|---|
| **Revenue and income from transactions** | | | | | |
| Operating activities | 2.1 | 56,525 | 54,220 | 58,241 | 56,092 |
| Non-operating activities | 2.1 | 343 | 376 | 343 | 349 |
| Share of revenue from joint operations | 8.8 | 1,147 | 1,259 | 1,147 | 1,259 |
| **Total revenue and income from transactions** | | **58,015** | **55,855** | **59,731** | **57,700** |
| | | | | | |
| **Expenses from transactions** | | | | | |
| Employee expenses | 3.1 | (43,153) | (40,890) | (44,904) | (42,622) |
| Supplies and consumables | 3.1 | (7,561) | (7,081) | (7,578) | (7,542) |
| Finance costs | 3.1 | (14) | (22) | (14) | (24) |
| Depreciation and amortisation | 4.4 | (3,901) | (3,825) | (3,908) | (3,830) |
| Share of expenditure from joint operations | 8.8 | (1,106) | (1,087) | (1,106) | (1,087) |
| Other administrative expenses | 3.1 | (3,809) | (4,335) | (3,917) | (3,895) |
| Other operating expenses | 3.1 | (1,731) | (1,908) | (1,813) | (2,048) |
| **Total Expenses from transactions** | | **(61,275)** | **(59,147)** | **(63,240)** | **(61,048)** |
| | | | | | |
| **Net result from transactions - net operating balance** | | **(3,260)** | **(3,293)** | **(3,509)** | **(3,348)** |
| | | | | | |
| **Other economic flows included in net result** | | | | | |
| Net gain/(loss) on non-financial assets | 3.2 | 128 | 385 | 128 | 385 |
| Net gain/(loss) on financial instruments | 3.2 | (19) | 28 | (19) | 28 |
| Share of other economic flows from equity arrangements | 3.2 | (79) | - | (79) | - |
| Share of other economic flows from joint ventures | 8.8 | (4) | 5 | (4) | 5 |
| Other gain/(loss) from other economic flows | 3.2 | (34) | 183 | (34) | 183 |
| **Total other economic flows included in net result** | | **(8)** | **600** | **(8)** | **600** |
| | | | | | |
| **Net result for the year** | | **(3,268)** | **(2,692)** | **(3,517)** | **(2,747)** |
| | | | | | |
| **Other economic flows - other comprehensive income** | | | | | |
| **Items that will not be reclassified to net result** | | | | | |
| | | | | | 627 |
| Changes in property, plant and equipment revaluation surplus | 4.1(b) | 6,541 | 627 | 6,541 | |
| **Total other comprehensive income** | | **6,541** | **627** | **6,541** | **627** |
| | | | | | |
| **Comprehensive result for the year** | | **3,273** | **(2,065)** | **3,024** | **(2,120)** |

This statement should be read in conjunction with the accompanying notes

# Portland District Health
# Balance Sheet as at 30 June 2022

| | Note | Parent 2022 $'000 | Parent 2021 $'000 | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and cash equivalents | 6.2 | 5,737 | 5,704 | 5,851 | 6,079 |
| Receivables and contract assets | 5.1 | 758 | 945 | 873 | 975 |
| Inventories | | 77 | 74 | 77 | 74 |
| Share of assets in joint operations | 8.8 | 1,496 | 826 | 1,496 | 826 |
| Prepaid expenses | | 656 | 103 | 666 | 116 |
| **Total current assets** | | **8,724** | **7,652** | **8,963** | **8,070** |
| | | | | | |
| **Non-current assets** | | | | | |
| Investments accounted for using equity method | 8.9 | - | 79 | - | 79 |
| Share of assets in joint operations | 8.8 | 452 | 513 | 452 | 513 |
| Property, plant and equipment | 4.1(a) | 62,450 | 59,232 | 62,480 | 59,265 |
| Right of use assets | 4.2(a) | 381 | 206 | 381 | 206 |
| Investment property | 4.5(a) | 3,010 | 2,966 | 3,010 | 2,966 |
| **Total non-current assets** | | **66,293** | **62,996** | **66,323** | **63,029** |
| | | | | | |
| **Total assets** | | **75,017** | **70,648** | **75,286** | **71,099** |
| | | | | | |
| **Current liabilities** | | | | | |
| Payables and contract liabilities | 5.2 | 4,459 | 3,810 | 4,541 | 3,823 |
| Borrowings | 6.1 | 204 | 103 | 204 | 157 |
| Employee benefits | 3.3 | 7,951 | 7,034 | 8,082 | 7,125 |
| Share of liabilities in joint operations | 8.8 | 1,454 | 871 | 1,454 | 871 |
| Other liabilities | 5.3 | 2,554 | 2,969 | 2,554 | 2,969 |
| **Total current liabilities** | | **16,622** | **14,787** | **16,835** | **14,945** |
| | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | 6.1 | 322 | 272 | 322 | 217 |
| Employee benefits | 3.3 | 1,002 | 1,779 | 1,002 | 1,823 |
| Share of liabilities in joint operations | 8.8 | 134 | 145 | 134 | 145 |
| **Total non-current liabilities** | | **1,458** | **2,196** | **1,458** | **2,185** |
| | | | | | |
| **Total liabilities** | | **18,080** | **16,984** | **18,293** | **17,130** |
| | | | | | |
| **Net assets** | | **56,937** | **53,664** | **56,993** | **53,969** |
| | | | | | |
| **Equity** | | | | | |
| Revaluation surplus | 4.4 | 57,896 | 51,355 | 57,896 | 51,355 |
| Restricted specific purpose reserve | SCE | 858 | 858 | 858 | 858 |
| Contributed capital | SCE | 35,695 | 35,695 | 35,695 | 35,695 |
| Accumulated surplus/(deficit) | SCE | (37,512) | (34,243) | (37,456) | (33,939) |
| **Total equity** | | **56,937** | **53,664** | **56,993** | **53,969** |

This balance sheet should be read in conjunction with the accompanying notes.

# Portland District Health
# Statement of Changes in Equity
# For the Financial Year Ended 30 June 2022

| Consolidated | Property, Plant and Equipment Revaluation Surplus $'000 | Restricted Specific Purpose Reserve $'000 | Contributed Capital $'000 | Accumulated (Deficit) $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | **50,728** | **858** | **35,695** | **(31,192)** | **56,089** |
| Net result for the year | | | | (2,747) | (2,747) |
| Other comprehensive income for the year | 627 | | | | 627 |
| **Balance at 30 June 2021** | **51,355** | **858** | **35,695** | **(33,939)** | **53,969** |
| Net result for the year | - | - | - | (3,517) | (3,517) |
| Other comprehensive income for the year | 6,541 | - | - | - | 6,541 |
| **Balance at 30 June 2022** | **57,896** | **858** | **35,695** | **(37,456)** | **56,993** |

| Parent | Property, Plant and Equipment Revaluation Surplus $'000 | Restricted Specific Purpose Reserve $'000 | Contributed Capital $'000 | Accumulated (Deficit) $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | **50,728** | **858** | **35,695** | **(31,552)** | **55,729** |
| Net result for the year | - | - | - | (2,692) | (2,692) |
| Other comprehensive income for the year | 627 | | | | 627 |
| **Balance at 30 June 2021** | **51,355** | **858** | **35,695** | **(34,244)** | **53,664** |
| Net result for the year | - | - | - | (3,268) | (3,268) |
| Other comprehensive income for the year | 6,541 | - | - | - | 6,541 |
| **Balance at 30 June 2022** | **57,896** | **858** | **35,695** | **(37,512)** | **56,937** |

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

# Portland District Health
# Cash Flow Statement
# For the Financial Year Ended 30 June 2022

| | Note | Parent 2022 $'000 | Parent 2021 $'000 | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|---|---|
| **Cash Flows from operating activities** | | | | | |
| Operating grants from Government | | 47,527 | 48,198 | 47,527 | 48,338 |
| Capital grants from State Government | | 489 | 747 | 489 | 747 |
| Patient fees received | | 6,502 | 2,343 | 6,532 | 4,058 |
| GST received from ATO | | 429 | 1,346 | 278 | 1,365 |
| Interest and investment income received | | 35 | 25 | 35 | 28 |
| Other receipts received | | 2,221 | 5,427 | 3,988 | 5,427 |
| **Total receipts** | | **57,203** | **58,086** | **58,849** | **59,963** |
| | | | | | |
| Employee expenses | | (42,298) | (39,997) | (44,053) | (41,721) |
| Payments for supplies and consumables | | (7,792) | (8,226) | (7,167) | (8,449) |
| Payments for repairs and maintenance | | (1,045) | (1,104) | (1,045) | (1,104) |
| Finance costs | | (14) | (24) | (14) | (24) |
| Payment for share of rural health alliance | | - | (104) | - | (104) |
| Other payments | | (5,083) | (5,064) | (5,860) | (5,064) |
| **Total payments** | | **(56,232)** | **(54,519)** | **(58,139)** | **(56,466)** |
| | | | | | |
| **Net cash flows from/(used in) operating activities** | 8.1 | **971** | **3,567** | **710** | **3,497** |
| | | | | | |
| **Cash Flows from investing activities** | | | | | |
| Proceeds from sale of non-financial assets | | 152 | 127 | 152 | 127 |
| Purchase of non-financial assets | | (827) | (1,622) | (827) | (1,647) |
| Capital donations and bequests received | | - | 58 | - | 58 |
| **Net cash flows from/(used in) investing activities** | | **(675)** | **(1,437)** | **(675)** | **(1,462)** |
| | | | | | |
| **Cash flows from financing activities** | | | | | |
| Repayment of borrowings | | (135) | (2,049) | (135) | (2,049) |
| Receipt of borrowings | | 287 | 350 | 287 | 350 |
| Repayment of accommodation deposits | | (672) | (416) | (672) | (416) |
| Receipt of accommodation deposits | | 257 | 874 | 257 | 874 |
| **Net cash flows from/(used in) financing activities** | | **(263)** | **(1,241)** | **(263)** | **(1,241)** |
| | | | | | |
| **Net increase/(decrease) in cash and cash equivalents held** | | **33** | **889** | **(228)** | **795** |
| Cash and cash equivalents at beginning of year | | 5,704 | 4,815 | 6,079 | 5,284 |
| **Cash and cash equivalents at end of year** | 6.2 | **5,737** | **5,704** | **5,851** | **6,079** |

This statement should be read in conjunction with the accompanying notes

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## Note 1: Basis of preparation

## Structure

***1.1 Basis of preparation of the financial statements***

***1.2 Impact of COVID-19 pandemic***

***1.3 Abbreviations and terminology used in the financial statements***

***1.4 Principles of consolidation***

***1.5 Joint arrangements***

***1.6 Key accounting estimates and judgements***

***1.7 Accounting standards issued but not yet effective***

***1.8 Goods and Services Tax (GST)***

***1.9 Reporting entity***

These financial statements represent the audited general purpose financial statements for Portland District Health and its controlled entities for the year ended 30 June 2022. The report provides users with information about Portland District Health's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

### *Note 1.1 Basis of preparation of the financial statements*

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, 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 DTF, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Portland District Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.11 Economic Dependency).

The financial statements are presented in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Portland District Health and its controlled entities on  January 2023.

### *Note 1.2 Impact of COVID-19 pandemic*

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises that is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, Portland District Health has:
- introduced restrictions on non-essential visitors
- utilised telehealth service
- deferred elective surgery and reduced activity
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to Portland District Health, they are disclosed in the explanatory notes. For Portland District Health, this includes:
- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.

### *Note 1.3 Abbreviations and terminology used in the financial statements*

The following table sets out the common abbreviations used throughout the financial statements:

| Reference | Title |
|---|---|
| AASB | Australian Accounting Standards Board |
| AASs | Australian Accounting Standards, which include Interpretations |
| DH | Department of Health |
| DTF | Department of Treasury and Finance |
| FMA | Financial Management Act 1994 |
| FRD | Financial Reporting Direction |
| NWAU | National Weighted Activity Unit |
| SD | Standing Direction |
| VAGO | Victorian Auditor General's Office |
| WIES | Weighted Inlier Equivalent Separation |
| PDH | Portland District Health |

### *Note 1.4 Principles of consolidation*

The financial statements include the assets and liabilities of Portland District Health and its controlled entities as a whole as at the end of the financial year and the consolidated results and cash flows for the year.

Portland District Health controls the following entities:
- Active Health Portland Limited

Details of the controlled entities are set out in Note 8.7.

The parent entity is not disclosed separately in the notes to the financial statements.

### *Note 1.4 Principles of consolidation (cont)*

An entity is considered to be a controlled entity where 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 are presently exercisable are taken into account.

Portland District Health consolidate the results of its controlled entities from the date on which the health service gains control until the date the health service ceases to have control. 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.

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

### *Note 1.5 Joint arrangements*

Interests in joint arrangements are accounted for by recognising in Portland District Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Portland District Health a joint arrangement with South West Alliance of Rural Health. Details of the joint arrangements are set out in Note 8.8.

### *Note 1.6 Key accounting estimates and judgements*

Management makes estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

### *Note 1.7 Accounting standards issued but not yet effective*

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Portland District Health and their potential impact when adopted in future periods is outlined below:

| Standard | Adoption Date | Impact |
|---|---|---|
| AASB 17: *Insurance Contracts* | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* | Reporting periods on or after 1 January 2022. | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* | Reporting periods on or after 1 January 2022. | Adoption of this standard is not expected to have a material impact. |

### *Note 1.7 Accounting standards issued but not yet effective (cont)*

| Standard | Adoption Date | Impact |
|---|---|---|
| AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates. | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2021-7: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Portland District Health in future periods.

### *Note 1.8 Goods and Services Tax (GST)*

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. 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 included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing and/or financing activities, which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

### *Note 1.9 Reporting Entity*

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

Its principal address is:
141-145 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.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## Note 2: Funding delivery of our services

Portland District Health's overall objective is to provide quality health service that supports and enhances the wellbeing of all Victorians. Portland District Health is predominantly funded by grant funding for the provision of outputs. Portland District Health also receives income from the supply of services.

## Structure

***2.1 Revenue and income from transactions***

## Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic. Activity based funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by additional funding provided by the DH to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs, including:

- increased staffing costs to service the vaccination hubs and the in-house contact tracing unit
- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- costs related to the expansion of emergency services

Funding provided included:

- COVID-19 and state repurposing grants
- Additional elective surgery funding
- Local public health unit funding
- Sustainability funding

For the year ended 30 June 2022, the COVID-19 pandemic has impacted Portland District Health's ability to satisfy its performance obligations contained within its contracts with customers. Portland District Health received indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

This resulted in approximately $1,858,000 being recognised as income for the year ended 30 June 2022 which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for Portland District Health's most material revenue streams, where applicable, is disclosed within this note.

## Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| Identifying performance obligations | Portland District Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.<br>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Portland District Health to recognise revenue as or when the health service transfers promised goods or services to the beneficiaries.<br>If this criteria is not met, funding is recognised immediately in the net result from operations. |

## Key judgements and estimates (cont)

| Key judgements and estimates | Description |
|---|---|
| Determining timing of revenue recognition | Portland District Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time. |
| Determining timing of capital grant income recognition | Portland District Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion. |

### *Note 2.1: Revenue and income from transactions*

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Revenue from contracts with customers** | | | |
| Government grants (State) - Operating | | 22,049 | 26,310 |
| Government grants (Commonwealth) - Operating | | 4,455 | 4,700 |
| Patient and resident fees | | 5,993 | 3,926 |
| Commercial activities [1] | | 78 | 2,203 |
| **Total revenue from contracts with customers** | 2.1(a) | **32,575** | **37,139** |
| | | | |
| **Other sources of income** | | | |
| Government grants (State) - Operating | | 21,657 | 16,186 |
| Government grants (State) - Capital | | 489 | 835 |
| Other capital purpose income | | 76 | 3 |
| Assets received free of charge or for nominal consideration | 2.1(b) | 480 | 405 |
| Other income from operating activities | | 2,964 | 1,524 |
| **Total other sources of income** | | **25,666** | **18,953** |
| | | | |
| **Total revenue and income from operating activities** | | **58,241** | **56,092** |
| | | | |
| **Non-operating activities** | | | |
| **Income from other sources** | | | |
| Rental income | | 308 | 321 |
| Other interest | | 35 | 28 |
| **Total other sources of income** | | **343** | **349** |
| | | | |
| **Total income from non-operating activities** | | **343** | **349** |
| | | | |
| **Total revenue and income from transactions** | | **58,584** | **56,441** |

1. Commercial activities represent business activities which Portland District Health enters into to support its operations.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## *Note 2.1: Revenue and income from transactions (cont)*

### *Note 2.1(a): Timing of revenue from contracts with customers*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Portland District Health disaggregates revenue by the timing of revenue recognition. | | |
| **Goods and services transferred to customers:** | | |
| At a point in time | 32,497 | 34,936 |
| Over time | 78 | 2,203 |
| **Total revenue from contracts with customers** | **32,575** | **37,139** |

**How we recognise revenue and income from operating activities**

**Government operating grants**

To recognise revenue, Portland District Health assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:
- identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

If a contract liability is recognised, Portland District Health recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:
- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Portland District Health's goods or services. Portland District Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

## *Note 2.1: Revenue and income from transactions (cont)*

**Government operating grants (cont)**

This policy applies to each of Portland District Health's revenue streams, with information detailed below relating to Portland District Health's significant revenue streams:

| Government grant | Performance obligation |
|---|---|
| Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix | The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the DH in the annual Statement of Priorities.<br>Revenue is recognised at a point in time, which is when a patient is discharged.<br>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG).<br>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services. |
| Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU) | NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.<br>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.<br>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.<br>Revenue is recognised at point in time, which is when a patient is discharged. |

**Capital grants**

Where Portland District Health receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Portland District Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

**Patient and resident fees**

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

## *Note 2.1: Revenue and income from transactions (cont)*

**Commercial activities**

Revenue from commercial activities includes items such as provision of meals to external users, medical supplies shop, cafes and recoveries for salaries and wages. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

**How we recognise revenue and income from non-operating activities**

**Rental income – investment properties**

Rental income from investment properties is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Where a lease incentive is provided to a lessee, this is considered an integral part of the net consideration agreed for the use of the lease asset and therefore the incentive is recognised as a reduction of rental income over the period to which it relates.

The following table sets out the maturity analysis of undiscounted future lease payments receivable under our operating leases:

| | As at 30 June | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Within one year | 334 | 321 |
| Within one to two years | - | 334 |
| **Total undiscounted future lease payments receivable** | 334 | 655 |

**Interest Income**

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

## *Note 2.1(b): Fair value of assets and services received free of charge or for nominal consideration*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Personal protective equipment and other consumables | 480 | 405 |
| **Total fair value of assets and services received free of charge or for nominal consideration** | **480** | **405** |

**How we recognise the fair value of assets and services received free of charge or for nominal consideration**

**Personal protective equipment**

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Portland District Health as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## *Note 2.1: Revenue and income from transactions (cont)*

**Non-cash contributions from the Department of Health**

The DH makes some payments on behalf of Portland District Health as follows:

| Supplier | Description |
|---|---|
| Victorian Managed Insurance Authority | The Department of Health purchases non-medical indemnity insurance for Portland District Health which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions. |
| Department of Health | Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the DH. |

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## Note 3: The cost of delivering our services

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

## Structure

***3.1 Expenses from transactions***

***3.2 Other economic flows***

***3.3 Employee benefits in the balance sheet***

***3.4 Superannuation***

## Telling the COVID-19 story

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- establish facilities within Portland District Health for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases
- implement COVID safe practices throughout Portland District Health's including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables, and
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables
- implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| Classifying employee benefit liabilities | Portland District Health applies significant judgment when classifying its employee benefit liabilities.<br>Employee benefit liabilities are classified as a current liability if Portland District Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.<br>Employee benefit liabilities are classified as a non-current liability if Portland District Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. |

## Note 3: The cost of delivering our services (cont)

**Key judgements and estimates (cont)**

| Key judgements and estimates | Description |
|---|---|
| Measuring employee benefit liabilities | Portland District Health applies significant judgment when measuring its employee benefit liabilities.<br>The health service applies judgement to determine when it expects its employee entitlements to be paid.<br>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.<br>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.<br>All other entitlements are measured at their nominal value. |

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

### *Note 3.1: Expenses from transactions*

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| Salaries and wages | | 31,564 | 30,254 |
| On-costs | | 6,616 | 6,703 |
| Agency expenses | | 5,623 | 4,507 |
| Fee for service medical officer expenses | | 853 | 858 |
| Workcover premium | | 248 | 300 |
| **Total employee expenses** | | **44,904** | **42,622** |
| | | | |
| Drug supplies | | 2,361 | 2,349 |
| Medical and surgical supplies (including Prostheses) | | 2,642 | 2,304 |
| Diagnostic and radiology supplies | | 1,220 | 1,680 |
| Other supplies and consumables | | 1,355 | 1,209 |
| **Total supplies and consumables** | | **7,578** | **7,542** |
| | | | |
| Finance costs | | 14 | 24 |
| **Total finance costs** | | **14** | **24** |
| | | | |
| Other administrative expenses | | 3,917 | 3,895 |
| **Total other administrative expenses** | | **3,917** | **3,895** |
| | | | |
| Fuel, light, power and water | | 414 | 402 |
| Repairs and maintenance | | 480 | 556 |
| Maintenance contracts | | 440 | 548 |
| Medical indemnity insurance | | 449 | 416 |
| Expenditure for capital purposes | | 30 | - |
| Other operating expenses | | - | 126 |
| **Total other operating expenses** | | **1,813** | **2,048** |
| | | | |
| **Total operating expenses** | | **58,226** | **56,131** |
| | | | |
| Depreciation and amortisation | 4.4 | 3,908 | 3,830 |
| **Total depreciation and amortisation** | | **3,908** | **3,830** |
| | | | |
| **Total non-operating expenses** | | **3,908** | **3,830** |
| | | | |
| **Total expenses from transactions** | | **62,134** | **59,961** |

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## *Note 3.1: Expenses from transactions (cont)*

**How we recognise expenses from transactions**

**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 (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses
- Fee for service medical officer expenses
- Work cover premiums.

**Supplies and consumables**

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

**Finance costs**

Finance costs include:
- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred)
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

**Other operating expenses**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:
- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1,000).

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

**Non-operating expenses**

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

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## *Note 3.2: Other economic flows*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Net gain/(loss) on revaluation of investment property | 46 | 326 |
| Net gain/(loss) on disposal of property plant and equipment | 82 | 59 |
| **Total net gain/(loss) on non-financial assets** | **128** | **385** |
| | | |
| Allowance for impairment losses of contractual receivables | (19) | 28 |
| **Total net gain/(loss) on financial instruments** | **(19)** | **28** |
| | | |
| Share of net profits/(losses) of joint entities, excluding dividends | (79) | - |
| **Total share of other economic flows from joint arrangements** | **(79)** | **-** |
| | | |
| Net gain/(loss) arising from revaluation of long service liability | (34) | 183 |
| **Total other gains/(losses) from other economic flows** | **(34)** | **183** |
| | | |
| **Total gains/(losses) from other economic flows** | **(4)** | **596** |

**How we recognise other economic flows**

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

**Net gain/(loss) on non-financial assets**

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

- revaluation gains/(losses) of investment properties
- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

**Net gain/(loss) on financial instruments**

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for contract assets at amortised cost

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## *Note 3.3: Employee benefits and related on-costs*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Current employee benefits and related on-costs** | | |
| *Accrued days off* | | |
| Unconditional and expected to be settled wholly within 12 months [i] | 84 | 87 |
| | **84** | **87** |
| *Annual leave* | | |
| Unconditional and expected to be settled wholly within 12 months [i] | 2,568 | 2,367 |
| Unconditional and expected to be settled wholly after 12 months [ii] | 464 | 428 |
| | **3,032** | **2,795** |
| *Long service leave* | | |
| Unconditional and expected to be settled wholly within 12 months [i] | 567 | 321 |
| Unconditional and expected to be settled wholly after 12 months [ii] | 3,119 | 2,838 |
| | **3,686** | **3,159** |
| *Provisions related to employee benefit on-costs* | | |
| Unconditional and expected to be settled within 12 months [i] | 770 | 741 |
| Unconditional and expected to be settled after 12 months [ii] | 510 | 343 |
| | **1,280** | **1,084** |
| **Total current employee benefits and related on-costs** | **8,082** | **7,125** |
| **Non-current employee benefits and related on-costs** | | |
| Conditional long service leave | 895 | 1,650 |
| Provisions related to employee benefit on-costs | 107 | 173 |
| **Total non-current employee benefits and related on-costs** | **1,002** | **1,823** |
| **Total employee benefits and related on-costs** | **9,084** | **8,948** |

[i] The amounts disclosed are nominal amounts.

[ii] The amounts disclosed are discounted to present values.

### *Note 3.3: Employee benefits and related on-costs (cont)*

### *Note 3.3(a): Consolidated employee benefits and related on-costs*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Current employee benefits and related on-costs** | | |
| Unconditional accrued days off | 84 | 87 |
| Unconditional annual leave entitlements | 3,865 | 3,492 |
| Unconditional long service leave entitlements | 4,133 | 3,546 |
| **Total current employee benefits and related on-costs** | **8,082** | **7,125** |
| | | |
| **Non-current employee benefits and related on-costs** | | |
| Conditional long service leave entitlements | 1,002 | 1,823 |
| **Total non-current employee benefits and related on-costs** | **1,002** | **1,823** |
| | | |
| **Total employee benefits and related on-costs** | **9,084** | **8,948** |
| | | |
| **Attributable to:** | | |
| Employee benefits | 7,697 | 7,691 |
| Provision for related on-costs | 1,387 | 1,257 |
| **Total employee benefits and related on-costs** | **9,084** | **8,948** |

### *Note 3.3(b): Provision movement schedule*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Carrying amount at start of year** | 8,948 | 8,020 |
| Additional provisions recognised | 3,415 | 3,279 |
| Amounts incurred during the year | (3,245) | (2,534) |
| Net gain/(loss) arising from revaluation of long service liability | (34) | 183 |
| **Carrying amount at end of year** | **9,084** | **8,948** |

**How we recognise employee benefits**

**Employee benefit recognition**

Employee benefits are accrued for employees in respect of accrued days off, annual leave and long service leave, for services rendered to the reporting date as an expense during the period the services are delivered.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

**Annual leave and accrued days off**

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

## *Note 3.3: Employee benefits and related on-costs (cont)*

**Annual leave and accrued days off (cont)**

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

- Nominal value – if Portland District Health expects to wholly settle within 12 months or
- Present value – if Portland District Health does not expect to wholly settle within 12 months.

**Long service leave**

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the 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:

- Nominal value – if Portland District Health expects to wholly settle within 12 months or
- Present value – if Portland District Health does not expect to wholly settle within 12 months.

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

**Provision for on-costs related to employee benefits**

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

## *Note 3.4: Superannuation*

| | Paid Contribution for the Year | | Contribution Outstanding at Year End | |
|---|---|---|---|---|
| | Consolidated 2022 $'000 | Consolidated 2021 $'000 | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
| **Defined benefit plans:**[i] | | | | |
| Aware Super | 8 | 23 | - | 2 |
| **Defined contribution plans:** | | | | |
| Aware Super | 1,859 | 1,748 | 130 | 187 |
| Hesta | 1,014 | 867 | 77 | 93 |
| Other | 359 | 268 | 30 | 23 |
| **Total** | **3,240** | **2,906** | **237** | **305** |

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

**How we recognise superannuation**

Employees of Portland District Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

## *Note 3.4: Superannuation (cont)*

**Defined benefit superannuation plans**

The defined benefit plan provides benefits based on years of service and final average salary. 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's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Portland District Health does not recognise any unfunded defined benefit liability in respect of the plans because the health service 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 DTF 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.

**Defined contribution superannuation plans**

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

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.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## 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 Portland District Health to be utilised for delivery of those outputs.

## Structure

***4.1 Property, plant & equipment***

***4.2 Right-of-use assets***

***4.3 Revaluation surplus***

***4.4 Depreciation and amortisation***

***4.5 Investment properties***

***4.6 Impairment of assets***

**Telling the COVID-19 story**

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| Estimating useful life of property, plant and equipment | Portland District Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate. |
| Estimating useful life of right-of-use assets | The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.<br>Portland District Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options. |
| Estimating restoration costs at the end of a lease | Where a lease agreement requires Portland District Health to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term. |

| Key judgements and estimates | Description |
|---|---|
| Identifying indicators of impairment | At the end of each year, Portland District Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.<br>The health service considers a range of information when performing its assessment, including considering:<br>▪ If an asset's value has declined more than expected based on normal use<br>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset<br>▪ If an asset is obsolete or damaged<br>▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life<br>▪ If the performance of the asset is or will be worse than initially expected.<br>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset. |

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

### *Note 4.1: Property, plant and equipment*

#### *Note 4.1(a): Gross carrying amount and accumulated depreciation*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Land at fair value - Crown | 4,650 | 3,127 |
| Land improvements at fair value | 783 | 761 |
| Less accumulated depreciation | (112) | (63) |
| **Total land at fair value** | **5,321** | **3,825** |
| | | |
| Buildings at fair value | 52,962 | 56,815 |
| Less accumulated depreciation | - | (5,908) |
| **Total buildings at fair value** | **52,962** | **50,907** |
| | | |
| Works in progress at cost | **-** | **23** |
| | | |
| **Total land and buildings** | **58,283** | **54,755** |
| | | |
| Plant and equipment at fair value | 6,520 | 6,157 |
| Less accumulated depreciation | (5,246) | (4,878) |
| **Total plant and equipment at fair value** | **1,274** | **1,279** |
| | | |
| Motor vehicles at fair value | 128 | 198 |
| Less accumulated depreciation | (120) | (169) |
| **Total motor vehicles at fair value** | **8** | **29** |
| | | |
| Medical equipment at fair value | 8,267 | 8,205 |
| Less accumulated depreciation | (5,751) | (5,404) |
| **Total medical equipment at fair value** | **2,516** | **2,801** |
| | | |
| Computer equipment at fair value | 502 | 485 |
| Less accumulated depreciation | (410) | (363) |
| **Total computer equipment at fair value** | **92** | **122** |
| | | |
| Furniture and fittings at fair value | 818 | 744 |
| Less accumulated depreciation | (511) | (465) |
| **Total furniture and fittings at fair value** | **307** | **279** |
| | | |
| **Total plant, equipment, furniture, fittings and vehicles at fair value** | **4,197** | **4,510** |
| | | |
| **Total property, plant and equipment** | **62,480** | **59,265** |

## *Note 4.1: Property, plant and equipment (cont)*

### *Note 4.1(b): Reconciliations of carrying amount by class of asset*

| | Note | Land & land improvements $'000 | Buildings & WIP $'000 | Plant & equipment $'000 | Motor vehicles $'000 | Medical Equipment $'000 | Computer Equipment $'000 | Furniture & Fittings $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2020** | | **3,232** | **53,976** | **1,091** | **50** | **2,461** | **89** | **229** | 61,128 |
| Additions | | 35 | 2 | 219 | - | 781 | 111 | 89 | 1,237 |
| Disposals | | - | - | (13) | - | (14) | (41) | - | (68) |
| Revaluation increments/(decrements) | | 627 | - | - | - | - | - | - | 627 |
| Net transfers between classes | | (6) | (95) | - | - | 101 | - | - | - |
| Depreciation | 4.4 | (63) | (2,954) | (17) | (21) | (528) | (37) | (39) | (3,659) |
| **Balance at 30 June 2021** | 4.1(a) | **3,825** | **50,929** | **1,279** | **29** | **2,801** | **122** | **279** | **59,265** |
| Additions | | 13 | - | 202 | - | 240 | 13 | 74 | 542 |
| Disposals | | - | (22) | - | (21) | - | - | - | (43) |
| Revaluation increments/(decrements) | | 1,532 | 5,009 | - | - | - | - | - | 6,541 |
| Net Transfers between classes | | - | - | - | 27 | 6 | - | - | 33 |
| Depreciation | 4.4 | (49) | (2,954) | (207) | (27) | (531) | (44) | (45) | (3,857) |
| **Balance at 30 June 2022** | 4.1(a) | **5,321** | **52,962** | **1,274** | **8** | **2,516** | **91** | **308** | **62,480** |

**Land and Buildings Carried at Valuation**

The Valuer-General Victoria undertook to re-value all of Portland District Health's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022 for land and managerial revaluation of buildings was 30 June 2022.

**How we recognise property, plant and equipment**

Property, plant and equipment are tangible items that are used by Portland District Health in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

**Initial recognition**

Items of property, plant and equipment are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

**Subsequent measurement**

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

**Revaluation**

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

### *Note 4.1: Property, plant and equipment (cont)*

Where an independent valuation has not been undertaken at balance date, Portland District Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Portland District Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Portland District Health's property, plant and equipment was performed by the VGV on 30 June 2022 for land and 30 June 2019 for buildings. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- increase in fair value of land of 29% ($1,152,685)
- increase in fair value of buildings of 10% ($5,008,845).

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2022.

As the cumulative movement was greater than 40% for land since the last independent revaluation, an interim independent valuation was required as at 30 June 2022 and an adjustment was recorded.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements 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 increments are recognised in 'Other Comprehensive Income' and are credited directly to the property, plant and equipment 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, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the property, plant and equipment revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

### *Note 4.2 Right-of-use assets*

#### *4.2(a): Gross carrying amount and accumulated depreciation*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Right of use vehicles at fair value | 486 | 350 |
| Less accumulated depreciation | (105) | (144) |
| **Total right of use vehicles** | **381** | **206** |

## *Note 4.2 Right-of-use assets (cont)*

### *4.2(b): Reconciliations of carrying amount by class of asset*

| | Note | Right-of-use vehicles $'000 | Total $'000 |
|---|---|---|---|
| **Balance at 1 July 2020** | | **234** | **234** |
| Additions | | 143 | 143 |
| Depreciation | 4.4 | (171) | (171) |
| **Balance at 30 June 2021** | 4.2(a) | **206** | **206** |
| Additions | | 286 | 286 |
| Disposals | | (27) | (27) |
| Net Transfers between classes | | (33) | (33) |
| Depreciation | 4.4 | (51) | (51) |
| **Balance at 30 June 2022** | 4.2(a) | **381** | **381** |

**How we recognise right-of-use assets**

Where Portland District Health enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer Note 6.1(a) for information), the contract gives rise to a right-of-use asset and corresponding lease liability. Portland District Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

| Class of right-of-use asset | Lease term |
|---|---|
| Leased vehicles | 2 to 5 years |

**Initial recognition**

When a contract is entered into, Portland District Health assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1(a).

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Portland District Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. Refer to Note 6.1(a) for further information regarding the nature and terms of the concessional lease, and Portland District Health's dependency on such lease arrangements.

**Subsequent measurement**

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

### *Note 4.3: Revaluation surplus*

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| Balance at the beginning of the reporting period | | 51,355 | 50,729 |
| **Revaluation increment** | | | |
| - Land | 4.1(b) | 1,532 | 627 |
| - Buildings | 4.1(b) | 5,009 | - |
| **Balance at the end of the Reporting Period*** | | **57,896** | **51,355** |
| *** Represented by:** | | | |
| - Land | | 4,564 | 3,032 |
| - Buildings | | 53,332 | 48,323 |
| | | **57,896** | **51,355** |

### *Note 4.4: Depreciation and amortisation*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Depreciation** | | |
| **Property, plant and equipment** | | |
| Land improvements | 49 | 63 |
| Buildings | 2,954 | 2,954 |
| Plant and equipment | 207 | 17 |
| Motor vehicles | 27 | 21 |
| Medical equipment | 531 | 528 |
| Computer equipment | 44 | 37 |
| Furniture and fittings | 45 | 39 |
| **Total depreciation - property, plant and equipment** | **3,857** | **3,659** |
| **Right-of-use assets** | | |
| Right-of-use motor vehicles | 51 | 171 |
| **Total depreciation - right-of-use assets** | **51** | **171** |
| **Total depreciation** | **3,908** | **3,830** |
| **Total depreciation and amortisation** | **3,908** | **3,830** |

## *Note 4.4: Depreciation and amortisation (cont)*

**How we recognise depreciation**

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

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

| | 2022 | 2021 |
|---|---|---|
| Buildings | | |
| - Structure shell building fabric | 45 to 60 years | 45 to 60 years |
| - Site engineering services and central plant | 20 to 30 years | 20 to 30 years |
| Central plant | | |
| - Fit out | 20 to 30 years | 20 to 30 years |
| - Trunk reticulated building system | 30 to 40 years | 30 to 40 years |
| Plant and equipment' | 3 to 7 years | 3 to 7 years |
| Medical equipment | 7 to 10 years | 7 to 10 years |
| Computers and communication | 3 to 9 years | 3 to 9 years |
| Furniture and fittings | 10 to 13 years | 10 to 13 years |
| Motor vehicles | 10 years | 10 years |

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

## *Note 4.5: Investment property*

### *Note 4.5(a): Gross carrying amount*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Investment property at fair value | **3,010** | **2,966** |
| **Total investment property at fair value** | **3,010** | **2,966** |

## *Note 4.5: Investment property (cont)*

### *Note 4.5(b): Reconciliations of carrying amount*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Balance at Beginning of Period** | 2,966 | 2,640 |
| Net gain/(loss) from fair value adjustments | 44 | 326 |
| **Balance at End of Period** | **3,010** | **2,966** |

**How we recognise 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.

**Initial recognition**

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 measurement**

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.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of the health service's investment properties at 30 June 2022 have been arrived on the basis of an independent valuation carried out by the Victorian Valuer-General. The valuation was determined with reference to market evidence of properties including location, condition and lease terms.

Further information regarding fair value measurement is disclosed in Note 7.4.

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 4.6: Impairment of assets*

**How we recognise impairment**

At the end of each reporting period, Portland District Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Portland District Health which changes the way in which an asset is used or expected to be used.

## *Note 4.6: Impairment of assets (cont)*

**How we recognise impairment (cont)**

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Portland District Health compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Portland District Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Portland District Health did not record any impairment losses for the year ended 30 June 2022.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## 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 and contract assets***

***5.2 Payables and contract liabilities***

***5.3 Other liabilities***

**Telling the COVID-19 story**

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic.

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| Estimating the provision for expected credit losses | Portland District Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates. |
| Measuring contract liabilities | Portland District Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer. |
| Recognition of other provisions | Other provisions include Portland District Health’s obligation to restore leased assets to their original condition at the end of a lease term. The health service applies significant judgement and estimate to determine the present value of such restoration costs. |

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

### *Note 5.1: Receivables and contract assets*

| | Notes | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Current receivables and contract assets** | | | |
| **Contractual** | | | |
| Trade receivables | | 312 | 473 |
| Patient fees | | 419 | 383 |
| Allowance for impairment losses | 5.1(a) | (120) | (101) |
| Accrued revenue | | 49 | 67 |
| Amounts receivable from governments and agencies | | 52 | 35 |
| **Total contractual receivables** | | **712** | **857** |
| | | | |
| **Statutory** | | | |
| GST receivable | | 161 | 118 |
| **Total statutory receivables** | | **161** | **118** |
| | | | |
| **Total current receivables and contract assets** | | **873** | **975** |
| | | | |
| **Total receivables and contract assets** | | **873** | **975** |
| | | | |
| *(i) Financial assets classified as receivables and contract assets (Note 7.1(a))* | | | |
| | | | |
| Total receivables and contract assets | | 873 | 975 |
| GST receivable | | (161) | (118) |
| | | | |
| Total financial assets | 7.1(a) | **712** | **857** |

As at 30 June 2022, Portland District Health has contract assets of $676,495 which is net of an allowance for expected credit losses of $120,440. This is included in the contractual receivable balances presented above.

## *Note 5.1: Receivables and contract assets (cont)*

### *Note 5.1(a): Movement in the allowance for impairment losses of contractual receivables*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Balance at the beginning of the year** | 101 | 131 |
| Increase in allowance | 19 | - |
| Amounts written off during the year | - | (30) |
| **Balance at the end of the year** | **120** | **101** |

**How we recognise receivables**

Receivables consist of:

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

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

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

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

**Impairment losses of contractual receivables**

Refer to Note 7.2(a) for Portland District Health's contractual impairment losses.

### *Note 5.2: Payables and contract liabilities*

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Current payables and contract liabilities** | | | |
| **Contractual** | | | |
| Trade creditors | | 1,554 | 1,048 |
| Accrued salaries and wages | | 1,590 | 841 |
| Accrued expenses | | 882 | 802 |
| Contract liabilities | 5.2(a) | 515 | 1,132 |
| **Total contractual payables** | | **4,541** | **3,823** |
| **Total current payables and contract liabilities** | | **4,541** | **3,823** |
| *(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))* | | | |
| Total payables and contract liabilities | | 4,541 | 3,823 |
| Contract liabilities | | (515) | (1,132) |
| Total financial liabilties | 7.1(a) | **4,026** | **2,691** |

**How we recognise payables and contract liabilities**

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Portland District Health prior to the end of the financial year that are unpaid.
- **Statutory payables** includes comprises Goods and Services Tax (GST) payable. 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.

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

### *Note 5.2(a): Contract liabilities*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Opening balance of contract liabilities** | 1,132 | 299 |
| Grant consideration for sufficiently specific performance obligations received during the year | 515 | 1,132 |
| Revenue recognised for the completion of a performance obligation | (1,132) | (299) |
| **Total contract liabilities** | **515** | **1,132** |
| *** Represented by:** | | |
| - Current contract liabilities | 515 | 1,132 |
| - Non-current contract liabilities | - | - |
| | **515** | **1,132** |

## *Note 5.2: Payables and contract liabilities (cont)*

**How we recognise contract liabilities**

Contract liabilities include consideration received in advance from customers in respect of specific grant funding. The balance of contract liabilities was significantly lower than the previous reporting period due to the nature of funding received.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

**Maturity analysis of payables**

Please refer to Note 7.2(b) for the ageing analysis of payables.

## *Note 5.3: Other liabilities*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Current monies held it trust** | | |
| Patient monies | 35 | 58 |
| Refundable accommodation deposits | 2,519 | 2,911 |
| **Total current monies held in trust** | **2,554** | **2,969** |
| | | |
| *** Represented by:** | | |
| - Cash assets | 2,554 | 2,672 |
| - Investment and other financial assets | - | 297 |
| | **2,554** | **2,969** |

**How we recognise other liabilities**

**Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities**

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Portland District Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the *Aged Care Act 1997*.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## 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 Portland District Health.

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

## Structure

***6.1 Borrowings***

***6.2 Cash and cash equivalents***

***6.3 Commitments for expenditure***

**Telling the COVID-19 story**

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic.

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| Determining if a contract is or contains a lease | Portland District Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service:<br>▪ has the right-to-use an identified asset<br>▪ has the right to obtain substantially all economic benefits from the use of the leased asset and<br>▪ can decide how and for what purpose the asset is used throughout the lease. |
| Determining if a lease meets the short-term or low value asset lease exemption | Portland District Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.<br>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption.<br>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption. |
| Discount rate applied to future lease payments | Portland District Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Portland District Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. |

| Key judgements and estimates | Description |
|---|---|
| Assessing the lease term | The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Portland District Health is reasonably certain to exercise such options.<br>Portland District Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:<br>▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.<br>▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.<br>▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets. |

## *Note 6.1: Borrowings*

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Current borrowings** | | | |
| Lease liability [(i)] | 6.1(a) | 131 | 84 |
| Advances from government (ii) | | 73 | 73 |
| **Total current borrowings** | | **204** | **157** |
| | | | |
| **Non-current borrowings** | | | |
| Lease liability [(i)] | 6.1(a) | 249 | 73 |
| Advances from government (ii) | | 73 | 144 |
| **Total non-current borrowings** | | **322** | **217** |
| | | | |
| **Total borrowings** | 7.1(a) | **526** | **374** |

[i] Secured by the assets leased.

[ii] These are secured loans which bear no interest.

**How we recognise borrowings**

Borrowings refer to interesting bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

**Initial recognition**

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

## *Note 6.1: Borrowings (cont)*

**Subsequent measurement**

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

**Maturity analysis**

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

**Defaults and breaches**

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

## *Note 6.1(a): Lease liabilities*

Portland District Health's lease liabilities are summarised below:

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Total undiscounted lease liabilities | 392 | 168 |
| Less unexpired finance expenses | (12) | (11) |
| **Net lease liabilities** | **380** | **157** |

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Not longer than one year | 137 | 99 |
| Longer than one year but not longer than five years | 255 | 69 |
| Longer than five years | - | - |
| **Minimum future lease liability** | **392** | **168** |
| Less unexpired finance expenses | (12) | (11) |
| **Present value of lease liability** | **380** | **157** |
| | | |
| *** Represented by:** | | |
| - Current liabilities | 131 | 84 |
| - Non-current liabilities | 249 | 73 |
| | **380** | **157** |

**How we recognise lease liabilities**

A lease is defined as a contract, or part of a contract, that conveys the right for Portland District Health to use an asset for a period of time in exchange for payment.

To apply this definition, Portland District Health ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Portland District Health and for which the supplier does not have substantive substitution rights

## *Note 6.1: Borrowings (cont)*

**How we recognise lease liabilities (cont)**

- Portland District Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Portland District Health has the right to direct the use of the identified asset throughout the period of use and
- Portland District Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Portland District Health's lease arrangements consist of the following:

| Type of asset leased | Lease term |
|---|---|
| Leased vehicles | 2 to 5 years |

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months.

**Separation of lease and non-lease components**

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

**Initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Portland District Health's incremental borrowing rate. Our lease liability has been discounted by rates of between 2.1% to 4.8%.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee and
- payments arising from purchase and termination options reasonably certain to be exercised.

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

**Subsequent measurement**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

## *Note 6.2: Cash and cash equivalents*

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| Cash on hand (excluding monies held in trust) | | 11 | 11 |
| Cash at bank (excluding monies held in trust) | | 506 | 3,172 |
| Cash at bank - CBS (excluding monies held in trust) | | 2,780 | 224 |
| **Total cash held for operations** | | **3,297** | **3,407** |
| Cash at bank - CBS (monies held in trust) | | 2,554 | 2,672 |
| **Total cash held as monies in trust** | | **2,554** | **2,672** |
| **Total cash and cash equivalents** | 7.1(a) | **5,851** | **6,079** |

**How we recognise cash and cash equivalents**

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

## *Note 6.3: Commitments for expenditure*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Capital expenditure commitments** | | |
| Less than one year | 513 | - |
| **Total capital expenditure commitments** | **513** | **-** |
| Less GST recoverable from Australian Tax Office | (47) | |
| **Total commitments for expenditure (exclusive of GST)** | **466** | **-** |

**How we disclose our commitments**

**Expenditure commitments**

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

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## Note 7: Risks, contingencies and 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 health service is related mainly to fair value determination.

## Structure

***7.1 Financial instruments***

***7.2 Financial risk management objectives and policies***

***7.3 Contingent assets and contingent liabilities***

***7.4 Fair value determination***

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| Measuring fair value of non-financial assets | Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.<br>In determining the highest and best use, Portland District Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.<br>Portland District Health uses a range of valuation techniques to estimate fair value, which include the following:<br>▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Portland District Health's investment properties are measured using this approach.<br>▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Portland District Health's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach.<br>▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Portland District Health does not use this approach to measure fair value.<br>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. |

| Key judgements and estimates | Description |
|---|---|
| | Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:<br>▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Portland District Health does not categorise any fair values within this level.<br>▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Portland District Health categorises investment properties in this level.<br>▪ Level 3, where inputs are unobservable. Portland District Health categorises specialised land, specialised buildings, plant, equipment, furniture, fittings, vehicles, and right-of-use vehicles in this level. |

### *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 (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

### *Note 7.1(a): Categorisation of financial instruments*

| Consolidated<br>30 June 2022 | Note | Financial Assets at Amortised Cost<br>$'000 | Financial Liabilities at Amortised Cost<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Contractual Financial Assets** | | | | |
| Cash and Cash Equivalents | 6.2 | 5,851 | - | 5,851 |
| Receivables and contract assets | 5.1 | 712 | - | 712 |
| **Total Financial Assets** [i] | | **6,563** | **-** | **6,563** |
| | | | | |
| **Financial Liabilities** | | | | |
| Payables | 5.2 | - | 4,026 | 4,026 |
| Borrowings | 6.1 | - | 526 | 526 |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.3 | - | 2,519 | 2,519 |
| Other Financial Liabilities - Patient monies held in trust | 5.3 | - | 35 | 35 |
| **Total Financial Liabilities** [i] | | **-** | **7,106** | **7,106** |

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

## *Note 7.1: Financial instruments (cont)*

### *Note 7.1(a): Categorisation of financial instruments (cont)*

| Consolidated<br>30 June 2021 | Note | Financial Assets at Amortised Cost<br>$'000 | Financial Liabilities at Amortised Cost<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Contractual Financial Assets** | | | | |
| Cash and cash equivalents | 6.2 | 6,079 | - | 6,079 |
| Receivables and contract assets | 5.1 | 857 | - | 857 |
| **Total Financial Assets** [i] | | **6,936** | **-** | **6,936** |
| | | | | |
| **Financial Liabilities** | | | | |
| Payables | 5.2 | - | 2,691 | 2,691 |
| Borrowings | 6.1 | - | 374 | 374 |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.3 | - | 2,911 | 2,911 |
| Other Financial Liabilities - Patient monies held in trust | 5.3 | - | 58 | 58 |
| **Total Financial Liabilities** [i] | | **-** | **6,034** | **6,034** |

**How we categorise financial instruments**

**Categories of financial assets**

Financial assets are recognised when Portland District Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Portland District Health commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Financial assets at amortised cost

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

- the assets are held by Portland District Health solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Portland District Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

## *Note 7.1: Financial instruments (cont)*

### *Note 7.1(a): Categorisation of financial instruments (cont)*

**Categories of financial liabilities**

Financial liabilities are recognised when Portland District Health becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Portland District Health recognises the following liabilities in this category:
- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

**Offsetting financial instruments**

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Portland District Health has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Portland District Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

**Derecognition of financial assets**

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

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

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

**Derecognition of financial liabilities**

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

## *Note 7.1: Financial instruments (cont)*

### *Note 7.1(a): Categorisation of financial instruments (cont)*

**Reclassification of financial instruments**

A financial asset is required to be reclassified between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Portland District Health's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

## *Note 7.2: Financial risk management objectives and policies*

As a whole, Portland District Health's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

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

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

Portland District Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

### *Note 7.2(a): Credit risk*

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Portland District Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Portland District Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Portland District Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

In addition, Portland District Health does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Portland District Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Portland District Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Portland District Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Portland District Health's credit risk profile in 2021-22

**Impairment of financial assets under AASB 9**

Portland District Health records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

## *Note 7.2: Financial risk management objectives and policies (cont)*

**Impairment of financial assets under AASB 9 (cont)**

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

**Contractual receivables at amortised cost**

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

On this basis, Portland District Health determines the closing loss allowance at the end of the financial year as follows:

| 30 June 2022 | Note | Current | Less than 1 month | 1–3 months | 3 months –1 year | 1–5 years | Total |
|---|---|---|---|---|---|---|---|
| **Expected loss rate** | | 0.0% | 0.0% | 10.0% | 80.0% | 100.0% | |
| Gross carrying amount of contractual receivables | 5.1 | 478 | 60 | 29 | 141 | 4 | **712** |
| **Loss allowance** | | - | - | **(3)** | **(113)** | **(4)** | **(120)** |

| 30 June 2021 | Note | Current | Less than 1 month | 1–3 months | 3 months –1 year | 1–5 years | Total |
|---|---|---|---|---|---|---|---|
| **Expected loss rate** | | 0.0% | 0.0% | 27.7% | 76.9% | 100.0% | |
| Gross carrying amount of contractual receivables | 5.1 | 347 | 351 | 47 | 104 | 8 | **857** |
| **Loss allowance** | | - | - | **(13)** | **(80)** | **(8)** | **(101)** |

**Statutory receivables and debt investments at amortised cost**

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

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

## *Note 7.2(b): Liquidity risk*

Liquidity risk arises from being unable to meet financial obligations as they fall due.

Portland District Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations

## *Note 7.2: Financial risk management objectives and policies (cont)*

### *Note 7.2(b): Liquidity risk (cont)*

- holding investments and other contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Portland District Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

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 | | | |
|---|---|---|---|---|---|---|---|
| Consolidated 30 June 2022 | Note | Carrying Amount $'000 | Nominal Amount $'000 | Less than 1 Month $'000 | 1-3 Months $'000 | 3 months - 1 Year $'000 | 1-5 Years $'000 |
| **Financial Liabilities at amortised cost** | | | | | | | |
| Payables | 5.2 | 4,026 | 4,045 | 4,045 | - | - | - |
| Borrowings | 6.1 | 526 | 526 | - | 34 | 170 | 322 |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.3 | 2,519 | 2,519 | - | - | 780 | 1,739 |
| Other Financial Liabilities - Patient monies held in trust | 5.3 | 35 | 35 | 35 | - | - | - |
| **Total Financial Liabilities** | | **7,106** | **7,125** | **4,080** | **34** | **950** | **2,061** |

| | | | | Maturity Dates | | | |
|---|---|---|---|---|---|---|---|
| Consolidated 30 June 2021 | Note | Carrying Amount $'000 | Nominal Amount $'000 | Less than 1 Month $'000 | 1-3 Months $'000 | 3 months - 1 Year $'000 | 1-5 Years $'000 |
| **Financial Liabilities at amortised cost** | | | | | | | |
| Payables | 5.2 | 2,691 | 2,691 | 1,245 | 1,446 | - | |
| Borrowings | 6.1 | 374 | 374 | - | - | 84 | 290 |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.3 | 2,911 | 2,911 | - | - | 900 | 2,011 |
| Other Financial Liabilities - Patient monies held in trust | 5.3 | 58 | 58 | 58 | - | - | - |
| **Total Financial Liabilities** | | **6,034** | **6,034** | **1,303** | **1,446** | **984** | **2,301** |

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

### *Note 7.2(c): Market risk*

Portland District Health's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

**Sensitivity disclosure analysis and assumptions**

Portland District Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Portland District Health's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 3% up or down

## *Note 7.2: Financial risk management objectives and policies (cont)*

**Interest rate risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Portland District Health does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Portland District Health has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

## *Note 7.3: Contingent assets and contingent liabilities*

At balance date, the Board are not aware of any contingent assets or liabilities.

## *Note 7.4: Fair value determination*

**How we measure fair value**

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

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets
- Investment properties

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

**Valuation hierarchy**

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

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

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. There have been no transfers between levels during the period.

Portland District Health monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Portland District Health's independent valuation agency for property, plant and equipment.

**Identifying unobservable inputs (level 3) fair value measurements**

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

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

## *Note 7.4: Fair value determination (cont)*

### *Note 7.4(a): Fair value determination of non-financial physical assets*

| | Note | Consolidated carrying amount 30 June 2022 $'000 | Fair value measurement at end of reporting period using: Level 1 [i] $'000 | Level 2 [i] $'000 | Level 3 [i] $'000 |
|---|---|---|---|---|---|
| Land improvements | | 671 | - | - | 671 |
| Specialised land | | 4,650 | - | - | 4,650 |
| **Total land at fair value** | 4.1(a) | **5,321** | **-** | **-** | **5,321** |
| | | | | | |
| Specialised buildings | | 52,962 | - | - | 52,962 |
| **Total buildings at fair value** | 4.1(a) | **52,962** | **-** | **-** | **52,962** |
| | | | | | |
| Plant and equipment | 4.1(a) | 1,274 | - | - | 1,274 |
| Motor vehicles | 4.1(a) | 8 | - | - | 8 |
| Medical equipment | 4.1(a) | 2,516 | - | - | 2,516 |
| Computer equipment | 4.1(a) | 92 | - | - | 92 |
| Furniture and fittings | 4.1(a) | 307 | - | - | 307 |
| **Total plant, equipment, furniture, fittings and vehicles at fair value** | | **4,197** | **-** | **-** | **4,197** |
| | | | | | |
| Right of use vehicles | 4.2(a) | 381 | - | - | 381 |
| **Total right-of-use assets at fair value** | | **381** | **-** | **-** | **381** |
| | | | | | |
| Investment property | 4.5(a) | 3,010 | - | 3,010 | - |
| **Total investment property at fair value** | | **3,010** | **-** | **3,010** | **-** |
| | | | | | |
| **Total non-financial physical assets at fair value** | | **65,871** | **-** | **3,010** | **62,861** |

## *Note 7.4: Fair value determination (cont)*

### *Note 7.4(a): Fair value determination of non-financial physical assets (cont)*

| | | Consolidated carrying amount 30 June 2021 $'000 | Fair value measurement at end of reporting period using: Level 1 [i] $'000 | Level 2 [i] $'000 | Level 3 [i] $'000 |
|---|---|---|---|---|---|
| Land improvements | | 698 | - | - | 698 |
| Specialised land | | 3,127 | - | - | 3,127 |
| **Total land at fair value** | 4.1(a) | **3,825** | **-** | **-** | **3,825** |
| Specialised buildings | | 50,907 | - | - | 50,907 |
| **Total buildings at fair value** | 4.1(a) | **50,907** | **-** | **-** | **50,907** |
| Plant and equipment | 4.1(a) | 1,279 | - | - | 1,279 |
| Motor vehicles | 4.1(a) | 29 | - | - | 29 |
| Medical equipment | 4.1(a) | 2,801 | - | - | 2,801 |
| Computer equipment | 4.1(a) | 122 | - | - | 122 |
| Furniture and fittings | 4.1(a) | 279 | - | - | 279 |
| **Total plant, equipment, furniture, fittings and vehicles at fair value** | | **4,510** | **-** | **-** | **4,510** |
| Right of use vehicles | 4.2(a) | 206 | - | - | 206 |
| **Total right-of-use assets at fair value** | | **206** | **-** | **-** | **206** |
| Investment property | 4.5(a) | 2,966 | - | 2,966 | - |
| **Total investment property at fair value** | | **2,966** | **-** | **2,966** | **-** |
| **Total non-financial physical assets at fair value** | | **62,414** | **-** | **2,966** | **59,448** |

[i] Classified in accordance with the fair value hierarchy.

**How we measure fair value of non-financial physical assets**

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, Portland District Health has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value 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.

## *Note 7.4: Fair value determination (cont)*

### *Note 7.4(a): Fair value determination of non-financial physical assets (cont)*

**Specialised land and specialised buildings**

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

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

The market approach is also used for specialised land 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 effective date of the valuation is 30 June 2022 for land and 30 June 2019 for buildings..

**Vehicles**

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

**Furniture, fittings, plant and equipment**

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

There were no changes in valuation techniques throughout the period to 30 June 2022.

## *Note 7.4: Fair value determination (cont)*

### *Note 7.4(a): Fair value determination of non-financial physical assets (cont)*

***Reconciliation of level 3 fair value measurement***

| Consolidated | Note | Land $'000 | Buildings $'000 | equipment, furniture, fittings and vehicles $'000 | Right-of-use vehicles $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | | **3,232** | **53,976** | **3,920** | **234** |
| Additions/(Disposals) | | 29 | 2 | 1,131 | 143 |
| Net Transfers between classes | | - | (95) | 101 | - |
| *Gains/(Losses) recognised in net result* | | | | | |
| - Depreciation and amortisation | | (63) | (2,954) | (642) | (171) |
| *Items recognised in other comprehensive income* | | | | | |
| - Revaluation | | 627 | - | - | - |
| **Balance at 30 June 2021** | 7.4(a) | **3,825** | **50,929** | **4,510** | **206** |
| Additions/(Disposals) | | 13 | (22) | 508 | 259 |
| Net Transfers between classes | | | - | 33 | (33) |
| *Gains/(Losses) recognised in net result* | | | | | |
| - Depreciation and Amortisation | | (49) | (2,954) | (854) | (51) |
| *Items recognised in other comprehensive income* | | | | | |
| - Revaluation | | 1,532 | 5,009 | - | - |
| **Balance at 30 June 2022** | 7.4(a) | **5,321** | **52,962** | **4,197** | **381** |

[i] Classified in accordance with the fair value hierarchy, refer Note 7.4.

***Fair value determination of level 3 fair value measurement***

| Asset class | Likely valuation approach | Significant inputs (Level 3 only) |
|---|---|---|
| Specialised land (Crown/freehold) | Market approach | Community Service Obligations Adjustments [(i)] |
| Specialised buildings | Current replacement cost approach | - Cost per square metre<br>- Useful life |
| Vehicles | Current replacement cost approach | - Cost per unit<br>- Useful life |
| Plant and equipment | Current replacement cost approach | - Cost per unit<br>- Useful life |
| Medical equipment | Current replacement cost approach | - Cost per unit<br>- Useful life |

(i) A community service obligation (CSO) of 20% was applied to the Portland District Health's specialised land.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## Note 8: Other disclosures

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

## Structure

***8.1 Reconciliation of net result for the year to net cash flow from operating activities***

***8.2 Responsible persons disclosure***

***8.3 Remuneration of executives***

***8.4 Related parties***

***8.5 Remuneration of auditors***

***8.6 Events occurring after the balance sheet date***

***8.7 Controlled entities***

***8.8 Joint arrangements***

***8.9 Investments using the equity method***

***8.10 Equity***

***8.11 Economic dependency***

**Telling the COVID-19 story**

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

### *Note 8.1: Reconciliation of net result for the year to net cash flows from operating activities*

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Net result for the year** | | (3,517) | (2,747) |
| | | | |
| **Non-cash movements:** | | | |
| (Gain)/Loss on sale or disposal of non-financial assets | | (82) | (59) |
| (Gain)/Loss on revaluation of investment property | | (46) | (326) |
| Depreciation of non-current assets | 4.4 | 3,908 | 3,943 |
| Loss allowance for receivables | | 19 | (28) |
| Share of net results in joint ventures | | 44 | (98) |
| Capital donations received | | - | (58) |
| | | | |
| **Movements in Assets and Liabilities:** | | | |
| (Increase)/Decrease in receivables and contract assets | | 83 | 539 |
| (Increase)/Decrease in inventories | | (3) | 9 |
| (Increase)/Decrease in prepaid expenses | | (550) | 447 |
| Increase/(Decrease) in payables and contract liabilities | | 718 | 1,050 |
| Increase/(Decrease) in monies in trust | | - | 25 |
| Increase/(Decrease) in employee benefits | | 136 | 800 |
| | | | |
| **Net cash inflow from operating activities** | | **710** | **3,497** |

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## *Note 8.2: Responsible persons disclosures*

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

| | Period |
|---|---|
| The Hon. Mary-Anne Thomas MP | |
| Minister for Health | 27 June 2022 to 30 June 2022 |
| Minister for Ambulance Services | 27 June 2022 to 30 June 2022 |
| The Honourable Martin Foley: | |
| Minister for Health | 1 July 2021 to 27 June 2022 |
| Minister for Ambulance Services | 1 July 2021 to 27 June 2022 |
| The Hon. Gabrielle Williams MP | |
| Minister for Mental Health | 27 June 2022 to 30 June 2022 |
| The Honourable James Merlino: | |
| Minister for Mental Health | 1 July 2021 to 27 June 2022 |
| Minister for Disability, Ageing and Carers | 11 October 2021 to 6 December 2021 |
| The Hon. Colin Brooks MP | |
| Minister for Disability, Ageing and Carers | 27 June 2022 to 30 June 2022 |
| The Honourable Anthony Carbines: | |
| Minister for Disability, Ageing and Carers | 6 December 2021 to 27 June 2022 |
| The Hon. Luke Donnellan MP | |
| Minister for Disability, Ageing and Carers | 1 July 2021 to 11 October 2021 |
| **Governing Boards** | |
| Prof P Matthews (Chair of the Board) | 1 Jul 2021 - 30 Jun 2022 |
| Mr A Campbell | 1 Jul 2021 - 30 Jun 2022 |
| Prof M Bailey | 1 Jul 2021 - 30 Jun 2022 |
| Ms N Baillie | 1 Jul 2021 - 30 Jun 2022 |
| Mr A Long | 1 Jul 2021 - 30 Jun 2022 |
| Mr J Macartney OAM | 1 Jul 2021 - 30 Jun 2022 |
| Dr S Wilson | 1 Jul 2021 - 30 Jun 2022 |
| Dr L Cuddihy | 1 Jul 2021 - 30 Jun 2022 |
| Prof M Bartos | 1 Jul 2021 - 30 Jun 2022 |
| **Accountable Officers** | |
| Ms C Giles (Chief Executive Officer) | 1 Jul 2021 - 6 Aug 2021 |
| Ms K Prevett (Acting and Interim Chief Executive Officer) | 6 Aug 2021 - 30 Jun 2022 |

## *Note 8.2: Responsible persons disclosures (cont)*

**Remuneration of Responsible Persons**

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

| Income Band | Consolidated 2022 No | Consolidated 2021 No |
|---|---|---|
| $0 - $9,999 | 8 | 8 |
| $10,000 - $19,999 | - | 1 |
| $30,000 - $39,999 | 1 | - |
| $190,000 - $199,999 | 1 | - |
| $250,000 - $259,999 | 1 | 1 |
| **Total Numbers** | **11** | **10** |

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:** | **518** | **292** |

Amounts relating to the Governing Board Members and Accountable Officer of Portland District Health's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

## *Note 8.3: Remuneration of executives*

The number of executive officers, other than Ministers and the Accountable Officer, 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 of executive officers (including Key Management Personnel disclosed in Note 8.4) | Consolidated Total Remuneration 2022 $'000 | Consolidated Total Remuneration 2021 $'000 |
|---|---|---|
| Short-term benefits | 666 | 842 |
| Post-employment benefits | 53 | 63 |
| Other long-term benefits | 18 | 22 |
| **Total remuneration** [i] | **737** | **927** |
| | | |
| Total number of executives | 4 | 4 |
| Total annualised employee equivalent [ii] | 3.1 | 4.0 |

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Portland District Health under AASB 124 *Related Party Disclosures* and are also reported within Note 8.4 Related Parties.

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

## *Note 8.3: Remuneration of executives (cont)*

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 (such as superannuation guarantee contributions) 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.

## *Note 8.4: Related parties*

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

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- controlled entities – Active Health Portland Limited
- jointly controlled operations – A member of the SWARH Joint Venture Alliance and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

# Portland District Health
# Notes to the Financial Statements
# For the Financial Year Ended 30 June 2022

## *Note 8.4: Related parties (cont)*

**Key management personnel**

The Board of Directors and the Executive Directors of the Portland District Health and its controlled entities are deemed to be KMPs. This includes the following:

| Entity | KMPs | Position Title |
|---|---|---|
| Portland District Health | Prof P Matthews | Chair of the Board |
| Portland District Health | Mr A Campbell | Board Member |
| Portland District Health | Prof M Bailey | Board Member |
| Portland District Health | Ms N Baillie | Board Member |
| Portland District Health | Mr A Long | Board Member |
| Portland District Health | Mr J Macartney OAM | Board Member |
| Portland District Health | Dr S Wilson | Board Member |
| Portland District Health | Dr L Cuddihy | Board Member |
| Portland District Health | Prof M Bartos | Board Member |
| Portland District Health | Ms C Giles | Chief Executive Officer |
| Portland District Health | Ms K Prevett | Executive Director Corporate Services/Interim & Acting CEO |
| 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 M Cadenhead | Executive Director Primary Care Services |
| Active Health Portland Limited | Ms A Rank | Board Member |
| Active Health Portland Limited | Mr M Noske | Chair of the Board |
| Active Health Portland Limited | Mr D Ford | Board Member |
| Active Health Portland Limited | Ms M Robertson | Board Member |
| Active Health Portland Limited | Ms T Amos | Board Member |

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Compensation - KMPs** | | |
| Short-term Employee Benefits [i] | 1,135 | 1,106 |
| Post-employment Benefits | 91 | 85 |
| Other Long-term Benefits | 29 | 28 |
| **Total [ii]** | **1,255** | **1,219** |

'i Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

'ii KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

## *Note 8.4: Related parties (cont)*

**Significant transactions with government related entities**

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| Grant funding received | 44,195 | 43,331 |
| Funding receivable | 52 | 35 |
| Interest free loan | 146 | 217 |
| Income in advance | 515 | 1,132 |

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

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

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

**Transactions with KMPs and other related parties**

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

Outside of normal citizen type transactions with the Portland District Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: none).

There were no related party transactions required to be disclosed for the Portland District Health Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: Executive Officer Mr M Alexander was paid $3.3k rent and Executive Officer Ms R Nagorcka was paid $10.3k rent).

Except for the transaction listed below, there were no other related party transactions required to be disclosed for the Active Health Portland Limited Board of Directors in 2022 (2021: none).

**Controlled entities related party transactions**

**Active Health Portland Limited**

The transactions between the two entities relate to reimbursements made by Active Health Portland Limited to the Portland District Health for goods and services and the transfer of funds by way of distributions made to the health service. All dealings are in the normal course of business and are on normal commercial terms and conditions.

### *Note 8.5: Remuneration of auditors*

| | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|
| **Victorian Auditor-General's Office** | | |
| Audit of the financial statements | 33 | 28 |
| **Total remuneration of auditors** | **33** | **28** |

### *Note 8.6: Events occurring after the balance sheet date*

On 28th November 2022, Portland District Health resigned as a member of Active Health Portland Limited. For the 2022-23 financial year, Portland District Health will not consolidate Active Health Portland Limited, due to the change in control from 28 November 2022.

There are no other events occurring after the Balance Sheet date.

### *Note 8.7: Controlled entities*

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

| | Country of Incorporation | Controlling Interest % | Equity Holding |
|---|---|---|---|
| Active Health Portland Limited | Australia | 100 | n/a |

**Controlled entities contribution to the consoldiated results:**

| **Net result for the year** | **2022 $'000** | **2021 $'000** |
|---|---|---|
| Active Health Portland Limited | (249) | (57) |

**Contingent liabilities and capital commitments**

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

### *Note 8.8: Joint arrangements*

| Name of Entity | Principal Activity | Ownership Interest 2022 % | Ownership Interest 2021 % |
|---|---|---|---|
| South West Alliance of Rural Health (SWARH) | Information Systems | 5.4 | 5.9 |

### *Note 8.8: Joint arrangements (cont)*

Portland District Health's interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 1,152 | 603 |
| Inventories | 2 | 1 |
| Receivables | 302 | 182 |
| Prepaid expenses | 40 | 40 |
| **Total current assets** | **1,496** | **826** |
| | | |
| **Non-current assets** | | |
| Receivables | 45 | 29 |
| Intangible assets | 12 | - |
| Property, plant and equipment | 395 | 484 |
| **Total non-current assets** | **452** | **513** |
| | | |
| **Total assets** | **1,948** | **1,339** |
| | | |
| **Current liabilities** | | |
| Payables | 1,225 | 644 |
| Financial liabilities | 85 | 125 |
| Employee benefits and related on-cost provisions | 144 | 102 |
| **Total current liabilities** | **1,454** | **871** |
| | | |
| **Non-current liabilities** | | |
| Financial liabilities | 109 | 125 |
| Employee benefits and related on-cost provisions | 25 | 20 |
| **Total non-current liabilities** | **134** | **145** |
| | | |
| **Total liabilities** | **1,588** | **1,016** |
| | | |
| **Net assets** | **360** | **323** |
| | | |
| **Equity** | | |
| Accumulated surplus | 360 | 323 |
| **Total equity** | **360** | **323** |

## *Note 8.8: Joint arrangements (cont)*

Portland District Health's interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Revenue and income from transactions** | | |
| Operating activities | 1,061 | 1,204 |
| Non-operating activities | 86 | 55 |
| **Total revenue and income from transactions** | **1,147** | **1,259** |
| | | |
| **Expenses from transactions** | | |
| Employee benefits | (495) | (456) |
| Maintenance Contract & IT Support | (361) | (424) |
| Depreciation | (125) | (112) |
| Operating expenses | (125) | (95) |
| **Total expenses from transactions** | **(1,106)** | **(1,087)** |
| | | |
| **Net result from transactions** | **41** | **172** |
| | | |
| **Other economic flows included in the net result** | | |
| Revaluation of long service leave | (4) | 5 |
| **Total other economic flows included in the net result** | **(4)** | **5** |
| | | |
| **Comprehensive result for the year** | **37** | **177** |

* Figures obtained from the unaudited SWARH Joint Venture annual report.

**Contingent liabilities and capital commitments**

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

## *Note 8.9: Investments using the equity method*

| | | | Ownership Interest | | Published Fair Value | |
|---|---|---|---|---|---|---|
| | | | 2022 | 2021 | 2022 | 2021 |
| Name of Entity | Principal Activity | Country of Incorporation | % | % | $'000 | $'000 |
| **Associates** | | | | | | |
| *Southern Grampians/Glenelg Shire PCP* | Primary Health | Australia | - | 31 | - | 79 |

a) As at 30 June 2022, the fair value of the health service's interest in Southern Grampians/Glenelg Shire PCP was based the percentage share of net assets of the unaudited financial statements.

# Portland District Health
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## *Note 8.10: Equity*

**Contributed capital**

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Portland District Health.

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

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

**Restricted specific purpose reserves**

The specific restricted purpose reserve 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 8.11: Economic dependency*

Portland District Health is dependant on the DH for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the DH will not continue to support Portland District Health.

PORTLAND
DISTRICT HEALTH

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