



Peninsula  
Health



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# 2018

## Annual Report

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[peninsulahealth.org.au](http://peninsulahealth.org.au)

## Our Vision

Building on our strong foundations of teamwork and continuous improvement we will be a recognised leader in the provision of person-centred care.

## Our Mission

Building a healthy community, in partnership.

## Our Values

Our values guide the way we work together to achieve our vision and mission:

- **Service**  
We serve our diverse community by providing accessible, responsive and personalised care.
- **Integrity**  
We are open, honest, just, reasonable and ethical in our relationships.
- **Compassion**  
We understand the needs of those we serve and respond with care.
- **Respect**  
We champion the rights of individuals to be in control of their lives and be treated as equals.
- **Excellence**  
We hold ourselves accountable for achieving the best health outcomes for individuals and our community.

## Our Strategic Priorities

We aim to achieve our mission by focusing on seven strategic priorities:

- **Person Centred Care**  
We treat each person as an individual and involve them in their care.
- **Timely and appropriate healthcare**  
We provide the best of care, when and where it is needed.
- **Partnering with the community**  
We involve consumers to deliver the right healthcare for our community.
- **Our workforce**  
We are driven by our values and empower our people to be the best they can be.
- **Safety and Quality**  
We deliver safe, effective care and embrace innovation.
- **Learning, teaching and research**  
We foster a culture of research and continuous learning to improve patient care.
- **Sustainability**  
We manage our resources efficiently and find new ways to fund future needs.

## Year in review



**2,946**  
babies were born



We cared for  
**107,710**  
people through our  
community health programs



**98,245**  
people attended  
our emergency  
departments

We treated  
**92,289**  
people in our  
hospitals



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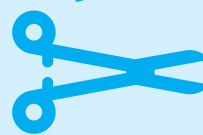


**109,407**  
prescription items  
were dispensed  
from our Pharmacy

**149,000**  
x-rays and  
medical imaging  
procedures  
performed



**19,474**



surgeries  
performed by  
surgeons

**37,660**

clients were kept  
safe at home  
by our MePACS  
personal alarm  
service



Data may include some patients treated more than once.

# Chairperson's & Chief Executive Officer's Report

## Introduction

It gives us great pleasure to present the *2018 Annual Report*, which informs the Government, the community, our staff and volunteers, and our partners about Peninsula Health's operational and financial performance for the year ended 30 June 2018.

It has been another year of wonderful achievements for Peninsula Health, which has seen us continue to improve our performance. We have made significant progress as a health service over the last 12 months and we are pleased to share some of these successes with you in the *2018 Annual Report*.

## Planning for the future

Over the last 12 months, we have been working to progress our plans to create a world-leading Teaching and Research Centre in partnership with Monash University, with construction set to commence in early 2019. The new Centre will enable us to further develop our research portfolio, and incorporates dedicated clinical teaching spaces to train the next generation of doctors, nurses and allied health professionals.

During the year, we also completed important service planning for Rosebud Hospital and our Ambulatory Care Services. These plans detail the healthcare needs of our community over the next 10 years and how we will meet the growing and complex demands of patients and families in our community.

## Major Projects

In February 2018, we launched the *Strengthening Hospital Responses to Family Violence* strategy to help tackle family violence. The program was launched by Ms Rosie Batty, family violence campaigner and 2015 Australian of the Year, and aims to strengthen the capacity of our staff to support and appropriately respond to patients, clients, and colleagues experiencing family violence. Funded by the State Government, the strategy details the actions we will take to tackle this intractable health and social issue to ensure we have the right programs in place to effectively support and care for people affected by family violence.

The *National Disability Insurance Scheme* (NDIS) commenced in our region in April 2018. Significant work was undertaken over the past year to prepare for the national scheme to ensure a seamless transition for our clients and carers. Peninsula Health will provide allied health services to NDIS clients, as well as a new area of support coordination. A number of clients are now accessing NDIS services through Peninsula Health and we expect more clients to transition to our services in the coming year.

## Capital Works

Peninsula Health has continued to invest in new and upgraded facilities for the local community over the last 12 months. Projects during the 2017-18 year included:

- **eyeConnect at Rosebud Hospital**  
In collaboration with the Royal Victorian Eye and Ear Hospital, the eyeConnect telemedicine device is now connected at the Emergency Department at Rosebud Hospital, following its successful introduction at Frankston Hospital in 2016. This special technology allows our emergency teams to manage patients with eye injuries locally, with real-time assistance from specialists at the Royal Victorian Eye and Ear Hospital in East Melbourne. We thank the Rye Opportunity Shop for helping to bring this important device to Rosebud Hospital for the benefit of residents of the southern Peninsula.
- **Frankston Hospital Multi-Storey Car Park**  
Car parking for patients and visitors at Frankston Hospital is now much improved with the opening of a new 750-space multi-storey car park in December 2017. We have also retro-fitted the existing car park with lifts to make it more accessible for all patients and visitors. This important project was made possible through a low-interest loan from the State Government and was completed on-time and on budget.
- **Palliative Care Unit Refurbishment**  
In January 2018, the Palliative Care Unit at the Golf Links Road Centre underwent significant renovations with new floors and a brighter coat of paint to improve the surroundings for patients, families and staff. The newly refurbished unit now provides an even more welcoming and person-centred environment to care for patients and families.
- **Cancer Information and Resource Lounge**  
We opened a new Cancer Information and Resource Lounge at Frankston Hospital in November 2017 as an important resource for our oncology patients. We now have a dedicated space for patients and families to find out more information and talk to trained volunteers. This important project was funded by the Dry July Foundation.

## Research

2017-18 was another successful year in the development of our Research program. Our Research team led by Professor of Medicine, Velandai Srikanth, has enjoyed a productive 12 months, as we continue to grow our profile and output in this area.

Researchers, Professor Srikanth and Dr Nadine Andrew, received significant grants from the National Health and Medical Research Council (NHMRC) to continue their research into chronic disease and stroke, both of which are key focus areas for our ageing community. Professor Jamie Layland was also recognised for his work in cardiovascular disease, with a NHMRC grant to fund research as part of a multicentre international trial investigating improving outcomes in heart attack cases.

In October 2017, four senior clinicians were recognised for their research achievements with Adjunct appointments within the Peninsula Clinical School at Monash University. The appointments acknowledge their contributions in advancing clinical research. We would like to congratulate Adjunct Clinical Professor Ravi Tiruvoipati, Adjunct Clinical Professor Jamie Layland, Adjunct Senior Lecturer Dr Ashwin Subramaniam and Adjunct Senior Lecturer Dr Leon Fisher for their appointments.

## Innovation

Peninsula Health is committed to exploring and developing new ways to improve health outcomes for our patients. During the year, we implemented a number of important initiatives:

### **An Australia-first in Women's Health**

Our Clinical Director of Women's Health, Dr Jolyon Ford, and his team are leading the way with the launch of a new Miscarriage Care Clinic – the first of its kind in Australia. This innovative and important new service allows women experiencing a miscarriage to be treated in a more patient-centred outpatient setting with additional care and support, rather than being admitted to hospital for a surgical procedure. This new approach will help reduce the stress and anxiety that many women experience at this difficult time.

The Women's Health team also launched a new Hysteroscopy Clinic in June 2018, becoming one of the first hospitals in Victoria to offer this service. Both new clinics offer alternative treatment options for women in the ambulatory setting, meaning they no longer need to be admitted to the hospital, improving the patient experience and freeing capacity in our theatres for more complex procedures.

## Electronic Health Record

In June 2018, we launched our significantly enhanced Electronic Health Record (EHR). This significant innovation means we are now 'paper-light' with all clinical documentation recorded electronically, rather than on paper. The EHR greatly improves the communication between doctors, nurses and allied health professionals, and ensures we deliver our services in a streamlined, safe and timely manner. Importantly, the new system will also enable our clinicians to securely upload information to patients' My Health Record. This successful transition demonstrates why Peninsula Health is regarded as a leader in digital health transformation.

## Countdown to Discharge

*Countdown to Discharge* is an innovative new project launched during the year to help improve the way we prepare patients for discharge. Prior to implementing *Countdown to Discharge*, only seven per cent of patients were discharged by the target time of 10am. This was impacting on the waiting times for patients in the Emergency Department because beds remained occupied by patients waiting to be discharged. The new process means each patient now has a countdown to their day of discharge, and the whole care team, as well as the patient and their family, work together to get ready, so there are no surprises on the day of discharge. After a successful trial on the medical and surgical wards at Frankston Hospital, *Countdown to Discharge* is now in place across the health service. The project has been successful at improving patient flow through the health service and our patients have told us they are happier with our discharge process.

## Recognising innovative healthcare

We were delighted to win a major category at the *Victorian Public Sector Healthcare Awards* in October. Peninsula Health was successful in the category of 'Supporting LGBTI Health' with our *Rainbow Tick* accreditation. Peninsula Health is the first public hospital network in Australia to achieve *Rainbow Tick*, which illustrates our strong commitment to equal access to healthcare for everyone in our community. The strong collaboration that exists between our community and our staff made this achievement possible, and we look forward to continuing our important work in the area of LGBTIQ health over the coming years.

## Celebrating our Volunteers

Peninsula Health has 750 dedicated volunteers, who help provide the best of care for patients and their families. They range in age from 18 to 80, have varied backgrounds, and bring a wealth of skills and experience.

For the ninth consecutive year, a Peninsula Health volunteer won a prestigious Minister for Health volunteering service award – which is a testament to the wonderful contribution our volunteers make to supporting patients and families. This year, Alan Deery won the Minister for Health's '*Outstanding Achievement by a Volunteer - Improving Public Health Care*' award. Alan is an Alcohol and Other Drug (AOD) Peer Support Leader, and a volunteer at our Community Health Help Desk at Frankston Hospital. The Acute Patient Companion Volunteer Program team was also recognised as a finalist for its work supporting patients at both Rosebud and Frankston Hospitals, and Carol Mead from the Assistance and Care in Emergency program at Frankston Hospital was nominated for her work supporting patients and their families.

On behalf of the Board and Executive team, we would like to thank our staff, volunteers and partners, and the Frankston-Mornington Peninsula community for their support during the year. We hope you enjoy reading more about our achievements over the past year in our *2018 Annual Report*.



Ms Diana Heggie  
Chairperson  
Peninsula Health



Ms Felicity Topp  
Chief Executive  
Peninsula Health

# Report of Operations

## Peninsula Health at a Glance

Peninsula Health is the major metropolitan health service for Frankston and the Mornington Peninsula. We care for a population of 300,000 people, which swells to over 400,000 people during the peak tourism seasons between December and March.

Our health service consists of four major sites: Frankston Hospital, Rosebud Hospital, Golf Links Road Rehabilitation Centre, and The Mornington Centre; three community mental health facilities; and four community health centres in Frankston, Mornington, Rosebud and Hastings.

We care for our community across the life continuum from obstetrics, paediatrics, emergency medicine, intensive care, critical care, surgical and general medicine, rehabilitation, and oncology, through to aged care and palliative care. We also provide extensive services in community health, health education and promotion, ambulatory care, and mental health.

We are a major teaching and research hospital, training the next generation of doctors, nurses, allied health professionals and support staff, and we have strong partnerships with Monash University and Chisholm Institute.

Our catchment has some unique demographic features and challenges, including:

- an ageing population;
- mix of wealth and extreme disadvantage;
- higher than average rates of vulnerable children, homelessness and family violence; and
- higher than average rates of chronic diseases and mental health issues.

These factors create challenges in providing the best of care, where and when it is needed to respond to the needs of children, people with mental health issues, and elderly residents.

With 5,800 staff and 750 volunteers, our dedicated and highly skilled team work together to provide world-class care, close to home, for patients and families on the Mornington Peninsula.

We have undergone significant growth and transformation in recent years and we are recognised as a leading metropolitan health service.

### Our Catchment Area



## Our Clinical Services

### Aged Care

#### Inpatient services

- Geriatric Evaluation and Management
- Orthogeriatric Service
- Acute Care for the Elderly
- Sub-acute Assessment Liaison Service
- Residential Transitional Care Program

#### Ambulatory Services

*(centre-based and home-based)*

- Geriatric Medicine Clinic
- Cognitive, Dementia and Memory Clinic
- Falls Clinic
- Continence and Urodynamics

#### Community

- Aged Care Assessment Service (MEACAS)

### Allied Health

- Diversional Therapy
- Exercise Physiology
- Neuropsychology
- Nutrition & Dietetics
- Occupational Therapy
- Optometry
- Physiotherapy
- Podiatry
- Prosthetics and Orthotics
- Psychology
- Social Work
- Speech Pathology
- Spiritual Care and Chaplaincy

### Community Health

- Aboriginal Health
- Alcohol and Other Drugs Services
- Cancer Rehabilitation Program
- Cardiac Rehabilitation Program
- Carer Support Program
- Children's Services
- Chronic Disease Services
- Community Kitchens
- Dental Services
- Diabetes Education
- Domiciliary Care Services
- Family Violence Services
- Gambler's Help
- Health Promotion

- Home Care Packages
- Homeless Outreach Program
- Hospital Admission Risk Program (HARP)
- LIFE Program
- MENS Program
- Needle Syringe Program
- Planned Activity Groups
- Post-acute Care
- Pulmonary Rehabilitation
- QUIT Smoking Support Services
- Regional Communication Service (Adult)
- Residential In-reach Program
- Response Access and Discharge Service (RAD)
- Self Help and Support Groups
- Sexual & Reproductive Health Service
- Supporting Vulnerable Victorians in Residential Services

### Emergency Medicine

- Frankston Hospital Emergency Department
- Rosebud Hospital Emergency Department

### Medical Services

- Cardiology
- Endocrinology & Diabetes
- Gastroenterology
- General Medicine
- Haematology
- Hospital in the Home
- Infectious Diseases
- Intensive Care Medicine
- Medical Oncology
- Neurology
- Renal Medicine
- Respiratory Medicine
- Specialist Clinics

### Mental Health Services

- Mental Health Telephone Triage
- Mental Health Consultation Liaison
  - Frankston Hospital Emergency Department
  - Acute Inpatient Wards
- Police, Ambulance and Clinical Early Response Service (PACER)
- Psychiatric Assessment and Planning Unit (PAPU)
- Access and Assessment Team
  - Access, Planning and Suicide Prevention team



- Adult Community Mental Health
  - Intensive Community Treatment Team
  - Case Management Team
  - GP Shared Care Team
- Aged Persons Community Mental Health
  - Intensive Community Assessment Team
  - Intensive Community Treatment Team
  - Aged Persons Case Management Team (incorporating Residential Support)
- Youth Community Mental Health
  - Intensive Community Assessment Team
  - Intensive Community Treatment Team
  - Youth Case Management Team
- Adult Acute Mental Health Inpatient Unit
  - Aged Acute Mental Health Inpatient Unit
  - Adult Prevention & Recovery Care service (A-PARC)
  - Youth Prevention & Recovery Care service (Y-PARC)
- Carinya Residential Aged Care Facility
- Community Care Unit
- Peer Support Program

### **MePACS (Personal Alarm Call Service)**

#### **Paediatrics (Children’s Health)**

- Child & Adolescent Health
- Home & Community Care
- Asthma Education
- Specialist Clinics

#### **Pain Medicine**

- Peninsula Health Integrated Pain Services
- Persistent Pain Management Service
- Pain Medicine Outpatient Clinic
- Pain Medicine Inpatient Consult Service

#### **Palliative Medicine**

- Inpatient Palliative Care Unit
- Palliative Care Consult Service
- Supportive and Palliative Care Clinic

#### **Pathology**

### **Radiology and Imaging**

- CT
- Interventional Radiology
- MRI
- Nuclear Medicine
- Plain Film Ultrasound

### **Rehabilitation**

#### **Inpatient services**

- Stroke and Neuro-rehabilitation
- Amputee Rehabilitation
- Orthopaedic Rehabilitation

#### **Ambulatory Rehabilitation (centre-based and home-based)**

- Spasticity Clinic
- Neuro-rehabilitation Clinic
- General Rehabilitation Clinic
- Amputee Rehabilitation Clinic
- Stroke Detours Program
- Elective Orthopaedic Pathways Program
- Movement Disorders Clinic

### **Surgical and Anaesthetic Services**

- Anaesthesia & Perioperative Medicine
- Breast Care
- Gastrointestinal Endoscopy
- General Surgery
- Maxillo Facial Surgery
- Neurosurgery Outpatient Clinic
- Orthopaedic Surgery
- Otolaryngology and Head & Neck Surgery
- Plastic & Reconstructive Surgery
- Skin Integrity (wound care)
- Stomal Therapy

### **Women’s Health**

- Gynaecology
- Obstetrics
- Maternity
- Neonates (newborn babies)
- Special Care Nursery (premature and sick newborn babies)

For further information about our services visit our website: [peninsulahealth.org.au](http://peninsulahealth.org.au)

## Our Governance Structure

### Manner of Establishment

Peninsula Health is one of 12 metropolitan public health services in Victoria. It was established in 2000 under section 70 of the Health Services Act 1998, and was reconstituted on 1 July 2008 to amalgamate the previous Peninsula Health and the former Peninsula Community Health Service.

Peninsula Health reports to the Victorian Minister for Health, the Hon Jill Hennessy MP, and the Victorian Minister for Mental Health, the Hon Martin Foley, through the Department of Health and Human Services. The functions of a public health service Board are outlined in the Act and include establishing, maintaining and monitoring the performance of systems to ensure the health service meets community needs.

### Purpose, Functions, Powers and Duties

The core objective of the Peninsula Health is to provide public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria under section 17AA of the Health Services Act 1988. The Health Services operates across a number of sites providing a broad range of services including:

- Acute Care at Frankston Hospital and Rosebud Hospital
- Sub-Acute Care, Rehabilitation, Palliative Care and Residential Services at Mornington, Frankston and Rosebud
- Mental Health services at Frankston, Hastings and Rosebud
- Community Health services at Frankston, Rosebud, Mornington and Hastings
- A patient alarm and monitoring service (MePACS).

Peninsula Health employs 5,800 staff and is supported by 750 volunteers and auxiliary members.

### Governance

Peninsula Health's Board of Directors is appointed by the Governor in Council on the recommendation of the Minister for Health. Directors are usually appointed for a term of three years, with members eligible to apply for reappointment. The Minister for Health requires the Board to develop a Strategic Plan and to ensure accountable and efficient provision of health services.

The Board of Directors is responsible for the governance and strategic direction of Peninsula Health and works to ensure the services provided by Peninsula Health comply with the requirements of the *Health Services Act 1988* (Vic) as well as the mission, vision and goals of Peninsula Health.

During 2017-18, the Minister for Health and the Chairperson of Peninsula Health signed a Statement of Priorities of agreed funding, activity and service performance.

The Board held 11 meetings in the financial year 1 July 2017 to 30 June 2018. At these meetings, members of the Peninsula Health Executive regularly presented reports on their areas of responsibility.

## Board of Directors as at 30 June 2018

### • Ms Diana Heggie

(Chair) MAICD, MCSP, Grad Dip Human Services Research

Appointed 1 July 2017

Ms Heggie has extensive executive and non-executive experience. She is currently Director of the National Heart Foundation, Director of Toorak College, Director of the Abbotsford Convent Foundation, and a Foundation board member of the Heide Museum of Modern Art. Her previous executive roles include CEO of the Heart Foundation (Vic), CEO of Scope and CEO of the EW Tipping Foundation. She originally qualified as a physiotherapist in 1987 from Trinity College Dublin, and then moved into people management roles in the not-for-profit sector.

### • Dr Nathan Pinski

MBBS, FRAGCP, FAAQHC, FAAPM, Dip Prac Man, CPM

Appointed 15 September 2015

Dr Nathan Pinski is a Melbourne GP with a long-standing involvement in primary health care, digital health, accreditation and practice management. He is a director and co-owner of Melbourne-based group of general practices, Medi7. He is the chair of the RACGP Expert Committee for eHealth & Practice Systems and the medical director of the DoctorDoctor Locum Medical Service in Melbourne. Nathan is also the co-chair of the Australian Digital Health Agency Secure Messaging program and the president of the General Practice Deputising Association.

### • Ms Allison Smith

B Acc, GAICD, CA (Australia and Scotland)

Appointed 26 April 2016

Ms Smith has held senior retail, merchandise, marketing, supply chain and finance roles in some of Australia's most influential organisations. Allison specialises in growth and value creation and has delivered significant value to the organisations in which she has operated.

### • Mr Naim Melhem

Exec Cert Public Policy in Management, Dip Finance & Mortgage Broking Management, Mortgage Consultant Qualifying Certificate, Cert IV in Finance Mortgage Broking, Accredited Central Coach Certificate

Appointed 30 June 2016

Mr Naim Melhem is a Senior Manager with Arab Bank Australia. He has held positions of Councillor and Mayor for the City of Greater Dandenong. He was a Board Director for Southern Health (now Monash Health) from 2001 to 2009, where he served as Chairman of the Community Advisory Committee. He was also a member of Southern Health's Audit and Finance Committees.

### • Dr Alison Dwyer

MBBS, MBA, FRACMA, FCHSM, GAICD

Appointed 1 July 2017

Dr Dwyer is currently the Chief Medical Officer at Northern Health. Dr Dwyer has also held senior roles at Austin Health, the Royal Melbourne Hospital, and the Department of Health and Human Services.

### • Ms Kirsten Mander

LLM, FAICD, FGIA, FRMIA

Appointed 22 August 2017

Ms Mander is an experienced non-executive director and serves as the current Chair of the International Women's Development Agency. Specialising in strategy, business development, governance and international business operations, she has held senior executive and management roles at Australian Unity Limited, Sigma Pharmaceuticals Limited, TRUenergy Pty Limited, Smorgon Steel Group Limited and the Western Mining Corporation.

### • Ms Karen Corry

B.Com, ACA, GAICD

Appointed 22 August 2017

Ms Corry is a current non-executive board director for Holmesglen Institute and the Australian Centre for the Moving Image. An IT specialist, she worked for KPMG London and as Managing Director for KPMG Consulting (publicly listed on the NASDAQ exchange in 2001). For the past 10 years, she has directed her own firm, Delta Management Consulting, working with key clients in health, government and defence industries.

### • Professor Ken Thomson

M.B. Ch.B, DRACR, MRACR, FRACR, ECFMG, LMCC, FRCR, EBIR

Appointed 22 August 2017

Professor Thomson is a cardiovascular and interventional radiologist. He has held a number of senior roles in healthcare and research including 15 years as Director of Radiology at The Alfred Hospital. He is committed to the expansion of interventional radiology training and education in the Asia-Pacific. Professor Thomson is an examiner on the European Board of Interventional Radiology and a life member of the Royal Australian & New Zealand College of Radiologists.

## Board Members who resigned prior to 30 June 2018

### • Ms Peta Murphy

BSc, LLB, MCrim, GAICD

Appointed 11 October 2016; Resigned 6 March 2018

## Board Committees as at 30 June 2018

Six committees provide specialist advice and support to the Board. The committees also assist the Board and senior management to meet the statutory, regulatory and operational requirements of the Health Service.

### Finance & Resources Committee

The Finance & Resources Committee reviews all financial matters, management information and internal control systems, and considers and makes recommendations to the Board on major and minor works.

Board members: Allison Smith (Chair), Naim Melhem, Karen Corry, Diana Heggie, Ken Thomson

### Audit & Risk Committee

The Audit & Risk Committee meets quarterly and at any other time as requested by the Peninsula Health Board, any Committee member, the internal auditor or the Auditor-General. The Committee liaises with the internal and external auditors, reviews and approves audit programs and evaluates the adequacy and effectiveness of the overall governance framework operating within Peninsula Health. The Committee receives reports via the compliance monitoring framework and monitors all risk management activities for Peninsula Health.

Board members: Kirsten Mander (Chair), Karen Corry, Diana Heggie, Nathan Pinskiier, Allison Smith

### Quality, Safety & Clinical Governance Committee

The Quality, Safety and Clinical Governance Committee meets regularly to monitor and improve the quality and effectiveness of the care provided by Peninsula Health. The Committee is also responsible for the clinical risk management activities, which are integrated with Peninsula Health's quality systems.

Board members: Nathan Pinskiier (Chair), Diana Heggie, Ken Thomson, Alison Dwyer

### Research & Academic Committee

The Research and Academic Committee provides advice to the Board on all matters relating to research and the appointment of academic and research leadership positions. The Committee is responsible for oversight of Peninsula Health's research governance framework and the ongoing implementation and review of Peninsula Health's Research Strategic Plan.

Board members: Alison Dwyer (Chair), Ken Thomson

## Community Advisory Committee

The Community Advisory Committee brings the voices of the community and consumers into the decision-making processes of Peninsula Health to ensure services are responsive to the needs of our diverse community. Members provide information and advice on needs, demands, and service developments from a community perspective. The Committee is supported by 13 Community Advisory Groups.

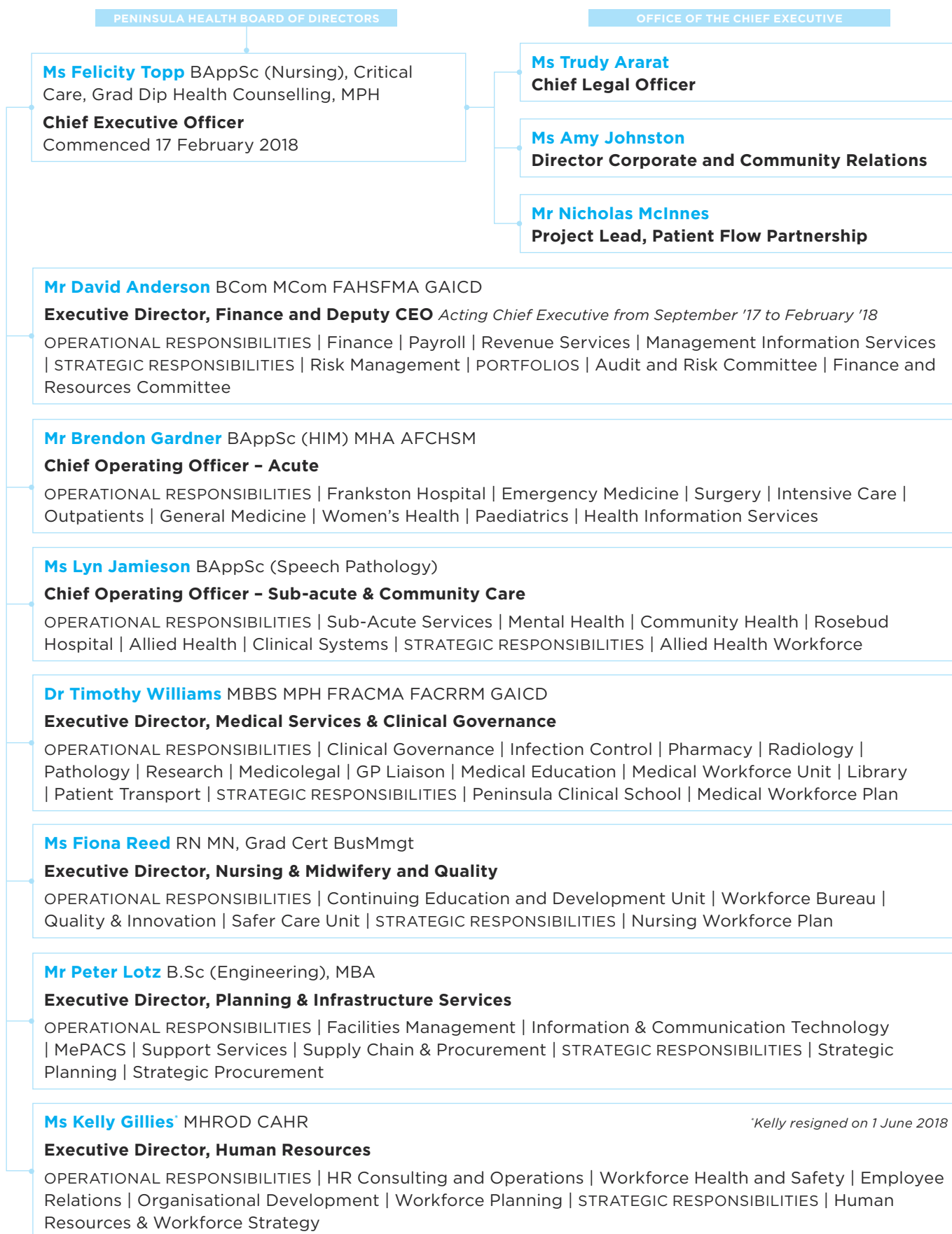
Board member: Naim Melhem

## People, Culture and Remuneration Committee

The Remuneration Committee meets as required to review performance and determine remuneration of executive management.

Board members: Diana Heggie (Chair), Allison Smith

# Organisational Structure



## Our Workforce

Peninsula Health employs over 5,800 highly skilled and dedicated staff members, who work together to provide exceptional care to our community. Our team is focused on safety and quality patient outcomes with shared values and a commitment to providing the best of care, every day, for our patients and community.

### Occupational Health and Safety

Protecting the health and safety of our workforce is a key priority for Peninsula Health. During the latter part of the year, a review of our workforce health and safety program was undertaken to address the increase in the number and severity of staff injuries during the year. The results of the review are being used to implement a comprehensive workforce health and safety strategy during 2018-19. The strategy will focus on four key areas including staff engagement in safety systems, enhanced auditing and follow-up processes, additional training in manual handling, and early intervention projects to reduce the incidences and severity of injuries sustained at work.

### Occupational Violence

The incidence of aggression and violence against our staff and volunteers has increased in recent years. A comprehensive strategy was implemented during the year to help reduce the incidence of occupational violence. The strategy includes a community awareness campaign which outlines expected behaviour of patients and visitors, increased security resources including the use of body cameras on the uniforms of our security guards to monitor aggressive and violent behaviour, and additional training for staff. Staff were also encouraged to report all incidents, which may not previously have been reported.

### Equal Opportunity and Code of Conduct

Peninsula Health complies with Equal Employment Opportunity principles in relation to recruitment and employment. The Code of Conduct forms part of the employment contract and appropriate workforce conduct is reinforced by performance management and discipline processes.

### Definitions

For the purposes of these statistics, the following definitions apply:

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

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

**Accepted Workcover claims** – accepted Workcover claims that were lodged in 2017-18.

**Lost time** – is defined as greater than one day.

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

## Peninsula Health Employees 2017-18\*

Labour category	JUNE Current Month FTE		JUNE YTD FTE	
	2017	2018	2017	2018
Nursing	1,649.9	1,718.6	1,597.6	1,669.9
Administration & Clerical	507.7	528.3	504.8	519.1
Medical Support	325.1	335.2	322.8	322.4
Hotel & Allied Services	353.4	382.7	352.8	376.1
Medical Officers	55	60.3	58.8	59.7
Hospital Medical Officers	294.7	308.1	294	305.6
Sessional Clinicians	82.2	96.0	75.7	86.8
Ancillary Staff (Allied Health)	403.4	433.2	394.3	413.9
<b>Total</b>	<b>3,671.8</b>	<b>3,862.7</b>	<b>3,601.2</b>	<b>3,753.7</b>

\*These figures exclude overtime. They do not include contracted staff i.e. agency nurses or fee-for-service visiting medical officers who are not regarded as employees for this purpose.

## Occupational health and safety performance

Performance indicator	2015-16	2016-17	2017-18
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	34.3	1,418	1,471
Number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	1.50	1.73	1.80
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$80,273	\$48,291	\$61,591

## Occupational violence 2017-18

Occupational violence statistics	2017-18
Workcover accepted claims with an occupational violence cause per 100 FTE	0.342
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.28
Number of occupational violence incidents reported	755
Number of occupational violence incidents reported per 100 FTE	22
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	13.2%

## General Information

### Building Act 1993

During 2017-18, Peninsula Health complied with the building and maintenance provisions of the *Building Act 1993*.

### Carers Recognition Act 2012

Peninsula Health takes all practicable measures to ensure that:

- our employees and agents have an awareness and understanding of the care relationship principles;
- people who are in care relationships, and who are receiving services in relation to the care relationship from the care support organisation, have an awareness and understanding of the care relationship principles; and
- our employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for people in care relationships.

### National Competition Policy

Peninsula Health takes all practicable measures to ensure compliance with the *National Competition Policy and Competitive Neutrality Policy Victoria*. Measures include:

- requirement for staff to declare conflicts of interest;
- compliance with Health Purchasing Victoria probity policies; and
- probity principles embedded in procurement.

### Protected Disclosure

Peninsula Health has a Protected Disclosure Policy that is in force to ensure that Peninsula Health:

- complies with the *Protected Disclosure Act 2012* (Vic);
- maintains an awareness amongst employees, officers and the general public of the *Protected Disclosure Act 2012* (Vic);
- protects from detrimental action any person who makes a protected disclosure; and
- investigates any complaint made to the organisation.

### Safe Patient Care Act 2015

Peninsula Health takes all practicable measures to ensure compliance with the *Safe Patient Care Act 2015* (Vic). Measures include:

- development of a clinical practice guideline to guide implementation and compliance with the *Safe Patient Care Act 2015*;
- implementation and monitoring of an Escalation Flowchart to avoid nursing enterprise agreement breaches, with clear guidelines and an assessment tool for management including redeployment of staff, authorisation of overtime, and closure of beds for severe instances when the appropriate level of staffing is unavailable.

## Contracts

### Victorian Industry Participation Policy

During 2017-18, Peninsula Health did not enter into any contracts under the *Victorian Industry Participation Policy Act 2003* guidelines other than those reported on behalf of Peninsula Health by the Department of Health and Human Services.

### Car Parking Fees

Peninsula Health complies with the DHHS hospital circular on car parking fees. Details of car parking fees and concession benefits can be viewed on our website: [peninsulahealth.org.au/patientvisitor-information/parking-information](http://peninsulahealth.org.au/patientvisitor-information/parking-information)

### Freedom of Information

*The Freedom of Information Act 1982* provides a legally enforceable right of public access to information held by government agencies. Peninsula Health uses reasonable endeavours and takes all practicable measures to ensure compliance with the Freedom of Information Act 1982, including:

- monitoring compliance with the legislative timeframe for FOI decisions
- training staff in relation of the Act and how to meet its obligations
- publishing details of how to make an application under Act on our website and in other consumer information.

Requests for information, under the Act can be made to: Freedom of Information Officer, PO Box 52, Frankston Victoria 3199

Telephone: (03) 9784 7777, Email: [FOIHIS@phcn.vic.gov.au](mailto:FOIHIS@phcn.vic.gov.au)

More information about Peninsula Health can be found on our website: [peninsulahealth.org.au](http://peninsulahealth.org.au)

During 2017-18, we received 784 requests for information, as follows:

601	Access granted in full
39	Access granted in part
2	Access denied in full
31	Withdrawn
11	Not proceeded with
27	No documents exist
73	Not finalised as of 30 June 2018

### Consultancy Information

In 2017-18, Peninsula Health engaged 12 consultancies where the total fees payable to the consultants were less than \$10,000 (exclusive of GST) per consultancy – the total expenditure on these consultancies was \$60,868 (exclusive of GST).

In 2017-18, Peninsula Health engaged seven consultancies where fees payable to the consultants were \$10,000 or greater (exclusive of GST) – the total expenditure on these consultancies was \$319,252 (exclusive of GST).

## Details of consultancies of \$10,000 or greater

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee	Expenditure 2017-18 (excl GST) \$	Future expenditure (excl GST) \$
Fletcher Tymms	Project consultant for major works	1 July 2017	31 Dec 2018	\$230,400	\$192,599	\$37,801
Impact Collaborative	Establish processes for NDIS for mental health services	1 Dec 2017	30 Nov 2021	\$63,900	\$32,272	\$31,628
Nicholas Thomson	Advice on drug strategy	3 July 2017	1 July 2018	\$39,151	\$31,275	Nil
Ernst and Young	Provide financial due diligence advice	26 Oct 2017	8 Jan 2018	\$23,892	\$23,892	Nil
Munday Services	HR Consultant	1 July 2017	31 July 2018	\$20,000	\$17,868	Nil
Cathy Balding	Establish renewed quality framework	1 June 2018	30 Jun 2018	\$12,000	\$11,100	Nil
Peacemaker ADR	Team review	1 Nov 2017	31 Jan 2018	\$12,000	\$10,243	Nil
<b>Total</b>					<b>\$319,252</b>	

## Details of government advertising expenditure

Campaigns with a media spend of \$100,000 or greater during the year include:

Name of Campaign	Campaign	Start/End date	Advertising (Media) Expenditure 2016-17	Creative and campaign development Expenditure 2016-17	Print and collateral Expenditure 2016-17	Other Campaign Expenditure 2016-17	Other Campaign Expenditure 2017-18 (excluding GST)	Total
MePACS	To acquire new clients	July 2017 – June 2018	\$314,000	\$12,000		\$50,000	\$10,000	\$386,000
<b>Total</b>			<b>\$314,000</b>	<b>\$12,000</b>		<b>\$50,000</b>	<b>\$10,000</b>	<b>\$386,000</b>

## Information and Communication Technology

The total ICT expenditure incurred during 2017-18 was \$ 13,310,618 (excluding GST), as shown below:

Business As Usual (BAU) ICT expenditure (Total) (excluding GST)	Non Business As Usual (non BAU) ICT expenditure (Total=Operational expenditure and Capital Expenditure) (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
9,043,277	4,267,341	769,880	3,497,461



## Environmental Performance

Peninsula Health is committed to reducing its environmental impact while continuing to deliver high-quality healthcare. A summary of the *Environmental Management Plan* is available on our website.

### Environmental Report – 2017-18

	2015-16	2016-17	2017-18
<b>GREENHOUSE GAS EMISSIONS</b>			
<b>Total greenhouse gas emissions (tonnes CO2e)</b>			
Scope 1	3,671	3,617	4,009
Scope 2	23,215	22,293	22,265
<b>Total</b>	<b>26,886</b>	<b>25,911</b>	<b>26,274</b>
<b>Normalised greenhouse gas emissions</b>			
Emissions per unit of floor space (kgCO2e/m2)	255.51	245.28	264.84
Emissions per unit of separations (kgCO2e/separations)	334.39	334.68	286.45
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	100.02	102.50	93.61
<b>STATIONARY ENERGY</b>			
<b>Total stationary consumption by energy type (GJ)</b>			
Diesel Oil in Buildings	141	170	124
Electricity	73,958	73,629	74,217
Natural Gas	71,080	69,930	70,180
Fleet Vehicles	n/a	4,150	5,672
<b>Total</b>	<b>145,180</b>	<b>147,880</b>	<b>150,193</b>
<b>Normalised stationary energy consumption</b>			
Energy per unit of floor space (GJ/m2)	1.38	1.40	1.51
Energy per unit of separations (GJ/separations)	1.81	1.91	1.64
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.54	0.59	0.54
<b>WATER</b>			
<b>Total water consumption by type (KL)</b>			
Potable Water	99,783	102,909	103,576
Reclaimed Water	2550	2910	3,120
<b>Total</b>	<b>102,333</b>	<b>105,819</b>	<b>106,696</b>
<b>Normalised water consumption (potable)</b>			
Water per unit of floor space (kL/m2)	0.95	0.97	1.04
Water per unit of separations (kL/separations)	1.24	1.33	1.13
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.37	0.41	0.37
<b>Water re-use and recycling</b>			
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	2%	3%	3%
<b>WASTE AND RECYCLING</b>			
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,245,394	1,549,171	1,589,319
Total waste to landfill generated (kg clinical waste+kg general waste)	998,415	1,190,893	1,025,480
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.25	2.59	2.27
Recycling rate % (kg recycling / (kg general waste+kg recycling))	21.45	25.20	38.36

Estimates have been used for Water usage for March to June 2018 (inclusive) due to billing and data lag.

Estimates have been used for Energy usage for June 2018 due to billing and data lag.

Estimates have been used for Waste for May and June 2018 due to billing and data lag.

## Additional Information Available on Request

In compliance with the requirements of the FRD 22F *Standard Disclosures in the Report of Operations*, details in respect of the items listed below have been retained by Peninsula Health and are available to the relevant Ministers, Members of Parliament and the public on request, subject to Freedom of Information requirements, if applicable:

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

# Key Financial and Service Performance Reporting

## Strategic Priorities

The *Victorian Priorities Framework 2012-2022* outlines the Victorian Government's priorities and policy directions. Over the past year, Peninsula Health has worked towards the achievement of these priorities as described in the *2017-18 Statement of Priorities* agreed with the Minister for Health.

Goals	Strategies	Health Service Deliverables	Outcome
<b>Better Health</b>  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	<b>Better Health</b>  Reduce state-wide risks  Build Healthy neighbourhoods  Help people to stay healthy  Target health gaps	Implement the Strengthening Hospital Responses to Family Violence initiative including building skills and capacity to screen, respond and refer appropriately.	<b>Achieved.</b> Program launched in March 2018.
		100% of staff in the Emergency Department, Women's Health and relevant community programs trained.	<b>Achieved.</b> 100% of staff trained from the Emergency Department, Women's Health and Relevant Community Programs.
		Participate in the establishment of the local safety and support hub including the development of a local model and referral pathways.	<b>Achieved.</b> Hub opened May 2018.
		Continue to strengthen Peninsula Health's approach to a smoke-free environment through: <ul style="list-style-type: none"> <li>• Policy development;</li> <li>• Staff and community awareness campaign;</li> <li>• Nicotine replacement therapy.</li> </ul>	<b>Achieved.</b> Implementation of the Smoke-free Work Environment policy  Continued rollout of Smoke-free charter for Frankston-Peninsula-based businesses/organisations, with 214 signatories.  Implementation of clinical practice guideline - <i>Nurse/Pharmacist-initiated nicotine replacement therapy for inpatients</i> , with 161 nurses completing the training to date.
		Implement all planned elements of the HealthLinks initiative to reduce hospital admissions. This includes embedding systems and processes to support referral pathways from acute to community, and addressing systems barriers that prevent inadvertently foster inappropriate admissions/presentations.	<b>Achieved.</b> Pilot program completed in January 2018. Following the pilot, Peninsula Health has decided not to continue the HealthLinks program. Instead, Peninsula Health will participate in the Victorian Integrated Care Model. This will ensure an integrated and connected approach between Peninsula Health, general practice and other providers at local level.
		Implement the Access, Planning and Suicide Prevention initiative to reduce avoidable suicide attempts and suicide deaths as well as the psychological distress for clients, their carers and families. Provide clients with assertive, tailored post-intervention support in the community, post discharge from hospital.	<b>In progress.</b> Commenced and ongoing

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Goals	Strategies	Health Service Deliverables	Outcome
<p><b>Better Access</b></p> <p>Care is always there when people need it</p> <p>More access to care in the home and community</p> <p><b>Better Access</b></p> <p>People are connected to the full range of care and support they need</p> <p>There is equal access to care</p>	<p><b>Better Access</b></p> <p>Plan and invest</p> <p>Unlock innovation</p> <p><b>Better Access</b></p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>Complete feasibility &amp; costings plans for a new Frankston Hospital to improve access to the local community.</p> <p>Complete service plan for Rosebud Hospital.</p>	<p><b>Achieved.</b></p> <p><b>Achieved.</b></p>
		Complete the sale of the Mt Eliza Centre.	<b>In progress.</b> Commenced and ongoing. Awaiting decision regarding Heritage overlay for site.
		Develop telehealth model to improve the care of sub-acute patients requiring access to specialist clinics at Frankston Hospital.	<b>In progress.</b> Commenced and ongoing.
		Identify community health services that could be relocated closer to transport hubs to improve access.	<b>In progress.</b> Commenced and ongoing.
		Continue to develop and implement the emergency department performance improvement plan to increase the trajectory of this indicator across the financial year.	<b>In progress.</b> Commenced and ongoing.
		Reduce Ear Nose & Throat long wait elective surgery patients by 20%.	<b>Achieved.</b>
		Continue to work with the Department of Health and Human Services and Alfred Health to facilitate the transition to a renal hub by 30 June 2018.	<b>In progress.</b> Commenced and ongoing. Timelines reviewed in consultation with DHHS. Decision expected by March 2019.
		Achieve a 20% reduction in Did Not Attend rates for acute specialist clinics.	<b>In progress.</b> New processes including SMS reminders and improved patient instruction are having a positive effect, with Did Not Attend Rate of 11% achieved for 2018, compared to 14% in 2017.

Continued

Goals	Strategies	Health Service Deliverables	Outcome
<p><b>Better Care</b></p> <p>Target zero avoidable harm</p> <p>Healthcare that focused on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p><b>Better Care</b></p> <p>Put quality first</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p>	<p>Develop and implement a chronic pain service which integrates across acute, sub-acute, palliative and allied health clinical areas.</p>	<p><b>Achieved.</b></p> <p>Services integrated across acute, sub-acute, palliative care and allied health, with improved clinical management of chronic pain.</p>
		<p>Develop condition-specific consent forms and processes, to give patients clearer information and more choice and control over their treatment options.</p>	<p><b>In progress.</b></p> <p>Commenced and ongoing.</p> <p>Pilot underway for selected specialties before broader expansion across Peninsula Health in 2018.</p>
		<p>Continue to work with the department to finalise planning of the \$15 million Academic Centre in partnership with Monash University at Frankston Hospital.</p>	<p><b>In progress.</b></p> <p>Commenced and ongoing. Designs completed, with construction to commence in January 2019.</p>
		<p>Continue to develop a whole-of-hospital approach to reduce the incidence of occupational violence (OV) using the following framework:</p> <ul style="list-style-type: none"> <li>• Staff and community awareness;</li> <li>• Environmental controls;</li> <li>• Policies and procedures;</li> <li>• Education and training;</li> <li>• Monitoring and reporting;</li> <li>• Staff support.</li> </ul>	<p><b>In progress.</b></p> <p>Commenced and ongoing.</p> <p>Activities during 2017/18 include:</p> <ul style="list-style-type: none"> <li>• Awareness program implemented across the health service and to the wider community;</li> <li>• Additional staff training in de-escalation and managing behaviours of concern;</li> <li>• Enhanced environmental controls;</li> <li>• Additional security resources, CCTV, duress alarms for lone workers and body-worn cameras for security staff;</li> <li>• Safewards program piloted in medical ward.</li> </ul>
<p>Mandatory actions against the 'Target zero avoidable harm' goal:</p> <p>Develop and implement a plan to educate staff about obligations to report patient safety concerns</p>	<p>Develop a "Safe Care Peninsula Health" organisational framework.</p> <p>Provide multiple engagement methods to educate staff about patient safety reporting obligations.</p> <p>Review, monitor and build organisational compliance with the principles and practices documented in the "Targeting Zero Avoidable Harm" report through the "Safer Care Peninsula Health" framework.</p> <p>Further enhance the Women's Health Service including a focus on maternal education and foetal surveillance:</p> <ul style="list-style-type: none"> <li>• Education and training;</li> <li>• Enhanced foetal monitoring;</li> <li>• Dedicated ultrasound service.</li> </ul> <p>Introduce processes to improve the time to admission from the Emergency Department to Intensive Care Unit:</p> <ul style="list-style-type: none"> <li>• Communication protocols;</li> <li>• Streamlining of referral to admission processes.</li> </ul>	<p>Develop a "Safe Care Peninsula Health" organisational framework.</p>	<p><b>Achieved.</b></p>
		<p>Provide multiple engagement methods to educate staff about patient safety reporting obligations.</p>	<p><b>In progress.</b></p> <p>Commenced and ongoing. Staff education and awareness campaign ongoing.</p>
		<p>Review, monitor and build organisational compliance with the principles and practices documented in the "Targeting Zero Avoidable Harm" report through the "Safer Care Peninsula Health" framework.</p>	<p><b>In progress.</b></p> <p>Commenced and ongoing.</p>
		<p>Further enhance the Women's Health Service including a focus on maternal education and foetal surveillance:</p> <ul style="list-style-type: none"> <li>• Education and training;</li> <li>• Enhanced foetal monitoring;</li> <li>• Dedicated ultrasound service.</li> </ul> <p>Introduce processes to improve the time to admission from the Emergency Department to Intensive Care Unit:</p> <ul style="list-style-type: none"> <li>• Communication protocols;</li> <li>• Streamlining of referral to admission processes.</li> </ul>	<p><b>Achieved.</b></p> <p>Clinical Practice Guidelines have been improved to ensure women receive prompt and accurate advice and access to appropriate follow-up services. Enhanced training for O&amp;G specialists and midwives. Tertiary-level ultrasound services (Obstetrician Sonologist) commenced in February 2018.</p> <p><b>In progress.</b></p> <p>Commenced and ongoing.</p>

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Goals	Strategies	Health Service Deliverables	Outcome
<p><b>Better Care</b></p> <p>Target zero avoidable harm</p> <p>Healthcare that focuses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p>In partnership with consumers, identify 3 priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every 6 months to reflect new areas for improvement in patient experience.</p>	<p>Work with community advisory committees to develop and implement processes to improve:</p> <ul style="list-style-type: none"> <li>• Satisfaction with discharge;</li> <li>• Patient information and self-care at home.</li> </ul> <p>Implement processes to enable Peninsula Health to move towards being a 'silent hospital' to improve patient experience indicators</p> <p>Achieve Rainbow Tick Accreditation across the entire health service.</p>	<p><b>Achieved.</b></p> <p>New patient-focused discharge summary developed for the patient/carer (in addition to GP discharge summary).</p> <p>Partnering with Consumers Steering Committee terms of reference reviewed and expanded to include the development of all consumer information.</p> <p><b>In progress.</b></p> <p>Commenced and ongoing.</p> <p><b>Achieved.</b></p> <p>Peninsula Health received Rainbow Tick accreditation in September 2017.</p>

## Performance Priorities

### High quality and safe care

Key Performance Indicator	Target	2017-18 Actual
<b>Accreditation</b>		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Achieved
Compliance with Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
<b>Infection prevention and control</b>		
Compliance with Hand Hygiene Australia program	80%	88%
Percentage of healthcare workers immunised for influenza	75%	78%
<b>Patient experience</b>		
Victorian Healthcare Experience Survey - data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey - positive patient experience Quarter 1	95% positive experience	94%
Victorian Healthcare Experience Survey - positive patient experience Quarter 2	95% positive experience	93%
Victorian Healthcare Experience Survey - positive patient experience Quarter 3	95% positive experience	92%
Victorian Healthcare Experience Survey - discharge care - Quarter 1	75% positive experience	85%
Victorian Healthcare Experience Survey - discharge care - Quarter 2	75% positive experience	83%
Victorian Healthcare Experience Survey - discharge care - Quarter 3	75% positive experience	82%
Victorian Healthcare Experience Survey - patients' perception of cleanliness - Quarter 1	70% positive experience	80%
Victorian Healthcare Experience Survey - patients' perception of cleanliness - Quarter 2	70% positive experience	81%
Victorian Healthcare Experience Survey - patients' perception of cleanliness - Quarter 3	70% positive experience	76%
<b>Healthcare associated infections</b>		
Number of patients with surgical site infections	No outliers	4
Number of patients with ICU central line-associated blood stream infection	Nil	2
Rate of patients with SAB <sup>*</sup> per occupied bed days	<1/10,000	0.8/10,000
<b>Adverse events</b>		
Number of sentinel events	Nil	3
Mortality - number of deaths in low mortality DRGs	Nil	6
<b>Mental health</b>		
Percentage of adult acute mental health inpatients <sup>†</sup> who are readmitted within 28 days of discharge	14%	13.5%
Rate of seclusion events relating to an acute admission - all age groups	<15/1,000	1.9/1,000
Rate of seclusion events relating to an adult acute <sup>†</sup> admission	<15/1,000	2.8/1,000
Rate of seclusion events relating to an aged acute admission	<15/1,000	0
Percentage of adult acute mental health inpatients <sup>†</sup> who have post-discharge follow up within seven days	75%	86%
Percentage of aged acute mental health inpatients who have post-discharge follow up within seven days	75%	93%
<b>Maternity and newborn</b>		
Rate of singleton term infants without birth abnormalities with APGAR score <7 to 5 minutes	<1.6%	1.3%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	<28.6%	18%
<b>Continuing care</b>		
Functional independence gain from an episode of GEM <sup>**</sup> admission to discharge, relative to length of stay	>0.39	0.64
Functional independence gain from an episode of rehabilitation admission to discharge, relative to the length of stay	>0.645	1.06

<sup>\*</sup>SAB is staphylococcus aureus bacteraemia    <sup>†</sup> DRG is Diagnosis Related Group

<sup>†</sup>Aggregate data across all adult acute inpatient wards    <sup>\*\*</sup>GEM is Geriatric Evaluation and Management

## Governance and Leadership

Key Performance Indicator	Target	2017 Results
<b>Organisational Culture</b>		
People Matter survey – percentage of staff with an overall positive response to safety culture questions.	80%	67%
People Matter survey – percentage of staff with a positive response to the question: “I am encouraged by my colleagues to report any patient safety concerns I may have”.	80%	78%
People Matter survey – percentage of staff with a positive response to the question: “Patient care errors are handled appropriately in my work area”.	80%	70%
People Matter survey – percentage of staff with a positive response to the question: “My suggestions about patient safety would be acted upon if I expressed them to my manager”.	80%	70%
People Matter survey – percentage of staff with a positive response to the question: “The culture in my work area makes it easy to learn from the errors of others”.	80%	61%
People Matter survey – percentage of staff with a positive response to the question: “Management is driving us to be a safety-centred organisation”.	80%	68%
People Matter survey – percentage of staff with a positive response to the question: “This health service does a good job of training new and existing staff”.	80%	56%
People Matter survey – percentage of staff with a positive response to the question: “Trainees in my discipline are adequately supervised”.	80%	61%
People Matter survey – percentage of staff with a positive response to the question: “I would recommend a friend or relative to be treated as a patient here”.	80%	72%



## Timely access to care

Key Performance Indicator	Target	2017-18 Actual
<b>Emergency Care - Frankston Hospital</b>		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	89%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Category 1 to 5 emergency patients seen within clinically recommended times	80%	80%
Percentage of emergency patients with a length of stay less than four hours	81%	66%
Number of patients with length of stay in emergency department greater than 24 hours	0	0
<b>Emergency Care - Rosebud Hospital</b>		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	93%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Category 1 to 5 emergency patients seen within clinically recommended times	80%	87%
Percentage of emergency patients with a length of stay less than four hours	81%	84%
Number of patients with length of stay in emergency department greater than 24 hours	0	0
<b>Elective Surgery</b>		
Percentage of Urgency Category 1 elective patients admitted within 30 days	100%	100%
Percentage of Category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	81%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	19.5%
Number of patients on the elective surgery waiting list (as at 30 June 2018)	1,550	1,492
Number of hospital-initiated postponements per 100 scheduled admissions	<8/100	5.9
Number of patients admitted from the elective surgery waiting list	8,250	7,983
<b>Specialist clinics</b>		
Percentage of urgent patients referred by GP or external specialist who attended a first appointment within 30 days	100%	97%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	98%

## Effective financial management

Key Performance Indicator	Target	2017-18 Actual
<b>Finance</b>		
Operating result	\$0	\$0.45M
Trade creditors	<60 days	47 days
Patient fee debtors	<60 days	40 days
Public and private WIES* performance to target	100%	95.9%
Adjusted current asset ratio	0.7	0.73
Days of available cash	14 days	25.9 days

\*WIES is a Weighted Inter Equivalent Separation. WIES data as reported in this publication are recorded as at 23 July 2018. Final WIES results will be completed in September 2018.

## Activity and Funding Performance

Funding Type	2017-18 Activity Achievement
<b>Acute Admitted</b>	
WIES* Public	48,931
WIES Private	9,188
WIES DVA	695
WIES TAC	312
<b>Acute Non-Admitted</b>	
Emergency Services	98,237
Home Enteral Nutrition	321
Radiotherapy Non-Admitted Shared Care	184
Specialist Clinics - Public	81,666
Specialist Clinics - DVA	239
Other Non-Admitted	43,911
<b>Sub-Acute and Non-Acute Admitted</b>	
Sub-acute WIES - Rehabilitation Public	1,263
Sub-acute WIES - Rehabilitation Private	473
Sub-acute WIES - GEM Public	1,382
Sub-acute WIES - GEM Private	572
Sub-acute WIES - Palliative Care Public	249
Sub-acute WIES - Palliative Care Private	91
Sub-acute WIES - DVA	172
Transition Care - bed days	15,221
Transition Care - home days	4,581
<b>Sub-Acute Non-Admitted</b>	
Health Independence Program - Public	51,296
Health Independence Program - DVA	72
Victorian Artificial Limb Program	469
<b>Aged Care</b>	
Aged Care Assessment Service	4,345
HACC	24,276
Aged Care Other	48,737
<b>Mental Health and Drug Services</b>	
Mental Health Ambulatory (contact hours)	51,877
Mental Health inpatient - available bed days	16,689
Mental Health Residential	12,793
Drug Services	919
<b>Primary Health</b>	
Community Health / Primary Care Programs	51,841
Other	
Health Workforce	193

\*WIES is a Weighted Inter Equivalent Separation. WIES data as reported in this publication are recorded as at 23 July 2018. Final WIES results will be completed in September 2018.

# Financial Summary

## Financial Results

	2017-18	2016-17	2015-16	2014-15	2013-14-
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue	591,741	551,699	512,494	485,459	463,715
Total Expenses	591,289	549,895	511,634	484,604	462,700
Other operating flows included in the Net Result	(17,813)	(12,947)	(12,510)	3,332	41,547
Net Result for year	(17,361)	(11,143)	(11,650)	4,187	42,562
Operating Result*	452	1,804	860	855	1,015
Total Assets	485,618	465,097	446,612	442,679	440,336
Total Liabilities	187,394	150,125	134,194	126,038	127,326
Net Assets	298,224	314,972	312,418	316,641	313,010
Total Equity	298,224	314,972	312,418	316,641	313,010

-Comparative information for 2013/14 has been updated to account for the discontinued operation consistent with comparative information presented in the Financial Statements. \* The Operating result is the result for which the hospital is monitored in its Statement of Priorities, also referred to as the *Net result before capital and specific items*.

## Financial Commentary

Peninsula Health's financial performance in 2017-18 was in line with financial targets set for the year, with an operating surplus (recorded before discontinued operations, capital income and depreciation) of \$452,326. The operating surplus enabled capital items for the Health Service to be funded.

In 2017-18, in comparison to the previous financial year:

- total revenue increased to \$591 million from \$552 million;
- total assets rose by \$20m million to \$485 million;
- liabilities increased by \$37 million to \$187 million;
- equity (the difference between assets and liabilities) decreased by \$17 million to \$298 million.

### Ex-gratia Payments

Ex-gratia payments of \$250 were made by Peninsula Health during 2017-18. These payments relate to compensation payments or discretionary reimbursement of expenses.

### Looking Ahead

Peninsula Health is committed to maintaining its financial sustainability, which is critical to the ongoing provision of quality services.

# Attestations

## Data Integrity

I, Felicity Topp, certify that Peninsula Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Peninsula Health has critically reviewed these controls and processes during the year.

## Conflict of Interest

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

## Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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

## Financial Management Compliance attestation

I, Diana Heggie, on behalf of the Responsible Body, certify that Peninsula Health has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

## Responsible Bodies Declaration

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



Ms Diana Heggie  
Chairperson

Frankston  
21 August 2018

# Disclosure Index

Peninsula Health's 2018 *Annual Report* is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
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FRD 22H	Initiatives and key achievements	3-5
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<b>Financial and other information</b>		
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FRD 11A	Disclosure of ex-gratia expenses	26
FRD 21C	Responsible person and executive officer disclosures	Financial Statements
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	14
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	14
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	14
FRD 22H	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	14
FRD 22H	Details of consultancies over \$10,000	15
FRD 22H	Details of consultancies under \$10,000	15
FRD 22H	Employment and conduct principles	13
FRD 22H	Information and Communication Technology Expenditure	15
FRD 22H	Major changes or factors affecting performance	n/a
FRD 22H	Occupational violence	13
FRD 22H	Operational and budgetary objectives and performance against objectives	18-25
FRD 24C	Summary of the entities environmental performance	16
FRD 22H	Significant changes in financial position during the year	26
FRD 22H	Statement on National Competition Policy	14
FRD 22H	Subsequent events	Financial Statements
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FRD 25C	Victorian Industry Participation Policy disclosures	14
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## Annual Publications

Our *2018 Annual Report* comprises two sections: Report of Operations and Financial Statements. The Financial Statements are provided in the back of this publication.

For a broader picture of our achievements and activities over the past year, please see our other annual publications:

- Quality Care magazine – highlights Peninsula Health’s progress and achievements in improving clinical care and our consumers’ experience.
- Research Report – highlights the achievements of our many researchers and their contribution to improving outcomes for our patients.

For further information about Peninsula Health or to download an annual publication, visit our website:  
**[peninsulahealth.org.au](http://peninsulahealth.org.au)**

# Financial Statements

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**Chairperson's, Chief Executive Officer's and  
Chief Finance & Accounting Officer's Declaration**

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Peninsula Health as at 30 June 2018.

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

We authorise the attached financial statements for issue on 21 August 2018.



**Diana Heggie**  
Chairperson

**Frankston**  
21 August 2018



**Felicity Topp**  
Chief Executive Officer

**Frankston**  
21 August 2018



**David Anderson**  
Chief Finance & Accounting Officer

**Frankston**  
21 August 2018



## Independent Auditor's Report

### To the Board of Peninsula Health

**Opinion** I have audited the financial report of Peninsula Health (the health service) which comprises the:

- balance sheet as at 30 June 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- chairperson's, chief executive 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 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

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

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

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

**Other information** My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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

In preparing the financial report, the Board is responsible for assessing the health service'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.

**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  
22 August 2018



Ron Mak

*as delegate for the Auditor-General of Victoria*

**Peninsula Health**  
**Comprehensive Operating Statement**  
**For the financial year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Revenue from Operating Activities	2.1	589,967	550,121
Revenue from Non-Operating Activities	2.1	1,774	1,578
Employee Expenses	3.1	(445,571)	(414,022)
Non Salary Labour Costs	3.1	(6,407)	(6,661)
Supplies & Consumables	3.1	(73,320)	(68,797)
Client Brokerage Costs	3.1	(9,197)	(9,074)
Repairs and Maintenance	3.1	(12,565)	(11,664)
Other Expenses	3.1	(43,482)	(39,260)
Finance Costs - Self Funded Activity	3.1 & 6.1	(747)	(417)
<b>Net Result Before Capital and Specific Items</b>		<b>452</b>	<b>1,804</b>
Capital Purpose Income	2.1	10,444	13,533
Assets Received Free of Charge	2.2	-	260
Depreciation	3.1 & 4.3	(29,006)	(27,484)
<b>Net Result after Capital and Specific Items</b>		<b>(18,110)</b>	<b>(11,887)</b>
<b>Other Economic Flows included in Net Result</b>			
Net Gain/(Loss) on Financial Instruments		616	-
Net Gain/(Loss) on Non-Financial Assets		60	27
Revaluation of Long Service Leave	3.3	73	717
<b>Total Other Economic Flows included in Net Result</b>		<b>749</b>	<b>744</b>
<b>NET RESULT FOR THE YEAR</b>	8.1c	<b>(17,361)</b>	<b>(11,143)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to net result</b>			
- Changes in Property, Plant and Equipment Revaluation Surplus	8.1a	-	12,927
<b>Items that may be reclassified subsequently to net result</b>			
- Changes to financial assets available-for-sale revaluation surplus	8.1a	613	770
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>(16,748)</b>	<b>2,554</b>

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

**Peninsula Health  
Balance Sheet  
As at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	27,547	23,845
Receivables	5.1	19,840	14,211
Investments and Other Financial Assets	4.1	13,988	13,375
Inventories	5.2	2,810	2,440
Prepayments and Other Assets		841	871
Non-Financial Assets Classified as Held for Sale	5.4	18,334	18,334
<b>Total Current Assets</b>		<b>83,360</b>	<b>73,076</b>
<b>Non-Current Assets</b>			
Receivables	5.1	20,999	17,758
Property, Plant & Equipment	4.2	378,581	369,552
Intangible Assets	4.4	2,678	4,711
<b>Total Non-Current Assets</b>		<b>402,258</b>	<b>392,021</b>
<b>TOTAL ASSETS</b>		<b>485,618</b>	<b>465,097</b>
<b>Current Liabilities</b>			
Payables	5.5	28,280	21,433
Borrowings	6.1	1,334	5,099
Provisions	3.3	110,467	98,054
Other Current Liabilities	5.3	925	1,853
<b>Total Current Liabilities</b>		<b>141,006</b>	<b>126,439</b>
<b>Non-Current Liabilities</b>			
Borrowings	6.1	29,566	7,640
Provisions	3.3	16,822	16,046
<b>Total Non-Current Liabilities</b>		<b>46,388</b>	<b>23,686</b>
<b>TOTAL LIABILITIES</b>		<b>187,394</b>	<b>150,125</b>
<b>NET ASSETS</b>		<b>298,224</b>	<b>314,972</b>
<b>EQUITY</b>			
Property, Plant & Equipment Revaluation Surplus	8.1a	89,522	89,522
Financial Asset Available for Sale Revaluation Surplus	8.1a	1,383	770
Contributed Capital	8.1b	193,214	193,214
Accumulated Surpluses/(Deficits)	8.1c	14,105	31,466
<b>TOTAL EQUITY</b>		<b>298,224</b>	<b>314,972</b>

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

Peninsula Health  
Statement of Changes in Equity  
For the financial year ended 30 June 2018

	Note	Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2016</b>		76,595	-	193,214	42,609	312,418
Net result for the year	8.1c	-	-	-	(11,143)	(11,143)
Other Comprehensive Income for the year	8.1a	12,927	770	-	-	13,697
<b>Balance at 30 June 2017</b>		89,522	770	193,214	31,466	314,972
Net result for the year	8.1c	-	-	-	(17,361)	(17,361)
Other Comprehensive Income for the year	8.1a	-	613	-	-	613
<b>Balance at 30 June 2018</b>		89,522	1,383	193,214	14,105	298,224

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

**Peninsula Health**  
**Cash Flow Statement**  
**For the financial year ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		505,855	472,671
Capital Grants from Government		8,429	10,443
Patient and Resident Fees Received		41,005	38,148
Commonwealth Government - Residential Aged Care Subsidy		3,006	3,065
Donations and Bequests Received		2,160	3,008
Other Receipts		31,199	39,889
<b>Total receipts</b>		<b>591,654</b>	<b>567,224</b>
Employee Expenses Paid		(433,901)	(404,808)
Payments for Supplies & Consumables		(132,692)	(127,273)
Non Salary Labour Costs Paid		(6,406)	(6,661)
Finance Costs Paid		(747)	(417)
<b>Total payments</b>		<b>(573,746)</b>	<b>(539,159)</b>
<b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>	8.2	<b>17,908</b>	<b>28,065</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Non-Financial Assets		(32,417)	(26,587)
Proceeds from Disposal of Non-Financial Assets		60	1,988
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(32,357)</b>	<b>(24,599)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings		19,633	4,075
Repayment of Borrowings		(1,482)	(536)
<b>NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>18,151</b>	<b>3,539</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>3,702</b>	<b>7,005</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		23,845	16,840
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	6.2	<b>27,547</b>	<b>23,845</b>

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

## Peninsula Health Annual Financial Statements 2018

Notes to The Financial Statements for the financial year ended 30 June 2018

### Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Peninsula Health for the year ended 30 June 2018.

The report provides users with information about the Health Service's stewardship of resources entrusted to it.

#### (a) Statement of compliance

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

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

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

The annual Financial Statements were authorised for issue by the Board of Directors of Peninsula Health on 20 August 2018.

#### (b) Reporting Entity

The Financial Statements include all the controlled activities of Peninsula Health.

Its principal address is:

Hastings Road  
Frankston Victoria

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

#### (c) Basis of accounting preparation and measurement

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

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

The financial statements are prepared on a going concern basis.

These Financial Statements are presented in Australian dollars, the functional and presentation currency of the Health Service.

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

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgement 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.

#### Fund Accounting

Peninsula Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Peninsula Health's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

#### Rounding of Amounts

All amounts shown in the Financial Statements are expressed to the nearest \$1,000 unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Goods and Services Tax**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority 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 taxation authority, are presented as an operating cash flow.

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



## **Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

### **Note 2: Funding delivery of our services**

Peninsula Health embraces an integrated and collaborative view of health, working with community and service partners to promote health and to plan for the future needs of the local community of Frankston and the Mornington Peninsula.

Peninsula Health provides acute care, sub acute care, residential care, mental health services and community health services, and is a major teaching centre.

Peninsula Health is predominantly funded by accrued based grant funding for the provision of outputs in these areas.

#### **Structure**

2.1 Analysis of Revenue by Source

2.2 Assets Received Free of Charge

**Note 2.1: Analysis of Revenue by Source**

	Residential												Total	
	Acute				Mental Health				Residential					
	Acute Care	Mental Health	Mental Health	Mental Hth	Aged Care	Mental Hth	Mental Hth	Mental Hth	Aged Care	Mental Hth	Mental Hth	Other		
2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government grants	430,498	404,877	43,459	39,845	3,065	3,006	3,065	20,866	19,651	22,371	-	523,255	489,809	
Indirect contributions by Department of Health and Human Services	-	-	-	-	-	-	-	-	-	-	4,130	5,443	4,130	
Patient and Resident Fees	32,361	30,877	-	-	688	734	317	317	398	-	-	33,412	31,963	
Commercial Activities and Special Purpose Funds	-	-	-	-	-	-	-	-	-	-	12,790	12,790	10,642	
Other Revenue from Operating Activities	5,208	4,749	407	428	-	4,074	4,074	4,074	3,115	4,831	454	15,067	13,577	
<b>Total Revenue from Operating Activities</b>	<b>468,067</b>	<b>440,503</b>	<b>43,866</b>	<b>40,273</b>	<b>3,753</b>	<b>3,740</b>	<b>25,257</b>	<b>23,164</b>	<b>27,202</b>	<b>18,678</b>	<b>15,226</b>	<b>589,967</b>	<b>550,121</b>	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	-	801	926	801	
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	-	-	-	-	843	843	685	
<b>Total Revenue from Non-Operating Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,774</b>	<b>1,774</b>	<b>1,578</b>	
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	-	-	-	-	8,283	8,283	11,912	
Capital Donations & Bequests	-	-	-	-	-	-	-	-	-	-	2,119	2,119	1,545	
Other Capital Purpose Income	-	-	-	-	-	-	-	-	-	-	42	42	76	
<b>Total Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,444</b>	<b>10,444</b>	<b>13,533</b>	
Assets Received Free of Charge (refer Note 2.2)	-	-	-	-	-	-	-	-	-	-	260	-	260	
Available-for-Sale Revaluation Reserve Surplus Recognised	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue</b>	<b>468,067</b>	<b>440,503</b>	<b>43,866</b>	<b>40,273</b>	<b>3,740</b>	<b>3,740</b>	<b>25,257</b>	<b>23,164</b>	<b>27,202</b>	<b>30,896</b>	<b>30,597</b>	<b>602,185</b>	<b>565,492</b>	

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, Full Time Equivalent (FTE) has been used to allocate revenue across the programs.

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

## Peninsula Health Annual Financial Statements 2018

Notes to The Financial Statements for the financial year ended 30 June 2018

### Revenue Recognition

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

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

### Government Grants and Other Transfers of Income (other than Contributions By Owners)

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

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

### Indirect Contributions from the Department of Health and Human Services

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

### Patient and Resident Fees

Patient fees are recognised as revenue when the service has been performed.

### Private Practice Fees

Private practice fees are recognised as revenue when the service has been performed.

### Revenue from Commercial Activities

Revenue from commercial activities such as car park are recognised on an accrual basis.

### Donations and Other Bequests

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

### Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from Peninsula Health's investments in financial assets.

### Interest Revenue

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

### Other Income

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

### Category Groups

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

**Acute Care** comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or palliative care facilities, or rehabilitation facilities. It also includes revenue/expenditure on outpatient and emergency department services.

**Mental Health** comprises all recurrent health revenue/expenditure on specialised mental health services (child and adolescent, general adult and community) managed or funded by the State, and includes: admitted patient services, outpatient services, community based services and ambulatory services.

**Residential Aged Care-Mental Health** referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from Department of Health and Human Services under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health-funded community care units.

**Aged Care** comprises revenue/expenditure from Home and Community Care (HACC) programs, Allied Health, Aged Care Assessment and support services. This category also includes the MEPACS personal alarm monitoring service.

MEPACS provides personal alarm services to private clients, government funded (PAV) clients, and some research activities. Personal Alert Victoria (PAV) is a 24 hour personal monitoring service that responds to calls for assistance and is funded by the Victorian Government through the Department of Health and Human Services.

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

**Other Services** not reported elsewhere - (Other) comprises services not separately classified above, including Health and Community Initiatives.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 2.2: Assets Received Free of Charge**

During the reporting period, the fair value of assets received free of charge, was as follows:

- Plant & Equipment

**Total**

<b>2018</b>	2017
<b>\$'000</b>	<b>\$'000</b>
-	260
<b>-</b>	<b>260</b>

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

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

## **Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

### **Note 3: The Cost of Delivering Services**

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

#### **Structure**

3.1 Analysis of Expenses by Source

3.2 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

3.3 Employee Benefits in the Balance Sheet

3.4 Superannuation

**Note 3.1: Analysis of Expenses by Source**

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
	Acute Care	Acute Care	Mental Health	Mental Health	Residential Aged Care Mental Health	Residential Aged Care Mental Health	Aged Care	Aged Care	Primary Health	Primary Health	Other	Other	Other	Other	Total	Total	Total	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee expenses	388,358	333,054	38,994	34,402	3,679	3,920	11,189	10,504	27,769	26,368	5,774	5,774	5,882	5,774	445,571	414,022	414,022	414,022	414,022
Non Salary Labour Costs	4,440	4,509	196	214	126	98	1,563	1,721	58	68	24	51	24	51	6,407	6,661	6,661	6,661	6,661
Supplies & Consumables	70,119	66,445	284	227	64	62	26	18	908	764	1,281	1,281	1,919	1,281	73,320	68,797	68,797	68,797	68,797
Client Brokerage Costs	736	832	1,992	2,175	-	-	4,776	4,651	1,693	1,416	-	-	-	-	9,197	9,074	9,074	9,074	9,074
Repairs and Maintenance	11,828	11,031	202	121	4	7	217	183	119	89	233	233	195	233	12,565	11,664	11,664	11,664	11,664
Other Expenses	36,071	32,287	1,981	1,658	137	135	3,019	2,211	1,287	1,313	747	747	987	1,656	43,482	39,260	39,260	39,260	39,260
Finance Costs - Self Funded Activity (refer Note 6.1)	-	-	-	-	-	-	-	-	-	-	-	-	747	417	747	417	747	747	747
<b>Total Expenditure from Operating Activities</b>	<b>481,552</b>	<b>448,158</b>	<b>43,649</b>	<b>38,797</b>	<b>4,010</b>	<b>4,222</b>	<b>20,790</b>	<b>19,288</b>	<b>31,834</b>	<b>30,018</b>	<b>9,454</b>	<b>9,412</b>	<b>9,454</b>	<b>9,412</b>	<b>591,289</b>	<b>549,895</b>	<b>549,895</b>	<b>549,895</b>	<b>549,895</b>
Depreciation & Amortisation (refer Note 4.3)	-	-	-	-	-	-	-	-	-	-	-	-	29,006	27,484	29,006	27,484	29,006	29,006	27,484
<b>Total Other Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	29,006	27,484	29,006	27,484	29,006	29,006	27,484
<b>Total Expenses</b>	<b>481,552</b>	<b>448,158</b>	<b>43,649</b>	<b>38,797</b>	<b>4,010</b>	<b>4,222</b>	<b>20,790</b>	<b>19,288</b>	<b>31,834</b>	<b>30,018</b>	<b>39,460</b>	<b>36,896</b>	<b>39,460</b>	<b>36,896</b>	<b>620,295</b>	<b>577,370</b>	<b>577,370</b>	<b>577,370</b>	<b>577,370</b>

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, FTE has been used to allocate expenditure across the programs.

## Peninsula Health Annual Financial Statements 2018

Notes to The Financial Statements for the financial year ended 30 June 2018

### Expense Recognition

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

#### Employee expenses

Employee expenses include:

- Wages and salaries;
- Leave entitlements;
- Termination payments;
- Workcover premiums; and
- Superannuation expenses.

#### Client Brokerage Costs

Client Brokerage Costs are costs incurred which represent the provision of service by third party providers which achieve Peninsula Health outputs.

#### Other operating expenses

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

Supplies and consumables

Supplies and services costs 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.

#### Bad and doubtful debts

Refer to Note 5.1 Receivables.

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

Net gain/(loss) on disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

Net gain/(loss) on financial instruments includes:

- realised 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) and
- disposals of financial assets and derecognition of financial liabilities.

#### Impairment of Non-Financial Assets

All assets of Peninsula Health are assessed annually for indications of impairment, except for;

- inventories; and
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs of disposal.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 3.2: Analysis of Expense and Revenue by Internally managed and Specific Purpose Funds**

	<b>2018</b>	2017	<b>2018</b>	2017
	<b>Expense</b>	Expense	<b>Revenue</b>	Revenue
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Commercial Activities</b>				
Thoracic Medicine	<b>590</b>	553	<b>464</b>	563
Echo Cardiology/Angiography	<b>1,131</b>	1,087	<b>882</b>	866
Sleep Laboratory	<b>1,044</b>	915	<b>219</b>	216
Property Rental	-	-	<b>310</b>	323
Cafeteria & Catering Services	<b>1,454</b>	1,324	<b>1,422</b>	1,521
Car Park	<b>1,113</b>	1,257	<b>3,565</b>	3,387
Special Purpose Funds	<b>478</b>	460	<b>1,552</b>	165
Other Specific Purpose Funds	<b>3,404</b>	3,582	<b>4,376</b>	3,601
<b>TOTAL</b>	<b>9,214</b>	9,178	<b>12,790</b>	10,642



**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 3.3: Employee Benefits in the Balance Sheet**

<b>Employee Benefits</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
Employee Benefits (i) (Note 3.3(a))		
Annual Leave (Note 3.3(a))		
- Unconditional and expected to be settled within 12 months (ii)	28,648	25,947
- Unconditional and expected to be settled after 12 months (iii)	4,846	4,329
Long Service Leave (Note 3.3(a))		
- Unconditional and expected to be settled within 12 months (ii)	6,990	5,933
- Unconditional and expected to be settled after 12 months (iii)	45,656	41,241
Accrued Days Off (Note 3.3(a))		
- Unconditional and expected to be settled within 12 months (ii)	1,176	1,006
- Unconditional and expected to be settled after 12 months (iii)		-
Accrued Wages and Salaries	13,883	11,286
	<u>101,199</u>	<u>89,742</u>
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	3,908	3,349
- Unconditional and expected to be settled after 12 months (iii)	5,360	4,963
	<u>9,268</u>	<u>8,312</u>
<b>Total Current Provisions</b>	<u>110,467</u>	<u>98,054</u>
<b>NON-CURRENT</b>		
Employee Benefits (i) (Note 3.3(a))	15,208	14,535
Provisions related to Employee Benefit On-Costs (Note 3.3(a) and Note 3.3(b))	1,614	1,511
<b>Total Non-Current Provisions</b>	<u>16,822</u>	<u>16,046</u>
<b>Total Provisions</b>	<u>127,289</u>	<u>114,100</u>
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and related on-costs</b>		
Annual Leave Entitlements	37,048	33,298
Unconditional Long Service Leave Entitlement	58,234	52,357
Accrued Days Off	1,302	1,113
Accrued Wages and Salaries	13,883	11,286
<b>Non-Current Employee Benefits and related on-costs</b>		
Conditional Long Service Leave Entitlements (iii)	16,822	16,046
<b>Total Employee Benefits and Related On-Costs</b>	<u>127,289</u>	<u>114,100</u>
<b>Notes:</b>		
(i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.		
(ii) The amounts disclosed are nominal amounts.		
(iii) The amounts disclosed are discounted to present values.		
<b>(b) Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	<b>68,403</b>	<b>63,088</b>
Provision made during the year:		
-Revaluations	(73)	(717)
-Expense recognising employee service	14,458	12,617
Settlement made during the year	(7,732)	(6,585)
<b>Balance at end of year</b>	<u>75,056</u>	<u>68,403</u>

## Peninsula Health Annual Financial Statements 2018

Notes to The Financial Statements for the financial year ended 30 June 2018

### Provisions

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

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

### Employee Benefits

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

#### Wages and Salaries, Annual Leave and Accrued Days Off

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

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

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service 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 (representing 10 or more years of continuous service) is disclosed in the notes to the Financial Statements as a current liability even where Peninsula Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations of 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 termination of employment.

#### On-Costs related to employee expense

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

**Note 3.4: Superannuation**

**Contributions Paid or Payable for the Year**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Defined benefit plans:</b>		
Hospital Superannuation Fund	<b>335</b>	353
Government Superannuation Fund	<b>116</b>	148
<b>Defined contribution plans:</b>		
Hospital Superannuation Fund	<b>19,634</b>	18,783
Other Funds	<b>14,582</b>	12,854
<b>Total</b>	<b>34,667</b>	32,138
Contributions outstanding at the end of the financial year	<b>967</b>	812

Employees of Peninsula Health are entitled to receive superannuation benefits and Peninsula Health contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

**Defined contribution superannuation plans**

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

**Defined benefit superannuation plans**

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

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

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 4: Key Assets to Support Service Delivery**

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

Structure

4.1 Investments and Other Financial Assets

4.2 Property, Plant and Equipment

4.3 Depreciation and Amortisation

4.4 Intangible Assets

## Peninsula Health Annual Financial Statements 2018

Notes to The Financial Statements for the financial year ended 30 June 2018

### Note 4.1: Investments and Other Financial Assets

	Total 2018 \$'000	Total 2017 \$'000
<b>CURRENT</b>		
<b>Available for Sale</b>		
<b>Equities &amp; Managed Investments</b>		
VFMC Growth Fund	13,988	13,375
<b>Total Current</b>	<b>13,988</b>	<b>13,375</b>
Represented by:		
<b>Operating Fund</b>		
- Health Service Investments	13,063	11,522
<b>Specific Purpose Fund</b>		
Monies Held in Trust:		
- Patient Monies	11	10
- Accommodation Bonds (Refundable Entrance Fees)	914	1,843
<b>TOTAL</b>	<b>13,988</b>	<b>13,375</b>

### Investments and Other Financial Assets

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

Peninsula Health classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset.

Peninsula Health assesses at each reporting date whether a financial asset or group of financial assets is impaired.

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

### 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
- Peninsula Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to them in full without material delay to a third party under a 'pass through' arrangement; or
- Peninsula Health Service has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- Where Peninsula Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Peninsula Health's continuing involvement in the asset.

### Impairment of Financial Assets

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

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 per cent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2018 for its portfolio of financial assets, Peninsula Health used the market price of investments held provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 4.2: Property, Plant & Equipment**

(a) Gross carrying amount and accumulated depreciation

	2018 \$'000	2017 \$'000
<b>Land</b>		
- Land at Fair Value	69,414	66,410
<b>Total Land</b>	<b>69,414</b>	<b>66,410</b>
<b>Buildings</b>		
- Buildings at Fair Value	381,066	357,735
Less Accumulated Depreciation	(120,828)	(105,978)
<b>Total Buildings</b>	<b>260,238</b>	<b>251,757</b>
<b>Plant and Equipment</b>		
- Plant and Equipment at Fair Value	93,571	85,852
Less Accumulated Depreciation	(59,570)	(50,545)
<b>Total Plant and Equipment</b>	<b>34,001</b>	<b>35,307</b>
<b>Furniture and Fittings</b>		
- Furniture and Fittings at Fair Value	34,985	31,230
Less Accumulated Depreciation	(27,029)	(24,472)
<b>Total Furniture and Fittings</b>	<b>7,956</b>	<b>6,758</b>
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	4,797	4,400
Less Accumulated Depreciation	(3,693)	(3,642)
<b>Total Motor Vehicles</b>	<b>1,104</b>	<b>758</b>
<b>Assets Under Construction</b>		
- Assets under construction at cost	5,868	8,562
<b>Total Assets Under Construction</b>	<b>5,868</b>	<b>8,562</b>
<b>TOTAL</b>	<b>378,581</b>	<b>369,552</b>

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

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Motor Vehicles \$'000	Assets Under Construction \$'000	Total \$'000
<b>Balance at 1 July 2016</b>	71,817	257,929	32,713	7,539	449	1,946	372,393
Additions	-	4,958	9,966	1,578	498	10,750	27,750
Disposals	-	-	(2)	-	(3)	-	(5)
Transfer to Asset Held for Sale (Note 5.4)	(18,334)	-	-	-	-	-	(18,334)
Assets received free of charge	-	-	260	-	-	-	260
Transfers from Assets Under Construction	-	3,282	814	38	-	(4,134)	-
Net Transfers to Intangible Assets (Note 4.4)	-	-	-	-	-	-	-
Impairment Losses (recognised)/reversed in Net Result	-	-	-	-	-	-	-
Revaluation increments/(decrements)	12,927	-	-	-	-	-	12,927
Depreciation (Note 4.3)	-	(14,412)	(8,444)	(2,397)	(186)	-	(25,439)
<b>Balance at 30 June 2017</b>	66,410	251,757	35,307	6,758	758	8,562	369,552
Additions	3,004	7,884	7,644	3,131	762	13,577	36,002
Disposals	-	-	-	-	-	-	-
Transfer to Asset Held for Sale (Note 5.4)	-	-	-	-	-	-	-
Assets received free of charge	-	-	-	-	-	-	-
Transfers from Assets Under Construction	-	15,448	199	624	-	(16,271)	-
Net Transfers to Intangible Assets (Note 4.4)	-	-	-	-	-	-	-
Impairment Losses (recognised)/reversed in Net Result	-	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-	-
Depreciation (Note 4.3)	-	(14,851)	(9,149)	(2,557)	(416)	-	(26,973)
<b>Balance at 30 June 2018</b>	<b>69,414</b>	<b>260,238</b>	<b>34,001</b>	<b>7,956</b>	<b>1,104</b>	<b>5,868</b>	<b>378,581</b>

**Land and buildings carried at valuation**

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

The effective date of the valuation was 30 June 2014.

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

The fair value of the land had been adjusted by a managerial revaluation in 2017. The latest indices required no managerial revaluation in 2018. There was no material financial impact on change in fair value of buildings.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 4.2: Property, Plant & Equipment continued**

(c) Fair value measurement hierarchy for assets as at 30 June 2018

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Land at fair value</b>				
- Non-specialised land	4,685	-	4,685	-
- Specialised land	64,729	-	-	64,729
Total of land at fair value	69,414	-	4,685	64,729
<b>Buildings at fair value</b>				
- Specialised buildings	260,238	-	-	260,238
<b>Plant and equipment at fair value</b>				
- Plant and equipment	34,001	-	-	34,001
<b>Furniture and Fittings at fair value</b>				
- Office furniture, computers and leasehold improvements	7,956	-	-	7,956
<b>Motor Vehicles at fair value</b>				
- Vehicles (ii)	1,104	-	-	1,104
	<b>372,713</b>	-	<b>4,685</b>	<b>368,028</b>

(c) Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Land at fair value</b>				
- Non-specialised land	4,685	-	4,685	-
- Specialised land	61,725	-	-	61,725
Total of land at fair value	66,410	-	4,685	61,725
<b>Buildings at fair value</b>				
- Specialised buildings	251,757	-	-	251,757
<b>Plant and equipment at fair value</b>				
- Plant and equipment	35,307	-	-	35,307
<b>Furniture and Fittings at fair value</b>				
- Office furniture, computers and leasehold improvements	6,758	-	-	6,758
<b>Motor Vehicles at fair value</b>				
- Vehicles (ii)	758	-	-	758
	<b>360,990</b>	-	<b>4,685</b>	<b>356,305</b>

**Note**

(i) Classified in accordance with the fair value hierarchy

(ii) Vehicles are categorised to Level 3 assets because the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

**Note 4.2: Property, Plant & Equipment continued**

c) Fair Value Determination

Asset class	Expected fair value level	Valuation technique	Significant unobservable inputs <sup>(i)</sup>
<b>Specialised land</b> Specialised land	Level 3	Market approach	Community Service Obligation (CSO) adjustment
<b>Non-specialised buildings</b>	Level 2	Market approach	n.a
<b>Specialised buildings</b> Hospital care facilities Residential building structures Community Centre (Hastings) Other sheds and halls All	Level 3	Depreciated replacement cost	Direct cost per square metre  Useful life of specialised buildings
<b>Plant and equipment at fair value</b> Plant and equipment	Level 3	Depreciated replacement cost	Cost per unit Useful life of PPE
<b>Vehicles</b> Motor vehicles	Level 3	Depreciated replacement cost	Cost per unit Useful life of Vehicles
<b>Medical equipment at fair value</b> Medical equipment	Level 3	Depreciated replacement cost	Cost per unit Useful life of ME
<b>Furniture and fittings at fair value</b> Furniture and fittings	Level 3	Depreciated replacement cost	Cost per unit Useful life of F&F

(i) A CSO adjustment of 20% was applied to reduce the market approach value for the Health Service's specialised land. There were no changes in valuation techniques throughout the period to 30 June 2018.

**Initial Recognition**

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

**Subsequent Measurement**

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

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

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

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

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

In addition, Peninsula Health determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 Peninsula Health's independent valuation agency.

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

**Fair value measurement**

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

**Consideration of highest and best use (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, Peninsula Health can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Peninsula Health are required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:

External factors:

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



## Peninsula Health Annual Financial Statements 2018

Notes to The Financial Statements for the financial year ended 30 June 2018

- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Peninsula Health's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

### Valuation hierarchy

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

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

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

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

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

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

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

### Non-specialised land and buildings

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

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

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

### Specialised land and specialised buildings

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

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

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

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

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

### Plant and equipment, Furniture & Fittings

Plant and equipment (Including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying value (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 value.

### Vehicles

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

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

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

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Notes to The Financial Statements for the financial year ended 30 June 2018

### Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

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

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

**Leasehold improvements** is 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.

### Revaluations of Non-current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the 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 in equity 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 normally transferred to accumulated funds on derecognition of the relevant asset.

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

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 4.2: Property, Plant & Equipment continued**

(d) Reconciliation of Level 3 fair value at 30 June 2018<sup>(i)</sup>

	Land	Buildings	Plant and Equipment	Furniture & Fittings	Motor Vehicles
<b>Opening Balance at 1 July 2017</b>	61,725	251,757	35,307	6,758	758
<b>Additions/(Disposals)</b>	3,004	23,332	7,843	3,755	762
<b>Transfers in (out) of Level 3</b>	-	-	-	-	-
Gains or losses recognised in net result					
- Depreciation	-	(14,851)	(9,149)	(2,557)	(416)
- Impairment loss	-	-	-	-	-
<b>Subtotal</b>	64,729	260,238	34,001	7,956	1,104
Items recognised in other comprehensive income					
- Revaluation	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-
	64,729	260,238	34,001	7,956	1,104
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
Transfer to Asset Held for Sale (Note 5.4)	-	-	-	-	-
<b>Closing Balance at 30 June 2018</b>	<b>64,729</b>	<b>260,238</b>	<b>34,001</b>	<b>7,956</b>	<b>1,104</b>

(d) Reconciliation of Level 3 fair value at 30 June 2017<sup>(i)</sup>

	Land	Buildings	Plant and Equipment	Furniture & Fittings	Motor Vehicles
<b>Opening Balance at 1 July 2016</b>	67,847	257,929	32,713	7,539	449
<b>Additions/(Disposals)</b>	-	8,240	11,038	1,616	495
<b>Transfers in (out) of Level 3</b>	-	-	-	-	-
Gains or losses recognised in net result					
- Depreciation	-	(14,412)	(8,444)	(2,397)	(186)
- Impairment loss	-	-	-	-	-
<b>Subtotal</b>	67,847	251,757	35,307	6,758	758
Items recognised in other comprehensive income					
- Revaluation	12,212	-	-	-	-
<b>Subtotal</b>	12,212	-	-	-	-
	80,059	251,757	35,307	6,758	758
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
Transfer to Asset Held for Sale (Note 5.4)	(18,334)	-	-	-	-
<b>Closing Balance at 30 June 2017</b>	<b>61,725</b>	<b>251,757</b>	<b>35,307</b>	<b>6,758</b>	<b>758</b>

*Note*

<sup>(i)</sup> Classified in accordance with the fair value hierarchy, see Note 4.2 (c)

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 4.3: Depreciation & Amortisation**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Depreciation</b>		
Buildings	<b>14,851</b>	14,412
Plant & Equipment	<b>9,149</b>	8,444
Furniture & Fittings	<b>2,557</b>	2,397
Motor Vehicles	<b>416</b>	186
<b>Total Depreciation</b>	<b>26,973</b>	25,439
<b>Amortisation</b>		
Software	<b>2,033</b>	2,045
<b>Total Amortisation</b>	<b>2,033</b>	2,045
<b>Total Depreciation and Amortisation</b>	<b>29,006</b>	27,484

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

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services.

**Amortisation**

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) 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. The consumption of intangible assets with finite useful lives is classified as amortisation.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised over a three to seven year period (2017: 3 - 7 years)

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

	<b>2018</b>	2017
Buildings		
- Structure Shell Building Fabric	<b>45-60</b>	45-60
- Site Engineering Services and Central Plant	<b>20-30</b>	20-30
Plant & Equipment	<b>5-10</b>	5-10
Medical Equipment	<b>3-10</b>	3-10
Computers and Communication	<b>3</b>	3
Furniture and Fitting	<b>7-10</b>	7-10
Motor Vehicles	<b>4</b>	4
Other Equipment	<b>5-10</b>	5-10

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 4.4: Intangible Assets**

	2018	2017
	\$'000	\$'000
Software	11,894	11,894
Less Accumulated Amortisation	(9,216)	(7,183)
<b>Total Intangible Assets</b>	<b>2,678</b>	<b>4,711</b>

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

	<b>Software</b>	
	2018	2017
	\$'000	\$'000
<b>Balance at beginning of year</b>	<b>4,711</b>	<b>6,756</b>
Amortisation expense (Note 4.3)	(2,033)	(2,045)
<b>Balance at end of year</b>	<b>2,678</b>	<b>4,711</b>

**Intangible Assets**

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

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

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 5: Other Assets and Liabilities**

This section sets out those assets and liabilities that arise from Peninsula Health's operations

Structure

5.1 Receivables

5.2 Inventories

5.3 Other liabilities

5.4 Non-financial physical assets classified as held for sale including disposal groups and directly associated liabilities

5.5 Payables

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 5.1: Receivables**

	2018	2017
	\$'000	\$'000
<b>CURRENT</b>		
<b>Contractual</b>		
Inter Hospital Debtors	25	202
Trade Debtors	6265	3,194
Patient Fees	6785	6,305
Accrued Investment Income	153	105
Less Allowance for Doubtful Debts	(243)	(395)
	<b>12,985</b>	<b>9,411</b>
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	5,549	3,632
GST Receivable	1,306	1,168
	<b>6,855</b>	<b>4,800</b>
<b>TOTAL CURRENT RECEIVABLES</b>	<b>19,840</b>	<b>14,211</b>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Department of Health and Human Services – Long Service Leave	20,999	17,758
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>20,999</b>	<b>17,758</b>
<b>TOTAL RECEIVABLES</b>	<b>40,839</b>	<b>31,969</b>

**(a) Movement in Allowance for Doubtful Debts**

	2018	2017
	\$'000	\$'000
<b>Balance at beginning of year</b>	395	299
Amounts written off during the year	(101)	(310)
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	(51)	406
<b>Balance at end of year</b>	<b>243</b>	<b>395</b>

Receivables consist of:

- Statutory receivables, which include predominantly amounts owing from the Victorian Government and Goods and services tax ("GST") input tax credits recoverable; and
- Contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income.

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

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

Trade debtors are carried at nominal amounts due, and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectable are written off. 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.

**Doubtful debts**

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt not written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 5.2: Inventories**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Pharmaceuticals - at cost	<b>883</b>	756
Catering Supplies - at cost	<b>61</b>	60
Medical and Surgical Lines - at cost	<b>1,866</b>	1,624
<b>TOTAL INVENTORIES</b>	<b>2,810</b>	2,440

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.

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

**Note 5.3: Other Liabilities**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>CURRENT</b>		
Monies Held in Trust		
- Patient monies	<b>11</b>	10
- Accommodation bonds	<b>914</b>	1,843
<b>TOTAL</b>	<b>925</b>	1,853
Represented by:		
Other financial assets held in trust (refer to Note 4.1)	<b>925</b>	1,853
	<b>925</b>	1,853

**Financial assets held in trust**

Accommodation bonds are held in relation to services provided to clients whereby the interest on the bonds acts as payment for those services.



**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 5.4: Non-financial physical assets classified as held for sale**

**(a) Non-financial physical assets classified as held for sale**

	Total 2018 \$'000	Total 2017 \$'000
Freehold Land <sup>(i)</sup>	18,334	18,334
<b>Total Non-Financial Physical Assets classified as Held for Sale</b>	<b>18,334</b>	<b>18,334</b>

(i) Peninsula Health intends to dispose of freehold land it no longer utilises in the next 12 months. The land is located in Mount Eliza. A search is underway for a buyer. It is expected to be sold within 12 months.

**(b) Fair value measurement of non-financial physical assets held for sale**

	Carrying amount as at 30 June 2018 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup> \$'000	Level 2 <sup>(i)</sup> \$'000	Level 3 <sup>(i)</sup> \$'000
Freehold Land held for sale <sup>(ii)</sup>	18,334	-	-	18,334
<b>Total Non-Financial Physical Assets classified as Held for Sale</b>	<b>18,334</b>	<b>-</b>	<b>-</b>	<b>18,334</b>

Notes

(i) Classified in accordance with the fair value hierarchy (Note 4.2).

(ii) Freehold land held for sale is carried at fair value less costs to disposal.

	Carrying amount as at 30 June 2017 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup> \$'000	Level 2 <sup>(i)</sup> \$'000	Level 3 <sup>(i)</sup> \$'000
Freehold Land held for sale <sup>(ii)</sup>	18,334	-	-	18,334
<b>Total Non-financial Physical Assets classified as held for sale</b>	<b>18,334</b>	<b>-</b>	<b>-</b>	<b>18,334</b>

Notes

(i) Classified in accordance with the fair value hierarchy (Note 4.2).

(ii) Freehold land held for sale is carried at fair value less costs to disposal.

Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset's sale(or disposal group) is expected to be completed within 12 months from the date of classification.and the asset is available for immediate use in the current condition.

Non-financial physical assets(including disposal group) classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

<b>Note 5.5: Payables</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors <sup>(i)</sup>	4,494	3,601
Salary Packaging	1,662	1,857
Accrued Expenses	21,318	15,385
	<b>27,474</b>	<b>20,843</b>
<b>Statutory</b>		
Department of Health and Human Services	806	590
<b>TOTAL CURRENT</b>	<b>28,280</b>	<b>21,433</b>

(i) The average credit period is 30 days.

Payables consist of:

- contractual payables classified as financial instruments and measured at amortised cost. Accounts Payable represent liabilities for goods and services provided to the Peninsula Health prior to the end of the financial year that are unpaid, and arise when the Peninsula Health becomes obliged to make future payments in respect of the purchase of those goods and services.

The normal credit terms for accounts payable are usually net 30 days

- statutory payables include goods and services tax and fringe benefits tax payables. 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 a contract.

**a) Maturity analysis of financial liabilities as at 30 June**

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

**Maturity analysis of Financial Liabilities as at 30 June**

	Carrying Amount	Nominal Amount	Maturity Dates			
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-13 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	27,474	27,474	25,812	831	831	
Borrowings	30,900	31,516		329	1,004	30,183
Other Financial Liabilities						
- Accommodation Bonds	914	914	914	-	-	-
- Other	11	11	11	-	-	-
<b>Total Financial Liabilities</b>	<b>59,299</b>	<b>59,915</b>	<b>26,737</b>	<b>1,160</b>	<b>1,835</b>	<b>30,183</b>
<b>2017</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	20,843	20,843	18,986	928	929	-
Borrowings	12,739	12,739		1,275	3,824	7,640
Other Financial Liabilities						
- Accommodation Bonds	1,843	1,843	1,843	-	-	-
- Other	10	10	10	-	-	-
<b>Total Financial Liabilities</b>	<b>35,435</b>	<b>35,435</b>	<b>20,839</b>	<b>2,203</b>	<b>4,753</b>	<b>7,640</b>

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

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 6: How We Finance Our Operations**

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

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

**Structure**

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for expenditure

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

<b>Note 6.1: Borrowings</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>		
Finance lease liability-VicFleet	196	72
TCV borrowings	1,138	5,027
	<b>1,334</b>	<b>5,099</b>
<b>NON CURRENT</b>		
Finance lease liability-VicFleet	872	370
TCV borrowings	22,310	7,270
DHHS Loan	6,384	-
	<b>29,566</b>	<b>7,640</b>
<b>TOTAL BORROWINGS</b>	<b>30,900</b>	<b>12,739</b>

The terms and conditions of the 2 TCV interest bearing borrowings are:

- 15 year repayment period at a fixed interest rate of 4.80%
- 20 year repayment period at a fixed interest rate of 3.83%

The DHHS Loan is interest free with a 6 year repayment period.

Finance costs of the Peninsula Health incurred during the year are accounted for as follows:

- Interest on long term borrowings (recognised as a finance cost - self funded activity)	(747)	(417)
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**(a) Maturity analysis of borrowings**

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

**(b) Defaults and breaches**

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

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

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

All other leases are classified as operating leases.

**Borrowings**

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

**Operating Leases as a lessee**

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

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Finance Leases as a lessee**

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

	Minimum future lease payments		Present value of minimum future lease payments	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Finance Leases</b>				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	228	85	196	72
Later than 1 year and not later than 5 years	906	387	872	370
Later than 5 years	-	-	-	-
Minimum lease payments	<b>1,134</b>	<b>472</b>	<b>1,068</b>	<b>442</b>
Less future finance charges	(66)	(30)	-	-
<b>TOTAL</b>	<b>1,068</b>	<b>442</b>	<b>1,068</b>	<b>442</b>
Included in the financial statements as:				
Current borrowings finance lease liability			196	72
Non-current borrowings finance lease liability			872	370
<b>TOTAL</b>	-	-	<b>1,068</b>	<b>442</b>

The weighted average interest rate implicit in the finance lease is 3.27% (2018: 3.25%).

**Finance costs**

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 6.2: Cash and Cash Equivalents**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Cash on Hand	<b>25</b>	26
Cash at Bank	<b>3,908</b>	1,950
Deposits at Call	<b>23,614</b>	21,869
<b>TOTAL</b>	<b>27,547</b>	23,845
<b>Represented by:</b>		
Cash for Health Service Operations (as per Cash Flow Statement)	<b>27,547</b>	23,845
<b>TOTAL</b>	<b>27,547</b>	23,845

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

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 6.3: Commitments for Expenditure**

	2018	2017
	\$'000	\$'000
<b>Capital Expenditure Commitments</b>		
<u>Payable:</u>		
- Land and Buildings	8,418	10,364
- Plant & Equipment		550
<b>Total Capital Commitments</b>	<b>8,418</b>	<b>10,914</b>
Not later than one year	8,418	10,914
Later than one year and not later than 5 years	-	-
<b>Total Capital commitments inclusive of GST</b>	<b>8,418</b>	<b>10,914</b>
Less GST recoverable from the Australian Tax Office	765	992
<b>Total Capital commitments exclusive of GST</b>	<b>7,653</b>	<b>9,922</b>
<b>Operating Commitments</b>		
<u>Payable:</u>		
Operating commitments	14,123	21,850
<b>Total Operating Commitments</b>	<b>14,123</b>	<b>21,850</b>
Not later than one year	7,581	7,727
Later than one year and not later than 5 years	6,542	14,123
<b>Total Operating commitments inclusive of GST</b>	<b>14,123</b>	<b>21,850</b>
Less GST recoverable from the Australian Tax Office	642	993
<b>Total Operating commitments exclusive of GST</b>	<b>13,481</b>	<b>20,857</b>
<b>Operating Lease Commitments</b>		
<u>Payable:</u>		
Operating leases commitments	1,437	1,846
<b>Total Operating Lease Commitments</b>	<b>1,437</b>	<b>1,846</b>
<i>Non-Cancellable</i>		
Not later than one year	418	409
Later than one year and not later than 5 years	1,019	1,437
<b>Sub-total</b>	<b>1,437</b>	<b>1,846</b>
<b>Total Operating Lease commitments inclusive of GST</b>	<b>1,437</b>	<b>1,846</b>

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

## **Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

### **Note 7: Risks, Contingencies and Valuation Uncertainties**

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

#### **Structure**

7.1 Financial instruments

7.2 Contingent Assets and Contingent Liabilities



**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**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 Peninsula Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

**(a) Categorisation of financial instruments**

Details of each category in accordance with AASB139		Carrying Amount 2018 \$'000	Carrying Amount 2017 \$'000
Note	Category		
<b>Financial Assets</b>			
	Cash and cash equivalents	27,547	23,845
	Receivables	12,985	9,411
	Other Financial Assets	13,988	13,375
	<b>Total Financial Assets (i)</b>	<b>54,520</b>	<b>46,631</b>
<b>Financial Liabilities</b>			
	Payables	27,474	20,843
	Borrowings	30,900	12,739
	Accommodation Bonds	914	1,843
	Other Liabilities	11	10
	<b>Total Financial Liabilities (ii)</b>	<b>59,299</b>	<b>35,435</b>

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

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

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

Consolidated	Net holding gain/(loss) \$'000	Total interest			Total \$'000
		income / (expense) \$'000	Fee income / (expense) \$'000	Impairment loss \$'000	
<b>2018</b>					
<b>Financial Assets</b>					
	Cash and Cash Equivalents <sup>(i)</sup>	-	926	-	926
	Loans and Receivables <sup>(i)</sup>	-	-	-	-
	Available for Sale <sup>(i)</sup>	613	-	843	1,456
	<b>Total Financial Assets</b>	<b>613</b>	<b>926</b>	<b>843</b>	<b>2,382</b>
<b>Financial Liabilities</b>					
	At Amortised Cost <sup>(ii)</sup>	616	(747)	-	(131)
	<b>Total Financial Liabilities</b>	<b>616</b>	<b>(747)</b>	<b>-</b>	<b>(131)</b>
<b>2017</b>					
<b>Financial Assets</b>					
	Cash and Cash Equivalents <sup>(i)</sup>	-	801	-	801
	Loans and Receivables <sup>(i)</sup>	-	-	-	-
	Available for Sale <sup>(i)</sup>	770	-	685	1,455
	<b>Total Financial Assets</b>	<b>770</b>	<b>801</b>	<b>685</b>	<b>2,256</b>
<b>Financial Liabilities</b>					
	At Amortised Cost <sup>(ii)</sup>	-	(417)	-	(417)
	<b>Total Financial Liabilities</b>	<b>-</b>	<b>(417)</b>	<b>-</b>	<b>(417)</b>

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

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

**Categories of non-derivative financial instruments**

**Loans and receivables and cash**

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 Peninsula Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

#### Available-for-sale financial assets

Available-for-sale financial instrument assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result

#### Financial liabilities at amortised cost

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

Peninsula Health recognises the following liabilities in this category:

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

#### Financial assets and liabilities at fair value through net result

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Peninsula Health recognises certain debt securities in this category.

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

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

#### Impairment of financial assets

At the end of each reporting period, the Peninsula Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through 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.

#### Reclassification of financial instruments:

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

#### Derecognition of financial liabilities:

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

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

**Note 7.2: Contingent Assets and Contingent Liabilities**

**Contingent Assets and Contingent Liabilities**

As at 30 June 2018, Peninsula Health does not have any contingent assets or liabilities (2017: Nil).

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

## **Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 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**

- 8.1 Equity
- 8.2 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
- 8.3 Responsible Persons Disclosures
- 8.4 Executive Officer Disclosures
- 8.5 Related Parties
- 8.6 Remuneration of Auditors
- 8.7 Ex Gratia Payments
- 8.8 Australian Accounting Standards issued that are not yet effective
- 8.9 Subsequent Events
- 8.10 Economic dependency
- 8.11 Alternative Presentation of Comprehensive Operating Statement

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 8.1: Equity**

	2018	2017
	\$'000	\$'000
<b>(a) Surpluses</b>		
<b>Property, Plant &amp; Equipment Revaluation Surplus <sup>1</sup></b>		
Balance at the beginning of the reporting period	89,522	76,595
Revaluation increment/(decrement)	-	12,927
<b>Balance at the end of the reporting period</b>	<b>89,522</b>	<b>89,522</b>
* Represented by:		
- Buildings	47,691	47,691
- Land	41,831	41,831
	<b>89,522</b>	<b>89,522</b>
<b>Financial Asset Available-for-Sale Revaluation Surplus <sup>2</sup></b>		
Balance at the beginning of the reporting period	770	-
Valuation gain/(loss) recognised direct to equity	613	770
<b>Balance at the end of the reporting period</b>	<b>1,383</b>	<b>770</b>
<b>Total Surpluses</b>	<b>90,905</b>	<b>90,292</b>

1. The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.

2. The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset, and is effectively realised, is recognised in the net result. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in net result.

	2018	2017
	\$'000	\$'000
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	193,214	193,214
Capital Contribution received from Victorian Government	-	-
<b>Balance at the end of the reporting period</b>	<b>193,214</b>	<b>193,214</b>
<b>(c) Accumulated Surpluses/(Deficits)</b>		
Balance at the beginning of the reporting period	31,466	42,609
Net Result for the Year	(17,361)	(11,143)
<b>Balance at the end of the reporting period</b>	<b>14,105</b>	<b>31,466</b>
<b>Total Equity at the end of the reporting period</b>	<b>298,224</b>	<b>314,972</b>

**Contributed Capital**

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

**Property, Plant & Equipment Revaluation Surplus**

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

**Financial Assets Available-for-Sale Revaluation Surplus**

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets.

Where a revalued financial asset is sold, that portion of the surplus which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired, that portion of the surplus which relates to that financial asset is recognised in the comprehensive operating statement.

**Specific Restricted Purpose Surplus**

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

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Net Result for the Year</b>	<b>(17,361)</b>	(11,143)
<b>Non-cash movements</b>		
Depreciation & Amortisation	<b>29,006</b>	27,484
Non-Cash Department of Health Capital Grants	-	(98)
Non-Cash Revaluation of Long Service Leave	<b>(73)</b>	(717)
Assets received free of charge	-	(260)
Net Gain of Financial Instruments	<b>(616)</b>	-
<b>Movements included in investing and financing activities</b>		
Net (Gain)/Loss from Sale of Plant and Equipment	<b>(60)</b>	(27)
<b>Movements in Assets &amp; Liabilities</b>		
- Increase/(Decrease) in Payables	<b>3,888</b>	2,136
- Increase/(Decrease) in Provisions	<b>13,262</b>	9,346
- (Increase)/Decrease in Inventories	<b>(370)</b>	(149)
- (Increase)/Decrease in Receivables	<b>(8,870)</b>	1,175
- (Increase)/Decrease in Prepayments	<b>30</b>	(274)
- Increase/(Decrease) in Other Liabilities	<b>(928)</b>	592
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>17,908</b>	28,065

## Peninsula Health Annual Financial Statements 2018

Notes to The Financial Statements for the financial year ended 30 June 2018

### Note 8.3: Responsible Persons Disclosures

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

	Period	
<b>Responsible Ministers</b>		
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	1-Jul-2017	30-Jun-2018
The Honourable Martin Foley, Minister for Housing, Disability and Ageing and Minister for Mental Health	1-Jul-2017	30-Jun-2018
<b>Governing Board</b>		
Ms Diana Heggie	1-Jul-2017	30-Jun-2018
Mr Naim Melhem	1-Jul-2017	30-Jun-2018
Dr Alison Dwyer	1-Jul-2017	30-Jun-2018
Dr Nathan Pinskiar	1-Jul-2017	30-Jun-2018
Ms Peta Murphy (resigned 6 March 2018)	1-Jul-2017	6-Mar-2018
Ms Allison Smith	1-Jul-2017	30-Jun-2018
Ms Kirsten Mander (Appointed 22 August 2017)	22-Aug-2017	30-Jun-2018
Prof Kenneth Thomson (Appointed 22 August 2017)	22-Aug-2017	30-Jun-2018
Ms Karen Corry (Appointed 22 August 2017)	22-Aug-2017	30-Jun-2018
<b>Accountable Officer</b>		
Sue Williams (Resigned 29 August 2017)	1-Jul-2018	29-Aug-2017
David Anderson (Acting)	30-Aug-2017	18-Feb-2018
Felicity Topp (Appointed 19 February 2018)	19-Feb-2018	30-Jun-2018

#### (b) Remuneration of Responsible Persons & Accountable Officer

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

	2018 No.	2017 No.
<b>Income Band</b>		
\$0 - \$10,000	1	-
\$10,000 - \$19,999	4	1
\$20,000 - \$29,999	3	7
\$40,000 - \$49,999	1	1
\$110,000 - \$119,999	1	-
\$130,000 - \$139,999	1	-
\$160,000 - \$169,999	1	-
\$390,000 - \$399,999	-	1
Total Numbers	12	10
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration for the reporting period for Responsible Persons included above amounted to:	595	614

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Parliamentary Services.

**Note 8.4: Executive Officer Disclosures**

**Executive Officer Remuneration**

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

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

**Short-term Employee Benefits**

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

**Post-employment Benefits**

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

**Other Long-term Benefits**

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

**Termination Benefits**

Termination of employment payments, such as severance packages.

	<b>2018</b>	<b>2017</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Remuneration</b>		
Short term employee benefits	1,869	1,562
Post-employment benefits	149	127
Other long-term benefits	115	41
Termination benefits	30	0
<b>Total remuneration (i)</b>	<b>2,163</b>	<b>1,730</b>
<b>Total number of executives</b>	<b>7</b>	<b>7</b>
<b>Total annualised employee equivalent (ii)</b>	<b>6.9</b>	<b>6.4</b>

*NB: Includes two acting arrangements in remuneration figures*

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

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



**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 8.5: Related Parties**

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

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

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Peninsula Health directly or indirectly. Key management personnel (KMP) of Peninsula Health include the Portfolio Ministers and Cabinet Ministers and KMP as determined by Peninsula Health. The Board of Directors and the Executive Directors of Peninsula Health are deemed to be KMPs.

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

<b>Compensation</b>	<b>2018</b>	<b>2017</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
Short term employee benefits	<b>2,285</b>	2,141
Post-employment benefits	<b>159</b>	162
Other long-term benefits	<b>119</b>	41
Termination benefits	<b>30</b>	-
<b>Total Key Management Personnel Compensation</b>	<b>2,593</b>	2,344
<b>Total Number of Key Management Personnel</b>	<b>18</b>	17

NB: Includes two acting arrangements in remuneration figures

KMPs are also reported in Note 8.3 Responsible Persons Disclosures and 8.4 Executive Officer Disclosures.

**Transactions with Key Management Personnel and Other Related Parties**

All related party transactions have been entered into on an arm's length basis. Peninsula Health recorded the following major expenditure transactions with other Government Entities:

Related entity	Nature of transaction	Category	Note	2018 \$'000	2017 \$'000
<b>DHHS</b>	Government Grants	Income	2.1	528,698	493,939
	Long Service Leave	Debtors	5.1	26,548	21,390
	MEPACS Advance	Payables	5.5	806	590
	EPC Project loan	Borrowings	6.1	6,384	-
<b>Alfred Health</b>	Payment for Renal Dialysis Services	Expenses	3.1	2,120	1,429
		Payables	5.5	875	470
<b>Monash Health</b>	Payment for Food Supplies	Expenses	3.1	1,712	1,368
<b>Ambulance Victoria</b>	Payment for Patient Transport	Expenses	3.1	1,423	1,283
		Payables	5.5	387	131
<b>TCV</b>	Payment of Interest on Loan	Expenses	3.1	747	417
	TCV Borrowings	Borrowings	6.1	23,448	12,297

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

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 Peninsula Health, there were no other 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.

**Note 8.6: Remuneration of Auditors**

Audit Fees Paid or Payable to the Victorian Auditor-General's Office for Audit of Peninsula Health's financial statements:

- Paid and Payable as at 30 June

**Total Paid and Payable**

<b>2018</b>	2017
<b>\$'000</b>	\$'000
<b>102</b>	99
<b>102</b>	99

**Note 8.7: Ex Gratia Payments**

Peninsula Health has made the following ex gratia payments:

- Ex gratia payments

**Total Paid**

<b>2018</b>	2017
<b>\$'000</b>	\$'000
-	5
-	5

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 8.8: Australian Accounting Standards issued that are not yet effective**

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Peninsula Health Financial Statements
<i>AASB 9 Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	01-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
<i>AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements	01-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
<i>AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	01-Jan-18	The assessment has indicated that there will be no significant impact for the public sector.
<i>AASB 15 Revenue from Contracts with Customers</i>	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.	01-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
<i>AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</i>	<p>Amends the measurement of trade receivables and the recognition of dividends</p> <p>Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> <li>· the entity's right to receive payment of the dividend is established;</li> <li>· it is probable that the economic benefits associated with the dividend will flow to the entity; and</li> <li>· the amount can be measured reliably.</li> </ul>	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

<p><i>AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p>	<p>This Standard defers the mandatory effective date of AASB 15 from 1 January 2018 to 1 January 2018.</p>	<p>1 Jan 2018</p>	<p>This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.</p>
<p><i>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p>	<p>1 Jan 2018</p>	<p>The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.</p>
	<ul style="list-style-type: none"> <li>· A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation;</li> <li>· For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and</li> <li>· For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</li> </ul>		
<p><i>AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i></p>	<p>This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.</p>	<p>1 Jan 2019</p>	<p>This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.</p>
<p><i>AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p>	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15</p>	<p>1 Jan 2019</p>	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p>
	<p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events</p>		<p>AASB 9</p> <ul style="list-style-type: none"> <li>· Statutory receivables are recognised and measured similarly to financial assets</li> </ul> <p>AASB 15</p> <ul style="list-style-type: none"> <li>· The "customer" does not need to be the recipient of goods and/or services;</li> <li>· The "contract" could include an arrangement entered into under the direction of another party;</li> <li>· Contracts are enforceable if they are enforceable by legal or "equivalent means";</li> </ul>

			<ul style="list-style-type: none"> <li>Contracts do not have to have commercial substance, only economic substance; and</li> <li>Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.</li> </ul>
<b>AASB 16 Leases</b>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>
<b>AASB 1058 Income of Not-for-Profit Entities</b>	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.	1 Jan 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p>
	The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. 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.		

## **Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

### **Note 8.9: Subsequent Events**

There have been no events subsequent to reporting date that require additional disclosure.

### **Note 8.10: Economic dependency**

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

### **Going concern**

Notwithstanding the operating deficit from continuing operations for the year of \$ 17,361,000 (2017: deficit of \$11,143,000) and working capital deficiency of \$ 57,646,000 (2017: \$53,363,000) the Financial Statements have been prepared on a going concern basis.

Peninsula Health generated cash flows from operations in the financial year of \$ 17,908,000 (2017: \$28,065,000) and has a reporting date net asset position of \$ 298,224,000 (2017: \$314,972,000). A breakeven result is budgeted in the 2018/19 financial year.

The extent to which current liabilities exceed current assets is regularly reviewed by the Board of Directors using an adjusted working capital ratio which reflects the expected settlement date of employee entitlement liabilities. This adjusted measure of liquidity further supports the going concern basis adopted by the Board.

**Peninsula Health Annual Financial Statements 2018**

Notes to The Financial Statements for the financial year ended 30 June 2018

**Note 8.11: Alternative Presentation of Comprehensive Operating Statement**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Revenue</b>		
Government Grants	<b>536,981</b>	505,851
Sales of Goods and Services	<b>46,202</b>	42,605
Other Current Revenue	<b>17,233</b>	15,290
Interest	<b>926</b>	801
Dividends and Income Tax Equivalent and Rate Equivalent Revenue	<b>843</b>	685
Assets Received Free of Charge	<b>-</b>	260
<b>Total Revenue</b>	<b>602,185</b>	565,492
<b>Expenses</b>		
Employee Expenses	<b>(445,571)</b>	(414,022)
Depreciation	<b>(29,006)</b>	(27,484)
Interest Expense	<b>(747)</b>	(417)
Other Operating Expenses	<b>(144,971)</b>	(135,456)
<b>Total Expenses</b>	<b>(620,295)</b>	(577,379)
<b>Net Result from Transactions - Net Operating Balance</b>	<b>(18,110)</b>	(11,887)
Net Gain/(Loss) on Financial Instruments	<b>616</b>	-
Revaluation of Long Service Leave	<b>73</b>	717
Net Gain/(Loss) on Sale of Non-Financial Assets	<b>60</b>	27
<b>Total Other Economic Flows Included in Net Result</b>	<b>749</b>	744
<b>NET RESULT</b>	<b>(17,361)</b>	<b>(11,143)</b>
<b>Items that Will Not Be Reclassified to Net Result</b>		
Changes in Property, Plant and Equipment Revaluation Surplus	<b>-</b>	12,927
<b>Items that May Be Reclassified Subsequently to Net Result</b>		
Changes to Financial Assets Available-For-Sale Revaluation Surplus	<b>613</b>	770
<b>COMPREHENSIVE RESULT</b>	<b>(16,748)</b>	2,554

## Peninsula Health

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Health



Peninsula Health is child safe.



We are proudly inclusive.

