The Kilmore & District Hospital

Annual Report

2018-19

This report:

- Covers the period 1 July 2018 to 30 June 2019
- Is prepared for the Minister for Health, the Parliament of Victoria and the community we serve
- Is prepared in accordance with government and legislative requirements and FRD 30B guidelines
- Is prepared for presentation to the community at The Kilmore & District Hospital's Annual General Meeting in December 2019
- Acknowledges the support of our community
- Respects our environment and is printed in Ecostar Silk 100% recycled stock

Acknowledgement of Traditional Owners:
The Kilmore & District Hospital respectfully acknowledges the traditional custodians of the land on which its facilities stand as the Taungurung people.

About Our Organisation

The Kilmore & District Hospital is located in Victoria in the Mitchell Shire and services a population over 35,000 that extends to Broadford and Pyalong in the north, Wallan and Craigieburn in the south, Lancefield and Romsey to the west, and Whittlesea to the east.

Comprehensive acute and aged care services are provided to our rapidly increasing catchment population. In 2018-19 over 2,500 inpatients and 14,500 non-admitted patients were treated, 240 babies born, more than 100 residents accommodated, over 320 staff employed and operating expenditure amounts in excess of $26 million.

This Annual Report should be read in conjunction with our 2018-19 Quality Account Calendar. Both documents are available on our website.

Our Vision

The community sees The Kilmore & District Hospital and Aged Care Services as the preferred provider and facilitator for its whole-of-life health related service.

Our Mission

The Kilmore & District Hospital and Aged Care Services will provide the community with high quality progressive health care and accommodation.

Our Values

- RESPECT: We recognise the rights, beliefs and choice of every individual
- EXCELLENCE: We demonstrate a commitment to the highest standards of safety, quality and service
- ACCOUNTABILITY: We take responsibility for our decisions, actions, attitudes and health
- COMPASSION: We consistently act with empathy and compassion
- HONESTY: We are open, ethical, and fair

Our Priorities

- Quality of care for our patients, residents and clients
- Care and development of workforce
- Business continuity
- Connection with the community
- Strategic relationships

Board Chair and CEO Message

In accordance with the Financial Management Act 1994, we are pleased to present The Kilmore & District Hospital Annual Report for the year ending 30 June 2019.

It has been another busy year for The Kilmore & District Hospital as we continue to focus on providing the best possible care for our patients, residents and clients. We continue to embrace improvements to the way we provide patient centred care as we further develop the model of service provision to meet the growing and changing needs of our community.

We continued to experience high demand on our services in 2018-19, with the hospital caring for 2,535 inpatients, 5,531 outpatients and 8,938 patients requiring urgent care. In addition, we welcomed 240 babies into the world.

In the hospital we operated 24 inpatient beds supporting patients needing acute, restorative and end-of-life care. Our hospital occupancy has been high with 97.3% of available beddays utilised during the past year representing 8,527 days of care provided.

In 2018-19 our aged care services welcomed 20 new permanent residents and supported 22 individuals to access 29 periods of respite. Caladenia Nursing Home supported 41 care recipients during the year providing 9,763 beddays with occupancy of 89%. Dianella Village Hostel supported 35 care recipients throughout the year, providing 10,761 beddays with occupancy of 98%.

Our Home-based services are provided to support and assist elderly people and people with disabilities, living at home or in the community, and their families. Our District Nursing Service delivered 4,723 visits in 2018-19 and we provided over 8,868 meals to the local community through Meals on Wheels.

Our Priorities

Quality of care for our patients, residents and clients

We have continued to enhance and strengthen our governance of quality and safety across our organisation over the past year. The further development of our performance dashboard for quality and safety, workforce and finance information to the Board, Board Committees and Operational Committees continues to improve transparency and accountability across our organisation. We have also provided greater support to our consumers and carers to actively participate in the improvement of the patient experience and patient health outcomes. A highlight this year is the engagement of a consumer representative as a member of our Clinical Governance Board Subcommittee, our peak committee oversighting quality and safety.

During 2018-19 we undertook national safety re-accreditation processes for both our hospital-based services and aged care services. In July 2018 we underwent our Australian Aged Care Quality Agency external review and re-accreditation of our services provided at both Caladenia Nursing Home and Dianella Village Hostel. Both facilities were assessed against the 44 criteria and we are very pleased that each of our facilities passed with flying colours. In April 2019 all hospital-based services were assessed against the new version (version 2) of the National Safety and Quality Health Service Standards. The Assessment ratings report received from the Australian Council on Healthcare Standards indicated that all 148 actions were Met with no recommendations. These outcomes represent significant achievements for our organisation and would not have been possible without the leadership of our Quality and Safety team and the hard work undertaken by all staff.

In our report against our 2018-19 Strategic Priorities on pages 18-21 you can read about other improvements we have made to the services we provide to our community. Highlights this year include the establishment of a more streamlined approach to pre-admission for people booked for surgical procedures at the hospital and the establishment of a Direct Access Colonoscopy Clinic.

Care and development of our workforce

In 2018-19 we continued to develop an Employee Recognition Program. The program was extended to incorporate a peer nominated awards program based on our REACH values of Respect, Excellence, Accountability, Compassion and Honesty. We have seen fantastic engagement in this program and you can read more about this on page 13.

We also continued our Recognising Excellence Staff Awards to promote and highlight outstanding achievements demonstrated during the year. The awards covered five categories each representing a governance domain. Twenty-seven nominations were received with a winner for each domain awarded and six highly commended nominations recognised. The overarching award was presented to the recipient whose achievement addressed all five governance domains. The overarching award was received by the Education and Graduate Nurse Program Team for Increasing the capacity and capability of our Graduate Nurse Program. The recipients of our 2018-19 Excellence Awards are featured on page 4.

Our focus on Strengthening Hospital Responses to Family Violence has continued with support from our partner agency Northern Health. In addition, we have worked hard to reduce the incidence of Bullying and Harassment and Occupational Violence and Aggression in the workplace. Further detail regarding these initiatives can be found in the Strategic Priorities report on pages 18-21.

To improve the care of our workforce a Work Health and Safety Advisor role was established in 2018-19. We are pleased to have welcomed Sarah Donehue to this role in December 2018.

There were a number of other changes to our senior leadership team with the following people appointed and welcomed to the team:

- Jennifer Gilham to the Director Clinical and Aged Care Services position;
- Claire Poulter to the Manager Health Information position (maternity leave cover for Justine Muston);
- Sue Hayes to the Maternity Services Coordinator position; and
- Rebecca van de Paverd to the Nurse Unit Manager, Aged Care & District Nursing Services position.

Business continuity

A key focus for 2018-19 has been on financial sustainability. A significant amount of work has been undertaken to lay the groundwork for improving the systems and processes to support the effective implementation of the Aged Care Funding Instrument. Enhancements to our budget reporting and procurement tools were made to improve accountability processes.

We have also continued to respect our environment and continue to develop and embed sustainable work practices. The areas of improvement for this year include participation in the Hume Region Solar Energy project and the expansion of our waste recycling program. We would like to acknowledge the generous support of the Bendigo Bank (Norcen Financials) for providing a $28,000 grant to expand the reach of the solar energy project.

The significant refurbishment of the Caladenia Nursing Home (Stages 1 and 2) was completed in February 2019. This project saw an investment of over $1.2million in the facility to improve privacy and resident amenity and support the delivery of safer care. We are delighted with the result and look forward to welcoming new residents to the facility.

Connection with our community

Connection with our community continues to be a high priority. Our Community Open Access Day held in October 2018 was a great success. You can read more about this event in the Quality Account calendar.

In February 2019 The Kilmore & District Hospital commemorated the 10th Anniversary of the 2009 Black Saturday Bushfires. We provided a number of levels of support to the community including access to a Beyond the Bushfire Resource Nurse and access to counselling services. Two reflection sessions facilitated by a Clinical Psychologist and the establishment of a commemorative native garden were also undertaken. Almost 200 people participated in these initiatives.

Strategic relationships

The year saw the continuation of our partnership with the Studer Group and the further implementation of the Evidence Based Leadership Program aimed at creating a culture of excellence through healthcare coaching and cultural transformation. The expected outcomes include the creation of a positive workplace culture, development of leadership capacity and capability and to hardwire an organisational wide accountability process. The results to date indicate that there has been progress made towards attaining a more positive workplace culture.

We continue to actively participate in the Goulburn Regional Health Partnership and the Lower Hume Primary Care Partnership. Each of these partnerships drives a comprehensive program of work to better integrate services provided to our communities and to build on the strengths of each member agency to further develop capability and capacity within the regional health service system.

Acknowledgements

The Kilmore & District Hospital's achievements are not possible without the commitment and professionalism of our 325 staff, along with the outstanding support of our expanding team of Visiting Medical Officers. We take this opportunity to recognise their dedication to our community. This commitment ensures that we continue to provide high quality care to our patients.

Our community remains supportive and engaged and our 100 volunteers are the heart and soul of our health and aged care services. This dedicated group offer their time to help others and make the patient experience a more positive and memorable one. We thank them sincerely for their wonderful contribution to The Kilmore & District Hospital.

We recognise the vital contribution that consumers can make to how we plan, design and deliver services and recognise the need to further embed engagement in all aspects of the organisation. Our commitment to effective community consultation continues to be supported by our Community Advisory Committee and we recognise and thank the members for their support during the year.

We would like to extend our thanks to three dedicated Board members and we thank them for their valued contribution to the governance of The Kilmore & District Hospital: Mr Wally Arnott, Ms Ulla Lonnqvist and Mr Chris Adams. We also welcomed Ms Jill Butty, Mr Henry McLaughlin and Mr Craig Burke to the Board. A number of independent external experts sit on our governance committees and we would like to sincerely thank these people for their willingness to share their expertise and time.

The Kilmore & District Hospital is most grateful for the generosity of its supporters. Financial support from our loyal donors helps the hospital to continue its work in providing high quality services for our local community. We are sincerely grateful to our Hospital Auxiliary and Opportunity Shop Committee members for the contribution they make year after year.

We recommend our Annual Report to you and have pleasure in sharing the wonderful achievements of our team during the 2018-19 year.

Julia McGill
Chair, Board of Directors

Sue Race
Chief Executive Officer

Recognising Excellence

The Recognising Excellence Staff Awards are an opportunity for individuals and teams to promote and highlight any outstanding results they have achieved.

Individuals and teams are encouraged to submit nominations if they have introduced, revised, modified or changed any aspect of work which has resulted in an improvement to our organisation.

These awards are classified according to the domains of Governance: Leadership and Culture, Effectiveness, Consumer Partnerships, Workforce and Risk Management. In addition an overarching award is presented to the recipient whose achievement addressed all five Governance domains.

Overarching Award	**Winner**
	Education and Graduate Nurse Program Team for Increasing the capacity and capability of our Graduate Nurse Program
Leadership and Culture	**Winner**
	Deb Stavrinou for training new staff members to meet demand
	Highly Commended
	Anne Johnson (volunteer) for building volunteer capacity and fundraising
Clinical and Corporate Effectiveness	**Winner**
	Finance & Supply Team for their work implementing Unleashed software and Magiq dashboard
	Highly Commended
	Rachel Featherstone for being a positive leader in the inpatient unit supporting and driving audits through guidance and excellent communication with peers
Consumer Partnerships	**Winner**
	Jade Sheather & the Community Open Access Day Working Group for their excellence in Community Engagement
	Highly Commended
	Victorian Healthcare Experience Survey (VHES) Working Group Consumer Consultants Helen Clancy & Debbie Davis for improving patient experience through the analysis of VHES data
	Highly Commended
	District Nursing Service for responding to consumer feedback
Workforce	**Winner**
	Urgent Care, Medical Services & Finance for their work on the Medical Workforce Model
	Highly Commended
	Gabrielle Hanson for Root Cause Analysis that is robust and best practice against an Incident Severity Rating 1.
Risk Management	**Winner**
	Development & Improvement Team & Nurse Unit Managers for Patient Safety Starts With Me
	Highly Commended
	Environmental Services, Food Services & Infection Control for excellence in gastroenteritis outbreak management

Our History

The Kilmore & District Hospital

1854

- Hospital name was established

1858

- The community raised funds of 1269 pounds and the Government granted 500 pounds for the building of a hospital

1860

- Hospital opened and 86 patients treated in the first year
- The original hospital is the second oldest of Victoria's District Hospitals and the most intact

1864

- The Kilmore Hospital was incorporated under the provisions of the Hospitals & Charities Act on 17 November 1864

1975

- The Hospital 20-bed ward was completed

1984

- On the 29 July 1984 the extensions including the services wing and clinical support facilities were officially opened

1988

- On the 23 November 1988, The Kilmore Hospital changed its name to The Kilmore & District Hospital to reflect the growing area that it served

1995

- A major redevelopment project costing $2.2 million was completed on the 26 June 1995
- Works included the renovations of existing operating theatre, general administration, the provision of new birthing suites, wards, a new accident and emergency area and 10 additional acute patient beds, increasing the total number of beds to 30 beds

2002

- In 2002 an extension was built at the rear of the hospital to accommodate a dedicated reception for our Diagnostic Imaging service, capacity for the new CT scanner and ultrasound service

2007

- Theatre Suite was renovated to ensure compliance with infection control standard and efficiency of patient service

2008

- Hospital reception area was upgraded

2015

- $20 million capital redevelopment was completed, including a dedicated outpatient facility, a second surgical suite, a day stay recovery area and an additional 30 acute inpatient beds
- The project allowed for conversion of the existing consulting rooms into student accommodation and additional car parking

Caladenia Nursing Home

1987

- On the 8 January 1987, The Kilmore Nursing Home Society was registered as a benevolent society under the provisions of the Hospital and Charities Act 1958

1988

- Approval in principle to build Caladenia was received on the 25 May 1988 when we had funds in-hand of just $12,770
- Three year fund raising campaign commenced with $1,502,730 in cash donations received over this time; $768,000 was received from the Commonwealth Government

1989

- The Kilmore & District Nursing Home Society Inc. was incorporated under the Associations incorporation Act 1981 on 31 October 1989

1991

- The construction of our 30 bed Nursing Home was completed during the 1990-91 financial year.
- Our first resident moved in on the 17 June 1991 and Caladenia Nursing Home was officially opened on the 11 August 1991

2016

- The Sensory Garden was opened on the 11 August 2016. This initiative was supported by a $10,000 grant from the Maggie Beer Foundation

2019

- Significant Refurbishment (Stages 1 & 2) completed in February 2019

Dianella Village Hostel

1994

- The Commonwealth Department of Human Services and Health granted approval in principle for a 30 bed Aged Care Hostel on 20 December 1994

1995

- A major fundraising appeal was launched in 1995 with magnificent community support. Total donations of $707,000 were received. Together with the Commonwealth Government contribution of $847,000, Department of Veterans Affairs contribution of $160,000 and the Hospital contribution and borrowings, the total project funding and cost was $2.1m

1997

- The construction of our 30 bed Hostel was completed during 1997
- Our first resident moved in on the 18 August 1997
- Dianella Village Hostel was officially opened on the 21 August 1997

Board of Directors and Board Subcommittees

The Board of Directors is appointed by the Governor in Council on the recommendation of the Victorian Minister for Health.

The Board of Directors is appointed by the Governor in Council on the recommendation of the Victorian Minister for Health and is governed by the principles contained within the Health Services Act 1988 (as amended). The Board provides governance of The Kilmore & District Hospital and is responsible for its financial performance, strategic directions, the quality of its health care services and strengthening community involvement through greater partnerships.

The Kilmore & District Hospital by-laws enable the Board to delegate certain responsibilities. The by-laws are supported by the delegations of executive and operational responsibility, enabling designated executives and staff to perform their duties through the exercise of specified authority.

The Board meets monthly during the year with eleven General Committee Meetings and one special meeting focussing on strategic directions and planning. The Board Charter specifies a minimum of ten meetings to be held during the twelve-month period and Board Directors are required to attend a minimum of eight meetings each year. Twelve meetings were held during the year and six Board Directors met the attendance requirement, one member was absent for three months due to ill health and two members resigned prior to the end of their term.

Date = First Appointment		2018-19 Attendance
Board Chair	**Mrs Julia McGill** 1 November 2005	**12**
Board Deputy Chair	**Ms Kathryn Harris** 1 July 2016	**10**
Directors	**Assoc. Prof. Peter Nottle**[i] 1 July 2016	**6**
	Mr Terry Lannan 1 July 2017	**12**
	Mrs Wendy Kelly 1 July 2017	**9**
	Mr Vincent Childs[ii] 1 July 2017	**6**
	Ms Jill Butty 1 July 2018	**12**
	Mr Henry McLaughlin 1 July 2018	**10**
	Mr Craig Burke[iii] 1 July 2018	**2**

[i] *Assoc. Prof. Peter Nottle had a leave of absence for 3 months due to ill health*

[ii] *Mr Vincent Childs resigned from the Board of Directors in December 2018 which was accepted by the Governor in Council on 5 March 2019*

[iii] *Mr Craig Burke resigned from the Board of Management in October 2018 which was accepted by the Governor in Council on 5 March 2019.*

Audit and Enterprise Risk Committee

The Audit and Enterprise Risk Committee membership comprises three Board Directors and at least two members independent of the agency, in accordance with the independence requirements of the Standing Directions of the Minister of Finance under the Financial Management Act 1994. The Chair of the Committee is one of the independent members of the Committee and is nominated by the Audit and Enterprise Risk Committee on an annual basis.

The Audit and Enterprise Risk Committee membership included the following Board Directors: Mr Henry McLaughlin, Mr Craig Burke (until October 2018), Mrs Julia McGill (from November 2018), Mr Vincent Childs (until December 2018) and Ms Kathryn Harris (from January 2019). In 2018-19 the independent members were Mr Peter Appleton OAM, Mr David Doherty OAM and Mr Graham Thomson with Mr Graham Thomson nominated as Committee Chair for the year.

The Audit and Enterprise Risk Committee meets bi-monthly and assists the Board in monitoring compliance with laws, regulations, standards and internal controls.

Key responsibilities for the Audit and Enterprise Risk Committee include monitoring the hospital's strategic and operational risks, developing the hospital's strategic internal audit plan, oversight of the Internal Audit Program, review of the draft Annual Accounts and review of the relevant risk policies and procedures. All the committee members are independent of management.

Clinical Governance Committee

The Clinical Governance Committee membership comprises four Board Directors and two independent clinical experts. The membership included the following Board Directors: Associate Professor Peter Nottle (Chair), Mrs Julia McGill, Mr Terry Lannan and Ms Jill Butty. The independent members appointed to the committee were Ms Chris Best and Dr Megan Robb.

We welcomed our first consumer member Ms Lauren Kathage to the Committee in November 2018.

The Clinical Governance Committee aims to ensure that the community receives high quality and safe care close to home and that The Kilmore & District Hospital is committed to the constant improvement of all clinical and care services. The committee meets bi-monthly to review and analyse information detailing the clinical care activities undertaken at The Kilmore & District Hospital.

Community Advisory Committee

The Community Advisory Committee membership comprises two Board Directors and up to eight consumer members who represent a diverse community perspective. The Chair of the committee is one of the consumer members of the committee and is nominated by the Community Advisory Committee on an annual basis.

The Community Advisory Committee membership included the following Board Directors: Mrs Wendy Kelly and Ms Kathryn Harris.

Five consumer consultants sit on the Community Advisory Committee: Mrs Helen Clancy, Ms Gwenda Phillips, Mrs Debbie Davis, Ms Julie Metaxotos and Ms Roslyn Stewart. In accordance with the Terms of Reference a consumer member holds the position of committee chair, and we are grateful to Julie Metaxotos as Chair in 2018-19 and to Debbie Davis who has filled in as Chair.

The Community Advisory Committee meets bi-monthly and advises the Board on consumer and community participation in the development and delivery of services.

Governance and Remuneration Committee

The Governance and Remuneration Committee membership included the following Board Directors: Mrs Julia McGill (Chair), Ms Kathryn Harris and Associate Professor Peter Nottle.

The Governance and Remuneration Committee meets three times per year and is responsible for advising and making recommendations to the Board of Directors in relation to matters involving organisational governance and administration, Executive staff remuneration, performance, recruitment and terms and conditions of employment.

Executive Management

Left to Right: Dr Martin Duffy, Sue Race, Jennifer Gilham, Kirrily Gilchrist, Colin Clark

Chief Executive Officer

Mrs Sue Race
BAgrSc (Hons) BNutDiet MPPM FCHSM

The Chief Executive Officer is accountable to the Board for the efficient and effective management of The Kilmore & District Hospital. Primary responsibilities include executive leadership, development and management of operational policy and strategic priorities agreed with the Board and in accordance with the funding, planning and regulatory framework of the Victorian Government Department of Health and Human Services.

Director Medical Services
Chief Medical Officer

Dr Martin Duffy
MBBS MPH AFRACMA FANZCA

The Director Medical Services is responsible for professional leadership of the medical workforce. This role is accountable for the maintenance of professional standards of medical staff ensuring best practice guidelines and patient centred care philosophies are followed. Clinical governance, risk management, service development and continuity of care form the cornerstone of this role.

Director Clinical and Aged Care Services, Chief Nursing and Midwifery Officer

Ms Jennifer Gilham
BNurs RIPERN GradDipHlthMgt

The Director Clinical and Aged Care Services is responsible for overseeing the inpatient and non-admitted clinical services, after-hours' coordination, clinical support, allied health and aged care services. As Chief Nursing and Midwifery Officer, the role also has professional responsibility and leadership for all nursing staff, the clinical competence framework and nurse education.

Director Finance and Support Services
Chief Financial and Procurement Officer

Mr Colin Clark
BEc (Acc)

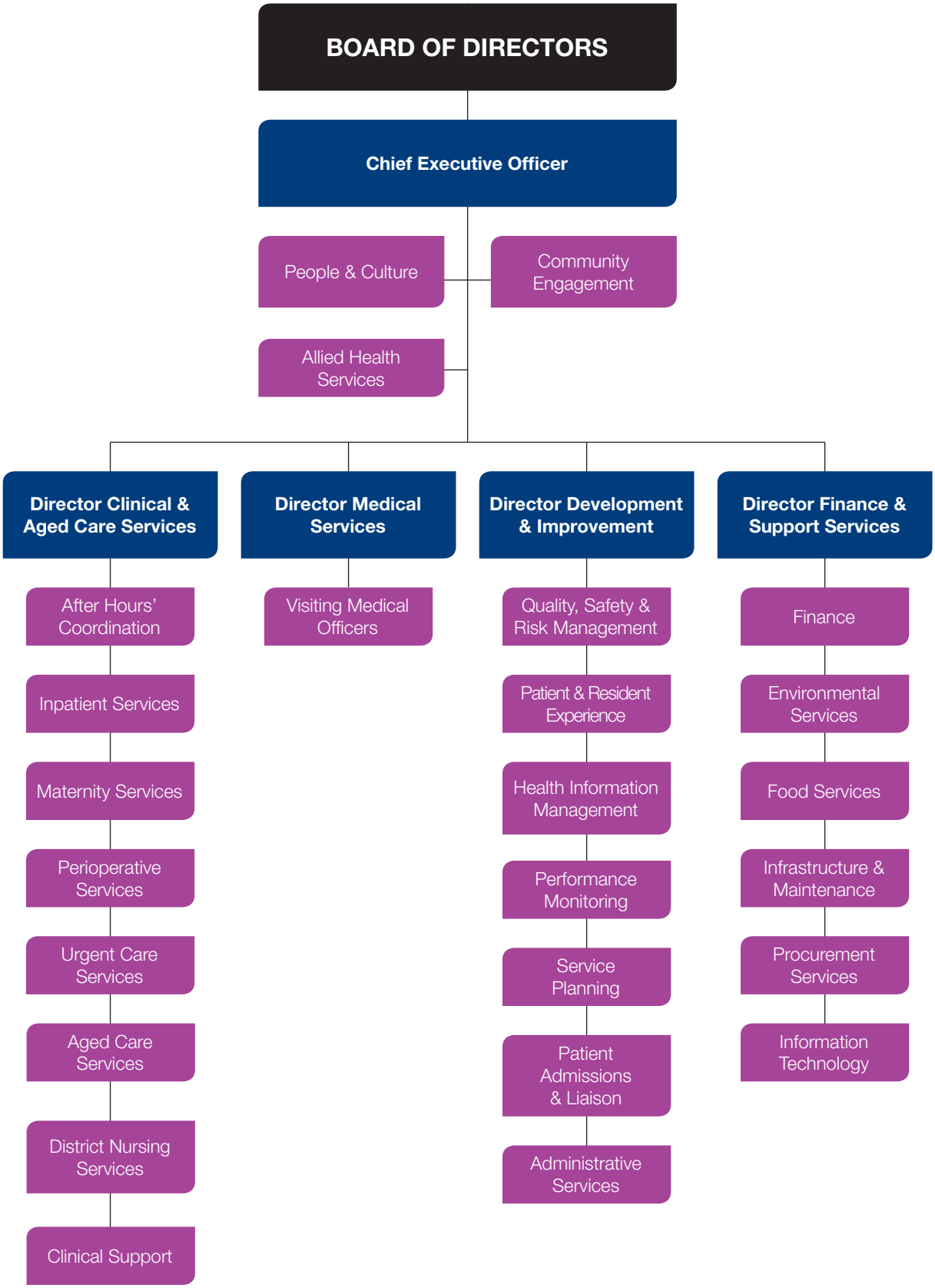
The Director Finance and Support Services is the Chief Financial and Procurement Officer and is responsible for providing financial management leadership and oversight of the organisational financial position. The position is also responsible for leading and managing the development of effective and efficient financial and corporate support services, including health support services, contracts and procurement, financial services and information technology services.

Director Development and Improvement

Ms Kirrily Gilchrist
BHIM

The Director Development and Improvement is accountable for the effective leadership and management of quality improvement, risk management and performance monitoring frameworks. This position is responsible for ensuring an effective, coordinated, organisation-wide approach to the provision of quality improvement, incident and risk management, patient safety, health information and knowledge management and service performance and planning.

Organisational Structure



Donors and Supporters

The Kilmore & District Hospital is most appreciative of the continued support of our donors, Hospital Auxiliary, Opportunity Shop Committee and volunteers.

The financial donations and funding we receive enable us to improve our services to patients through the purchase of new equipment. In 2018-19 we received over $215,000 from our donors.

Our Major Donors, Corporate and Community Supporters

Major Donors

- Mr David Keath
- Mrs Wilma Keath
- The Kilmore & District Hospital Opportunity Shop Committee
- The Kilmore & District Hospital Auxiliary
- Bendigo Bank (Norcen Financial)
- Mr Greg Heffernan
- Emerikus Land Foundation
- Estate of Brain Cushen
- Humpty Dumpty Foundation

Donors

- Conundrum Holdings Pty Ltd
- Ms L Horton
- Family of Ms J Smith
- K McMaster

Community Supporters

- Buds and Branches
- Bunnings Warehouse Craigieburn
- Kilmore Alcoholics Anonymous
- Kilmore Toyota
- Kilmore Trackside
- Mitchell Masonic Lodge
- North Central Review
- Rotary Club of Southern Mitchell
- The Kilmore Men's Shed
- The Grove - Hidden Valley
- Wallan Circle of Friendship

Hospital Auxiliary

We take this opportunity to thank our Hospital Auxiliary members who continue to raise vital funds both within the hospital and the wider community. In 2018-19 the Auxiliary provided the hospital with funds raised in excess of $13,800.

The Hospital Auxiliary ran a number of fundraising events throughout the year including market stalls, cake stalls, the fashion parade and raffles. Through their generous donations of gift hampers the Hospital Auxiliary support raffles run at Caladenia Nursing Home and Dianella Village Hostel during the year in addition to a Mother's Day and Father's Day raffle and the raffles supported by Kilmore Trackside.

The Hospital Auxiliary holds a stall at the Kilmore market during the warmer months and at Wellington Square (Wallan) Indoor market during the winter months. One of their major events has been the successful Annual Fashion Parade bringing together local businesses and the community to enjoy a morning of fashion and fun. The Hospital trolley continues to be a great success with small items for sale to patients and visitors and the opportunity for a friendly conversation with auxiliary volunteers during their walk around the wards.

The funds raised by the Hospital Auxiliary have supported the purchase of the essential equipment for our Operating Theatre and the replacement of the resident refrigerators at Dianella Hostel.

Opportunity Shop Committee

A group of very dedicated volunteers run the Opp Shop Thursday, Friday and Saturday mornings and the profits raised directly benefit The Kilmore & District Hospital. The work of these volunteers is invaluable. Since the opening of the Opp Shop in November 2005, they have raised more than $600,000 which has been used to purchase equipment, furniture and services for both our Hospital and Aged Care Facilities. In 2018-19 the Opportunity Shop Committee provided the hospital with funds raised in excess of $48,000.

Volunteers

The hospital is fortunate to have a very dedicated group of volunteers who assist in a range of roles and offer that extra bit of help to reassure patients in need. This year we were fortunate to welcome 10 new volunteers to The Kilmore & District Hospital, increasing our workforce to over 100 volunteers.

Our volunteers have provided direct assistance to almost 500 patients and aged care recipients over the past year. These volunteers have on average given approximately 360 hours per week of their time. Volunteers assist in our Inpatient Unit, Theatre Suite, Aged Care Services, and Outpatient Consulting Suites and in external events and initiatives supported by the hospital. In addition, we value the ongoing community service hours offered by students from The Kilmore International School and Assumption College Kilmore throughout the year. We sincerely thank all our volunteers for their hard work.

We also appreciate the contributions made by consumers who kindly provide their time to sit on our Community Advisory Board Subcommittee, act as patient

ambassadors and are members of our consumer register. Our consumers make up a very special workforce who represent the voices of our patients. We currently have eleven consumers on our register who have partnered with the hospital to provide their feedback and help us work towards implementing positive changes across the hospital. Additionally, we are thankful to Mitchell Shire Youth Council who has agreed to meet with us annually to offer insights and feedback from the perspective of young people in our community.

All volunteers are required to maintain a satisfactory Criminal Record Check and we now also require them to have a Working with Children Check as part of our Child Safe Policy requirement.

Life Governors

An award of Life Governor may be conferred upon a person to recognise a significant contribution through voluntary, philanthropic and/or professional service to The Kilmore & District Hospital.

Service worthy of note may include: excellence/length of service as a volunteer; significant philanthropy; outstanding professional service; an exceptional contribution in years of service or effort; initiating a new and/or innovative idea; or contributing significantly above and beyond expectations of their role.

The purpose of the award is to recognise and honour people whose service and personal contributions, given willingly and freely, has resulted in a significant benefit to The Kilmore & District Hospital.

The award comprises a framed Certificate of Appointment, presented at the Annual General Meeting, usually held in the month of November.

The Kilmore & District Hospital's Life Governors:

- Mrs Pat Arnott
- Ms Nancy Bidstrup
- Mrs Kaye Chapman
- Dr Peter Condos
- Dr Walter Cosolo
- Dr Barry Dawson
- Ms Elizabeth Dillon-Hensby
- Mr John Dixon
- Mrs Astrid Djulinac
- Dr John Griffiths
- Mrs Shirley Jean Hillier
- Dr Denis Holland
- Dr Suresh Jain
- Mrs M Merritt
- Dr Das Panch
- Mrs Shirley Robinson
- Mr Allan Ryan
- Dr Frank Ryan
- Mr Allan L Smith
- Mr Ian Bentleigh Still
- Mr Alan J. Stute
- Mrs Barbara Sutton
- Mrs Marie Walters
- Mr Michael Wilson

The Kilmore & District Hospital acknowledges the deaths of three Life Governors during 2018-19. Our deepest sympathy is extended to their families and many friends throughout the community.

Vale Marguerite Fagg (07.09.1930 – 30.12.2018)

Marguerite was a dedicated registered nurse and volunteer of the Hospital. She joined the nursing team in 1990 until she resigned in 1994. After a short retirement she was employed by Assumption College as matron of the Boarding House. Marguerite devised the hospital garden party, the forerunner of the Hospital Opportunity Shop. She was a member of the Garden Party Committee and made a significant contribution to this successful community fundraiser over the years it was held. Marguerite was also instrumental in the collection and maintenance of our rich and diverse history and took on the role of hospital archivist.

For the last few years of Marguerite's life her health deteriorated and at the age of 86 she joined the community at the Caladenia Nursing Home. The staff and volunteers hold fond memories of the two years she resided at the nursing home.

Marguerite was highly respected within our hospital and the Kilmore community and we acknowledge the important contribution she made during her years of working and volunteering. She was awarded a Life Governorship of the Hospital in 2003 in recognition of this service.

Vale Denise Lee (29.10.1948 - 28.4.2019)

Denise was a volunteer for over 25 years. During this time she touched and was involved in every area of the Hospital. One significant part of her work was supporting residents through the lifestyle and wellbeing program.

Denise was a foundation member of the Hospital Opportunity Shop which opened in 2006. The establishment of the Opp Shop saw a new era for what was then the Garden Party Committee that was established in 1985. Since opening the doors, the Opp Shop has raised over $600,000 to support important equipment purchases and the leisure and lifestyle programs at our aged care facilities. We were very fortunate to be able to acknowledge this milestone and celebrate with Denise and the Opp Shop team in April 2019 to recognise the amazing achievement.

Denise was recognised as a Life Governor of the Hospital in 2009. Her significant contribution to our hospital is gratefully acknowledged and she will be missed by all.

Vale Dr Sarwat Shenouda (12.10.1957 - 10.5.2019)

Dr Shenouda was born in Cairo, Egypt. He served for a time as a conscript in the Egyptian army - as a cook! Upon emigration to Australia Dr Shenouda moved to Swan Hill, where as a country GP he quickly realised the need for obstetrics experience. His subsequent training led to a mentor who suggested Kilmore as a place in need of his skills.

Dr Shenouda found a real sense of community, settling here with his children who attended school locally. He was the cornerstone of the Hospital's obstetric service for over 20 years and is the immediate past chair of our Visiting Medical Officer's Committee.

Dr Shenouda was made a Life Governor of the Hospital in 2017. He was highly regarded by his peers and the community he served so generously. Words do not do justice to the enormous contribution he made to our hospital and he will be sadly missed by all who had the great privilege to work with him.

Service Overview

The Kilmore & District Hospital has provided health care services to our local community since it was founded in 1854. The hospital is accountable to the people of Victoria, through the Minister for Health and the Minister for Disability, Ageing and Carers.

Manner of Establishment and Relevant Minister

The Kilmore & District Hospital was established in 1854 and was incorporated under the provisions of the Hospitals & Charities Act on 17 November 1864.

The responsible Ministers during the reporting period were:

July 2018 to November 2018

The Hon. Jill Hennessy MP
Minister for Health
Minister for Ambulance Services

Martin Foley MP
Minister for Housing, Disability and Ageing
Minister for Mental Health

November 2018 to June 2019

Jenny Mikakos MP
Minister for Health
Minister for Ambulance Service

The Hon Luke Donnellan MP
Minister for Child Protection
Minister for Disability, Ageing and Carers

Powers and Duties

The powers and duties of The Kilmore & District Hospital are prescribed by the *Health Services Act 1988*.

Nature and Range of Services

The agency operates from one site encompassing four facilities – the main hospital (housing inpatient beds, a perioperative suite and the Urgent Care Centre), Caladenia Nursing Home and Dianella Village Aged Care Hostel and the Outpatient Services Facility. Services are provided in home and community settings, including antenatal clinics operated from Seymour Health and Nexus Primary Health in Wallan.

Hospital Based Services

The Kilmore & District Hospital provides a variety of health care services. Inpatient and outpatient services are offered to the community of Kilmore and district. Our hospital services range from urgent care, acute services in the areas of maternity, medical and surgical services, through to subacute care encompassing Geriatric Evaluation and Management, Transition Care and Palliative Care. The number and range of Visiting Specialists consulting from our Outpatient Facility continues to expand.

As the only provider of maternity services in the Mitchell Shire, the hospital supports over 300 women and families assessed as having a normal risk pregnancy to receive maternity (antenatal, birthing and postnatal) care close to home.

Aged Care Services

Caladenia Nursing Home and Dianella Village Hostel provide a home-like atmosphere with the security of assistance when required. Each facility has the capacity to support 30 care recipients. Respite care is also available.

Home Based Services

The District Nursing Service is funded through the Commonwealth Home Support Programme (CHSP). This service helps older people stay independent and in their homes and communities for longer. We also receive state-based funding to provide support to younger people with disabilities living at home and produce delivered meals through the Victorian Home and Community Care program.

Our People

The Kilmore & District Hospital recruits high quality staff with the right skills to deliver the key objectives of the position, business units and organisation.

Merit and Equity Principles

Merit and equity principles are encompassed in all employment and diversity management activities throughout our organisation. The Kilmore & District Hospital is an equal opportunity employer and is committed to providing its employees a work environment which is free of harassment or discrimination together with an environment that is safe and without risk to health. The Kilmore & District Hospital's employees are committed to our values and behaviours as the principles of employment and conduct, embracing and promoting cultural diversity and awareness in the workplace.

Recruiting Staff

The Kilmore & District Hospital had a very productive year in continuing to grow and develop our team. At the end of the 2018-19 financial year we had 325 employees with 66 new staff joining us over the year. The new staff members included both permanent and casual employees.

In addition, we also expanded our Visiting Medical Officer Group (VMO) with an additional 15 Doctors coming on board. The VMO craft groups included Surgical, Obstetrics and Gynaecology, Urology, Geriatric Medicine, Sleep Therapy, Cardiology, Ear Nose and Throat and General Practice specialities. This has seen our number of VMO's increase to 67 which has had a positive impact on the services and care being provided to the community.

Workforce by Labour Category

Labour Category	June 2018 Current Month FTE	June 2019 Current Month FTE	June 2018 YTD FTE	June 2019 YTD FTE
Nursing	80.47	95.80	83.39	92.93
Administration and Clerical	16.88	20.87	17.35	19.85
Medical Support	2.70	1.05	2.88	1.07
Hotel and Allied	28.40	39.68	33.88	37.88
Hospital Medical Officers	0.70	1.23	1.00	1.23
Sessional Medical Specialists	0.25	.25	0.25	0.25
Allied Health	4.40	2.94	3.18	3.24
Total	**133.80**	**161.82**	**141.93**	**156.45**

The FTE figures shown in the table above exclude overtime and do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. All data is consistent with that provided in the Minimum Employee Data Set.

Pre-employment Safety Screening

The organisation has further improved the process for credentialling and pre-employment verification to ensure we sustain safety and quality of health care provision. Applicable clinical staff are required to hold and maintain current registration with the relevant National Board in conjunction with the Australian Health Practitioner Regulation Agency (AHPRA) or equivalent. Registration verification has been streamlined through direct access to the AHPRA website. This enables The Kilmore & District Hospital to ensure that all clinical staff hold the necessary registration and notifies the organisation if any clinician has additional notifications or restrictions to their practice.

All staff are required to maintain a satisfactory Criminal Record Check. All new staff are required to hold a relevant Working with Children Check before commencing with the organisation. This is part of our commitment to provide a Child Safe environment for all who enter and engage with The Kilmore & District Hospital.

Employee Recognition Program

Our staff continue to go above and beyond to achieve excellence. We aim to provide a platform for meaningful recognition that contributes to increased staff engagement and positive workplace behaviours.

In 2018-19 we extended our Reward and Recognition Program to incorporate a peer nominated awards program that is based on our REACH values of Respect, Excellence, Accountability, Compassion and Honesty. Staff and volunteers nominate their peers who have gone above and beyond and exemplified one or more of our REACH values. Nominees are acknowledged at staff forums held every four months. Since the awards were introduced in July 2018 there have been over 170 nominations representing almost 70% of the workforce.

Our annual Recognising Excellence Staff Awards continued to promote and highlight outstanding achievements demonstrated during the year. The awards cover five categories each representing a governance domain: leadership and culture, clinical and corporate effectiveness, consumer partnerships, workforce and risk management. Our Excellence Award recipients are highlighted on page 4.

Payroll

Payroll is managed in-house with over 6,806 pays during 2018–19.

Employee Assistance Program

The Employee Assistance Program is a confidential external counselling service available to staff. The service provides assistance in addressing personal concerns or work-related issues that have an impact on wellbeing and quality of life. There were seven counselling sessions accessed by staff during 2018-19.

Developing Our Workforce

The Kilmore & District Hospital's education program develops the capacity, performance and capability of our staff. Education programs are specific for nursing, medical, allied health, support and administrative staff.

The mandatory training framework was developed and rolled out in line with the National Safety and Quality Health Service Standards. The mandatory training matrix outlines training requirements by role.

The online learning system profiles individual training schedules of mandatory and professionally recommended education courses for staff to ensure they maintain the knowledge and skills to perform their role safely.

Managers are required to conduct annual performance appraisals for their team members. This provides a formal framework to ensure performance discussions are held to review past achievements and set goals for the next twelve months.

Along with this, our Managers have been working with our Clinical Education Coordinator to review the skill sets required in each department and then conducting a skills gap analysis. The purpose of this work is to enable us to target training and education opportunities to help ensure our staff have the appropriate skills and knowledge to support our community and their health care needs.

An in-house education program has been established and the informative sessions provided on a range of topics have been well attended by staff from all work areas.

Enterprise Bargaining Negotiations

Planning for the 2020 reviews of certified agreements for nurses, allied health professionals, administrative and managerial staff commenced. The People and Culture team works with managers, unions and industrial bodies to facilitate this negotiation process and implement any formalised changes that may be required.

Workplace Training and Experience

In 2018-19 The Kilmore & District Hospital provided placement opportunities for almost 100 students. The majority were participating in nursing professional practice placements both Registered and Enrolled Nursing with 79 students working across our inpatient unit, theatre services, urgent care centre, district nursing and aged care services. We supported six overseas trained nurses to complete placement requirements required for application for AHPRA registration.

Eleven Vocational Education and Training students attended placement as part of their studies in Allied Health, Leisure and Lifestyle, Theatre Technician or Individual Support – Ageing.

Each year we support our local schools' work experience program and six students from Assumption College Kilmore, Wallan Secondary College and Broadford Secondary College joined us for their placements.

The Kilmore & District Hospital has established relationships with many universities and training organisations including: Federation University, Victoria University, Charles Sturt University, Go Tafe, Deakin University, James Cook University, Charles Darwin University, RMIT, Latrobe University and the University of South Australia. Students may attend placement for two to eight weeks depending on the university or training organisation requirements and each placement is tailored to ensure the student achieves agreed upon objectives.

We take part in annual placement planning activities by the Department of Health and Human Services to support ongoing facilitation of student placement, support and best practice in learning and education.

Work Health Safety

The Kilmore & District Hospital is committed to providing a safe environment for employees, patients, visitors, volunteers and contractors. We operate in accordance with *the Victorian Occupational Health and Safety Act 2004, Occupational Health and Safety (OHS) Regulations 2007, the Workplace Injury Rehabilitation and Compensation Act 2013* and other relevant legislation.

In 2018-19, staff were involved in health and safety decisions through meetings of the Work Health Safety Committee and regular consultation with health and safety representatives. To more effectively support this organisational priority a Work Health and Safety Advisor was employed to provide expert occupational health, safety and WorkCover advice and commenced in December 2018.

All OHS incidents are investigated to identify and implement remedial action. Quarterly preventative workplace inspections are carried out and input is encouraged by health and safety representatives to ensure the identification and control of OHS hazards.

Work Health Safety education is provided at orientation and local induction and emergency response training is provided for emergency coordinators and area wardens. OHS training includes: bullying and harassment awareness and prevention training for all managers; occupational violence and aggression management for clinical and front-line staff; manual handling 'train the trainer' training for clinical and support staff.

Occupational Violence

Occupational violence is any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment. The Kilmore & District Hospital employs a zero tolerance to this type of behaviour.

The Work Health Safety Committee has oversight of occupational violence and aggression issues across the organisation and addresses specific occupational violence concerns and promotes staff safety. Implementation of the action plan developed to address environmental security and staff safety risks continued in 2018-19.

The Kilmore & District Hospital reports the following occupational violence statistics for 2018–19:

Occupational Violence Statistics 2018-19	
Workcover accepted claims with an occupational violence cause per 100 FTE	0%
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	43
Number of occupational violence incidents reported per 100 FTE	27.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition.	9.3%

Definitions:

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

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

Incident: An event or circumstance that could have resulted in, or did result in, harm to an employee.

Accepted WorkCover claims: Accepted WorkCover claims that were lodged in 2018-19.

Lost time: Is defined as greater than one day.

Injury, illness or condition: This includes all reported harm as a result of an incident, regardless of whether the employee required time off work or submitted a claim.

Occupational Health and Safety

The total number of WorkCover claims lodged increased in 2018–19 resulting in thirteen new claims adding to the two pre-existing ones. Despite an increase in claim numbers, we have achieved a reduction in average cost per claim this year due to a strong focus on early return to work, with twelve of these claims achieving return to work or closure.

The table below summarises the new workers' compensation claims lodged over the last four years. It shows a comparison of total new claims costs and the average cost per new claim.

	Number of Claims	Number of claims per 100 FTE	Total cost of claims per year	Average claim cost
2015-16	2	1.5	$3,676	$1,838
2016-17	6	4.5	$47,983	$7,998
2017-18	6	4.2	$61,272	$10,212
2018-19	13	8.3	$69,200	$5,323

Legislative Compliance

Privacy

Privacy is an important part of the culture at The Kilmore & District Hospital. Since the *Health Records Act 2001* became legally binding in 2002, the hospital has aimed to ensure all staff are aware of the Act and its implications in the workplace. The hospital also aims to ensure compliance with the *Privacy and Data Protection Bill 2014*.

The Kilmore & District Hospital's Privacy Officer role is delegated to the Manager Health Information, Ms Justine Muston (until April 2019) and Ms Claire Poulter (from April 2019).

Protected Disclosures

Under the *Protected Disclosures Act 2012* (the Act), complaints about certain serious misconduct or corruption involving public health services in Victoria should be made directly to the Independent Broadbased Anti-corruption Commission (IBAC) in order to remain protected under the Act. The Kilmore & District Hospital was not required to disclose any issues under the Act in the 2018-19 financial year.

Carers Recognition

The *Carers Recognition Act 2012* recognises, promotes and values the role of carers. The Kilmore & District Hospital understands the different needs of carers and the value they provide to the community. The Kilmore & District Hospital takes practical measures to ensure that our staff have an 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. The Kilmore & District Hospital was not required to make any disclosures during the reporting period.

Freedom of Information

The *Victorian Freedom of Information (FOI) Act 1982* provides members of the public with the right to apply, in writing, to The Kilmore & District Hospital for access to information held by the hospital. The hospital provides an annual report of all FOI requests to the Victorian Department of Justice.

In 2018-19 The Kilmore & District Hospital received 46 requests for information under the Freedom of Information Act (1982). Of the 46 applications, seven of which were from the general public, all were granted.

Safe Patient Care

The *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015* aims to ensure quality care and better patient outcomes. The Kilmore & District Hospital takes all practicable measures to ensure compliance with the *Safe Patient Care Act 2015*. The hospital has no matters to report in relation to its obligations under section 40 of the Act.

Building and Maintenance Compliance

During 2018-19 The Kilmore & District Hospital's buildings complied with the *Building Act 1993* as evident in the annual certificate of compliance of essential services. In order to ensure buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place.

Environmental Achievements

The Kilmore & District Hospital is committed to reducing its carbon footprint and minimising the impact on the environment. New and ongoing energy saving initiatives include the expansion of the waste recycling program and participation in the Hume Region Solar Energy project.

Local Jobs First Policy

The Kilmore & District Hospital complies with the intent of the *Local Jobs First Policy Act 2003* and has no requirements of disclosures for the 2018-19 financial year. The Act requires, wherever possible, local industry participation in supplies, taking into consideration the principle of value for money and transparent tendering processes.

National Competition Policy

In accordance with the Competition Principles agreement, Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local authorities.

The Kilmore & District Hospital continues to comply with the National Competition Policy. The Victorian Government's competitive neutrality pricing principles for all relevant business activities have also been applied by The Kilmore & District Hospital.

Consultancies less than $10,000

In 2018-19 The Kilmore & District Hospital engaged four consultants where the total fees payable to the consultant were less than $10,000 (excluding GST), with a total expenditure of $15,579 (excluding GST).

Consultancies more than $10,000

In 2018-19 The Kilmore & District Hospital engaged two consultancies where the total fees payable were in excess of $10,000 (excluding GST):

Consultancy	Purpose of Consultancy	Total Expenditure ($)
Health Recruitment Specialists	Recruitment of Director	12,000
Australian Health Services Group	Strategic Plan Development	15,700

Disclosure of Ex-Gratia Payments

The Kilmore & District Hospital made no ex-gratia payments for the year ending 30 June 2019.

Disclosure of Information and Communication Technology (ICT) Expenditure

The total ICT expenditure incurred during 2018-19 is $0.416 million (excluding GST) with the details shown below:

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) expenditure
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST)
$0.384 million	$0.32 million

Additional Information Available on Request (FRD 22F Appendix)

In compliance with the requirements of FRD 22H Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by The Kilmore & District Hospital and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the *Freedom of Information (FOI) Act 1982* requirements, if applicable):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by The Kilmore & District Hospital.
- Details of changes in prices, fees, charges, rates and levies charged.
- Details of any major external reviews carried out.
- Details of major research and development activities undertaken.
- 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 entity to develop community awareness of The Kilmore & District Hospital and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- General statement on industrial relations within The Kilmore & District Hospital and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by The Kilmore & District Hospital, 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.

Key Financial and Service Performance Reporting

Service Performance at a Glance

Admitted	2018-19	2017-18	2016-17	2015-16	2014-15
Acute					
Number of Inpatients treated incl. same day	2,535	2,852	2,443	2,451	1,786
Beddays	5,245	5,890	4,937	5,037	4,316
Average Length of Stay	2.06	2.07	2.02	2.06	2.42
Geriatric Evaluation and Management (GEM)					
Number of Separations [i]	153	156	178	147	-
Beddays [i]	3,282	3,294	3,290	2,722	-
Average Length of Stay [i]	21.45	21.12	18.48	18.70	-
Operating Theatre					
Number of Operations	1,537	2,007	1,508	1,509	787
Number of Contract Operations [ii]	488	661	315	255	129
Maternity					
Births	240	258	247	292	199
Non-Admitted					
Outpatient Attendances	5,531	6,145	5,969	5,757	3,870
Urgent Care Centre (UCC) Attendances	8,938	9,199	8,521	8,337	8,487
Community Services					
District Nurse Visits	4,723	5,690	4,501	4,997	5,244
Meals on Wheels	8,868	10,589	9,022	7,786	9,059
Aged Care					
Nursing Home					
Beddays	9,763	9,927	8,858	8,495	8,455
Occupancy	88.67	90.66	80.89	77.37	77.20
Residents Accommodated	41	38	40	37	39
Average Length of Stay	781	660	709	-	-
Hostel					
Beddays	10,761	10,719	10,614	10,337	10,175
Occupancy	98.27	97.89	96.93	94.14	92.93
Residents Accommodated	37	52	61	60	88
Average Length of Stay	989	731	618	-	-

[i] *Service undertaken in partnership with Northern Health*

[ii] *Service contracted with Northern Health & Austin Health (subset of the total number of operations)*

Admitted patient data is to be sourced from the Victorian Admitted Episode Dataset (VAED), and definitions are in accordance with the standards in the VAED Manual. The VAED is not final for 2018-19.

Non-admitted data is in accordance with the definitions in the Agency Information Management System (AIMS) manual.

Statement of Priorities

Part A: Strategic Priorities

Priority	Action	Deliverables	Outcomes
Better Health			
A system geared to prevention as much as treatment **Everyone understands their own health and risks** **Illness is detected and managed early** **Healthy neighbourhoods and communities encourage healthy lifestyles**	Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Continue to develop and upskill staff to provide support and guidance to our community who are impacted by Family Violence. We will achieve this by: • Developing and training Go To Resource staff across the organisation who will provide guidance and support to other staff members. • Training staff to be well informed to support and sensitively enquire about potential Family Violence. • Continuing to build and develop networks and partnerships with external support services • Developing resources about support services available under the guidance of a consumer. • Broadening community awareness of The Kilmore & District Hospital's response and support for victims of Family Violence.	**Achieved and ongoing** Training and development continued and extended to include guest speakers from Victoria Police, Centres Against Sexual Assault and other specialist services. Education event held in June 2019 for Visiting Medical Officers which covered the base module of Strengthening Hospital Responses to Family Violence and the importance of the role General Practitioners and Healthcare workers play in sensitive enquiry. 56 people participated including 18 Medical Practitioners. Information brochures developed for consumers and staff about what Family Violence is and support services available. Participated in a partner agency round table planning day for Mitchell Shire service providers.

Priority	Action	Deliverables	Outcomes
Better Access			
Care is always there when people need it **More access to care in the home and community** **People are connected to the full range of care and support they need** **There is equal access to care**	Plan and invest Unlock innovation Provide easier access Ensure fair access	Provide easier access to bowel screening and elective surgery for our community. We will achieve this by: • Engaging with local General Practices to increase screening rates through a call to action communication strategy. • Establishing a Direct Access Colonoscopy Clinic for people in our community with a positive Faecal Occult Blood Test. • Building on partnerships with Northern Health and Austin Health to provide elective surgical care locally. • Developing a streamlined approach to pre-admission for people booked for surgical procedures at The Kilmore & District Hospital.	**Achieved and ongoing** Consultation with local General Practitioners undertaken with six practices engaged during the year. Direct Access Colonoscopy Clinic established in February 2019 with 22 procedures performed since the commencement of the service. Formal agreements are in place with both Northern Health and Austin Health to support the provision of elective surgery. During 2018-19 488 people from the Northern Health and Austin Health elective surgery waiting list were able to have their procedure undertaken locally. Pre-admission clinic established to better support people booked for elective surgical procedures. The clinic is run by an experienced surgical nurse and patient admissions officer and operates three days per week.

Priority	Action	Deliverables	Outcomes
Better Care			
Target zero avoidable harm **Healthcare that focusses on outcomes** **Patients and carers are active partners in care** **Care fits together around people's needs**	Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Support consumers and carers to actively participate in the improvement of the patient experience and patient health outcomes. We will achieve this by: • Developing guidelines to support consumer participation on The Kilmore & District Hospital Governance Committee's by August 2018. • Developing a tool kit for consumer representatives on The Kilmore & District Hospital Governance Committee's by September 2018. • Engaging a consumer representative as a member of The Kilmore & District Hospital Quality & Safety Committee by November 2018. • Utilising consumer engagement at Quality & Safety Committee to focus on the Reduction in Falls Improvement project across Aged and Acute Care services.	**Achieved and ongoing** Consumer Representative position description developed in October 2018. Consumer Participation on The Kilmore & District Hospital's Governance Committee tool kit developed in October 2018. Consumer representative engaged as a Clinical Governance Board Subcommittee member commencing in November 2018. The consumer member has participated in three meetings during 2018-19. Reduction in Falls Improvement project commenced and an action plan developed that incorporates consultation with patients and residents.

Priority	Action	Deliverables	Outcomes
Specific 2018-19 priorities (mandatory)			
Disability action plans	Draft disability action plans are completed in 2018-19.	Submit a draft disability action plan to the department by 30 June 2019. The draft plan needs to outline the approach to full implementation within three years of publication.	**Achieved and ongoing** Draft Disability Action Plan developed and endorsed by the Community Advisory Board Subcommittee in June 2019.
Volunteer engagement	Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Develop a volunteer engagement plan identifying strategies to support and increase volunteer engagement across The Kilmore & District Hospital services and recognise the contribution of volunteers both internally and externally through celebrations, award nominations, and press.	**Achieved and ongoing** Volunteer Engagement Plan developed. Volunteer workforce recognised annually at a celebration lunch. Certificates of appreciation presented to all volunteers. Volunteer contribution recognised internally through the REACH Values Awards and Recognising Excellence Awards. Volunteer nominated in the 2019 Minister for Health Volunteer Awards for Outstanding Achievement by a Volunteer: Improving the patient experience.

Bullying and harassment	Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Create a positive work culture across The Kilmore & District Hospital. We will achieve this by: • Embedding the The Kilmore & District Hospital Values in all avenues of service delivery. • Engaging staff, volunteers and Visiting Medical Officers around the above the line behaviours they associate with the Values. • Embedding manager rounding to support the identification of risk with all staff across the organisation. • Reporting bi-monthly on any risks or incidents of bullying and harassment to the Board of Management and Workforce Capacity and Culture Committee.	**Significantly progressed** REACH values awareness raising campaign implemented. Workgroups determined positive behaviours to model. Reward and recognition introduced to acknowledge and congratulate staff who model positive behaviours around our values. Leader rounding introduced as a core function of the Evidence Based Leadership Program commenced in 2017-18. Reporting of bullying and harassment incidents through the governance structure implemented.
Occupational violence	Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented	Prevent and manage occupational violence and aggression and reduce the percentage of associated incidents resulting in a staff injury, illness or condition through the implementation of the Victorian Government Framework. We will achieve this by: • Embedding planned Code Grey procedures and alerts across the organisation for patients and/ or visitors with known violence tendency. • Undertaking annual staff training and development in the management of occupational violence and aggression.	**Significantly progressed** Significant increase in reporting of negative behaviours and interactions that have previously been normalised. Implementation of planned Code Grey procedures and identifying near misses that can be addressed to reduce the risk of serious injuries in the future. Work Health and Safety Advisor appointed. Staff training and support regarding Code Greys commenced.
Environmental sustainability	Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce ducation, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Improve the way we manage our energy, materials and waste for a sustainable and thriving future. We will achieve this through the implementation of our Environmental Strategy and in 2018-19 will: • Become a member of the Global Green and Healthy Hospitals Network • Embed Environmental Sustainability leadership and culture across all The Kilmore & District Hospital facilities • Increase the use of renewable energy resources by increasing The Kilmore & District Hospital investment in solar power • Reduce energy consumption by 1% per annum through a targeted Switch Off campaign • Transition to a waste recycling program where recyclable waste is weighed and monitored.	**Significantly progressed** Global Green and Healthy Hospitals Network membership under consideration. Sustainability and Waste Action Group convened in November 2018. The purpose of this group is to monitor energy efficiency and waste management program. Participated in the Hume Region Solar Energy project. Installation of solar panels planned for late 2019 with a forecast reduction in energy consumption of 204K KWh per annum translating to a 16% reduction in C02e. Waste recycling program expanded with the following initiatives implemented: • Review of confidential paper recycling undertaken and introduction of a weighted measure of waste; • Printer toner, battery and mobile phone recycling; and • Plastic waste now separated from other waste for recycling.

LGBTI	Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.	Implement practices across The Kilmore & District Hospital to become more LGBTI inclusive. We will achieve this by: • Ensuring The Kilmore & District Hospital 'Diversity, Inclusion and Health Literacy' policy and action plans clearly address the health needs and accessibility issues of LGBTI people • Displaying LGBTI specific symbols and materials in key areas • Auditing patient and resident admittance procedures for respectful documentation of LGBTI identity • Implementing training to increase staff awareness and sensitive practices for LGBTI people and their partners. • Seeking LGBTI representation on The Kilmore & District Hospital 'Community Advisory Committee' and 'Diversity, Inclusion and Health Literacy Action Group' • Contributing through partnerships and networks to build accessible and inclusive LGBTI communities.	**Significantly progressed** Draft LGBTI Action Plan developed and endorsed by the Community Advisory Board Subcommittee in June 2019. LGBTI rainbow flag and commitment to embracing diversity displayed on all staff email signature blocks. LGBTI inclusive health related pamphlets made available to the community in public areas of the health service. Training provided to staff, community and consumer representatives by Transgender Victoria on the challenges faced by LGBTI consumers in Aged Care in February 2019. Information and support accessed from peak service organisations and through state-wide and regional LGBTI forums to inform and strengthen inclusive practice. LGBTI representation on The Kilmore & District Hospital 'Community Advisory Committee' and 'Diversity, Inclusion and Health Literacy Action Group' continued to be sought. Partner agencies engaged to build inclusive practice networks as listed below: • Lower Hume Primary Care Partnership • Mitchell Shire Social Justice Advisory Group • Rainbow Network Victoria – eNews • Transgender Victoria – consultative support.

Part B: Performance Priorities

High quality and safe care

Key performance indicator	Target	2018-19 Result
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Full compliance
Compliance with Commonwealth's Aged Care Accreditation Standards	Accredited	Full compliance
Infection prevention and control		
Compliance with Hand Hygiene Australia program	80%	92.1%
Percentage of healthcare workers immunised for influenza	80%	84%
Patient Experience and Outcomes		
Victorian Healthcare Experience Survey		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Percentage of positive patient experience responses – Quarter 1	95% positive experience	98.2%
Percentage of positive patient experience responses – Quarter 2	95% positive experience	96.5%
Percentage of positive patient experience responses – Quarter 3	95% positive experience	100%
Percentage of very positive responses to questions on discharge care – Quarter 1	75% very positive response	84.5%
Percentage of very positive responses to questions on discharge care – Quarter 2	75% very positive response	88.7%
Percentage of very positive responses to questions on discharge care – Quarter 3	75% very positive response	84.2%
Patients perception of cleanliness - Quarter 1	70%	92.9%
Patients perception of cleanliness - Quarter 2	70%	94.8%
Patients perception of cleanliness - Quarter 3	70%	88.1%
Adverse Events		
Sentinel events – route cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	0
Maternity and newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤ 1.6%	2.1%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	33.3%
Organisational culture		
People Matter Survey		
Percentage of staff with a positive response to safety culture questions	80%	92%
Percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	99%
Percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	94%

Key performance indicator	Target	2018-19 Result
Percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	91%
Percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	88%
Percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	96%
Percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff	80%	84%
Percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	88%
Percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	96%
Effective financial management		
Finance		
Operating result ($M)	0.00	0.12
Average number of days to paying trade creditors	≤ 60 days	96
Average number of days to receiving patient fee debtors	≤ 60 days	22
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.92
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	≥ 14.0 days	21.2
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	1.18

Part C: Activity and Funding

Public hospitals, denominational hospitals and public health services (excluding DHSV) per the Health Services Act

Funding type	2018-19 Activity Achievement	Units
Small Rural Acute	1,415	WIES equivalents
Small Rural HACC	512	Service hours
Small Rural Residential Care	20,524	Beddays
Health Workforce	5	Number of students

Financial Overview

For the year ended 30 June 2019 compared with the last five financial years

Operating Result	2018-19 $'000	2017-18 $'000	2016-17 $'000	2015-16 $'000	2014-15 $'000
Total Revenue	26,169	23,721	20,294	18,920	20,755
Total Expenses	27,558	25,930	22,878	21,286	19,187
Net result from transactions	(1,389)	(2,209)	(2,584)	(2,366)	1,568
Total other economic flows	56	1	1	(18)	(15)
Net Result	**(1,333)**	**(2,208)**	**(2,584)**	**(2,366)**	**1,568**
Total Assets	36,919	36,918	39,234	39,844	41,732
Total Liabilities	10,500	9,888	9,996	8,147	8,040
Net Assets / Total Equity	**26,419**	**27,030**	**29,238**	**31,697**	**33,692**

Prepared in accordance with Australian Accounting Standards which include A-IFRS

Operating result reconciliation

Reconciliation between the Net result from transactions reported in the financial statements to the operating result as agreed in the Statement of Priorities:

	2019	2018
Net operating result*	120	122
Capital and specific income	-	-
Capital purpose income	1,049	640
Specific income	-	-
Asset provided free of charge	-	-
Assets received free of charge	-	-
Expenditure for capital purpose	197	-
Depreciation and amortisation	2,720	3,135
Impairment of non-financial assets	-	-
Finance costs (other)	1	2
Net result from transactions	**(1,389)**	**(2,209)**

Significant Changes in Financial Position During 2018–19

There was a significant change in financial position during 2018–19. An operating surplus of $780 was forecast at the beginning of the year however the end result was an operating surplus of $119,546.

There have been no significant events subsequent to balance date affecting the operations of the hospital.

Revenue Indicators as at 30 June 2019

Average Collection Days	2018-19	2017-18
Private Inpatient Fees	17.2	49.6
District Nursing Services	42.6	58.3

Outstanding Debtors as at 30 June 2019

Average Collection Days	Under 30 Days ($)	30-60 Days ($)	61-90 Days ($)	Over 90 Days ($)	Total June 2019 ($)	Total June 2018 ($)
Hospital - Inpatient Fees	50,078	10,334	457	14,614	75,483	82,619
District Nursing Fees	14,750				14,750	39,090
Residential Aged Care	2,563				(2,563)	62,586
Total	**67,391**	**10,334**	**457**	**14,614**	**87,670**	**184,295**

Attestations

Data Integrity

I, Sue Race, certify that The Kilmore & District Hospital has put it place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Kilmore & District Hospital has critically reviewed these controls and processes during the year.

Sue Race
Accountable Officer
The Kilmore & District Hospital
23 August 2019

Conflict of Interest

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

Sue Race
Accountable Officer
The Kilmore & District Hospital
23 August 2019

Integrity, fraud and corruption

I, Sue Race, certify that The Kilmore & District Hospital has put it place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at The Kilmore & District Hospital during the year.

Sue Race
Accountable Officer
The Kilmore & District Hospital
23 August 2019

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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

Sue Race
Accountable Officer
The Kilmore & District Hospital
23 August 2019

Financial Management Compliance

I, Kathryn Harris, on behalf of the Responsible Body, certify that the Kilmore and District Hospital has complied with the applicable Standing Directions of the Assistant Treasurer under the Financial Management Act 1994 and instructions.

Kathryn Harris
Chair elect, Board of Directors
The Kilmore & District Hospital
23 August 2019

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for The Kilmore & District Hospital for the year ending 30 June 2019.

Kathryn Harris
Chair elect, Board of Directors
The Kilmore & District Hospital
23 August 2019

Disclosure Index

The Annual Report of The Kilmore & District Hospital is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

Ministerial Directions

Legislation Requirement	Page Reference
Charter and purpose	
FRD 22H Manner of establishment and the relevant Ministers	12
FRD 22H Purpose, functions, powers and duties	12
FRD 22H Nature and range of services provided	12
FRD 22H Activities, programs and achievements for the reporting period	2
FRD 22H Significant changes in key initiatives and expectations for the future	2
Management and structure	
FRD 22H Organisational structure	9
FRD 22H Workforce data/employment and conduct principles	13
FRD 22H Occupational Health and Safety	14
Financial information	
FRD 22H Summary of financial results for the year	24
FRD 22H Significant changes in financial position during the year	24
FRD 22H Operational and budgetary objectives and performance against objectives	22
FRD 22H Subsequent events	64
FRD 22H Details of consultancies under $10,000	15
FRD 22H Details of consultancies greater than $10,000	15
FRD 22H Disclosure of ICT expenditure	16
Legislation	
FRD 22H Application and operation of Freedom of Information Act 1982	15
FRD 22H Compliance with building and maintenance provisions of Building Act 1993	15
FRD 22H Application and operation of Protected Disclosure Act 2012	15
FRD 22H Statement on National Competition Policy	15
FRD 22H Application and operation of Carers Recognition Act 2012	15
FRD 22H Summary of The Kilmore & District Hospital's environmental performance	15
FRD 22H Additional information available on request	16
Other relevant reporting directives	
FRD 25C Local Jobs First Policy disclosures	15
SD 5.1.4 Financial Management Compliance attestation	25
SD 5.2.3 Declaration in the report of operations	25

Legislation Requirement	Page Reference
Attestations	
Attestation on Data Integrity	25
Attestation on managing Conflicts of Interest	25
Attestation on Integrity, fraud and corruption	25
Other reporting requirements	
Reporting of outcomes from Statement of Priorities 2018-19	18
Occupational Violence reporting	14
Reporting of compliance Health Purchasing Victoria policy	25
Reporting obligations under the Safe Patient Care Act 2015	15

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

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

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

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

We authorise the attached financial report for issue 23 August 2019.

Ms Kathryn Harris
Board Chair

Kilmore
23 August 2019

Mrs. S. Race
Chief Executive Officer

Kilmore
23 August 2019

Mr. C. Clark
Chief Finance and Accounting Officer

Kilmore
23 August 2019

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of The Kilmore & District Hospital

Opinion	I have audited the financial report of The Kilmore & District Hospital (the health service) which comprises the: • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service'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
29 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

Financial Statements

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2019

	Note	Total 2019 $'000	Total 2018 $'000
Income from Transactions			
Operating Activities	2.1	26,110	23,705
Non-operating Activities	2.1	59	16
Total Income from Transactions		**26,169**	**23,721**
Expenses from Transactions			
Employee Expenses	3.1	(20,155)	(18,387)
Supplies and Consumables	3.1	(2,492)	(2,527)
Depreciation and Amortisation	4.4	(2,720)	(3,135)
Other Operating Expenses	3.1	(2,191)	(1,881)
Total Expenses from Transactions		**(27,558)**	**(25,930)**
Net Result from Transactions - Net Operating Balance		**(1,389)**	**(2,209)**
Other Economic Flows included in Net Result			
Net gain/(loss) on non-financial assets	3.2	(9)	-
Other Gain/(Loss) from Other Economic Flows	3.2	65	1
Total Other economic flows included in net result		**56**	**1**
Net Result for the year		**(1,333)**	**(2,208)**
Other Comprehensive Income			
Items that will not be classified to the Net Result			
Changes to Property, Plant and Equipment Revaluation Surplus	4.2(b)	**722**	**-**
Total Other Comprehensive Income		722	-
COMPREHENSIVE RESULT FOR THE YEAR		**(611)**	**(2,208)**

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

Balance Sheet as at 30 June 2019

	Note	Total 2019 $'000	Total 2018 $'000
Current Assets			
Cash and Cash Equivalents	6.2	6,838	1,567
Receivables	5.1	657	1,727
Investments and Other Financial Assets	4.1	-	4,269
Inventories		169	176
Other Financial Assets		103	60
Total Current Assets		**7,767**	**7,799**
Non-Current Assets			
Receivables	5.1	976	575
Property, Plant & Equipment	4.2(a)	28,150	28,523
Intangible Assets	4.3	26	21
Total Non-Current Assets		**29,152**	**29,119**
TOTAL ASSETS		**36,919**	**36,918**
Current Liabilities			
Payables	5.2	1,801	2,247
Borrowings	6.1	18	18
Provisions	3.4	3,767	3,284
Other Liabilities	5.3	4,416	3,863
Total Current Liabilities		**10,002**	**9,412**
Non-Current Liabilities			
Borrowings	6.1	14	19
Provisions	3.4	484	457
Total Non-Current Liabilities		**498**	**476**
TOTAL LIABILITIES		**10,500**	**9,888**
NET ASSETS		**26,419**	**27,030**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2 (f)	18,268	17,546
Contributed Capital		11,532	11,532
Accumulated Surpluses/(Deficits)		(3,381)	(2,048)
TOTAL EQUITY		**26,419**	**27,030**

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

Statement of Changes in Equity

For the Financial Year Ended 30 June 2019

Total	Note	Property, Plant & Equipment Revaluation Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 1 July 2017		**17,546**	**11,532**	**160**	**29,238**
Net result for the year		-	-	(2,208)	(2,208)
Other comprehensive income for the year		-	-	-	-
Capital appropriation received from Victorian Government		-	-	-	-
Balance at 30 June 2018		**17,546**	**11,532**	**(2,048)**	**27,030**
Net result for the year		-	-	(1,333)	(1,333)
Other comprehensive income for the year		722	-	-	722
Capital appropriation received from Victorian Government		-	-	-	-
Balance at 30 June 2019		**18,268**	**11,532**	**(3,381)**	**26,419**

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

Cash Flow Statement

For the Financial Year Ended 30 June 2019

	Note	Total 2019 $'000	Total 2018 $'000
Cash Flows From Operating Activities			
Operating Grants from Government		16,419	14,407
Capital Grants from Government		990	624
Other Capital Receipts		59	-
Patient and Resident Fees Received		4,570	4,329
GST Received from/(paid to) ATO		517	403
Recoupment from Private Practice for use of Hospital Facilities		61	49
Other Capital Receipts		226	192
Other Receipts		4,715	3,296
Total Receipts		***27,557***	***23,300***
Employee Expenses Paid		(19,890)	(18,198)
Payment for Supplies & Consumables		(5,673)	(4,155)
Other Payments		-	(1,365)
Total Payments		***(25,563)***	***(23,718)***
Net Cash Flows from/(used in) Operating Activities	**8.1**	**1,994**	**(418)**
Cash Flows From Investing Activities			
Purchase of Investments		-	-
Proceeds from Disposal of Investments		5,122	1,360
Purchase of Non-Financial Assets		(1,622)	(636)
Proceeds from Sale of Non-Financial Assets		14	-
Net Cash Flows from/(used in) Investing Activities		**3,514**	**724**
Net Increase/(Decrease) in Cash and Cash Equivilents Held		**5,508**	**306**
Cash and Cash Equivalents at Beginning of Year		1,330	1,024
Cash and Cash Equivalents at End of Year	**6.2**	**6,838**	**1,330**

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

Basis of Presentation

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

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

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for The Kilmore & District Hospital for the year ended 30 June 2019. The report provides users with information about the Hospital's stewardship of resources entrusted to it.

(a) Statement of Compliance

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

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

The Hospital is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Hospitals under the AASBs.

The annual financial statements were authorised for issue by the Board of The Kilmore & District Hospital on 23 August 2019.

(b) Reporting Entity

The financial statements include all the controlled activities of The Kilmore & District Hospital.

Its principal address is:

Rutledge St,

Kilmore, Victoria 3764.

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

(c) Basis of Accounting Preparation and Measurement

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

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

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

All amounts shown 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 Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

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

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

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

Goods and Services Tax (GST)

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

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

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

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

(d) Jointly Controlled Operation

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

The Hospital is a member of the Hume Rural Health alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7Jointly Controlled Operations)

(e) Equity

Contributed Capital

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

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.

(f) Comparatives

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

Note 2: Funding delivery of our services

The hospital's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians.

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

The hospital also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1: Analysis of Revenue by Source

	Total 2019 $'000	Total 2018 $'000
Government Grants - Operating	16,386	14,506
Government Grants - Capital	990	624
Other Capital purpose income (including capital donations)	426	408
Patient and Resident Fees	4,451	4,431
Commercial Activities[(i)]	456	414
Contracted Throughput - Northern Hospital & Austin Hospital	2,701	2,684
Other Revenue from Operating Activities (including non-capital donations)	700	638
Total Income from Operating Activities	**26,110**	**23,705**
Capital Interest	59	16
Total Income from Non-Operating Activities	**59**	**16**
Total Income from Transactions	**26,169**	**23,721**

[(i)]Commercial activities represent business activities which health service enter into to support their operations.

Note 2.1: Analysis of Revenue by Source (continued)

Revenue Recognition

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

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

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

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

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

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

Non-cash contributions from the Department of Health and Human Services

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

Patient and Resident Fees

Patient fees are recognised as revenue on an accrual basis.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

Revenue from Commercial Activities

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

Other Income

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as specific restricted purpose surplus.

Interest Revenue

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

Note 3: The cost of delivering services

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

Structure

3.1 Expenses from Transactions

3.2 Other Economic Flows

3.3 Analysis of expense and revenue by internally managed and restricted specific purpose funds

3.4 Employee Benefits in the Balance Sheet

3.5 Superannuation

Note 3.1: Expenses from transactions

	Total 2019 $'000	Total 2018 $'000
Salaries and Wages	15,327	13,662
On-costs	1,409	1,219
Agency Expenses	186	281
Fee for Visiting Medical Officer Expenses	2,817	2,936
WorkCover Premium	416	289
Total Employee Expenses	**20,155**	**18,387**
Drug Supplies	227	247
Medical and Surgical Supplies	879	906
Other Supplies and Consumables	1,386	1,374
Total Supplies and Consumables	**2,492**	**2,527**
Finance Costs	1	2
Total Finance Costs	**1**	**2**
Fuel, Light & Power	329	313
Repairs and Maintenance	461	392
Medical Indemnity Insurance	451	418
Other Administrative Expenses	753	756
Expenditure for Capital Purposes	197	-
Total Other Operating Expenses	**2,191**	**1,879**
Depreciation and Amortisation (refer Note 4.4)	2,720	3,135
Total Other Non-Operating Expenses	**2,720**	**3,135**
Total Expenses from Transactions	**27,559**	**25,930**

Note 3.1: Expenses from transactions (continued)

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

Employee expenses

Employee expenses include:

- wages and salaries (including fringe befefits tax, leave entitlements, termination payments);
- on-costs;
- agency expenses;
- fee for service medical officer expenses;
- work cover premium.

Supplies and consumables

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

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).

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

Non-operating expenses

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

Note 3.2: Other Economic Flows

	Total 2019 $'000	Total 2018 $'000
Net gain/(loss) on sale of non-financial assets		
Net loss on disposal of property plant and equipment	(9)	-
Total net gain/(loss) on non-financial assets	**(9)**	**-**
Other Gains/(Losses) from other economic flows		
Net gain/(loss) from revaluation of long service liability	65	1
Total net gain/(loss) on financial instruments at Armortised Costs	**56**	**1**
Total other gains/(losses) from other economic flows	**56**	**1**

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

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

Net gain/ (loss) on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment)
- 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 at fair value

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets); and
- disposals of financial assets and derecognition of financial liabilities.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Note 3.2: Other Economic Flows (continued)

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.1 Investments and other financial assets.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

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

Inventories

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

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

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

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

Fair Value of Assets, Services Provided Free of Charge or for Nominal Consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.

Note 3.3: Analysis of expense and revenue by internally managed and restricted specific purpose funds

	Expense		Revenue	
Commercial Activities	**Total 2019 $'000**	**Total 2018 $'000**	**Total 2019 $'000**	**Total 2018 $'000**
Catering	141	196	125	131
Radiology	-	-	81	89
Total Finance Costs	**141**	**196**	**206**	**220**

NOTE 3.4: Employee benefits in the balance sheet

	Total 2019 $'000	Total 2018 $'000
CURRENT PROVISIONS		
Employee Benefits[i]		
Annual leave		
– Unconditional and expected to be settled wholly within 12 months[ii]	843	738
– Unconditional and expected to be settled wholly after 12 months[iii]	496	539
Long service leave		
– Unconditional and expected to be settled wholly within 12 months[ii]	310	200
– Unconditional and expected to be settled wholly after 12 months[iii]	1,672	1,409
Accrued days off		
– Unconditional and expected to be settled wholly within 12 months[ii]	42	46
	3,363	**2,932**
Provisions related to Employee Benefit On-Costs		
– Unconditional and expected to be settled wholly within 12 months[ii]	173	137
– Unconditional and expected to be settled wholly after 12 months[iii]	231	215
	404	**352**
TOTAL CURRENT PROVISIONS	**3,767**	**3,284**
NON CURRENT PROVISIONS		
Conditional Long Service Leave	432	408
Provisions related to Employee Benefit On-Costs	52	49
TOTAL NON-CURRENT PROVISIONS	**484**	**457**
TOTAL PROVISIONS	**4,251**	**3,741**

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

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs		
Unconditional LSL Entitlement	2,219	1,802
Annual Leave Entitlements	1,501	1,431
Accrued Days Off	47	51
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	484	457
Total Employee Benefits and Related On-Costs	**4,251**	**3,741**

(b) Movement in On-Costs Provision

Balance at start of year	49
Additional provisions recognised	3
Unwinding of discount and effect of changes in the discount rate	-
Reduction due to transfer out	-
Balance at end of year	**52**

NOTE 3.4: Employee Benefits in the Balance Sheet (continued)

Employee Benefit Recognition

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

Provisions

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

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

Annual Leave and Accrued Days Off

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

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

- nominal value – if the hospital expects to wholly settle within 12 months; or
- present value – if the hospital 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 hospital does not expect to settle the liability within 12 months because it will not have 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 the hospital expects to wholly settle within 12 months; and
- present value – where the entity does not expect to settle a component of this current liability within 12 months.

Conditional LSL is disclosed as a non-current liability.

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

Termination benefits

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

On-costs related to employee expense

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

Note 3.5. Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2019 $'000	Total 2018 $'000	Total 2019 $'000	Total 2018 $'000
Defined benefit plans: (i)				
Health Super	18	11	-	-
Defined Contribution Plans:				
Health Super	979	921	-	-
Hesta	287	287	-	-
Other	125	-		
Total	**1,409**	**1,219**	**-**	**-**

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

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

Defined Benefit Superannuation Plans

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

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

However superannuation contributions paid and payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Hospital.

The name and details of the major employee superannuation funds and contributions made by the Kilmore & District Hospital 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.

Note 4: Key Assets to Support Service Delivery

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

Structure

4.1 Investments and other financial assets
4.2 Property, plant & equipment
4.3 Depreciation and amortisation
4.4 Intangible assets

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
CURRENT				
Loans and Receivables				
Term Deposit	-	4,269	-	4,269
Total Current	**-**	**4,269**	**-**	**4,269**
Represented by:				
Investments	-	406	-	406
Auxiliary Investments	-	-	-	-
Monies Held in Trust	-	3,863	-	3,863
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**-**	**4,269**	**-**	**4,269**

Investment Recognition

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

Investments are classified as loans and receivables.

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

The Hospital's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

All financial assets, except those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

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
- the Hospital 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
- the Hospital has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

At the end of each reporting period, the Hospital assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Note 4.2: Property, Plant & Equipment

Initial Recognition

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

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

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

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

Fair value measurement

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

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

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

The Valuer-General Victoria (VGV) is the Hospital's independent valuation agency.

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

Note 4.2: Property, Plant & Equipment (continued)

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

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

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

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

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets. A CSO allowance of 20% has been adopted in assessing the Fair Value of the property for financial reporting purposes.

For the Hospital, 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 the Hospital's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Vehicles

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

Plant and equipment

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

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

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

Note 4.2(a): Property, plant & equipment - Gross carrying amount and accumulated depreciation carrying amount and accumulated depreciation

	Total 2019 $'000	Total 2018 $'000
Land		
Land at Fair Value	1,251	1,219
Total Land	**1,251**	**1,219**
Buildings		
Buildings Under Construction at cost	-	105
Buildings at Fair Value	24,723	53,597
Less Accumulated Depreciation	-	28,658
Total Buildings	**24,723**	**25,044**
Plant & Equipment		
Plant & Equipment at Fair Value	6,415	6,086
Less Accumulated Depreciation	4,436	4,039
Total Plant & Equipment	**1,979**	**2,047**
Motor Vehicles		
Motor Vehicles at fair value	242	242
Less Accumulated Depreciation	78	66
Total Motor Vehicles	**164**	**176**
Leased Assets		
IT Equipment - Hume Rural Health Alliance	111	96
Less Accumulated Amortisation	78	59
Total Leased Assets	**33**	**37**
TOTAL PROPERTY, PLANT & EQUIPMENT	**28,150**	**28,523**

Note 4.2(b): Property, plant & equipment - Reconciliations of carrying amount by class of asset

	Crown Land $'000	Buildings $'000	Plant & Equipment $'000	Motor Vehicles $'000	Leased Assets $'000	Total $'000
Balance at 1 July 2017	**1,219**	**27,798**	**1,742**	**199**	**61**	**31,019**
Additions	-	41	618	-	10	669
Disposals	-	-	-	-	(32)	(32)
Revaluation Increments/(Decrements)	-	-	-	-	-	-
Depreciation expense (note 4.4)	-	(2,795)	(313)	(23)	(2)	(3,133)
Balance at 30 June 2018	**1,219**	**25,044**	**2,047**	**176**	**37**	**28,523**
Additions	-	1,261	329	32	19	1,641
Disposals	-	-	-	(22)	-	(22)
Revaluation Increments/(Decrements)	32	690	-	-	-	722
Depreciation expense (note 4.4)	-	(2,272)	(397)	(22)	(23)	(2,714)
Balance at 30 June 2019	**1,251**	**24,723**	**1,979**	**164**	**33**	**28,150**

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of The Kilmore and District Hospital's owned and leased land and buildings to determine their fair value.

The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

Note 4.2(c): Property, plant & equipment - fair value measurement heirarchy for assets

Balance at 30 June 2019	Carrying amount $'000	Fair value measurement at end of reporting period using: Level 1[i] $'000	Level 2[i] $'000	Level 3[i] $'000
Land at fair value				
Specialised land	1,251	-	-	1,251
Total of land at fair value	1,251			1,251
Buildings at fair value				
Specialised buildings	24,723	-	-	24,723
Total of building at fair value	24,723	-	-	24,723
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	164	-	-	164
- Plant and equipment	1,979	-	-	1,979
Total of plant, equipment and vehicles at fair value	2,143	-	-	2,143
Assets under construction at fair value				
Specialised buildings	-	-	-	-
Total assets under construction at fair value	-	-	-	-
Total Property, Plant & Equipment	**28,117**	**-**	**-**	**28,117**

Balance at 30 June 2018	Carrying amount $'000	Fair value measurement at end of reporting period using: Level 1[i] $'000	Level 2[i] $'000	Level 3[i] $'000
Land at fair value				
Specialised land	1,219	-	-	1,219
Total of land at fair value	1,219	-	-	1,219
Buildings at fair value				
Specialised buildings	24,939	-	-	24,939
Total of building at fair value	24,939	-	-	24,939
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	176	-	-	176
- Plant and equipment	2,047	-	-	2,047
Total of plant, equipment and vehicles at fair value	2,223	-	-	2,223
Assets under construction at fair value				
Specialised buildings	105	-	-	105
Total assets under construction at fair value	105	-	-	105
Total Property, Plant & Equipment	**28,486**	**176**	**-**	**28,486**

Note
(i) Classified in accordance with the fair value hierarchy, see Note 1
There have been no transfers between levels during the period.

Note 4.2(d): Property, plant & equipment - Reconciliation of level 3 Fair Value measurement

	Land	Buildings	Plant and equipment	Assets under construction
Balance at 1 July 2018	**1,219**	**24,939**	**2,047**	**105**
Additions/(Disposals)	-	-	321	1,261
Assets provided free of charge	-	-	-	-
Gains or losses recognised in net result				
- Depreciation	-	(2,253)	(389)	(19)
- Impairment loss	-	-	-	-
Items recognised in Other Comprehensive income				
- Revaluation	32	2,037	-	(1,347)
Balance at 30 June 2019	**1,251**	**24,723**	**1,979**	**-**

	Land	Buildings	Plant and equipment	Assets under construction
Balance at 1 July 2017	**1,219**	**27,734**	**1,742**	**64**
Additions/(Disposals)	-	-	618	41
Assets provided free of charge	-	-	-	-
Gains or losses recognised in net result				
- Depreciation	-	(2,795)	(313)	-
- Impairment loss	-	-	-	-
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Balance at 30 June 2018	**1,219**	**24,939**	**2,047**	**105**

Note 4.2(e): Property, plant & equipment - fair value determination

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments
Specialised buildings	Depreciated replacement cost approach	Cost per square metre Useful life
Heritage assets	Depreciated replacement cost	Cost per square metre Useful life
Dwellings	Depreciated replacement cost approach	Cost per square metre Useful life
Vehicles	Depreciated replacement cost approach	Cost per unit Useful life
Plant and equipment	Depreciated replacement cost approach	Cost per square metre Useful life
Infrastructure	Depreciated replacement cost approach	Cost per square metre Useful life
Road, infrastructure & earthworks	Depreciated replacement cost approach	Cost per square metre Useful life

Note 4.2(f): Property, Plant & Equipment Revaluation Surplus

	Total 2019 $'000	Total 2018 $'000
Property, Plant & Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	17,546	17,421
Transfers to Accumulated Deficits		
- Land	-	-
Revaluation Increment		
- Land (refer Note 4.2(b))	32	125
- Buildings	690	-
Balance at end of the reporting period*	**18,268**	**17,546**
*** Represented by:**		
- Land	1,251	1,219
- Buildings	17,017	16,327
	18,268	**17,546**

Note 4.3(a): Intangible assets - Gross carrying amount and accumulated amortisation

	Total 2019 $'000	Total 2018 $'000
Hume Rural Health Alliance	30	30
Less Acc'd Amortisation	4	9
Total Intangible Assets	**26**	**21**

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

Note 4.3(b): Intangible assets - Reconciliation of the carrying amount by class of asset

	Software $'000	Software $'000
Balance at 1 July 2017	**70**	**40**
Additions	-	32
Disposals	(47)	
Amortisation (note 4.4)	(2)	(2)
Balance at 1 July 2018	**21**	**70**
Additions	11	-
Disposals		(47)
Amortisation (note 4.4)	(6)	(2)
Balance at 30 June 2019	**26**	**21**

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and carpark revenue recognition rights.

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

Note 4.4: Depreciation and Amortisation

	Total 2019 $'000	Total 2018 $'000
Depreciation		
Buildings	2,272	2,795
Plant & Equipment	397	313
Motor Vehicles	22	23
IT Equipment - Leased Assets	23	2
Total Depreciation	**2,714**	**3,133**
Amortisation		
Intangible Assets - HRHA	6	2
Total Amortisation	**6**	**2**
Total Depreciation and Amortisation	**2,720**	**3,135**

Depreciation

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

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2019	2018
Buildings		
– Structure Shell Building Fabric	45 to 60 years	45 to 60 years
– Site Engineering Services and Central Plant	30 to 40 years	30 to 40 years
Central Plant		
– Fit Out	20 to 30 years	20 to 30 years
– Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	Up to 10 years	Up to 10 years
Medical Equipment	Up to 10 years	Up to 10 years
Computers and Communication	3 years	3 years
Furniture and Fitting	Up to 10 years	Up to 10 years
Motor Vehicles	Up to 10 years	Up to 10 years
Intangible Assets	3 to 4 years	3 to 4 years

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

Note 5: Other Assets and Liabilities

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

Structure
5.1 Receivables
5.2 Payables
5.3 Other liabilities

Note 5.1: Receivables

	Total 2019 $'000	Total 2018 $'000
CURRENT		
Contractual		
Inpatient Fees	75	83
District Nursing Fees	15	39
Aged Care Fees	(2)	63
Simplified Billing	-	22
Department of Health & Human Services	(6)	27
Trade Debtors	435	1,216
Hume Rural Health Alliance	57	167
Accrued Revenue	-	21
Less Allowance for impairment losses of contractual receivables	(12)	(10)
	562	**1,628**
Statutory		
GST Receivable	95	99
	95	**99**
TOTAL CURRENT RECEIVABLES	**657**	**1,727**
NON-CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	976	575
TOTAL NON-CURRENT RECEIVABLES	**976**	**575**
TOTAL RECEIVABLES	**1,633**	**2,302**

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

	Total 2019 $'000	Total 2018 $'000
Balance at beginning of year	10	3
Increase/(decrease) in allowance recognised in net result	2	7
Balance at end of year	**12**	**10**

Receivables consist of:

- contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as financial assets at amortised costs;. They are intially recognised at fair value plus any directly attributable transaction costs. The Hospital holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less ant impairment
- statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable. Statutory receivables do not arise from contracts and are measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Hospital applies AASB9 for initial measurement of the statutory receivables and as a result statutory receivables are initilally recognised at fair value plus any direct attributable transaction cost.

Note 5.1: Receivables (continued)

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.*

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

Impairment losses of contractual receivables

Refer to Note 7.1 Contractual receivables at amortised costs for the Hospital's contractual impairment losses.

Note 5.2: Payables

	Total 2019 $'000	Total 2018 $'000
CURRENT		
Contractual		
Trade Creditors	1,316	1,956
Accrued Salaries and Wages	327	258
Accrued Expenses	-	12
Hume Rural Health Alliance	158	21
	1,801	**2,247**
Statutory		
Department of Health and Human Services	-	-
	-	**-**
CURRENT PAYABLES	**1,801**	**2,247**
TOTAL PAYABLES	**1,801**	**2,247**

Payables Recognition

Payables consist of:

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

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

Note 5.3: Other Liabilities

	Total 2019 $'000	Total 2018 $'000
CURRENT		
Monies Held In Trust		
Auxilliary Monies Held in Trust*	21	-
Accommodation Bonds*	4,395	3,863
Total Other Liabilities	**4,416**	**3,863**
*** Total Monies Held In Trust**		
Represented by the following assets:		
Cash Assets (refer to note 6.2)	4,416	-
Investment and other Financial Assets	-	3,863
TOTAL	**4,416**	**3,863**

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

Note 6.1: Borrowings

	Total 2019 $'000	Total 2018 $'000
CURRENT		
Finance Lease Liability (i)	18	18
Total Current Borrowings	**18**	**18**
NON CURRENT		
Finance Lease Liability (i)	14	19
Total Non-Current	**14**	**19**
Total Borrowings	**32**	**37**

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

Maturity analysis of borrowings

Please refer to note 7.1(c) for the ageing analysis of borrowings.

Defaults and breaches

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

Finance Lease liabilities

	Minimum future lease payments		Present Value of Minimum future lease payments	
	2019	2018	2019	2018
Finance Leases				
Repayments in relation to finance leases are payable as follows:				
Not longer than one year	18	18	18	18
Later than one year but not longer than five years	14	19	14	19
Minimum future lease payments	**32**	**37**	**32**	**37**
Less future finance charges	-	-	-	-
TOTAL	**32**	**37**	**32**	**37**
Included in the financial statements as:				
Current borrowings lease liabilities	18	18	18	18
Non-current borrowings lease liabilities	14	19	14	19
TOTAL	**32**	**37**	**32**	**37**

Note 6.1: Borrowings (continued)

Borrowing Recognition

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

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

All other leases are classified as operating leases.

Finance leases

Entity as lessee

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

Note 6.2: Cash and Cash Equivalents

	Total 2019 $'000	Total 2018 $'000
Cash at Bank	2,422	1,567
Deposits at Call	4,416	-
Total Cash and Cash Equivalents	**6,838**	**1,567**
Represented by:		
Cash for Hospital Operations (as per Cash Flow Statement)	6,541	1,330
Cash - Hume Rural Health Alliance	297	237
Total Cash and Cash Equivalents	**6,838**	**1,567**

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 of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.

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

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial instruments

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

Note 7.1(a): Financial instruments: categorisation

2019	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets			
Cash and Cash Equivalents	6,838	-	6,838
Trade debtors and accruals	562	-	562
Term Deposits	-	-	-
Total Financial Assets [(i)]	**7,400**	**-**	**7,400**
Financial Liabilities			
Payables	-	1,801	1,801
Borrowings	-	32	32
Monies Held In Trust	-	4,416	4,416
Total Financial Liabilities [(i)]	**-**	**6,249**	**6,249**

2018	Contractual Financial Assets - Loans and Receivables and cash $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets			
Cash and Cash Equivalents	1,567	-	1,567
Trade debtors and accruals	1,628	-	1,628
Term Deposits	4,269	-	4,269
Total Financial Assets [(i)]	**7,464**	**-**	**7,464**
Financial Liabilities			
Payables	-	2,247	2,247
Borrowings	-	37	37
Monies Held In Trust	-	3,863	3,863
Total Financial Liabilities [(i)]	**-**	**6,147**	**6,147**

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

Note 7.1: Financial Instruments (continued)

Categories of financial assets previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Hospital recognises the following assets in this category:

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

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

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

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

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment of financial assets: At the end of each reporting period, the Hospital assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

Note 7.1(b): Maturity analysis of financial liabilities as at 30 June

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

	Note	Carrying Amount $'000	Maturity Dates			
			Less Than 1 Month $'000	1-3 Months $'000	3 Months - 1 Year $'000	1-5 Years $'000
2019 Financial Liabilities						
At amortised cost						
Trade creditors and accruals	5.2	1,801	1,801	-	-	-
Borrowings	6.1	32	-	-	18	19
Monies Held In Trust	5.3	4,416	-	486	1,721	2,208
Total Financial Liabilities		**6,249**	**1,801**	**486**	**1,739**	**2,227**
2018 Financial Liabilities						
At amortised cost						
Trade creditors and accruals	5.2	2,247	2,247	-	-	-
Borrowings	6.1	37	-	-	18	19
Monies Held In Trust	5.3	3,863	-	425	1,506	1,932
Total Financial Liabilities		**6,147**	**2,247**	**425**	**1,524**	**1,951**

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

Note 7.1(c): Contractual receivables at amortised costs

1 July 2018	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	0	0	0	0	0	0
Loss allowance	0	0	0	0	0	0

1 July 2019	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	0	0	0	0	0	0
Loss allowance	0	0	0	0	0	0

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, the Hospital has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Hospital's contractual receivables, statutory receivables and its investment in debt instruments.

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. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

The Hospital applies AASB 9 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. The Hospital has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Hospital determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	2018	2017
Balance at beginning of the year	0	0
Openning retained earnings adjustment on adoption of AASB 9	0	
Openning Loss Allowance		
Modification of contractual cash flows on finacial assets	0	0
Increase in the provision recognised in the net result	0	0
Reversal of provision of receivables written off during the year as uncollectable	0	0
Reversal of unused provision recognised in the net result	0	0
Balance at end of the year	**0**	0

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.

In praior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables and debt investments at amortised cost [AASB2016-8.4]

The Hospital'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.

Both the statutory receivables and investments in debt instruments 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 the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

Note 8: Other Disclosures

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

Structure

Note 8.1: Reconciliation of net result for the year to net cash inflow/outflow from operating activities

	Total 2019 $'000	Total 2018 $'000
Net result for the Year	(1,333)	(2,208)
Non-cash movements:		
Depreciation and Amortisation	2,720	3,135
Hume Rural Health Alliance	(99)	(113)
Provision for Doubtful Debts	2	7
Movements included in investing and financing activities		
Net (Gain)/Loss from Disposal of Plant and Equipment	9	-
Movements in assets and liabilities:		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	667	(1,051)
(Increase)/Decrease in Other Assets	(43)	(48)
Increase/(Decrease) in Payables	(446)	737
Increase/(Decrease) in Other Liabilities		(1,365)
Increase/(Decrease) in Provisions	510	550
(Increase)/Decrease in Inventories	7	(62)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**1,994**	**(418)**

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.

Responsible Ministers:	**Period**
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	1/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability & Ageing	1/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability & Ageing and Carers	29/11/2018 - 30/06/2019
Governing Boards	
J. McGill (Chairperson)	1/07/2018 - 30/06/2019
K. Harris	1/07/2018 - 30/06/2019
P. Nottle	1/07/2018 - 30/06/2019
V. Childs (resigned 5 March 2019)	1/07/2018 - 05/03/2019
H. McLaughlin	1/07/2018 - 30/06/2019
W. Kelly	1/07/2018 - 30/06/2019
T. Lannan	1/07/2018 - 30/06/2019
C. Burke (resigned 5 March 2019)	1/07/2018 - 05/03/2019
J. Butty	1/07/2018 - 30/06/2019
Accountable Officer	
S. Race (Chief Executive Officer)	1/07/2018 - 30/06/2019

Remuneration of Responsible Persons

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

Income Band	**Total 2019 No.**	**Total 2019 No.**
$0 - $10,000	9	9
$180,000 - 199,999	-	1
$200,000 - 209,999	1	-
Total Numbers	**10**	**10**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$235,727**	**$188,203**

Note 8.3: Remuneration of Executives

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

	Total Remuneration	
Remuneration of Executive Officers (Including Key Management Personnel disclosed in note 8.4)	**2019 $**	**2018 $**
Short-term employee benefits	475,775	460,753
Post-employment benefits	40,408	31,101
Other long-term benefits	10,164	7,194
Termination benefits	-	-
Total remuneration [(i)(ii)]	**526,347**	**499,048**
Total number of executives	**5**	**4**
Total annualised employee equivilant (AEE) [(iii)]	**3.20**	**3.20**

Notes:

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related party disclosure (Note 8.4).

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

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related Parties

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

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

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

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

Entity	KMPs	Position Title
The Kilmore & District Hospital	J. McGill	Board Chair
The Kilmore & District Hospital	P. Nottle	Board Member
The Kilmore & District Hospital	H. McLaughlin	Board Member
The Kilmore & District Hospital	V. Childs	Board Member
The Kilmore & District Hospital	K. Harris	Board Member
The Kilmore & District Hospital	W. Kelly	Board Member
The Kilmore & District Hospital	T. Lannan	Board Member
The Kilmore & District Hospital	C. Burke	Board Member
The Kilmore & District Hospital	J. Butty	Board Member
The Kilmore & District Hospital	S. Race	Chief Executive Officer
The Kilmore & District Hospital	K. Pryde	Director of Clinical & Aged Care Services
The Kilmore & District Hospital	J. Gilham	Director of Clinical & Aged Care Services
The Kilmore & District Hospital	K. Gilchrist	Director of Development & Improvement
The Kilmore & District Hospital	C. Clark	Director of Finance & Support Services
The Kilmore & District Hospital	M. Duffy	Director of Medical Services

The compensation detailed below is reported in $'000 and excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation - KMPs	2019 $'000	2018 $'000
Short term employee benefits	690,647	672,821
Post-employment benefits	55,702	46,972
Other long-term benefits	16,325	12,458
Termination benefits	-	-
Total	**762,674**	**732,251**

Significant transactions with government-related entities

The Kilmore & District Hospital received funding from the Department of Health and Human Services of $17.3 million (2018: $15.1 million).

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

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

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

Note 8.4: Related Parties (continued)

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with the Hospital, there were no related party transactions that involved key management personnel, their close family members and their personal business interests.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for the Hospital Board of Directors and Executive Directors in 2019.

Note 8.5. Remuneration of Auditors

	2019	2018
Victorian Auditor-General's Office	**$'000**	**$'000**
Audit and review of financial statement	15	14
TOTAL REMUNERATION OF AUDITORS	**15**	**14**

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after Balance Sheet Date.

Note 8.7: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest 2019	Ownership Interest 2018
		4.3%	4.3%
Hume Rural Health Alliance	Information Systems		

The Kilmore & District Hospital's interest in assets employed in the above jointly controlled operations are detailed below. The amounts are included in the financial statements under their respective categories:

	2019 $'000	2018 $'000
CURRENT ASSETS		
Cash and Cash Equivalents	297	237
Receivables	57	167
Prepayments	11	6
TOTAL CURRENT ASSETS	**365**	**410**
Non Current Assets		
Property, Plant and Equipment	15	22
Intagible Assets	26	21
Lease Asset	32	37
TOTAL NON CURRENT ASSETS	**73**	**80**
TOTAL ASSETS	**438**	**490**
CURRENT LIABILITIES		
Payables	158	21
Borrowings	18	19
TOTAL CURRENT LIABILITIES	**176**	**40**
NON-CURRENT LIABILITIES		
Borrowings	15	18
TOTAL NON-CURRENT LIABILITIES	**15**	**18**
TOTAL LIABILITIES	**191**	**58**
NET ASSETS	**247**	**432**
EQUITY		
Accumulated Surpluses/(Deficits)	247	432
TOTAL EQUITY	**247**	**432**

The Kilmore & District Hospital's interest in revenues and expenses resulting from jointly controlled operations is detailed below:

REVENUE		
Revenue from Operating Activities	386	350
Revenue from Non-Operating Activities	4	2
Capital Purpose Income	0	176
TOTAL REVENUE	**390**	**528**
EXPENSES		
Employee Benefits	77	55
Other Expenses From Continuing Operations	264	243
Capital Purpose Expenditure	196	81
Depreciation and Amortisation	36	34
Finance Charges	2	2
TOTAL EXPENSES	**575**	**415**
NET RESULT	**(185)**	**113**

Note 8.8: Economic Dependency

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

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

The Hospital's current asset ratio continues to be below an adequate short term position (2019: .78 and 2018: .83) while cash generated from operations has improved from a $418k deficit in 2018 to a $1.996m surplus in 2019 and cash reserves have moved from $1.330m in 2018 to $6.541m in 2019.

A letter confirming adequate cash flow was also provided in the previous financial year.

Note 8.9. AASBs Issued That Are Not Yet Effective

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

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

Topic (a)	Key requirements	Effective date	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. The Hospital currently are not in receipt of grants that are under an enforcable agreement with specific obligations.
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1-Jan-19	AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: • Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; • IP licenses to be accounted for under AASB 15; and • Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.

Note 8.9. AASBs Issued That Are Not Yet Effective (continued)

Topic (a)	Key requirements	Effective date	Impact on public sector entity financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: **AASB 9** • Statutory receivables are recognised and measured similarly to financial assets. **AASB 15** • The 'customer' does not need to be the recipient of goods and/or services; • The 'contract' could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be adle to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. The Hospital has no lease contractual obligations therefore this standard will have no impact.
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1-Jan-19	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.

Note 8.9. AASBs Issued That Are Not Yet Effective (continued)

Topic (a)	Key requirements	Effective date	Impact on public sector entity financial statements
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1-Jan-19	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. This Standard has no impact to the Hospital.
AASB 17 Insurance Contracts	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	The standard is not expected to have a significant impact on the public sector.
AASB 1059 Service Concession Arrangements: Grantor	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied: • Operator is providing public services using a service concession asset; • Operator manages at 'least some' of public services under its own discretion; - what services are to be provided; - to whom; and - at what price • State controls any significant residual interest in the asset. If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting

Note 8.9. AASBs Issued That Are Not Yet Effective (continued)

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

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

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

THE KILMORE & DISTRICT HOSPITAL
ABN 49 260 016 741

The Kilmore & District Hospital

Address: Rutledge Street, Kilmore, Vic, 3764
Postal: PO Box 185, Kilmore, Vic, 3764
Phone: (03) 5734 2000
Email: kilmoreweb@humehealth.org.au

www.kilmoredistricthospital.org.au

Caladenia Nursing Home

Address: The Kilmore & District Hospital
Rutledge Street, Kilmore, Vic, 3764
Phone: (03) 5734 2155
Email: kilmoreweb@humehealth.org.au

Dianella Hostel

Address: The Kilmore & District Hospital
Rutledge Street, Kilmore, Vic. 3764
Phone: (03) 5734 2170
Email: kilmoreweb@humehealth.org.au