Echuca Regional Health

2018 Annual Report

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Introduction

Purpose

Supporting everyone to be healthy and live well

Echuca Regional Health will report on annual performance in two separate documents for the financial year ended 30 June 2018.

This document complies with statutory reporting requirements as set out by the Department of Health and Human Services. The Quality Account however; provides information on quality, risk management and performance improvement.

Our Values

Collaboration
Accountability
Respect
Excellence

Acknowledgement of Country

We acknowledge the Traditional Owners of this Land and pay our respect to their Elders, past and present.

Our Community

Echuca Regional Health is located approximately 180 kilometres directly north of Melbourne in the Shire of Campaspe (Victoria), adjacent to the community of Moama (Murray River Council, New South Wales). Echuca-Moama is surrounded by the majestic Murray River, which provides a prosperous area comprising agriculture, tourism, industry, development and new residents.

The Shire of Campaspe is a predominantly rural area covering 4,517 square kilometres 36,881 residents. Located on the New South Wales/Victorian border, Moama is the Murray River Council's main township. The combined catchment areas for the Shire of Campaspe and Murray River Council serve an estimated 44,000 people.

Incorporation

The Governor-in-Council issued an order on 26 October 1993 declaring Echuca Regional Health to be a public hospital. The order took effect on 1 November 1993 and Schedule 1 of the *Health Services Act 1988* was amended accordingly.

The responsible Ministers during the reporting period were The Honourable Jill Hennessy, MP, Minister for Health, Minister for Ambulance Services and The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health.

President and Chief Executive Report

On behalf of the Board and staff we are pleased to present the 136th Annual Report of Echuca Regional Health (ERH) for the year ended 30 June 2018.

The report highlights the significant achievements and developments that occurred during the year and is prepared in accordance with the *Financial Management Act 1994.*

Infrastructure Developments

On behalf of the Board and staff we are pleased to present the 136th Annual Report of Echuca Regional Health (ERH) for the year ended 30 June 2018.

The report highlights the significant achievements and developments that occurred during the year and is prepared in accordance with the *Financial Management Act 1994.*

Infrastructure Developments

The new and expanded Echuca Hospital, which was completed in August 2015, has continued to meet expectations and has significantly assisted with increased patient activity; particularly budget presentations and hospital admissions.

As foreshadowed in last year's Report, the final 4 beds in the 24 bed Rehabilitation Ward were opened to assist with the increasing demand for inpatient rehabilitation services.

The new public cafe, located in the main entrance, commenced operation in August 2017 and we commend the staff for providing a high quality cafe service to patients, visitors and staff, 7 days per week.

The Board were delighted when, ERH received a $958,000 grant from the Department of Health and Human Services during the year to upgrade and modernise the equipment in our operating theatres.

Cancer and Wellbeing Centre

At last year's Annual General Meeting the Board announced that the construction of a purpose built integrated Cancer and Wellbeing Centre was the most important infrastructure requirement for the health service.

Services to be provided in the two-storey Centre will include day medical/chemotherapy, dialysis and support services on the Ground Floor and specialist consulting rooms including rooms for visiting Oncologists on the First Floor.

The need for this Centre is demonstrated by the following:

- The demand for oncology services at ERH is increasing rapidly driven by increased prevalence of cancer, ageing population and increased local availability of cancer specialists and support staff;

- Current facilities located in Lumeah, a decommissioned nursing home built in 1978, are inadequate and extremely difficult for patients to access;
- The benefit of a new Centre will include more cancer treatments being able to be provided locally, noting that ERH currently provides only 37% of chemotherapy services to Campaspe Shire residents. The need to reduce travel for cancer patients is an essential element of this project.

With the support of the Department of Health and Human Services and Mark Gepp MP – Member for Northern Victoria, planning for the new Centre will be completed by December 2018, to allow this project to be eligible for future Government grants required to assist in the building of this new Centre.

Whilst a fundraising campaign, to assist with the cost of a new Centre has not been launched, the Board is extremely grateful to a number of individuals and community groups who have already pledged their financial support for this project.

Patient and Client Activity

The health service continues to safely manage record levels of patient activity reflecting the increased availability of specialist services and the growth in our local population.

Examples of significant patient activity include;

- Hospital admissions totalling 11,357 which is 5% greater than prior year;
- Emergency Department presentations totalling 21,122 - 2% greater than prior year;
- Births totalling 413 – 24% greater than prior year and rehabilitation admissions 388 which is 2% greater than the previous year.

A detailed analysis of each Department's activity is provided in a later section of this report.

Life Governorship Award

At the 135th Annual General Meeting held on 13 November 2017 the Board presented a Life Governorship to Mrs Dianne Macfarlane OAM in recognition of her outstanding service as a Board member including a term, as Board Chair (2005 – 2008).

Dianne was first appointed to the Board in October 1985 and her time on the Board concluded in June 2017. She was the first woman ever appointed to the ERH Board.

There were many significant advancements during Dianne's time on the Board but the two with the greatest significance were the establishment of the Education and Accommodation Section in 2008 and the rebuild and expansion of Echuca Hospital which commenced in 2011 and concluded in 2015.

Vale

The Board of Management, Executive and Staff were saddened during the year, by the death of Mr William Anderson. Mr Bill Anderson who served as a Board Member from 2000 – 2009, including serving for a term as Junior Vice President.

Strategic Priorities

The Board utilise two key documents in monitoring the advancement of the health service's strategic priorities. The first is the 4 year strategic plan that was adopted in 2015 and second is the 2017 – 2018 Statement of Priorities (SoP) Agreement with the Secretary of the Department of Health and Human Services.

The Board is particularly pleased with the advancement of the following strategic priorities:

- The appointment of a Project Worker to progress family violence initiatives;
- Continued progress in implementing the Healthier Campaspe priorities;
- Updating of Workforce Plans for Medical, Nursing and Allied Health;
- Implementation of CARE Matters program to strengthen staff safety culture;

- Establishment of the Loddon Mallee Regional Clinical Council;
- Continued expansion of Specialist Services. During the past 2 years an additional 14 medical specialists have commenced at ERH. In total 40 specialists currently consult at ERH.

The progress and outcomes of the objectives contained in the Strategic Plan and Strategic Operating Procedures are detailed in a later section of this report.

Quality Improvements

Our commitment to continuous quality improvement by our dedicated and skilled staff has ensured that the health service has maintained full accreditation compliance for all services including:

- All Hospital and Primary Care Services (National Safety and Quality Health Service Standards);
- Glanville Village Aged Care Service (Aged Care Standards Agency);
- Medical Consulting Suites (Royal Australian College/General Practice Standards);
- Home and Community Care (HACC) Services (Community Care Common Standards);
- Family Services (Department of Human Services Standards).

Our contracted services are also fully accredited:

- Goulburn Valley Imaging Group (National Safety and Quality Health Service Standards);
- Goulburn Valley Health Pathology (Pathology National Association of Testing Authorities).

ERH Foundation Fund

The ERH Foundation Fund has been established to preserve and grow the legacy of the former Echuca Regional Health Foundation Trust Fund which was originally established in 1998.

The objectives of the ERH Foundation Fund are to ensure:

- Principle funds donated to the ERH Foundation Fund are maintained in perpetuity;
- New funds donated to the ERH Foundation Fund are added to the principal and maintained in perpetuity;
- Interest earned allocated to the purchase of patient care equipment and health care projects, with the approval of the ERH Board of Management;

Our History

1882 First patient admitted to hospital

1890 New south wing of the hospital was built

1907 Operating Theatre, Nurses Home and Doctors' accommodation constructed

1925 Installation of the first x-ray plant

1938 Opening of Camray Ward

1962 Construction of Midwifery Unit – Rose Baker Wing

1965 Soldiers' Memorial Wing refurbished to geriatric ward

1968 The opening of Johnstone Wing

1970 Physiotherapy and Occupational Therapy services commenced

1975 Establishment of the new Day Hospital

1978 Lumeah Nursing Home opened

- In the interest of transparency, all funds received by the ERH Foundation Fund remain separate from Echuca Regional Health's operating budget;
- Engagement with the community to ensure an increase in the principal of the fund.

As of the June 30 2018 the balance of the ERH Foundation Fund is $1.7m.

Board of Management

In July 2017 the Board welcomed two new Board members Sue Mulcahy and Mandy Shand, who replaced Nicholas Rolfe and Dianne Macfarlane OAM.

Following 12 months as Chairman, Cr Chris Bilkey decided not to seek re-appointment. At the Annual Election of Board Office Bearers in December, the Board elected John Quirk as Chairman, Geoff Kelly and Larna Tarrant as Deputy Chairs and Greg Dwyer as Treasurer.

Conclusion

The Board wishes to record their thanks and appreciation to the many groups and individuals who provide significant support, in many different ways to our health service.

In particular our Staff, Auxiliaries, Volunteers, Visiting Medical Officers, Contractors, the "Make Your Mark" Committee led by Neil Thomas, the Seniors Advisory Group Chaired by Dennis King and the Victoria Police Blue Ribbon Foundation Echuca Branch led by Paul Nicholl.

We continue to value and appreciate the ongoing support of the Department of Health and Human Services, our political representatives and the local media.

The commitment and involvement of the ERH Board members is significant and greatly appreciated.

The Board also wishes to take this opportunity to thank our Chief Executive, Mr Michael Delahunty for his eleven years of service. Michael will retire from his appointment in July 2018 and be replaced by Mr Nick Bush, who until recently was Chief Executive at East Grampians Health Service.

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Echuca Regional Health for the year ended 30 June 2018.

Mr John Quirk
Board Chairman
Echuca Regional Health
10 July 2018

Mr Michael Delahunty
Chief Executive
Echuca Regional Health
10 July 2018

1993 Echuca District Hospital became Echuca Regional Health

1999 Completion of the Hopwood Centre (Primary Care)

2003 Glanville Village aged care service opened

2006 Opening of the Alan Henry Thrum Operating Theatre

2008 Official opening of the Community Rehabilitation Centre

2009 Commencement of Master Plan process for new hospital

2010 Feasibility study and schematic designs commenced

2011 $65.6 million secured for hospital redevelopment

2012 Construction commenced on the new and expanded Echuca hospital

2014 Official opening of the new Echuca hospital stage one

2015 Completion and official opening of stage two

2016 Installation of Magnetic Resonance Imaging (MRI)

2017 Opening of the Short Stay Unit

2018 Opening of the new ERH Public Cafe and Installation of the History Panel

Our Services

- Aboriginal Liaison
- Alcohol and Other Drugs
- Ambulatory Services
- Antenatal Classes
- Cardiac Rehabilitation Program
- Chemotherapy/Cancer Support Services
- Community Health Nursing
- Community Rehabilitation
- Complex Care
- Dental
- Diabetes Education
- Dietetics
- Discharge Planning
- District Nursing
- Education Department
- Emergency Department
- Finance
- Glanville Village Aged Care
- General Counselling
- Health Promotion
- Infection Prevention and Control
- Meals on Wheels
- Occupational Therapy
- Palliative Care
- Pathology
- Peri-operative
- Pharmacy
- Physiotherapy
- Podiatry
- Preoperative Clinic
- Primary Care Clinic
- Quality and Safety
- Radiology
- Renal Dialysis
- Social Services
- Speech Pathology
- Transition Care Program
- Volunteers
- Women's Health

Our Facilities

ACUTE HOSPITAL

69 Acute Beds

- Haemodialysis
- High Dependency
- Medical
- Obstetric
- Paediatric
- Surgical

SUB-ACUTE HOSPITAL

24 Sub-Acute Beds

- Palliative Care
- Rehabilitation
- Geriatric Evaluation and Management

RESIDENTIAL AGED CARE

60 High Care Beds

SHORT STAY UNIT

6 Beds (4 currently commissioned)

Board of Management

Twelve volunteer members of the Board of Management are responsible for setting the strategic direction of Echuca Regional Health within the framework of Government policy.

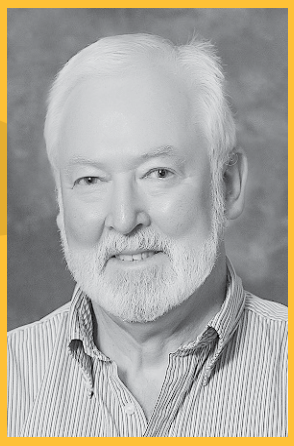
The Board of Management oversees the quality of care provided, taking an active role in planning, monitoring and evaluation. Convening once a month, the meeting also incorporates Finance, Clinical Governance and Quality.

The Board is responsible for ensuring Echuca Regional Health:

- Is efficiently managed
- Provides high quality care and service delivery
- Meets the needs of the community
- Meets financial and non-financial performance targets

Members are appointed for a term by the Governor in Council on the recommendation of the Minister for Health.

They are required to declare a pecuniary interest when applicable during Board debate and withdraw from proceedings.



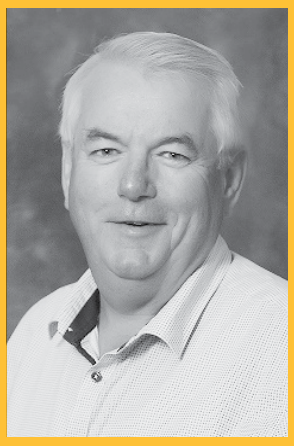
John Quirk
Chairman

Appointed as Chairman December 2017

Appointed to Board 1 July 2013

Attended 10/11 Board of Management Meetings

- Audit and Risk Committee
- Foundation Fund Committee



Geoff Kelly
Senior Chair

Appointed 1 July 2014

Attended 11/11 Board of Management Meetings

- Audit and Risk Committee

Larna Tarrant
Junior Chair

Appointed 1 July 2014

Attended 10/11 Board of Management Meetings

- Audit and Risk Committee
- Foundation Fund Committee

Greg Dwyer
Treasurer

Appointed 1 July 2010

Attended 10/11 Board of Management Meetings

- Audit and Risk Committee
- Foundation Fund Committee

Mary Boek

Appointed 1 November 2004

Attended 10/11 Board of Management Meetings

- Governance Committee
- Audit and Risk Committee
- Aboriginal Health Advisory Steering Committee

Suzanna Barry

Appointed 1 July 2016

Attended 9/11 Board of Management Meetings

- Audit and Risk Committee
- Foundation Fund Committee

Jillian Hamit

Appointed 1 July 2016

Attended 9/11 Board of Management Meetings

- Governance Committee
- Audit and Risk Committee

Suzanne Mulcahy

Appointed 1 July 2017

Attended 10/11 Board of Management Meetings

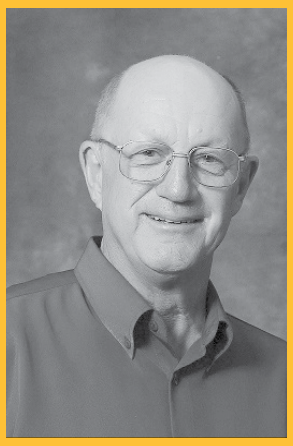
- Governance Committee
- Audit and Risk Committee

Amanda Shand

Appointed 1 July 2017

Attended 9/11 Board of Management Meetings

- Governance Committee
- Audit and Risk Committee



Brian Sharp OAM

Appointed 1 July 2012

Attended 9/11 Board of Management Meetings

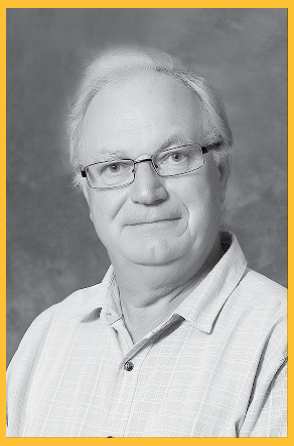
- Governance Committee
- Audit and Risk Committee

Shane Weller

Appointed 1 July 2016

Attended 9/11 Board of Management Meetings

- Governance Committee
- Audit and Risk Committee



Cr Chris Bilkey

Appointed 1 July 2010

Attended 10/11 Board of Management Meetings

- Audit and Risk Committee

Board Committees

Audit and Risk Committee

The Audit and Risk Committee reports to and assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to Echuca Regional Health's financial reporting, internal control structure, risk management systems and the internal and external audit functions.

Four (4) meetings were held during the last financial year.

Governance Committee

The Governance Committee makes recommendations to the Board on specific matters relating to Corporate Governance (eg review of By-Laws and Governance Policies), manages the process of recruitment and retirement/ resignation of Board members and oversees the induction of new Board members.

Two (2) meetings were held during the last financial year.

Medical Staff Group

The Medical Staff Group provides a forum for local medical practitioners and visiting specialists to advise and make recommendations to the Board of Management regarding clinical services and related matters.

Six (6) meetings were held during the last financial year.

Credentials, Scope Of Clinical Practice And Appointments Committee For Medical Staff

The purpose of the Credentials, Scope of Clinical Practice and Appointments Committee for Medical Staff is to review credentials to ensure that only medical practitioners with appropriate qualifications, skills and experience are appointed to ERH and to recommend their scope of clinical practice to the Board of Management.

Two (2) meetings were held during the last financial year.

New Echuca Hospital Equipment Committee ('Make Your Mark')

The purpose of the New Echuca Hospital Equipment Committee was to raise substantial funds to ensure the new Echuca hospital has the best and most technically advanced equipment, furniture and fittings. We thank these committee members who volunteer their time to attend committee meetings.

Three (3) meetings were held during the last financial year.

Aboriginal Health Advisory Steering Committee

The Aboriginal Health Advisory Steering Committee was formed to assist in improving health outcomes for local Aboriginal and Torres Strait Islander people.

Echuca Regional Health works closely with Njernda Aboriginal Corporation and Viney Morgan Aboriginal Medical Service to offer leadership, plan services and provide resources to meet these needs.

Two (2) meeting were held during the last financial year.

Board of Management

Michael Delahunty
Chief Executive Officer

June Dyson
Executive Director Of Nursing And Chief Nursing Officer

- Aboriginal Liaison
- Access and Demand
- Acute Inpatient Services
  - Medical
  - Surgical
  - High Dependency
  - Obstetric Paediatric
- After Hours Managers
- Community Nursing
  - Community Nursing
  - Community Palliaitive Care
  - Hospital in the Home
- Emergency
- Infection Prevention and Control
- Inpatient Rehabilitation
- In Reach and Post Acute Care
  - Complex Care
  - Residential In Reach
- Medical Day Procedure
  - Cancer Support
  - Operating Theatre
  - Theatre Liaison
- Quality and Safety
- Residential Aged Care

Merrin Prictor
Executive Director Of Primary Care And Chief Allied Health Officer

- Alcohol and Other Drugs
- Allied Health Assistants
- Children's Allied Health
- Community Rehabilitation
- Dental
- Diabetes Education
- Dietetics
- Falls and Balance
- Family Services
- General Counselling
- Health Promotion
- Occupational Therapy
- Physiotherapy
- Podiatry
- Primary Care Reception
- Referral Centre
- Rural Health Acedemic Network
- Social Work
- Specialist Continence
- Speech Pathology
- Women's Health

Dr Glenn Howlett
Executive Director Of Medical Services And Chief Medical Officer

- Medical Staff
  - Junior Medical Officers
  - Senior Medical Officers
  - Visiting Medical Officers
- Diagnostic Services
  - Medical Imaging
  - Pathology
- Education
- Medical Consulting Suites
- Medical Workforce Unit
- Medico-Legal
- Freedom of Information
- Pharmacy

Our Organisational Structure

Robyn Rudge

Executive Director Of Finance And Corporate Services, Chief Procurement And Financial Officer

- Accommodation Services
- Business Innovation and Design
- Catering and Public Cafeteria
- Cleaning
- Finance
- Health Information Services
- Information, Communication and Technology
- Facilities Management
- Fleet
- Front Office Reception
- Linen and Laundry
- Procurement and Supply
- Waste Management

Jackie Clingan

(Returned from Parental Leave April 2018)

Executive Director Of Human Resources Echuca Regional Health, Kerang District Health And Cohuna District Hospital

BBusMgt; GradDipPsych

Vicki Winwood

(Returned to substantive position April 2018)

Acting Executive Director Of Human Resources

- Employee Assistance
- Emergency Planning
- Human Resources
- Occupational Health and Safety
- Work Cover
- Payroll
- Aboriginal Employment Plan
- Reconcilliation Action Plan

Executive Administration

Senior Officers

Michael Delahunty

Chief Executive Officer

BEcon; GradDipHlthServMt; M.Bus (HlthServMgt); ACHSM; CPA; FAICD

The Chief Executive Officer is responsible to the Board of Management for the efficient and effective management of Echuca Regional Health. Key responsibilities include the development and implementation of operational plans, strategic planning, maximising service efficiency, quality improvement and minimisation of risk.

Dr Glenn Howlett

Executive Director Of Medical Services And Chief Medical Officer

MB BS LLB; GradDipHlthServMt; FRACGP; AFRACMA

All medical staff report professionally to the Chief Medical Officer. The Executive Director of Medical Services portfolio also includes the Medical Workforce Unit, Medico-Legal Services (including Freedom of Information), Pharmacy, Education, Medical Consulting Suites, and the contracted services of Pathology and Medical Imaging.

June Dyson

Executive Director Of Nursing And Chief Nursing Officer

RN, RM, BHlthSc, GradDipMgt (Bus)

The Executive Director of Nursing is responsible for nursing professional standards across all services and has operational responsibility for Acute Inpatient Services; Maternity, Emergency Department, HDU, Perioperative Services, Aboriginal Liaison, Glanville Village Aged Care, Community Nursing and Palliative Care, Medical Day Procedures, Renal Dialysis and After Hours Management. The Quality and Safety Unit is headed by the Deputy Director of Nursing and ensures quality standards are maintained and ERH continues to meet accreditation requirements for each service.

Merrin Prictor

Executive Director Of Primary Care And Chief Allied Health Officer

B.Phty; Dip.Bus; M.Bus (Mgt); Cert IV Training & Assessment; WCLP (05); MHlthandMedLaw; AFACHSM; AFAAQHC; GAICD

The Executive Director of Primary Care leads a comprehensive range of allied health, community and primary care services. This includes Alcohol and Other Drugs, Children's Allied Health, Community Rehabilitation, Dental Services, Dietetic Services, Health Promotion, Occupational Therapy, Physiotherapy, Podiatry, Rural Health Academic Network, Social Services, Speech Pathology, the Strengthening Hospital Response to Family Violence initiative and a range of support staff and project workers.

Jackie Clingan

(Returned from Parental Leave April 2018)

Executive Director Of Human Resources Echuca Regional Health, Kerang District Health And Cohuna District Hospital

BBusMgt; GradDipPsych

Vicki Winwood

(Returned to substantive position April 2018)

Acting Executive Director Of Human Resources

BBus HR

The Executive Director of Human Resources provides an internal service supporting people managers in workforce planning, recruitment and talent selection, on-boarding, employee engagement, performance development, change management and industrial relations matters. Human Resources is responsible for managing the ERH Payroll, our Aboriginal Employment Plan, the Occupational Health and Safety function as well as WorkCover and strategic projects linked to these areas.

Robyn Rudge

Executive Director Of Finance And Corporate Services, Chief Procurement And Financial Officer

B.Comm, CPA

The Executive Director of Finance and Corporate Services is responsible for the day to day provision of non-clinical support services throughout the health service, including Finance and Governance, Information and Communication Technology, Engineering, Health Information Services, Food and Café Services, Fleet, Cleaning, Procurement and Supply, Environmental and Security Services.

Strategic Priorities

The Strategic Plan (2015 – 2018) has five priorities:

1. Develop services
2. Develop our workforce
3. Further develop infrastructure
4. Strengthen our teaching role
5. Take a leadership role; develop enablers which include managing our finances for sustainability and growth and strengthening partnerships with key organisations.

Priority 1 - Our Services

Objectives	Strategies	Outcomes
1.1 **Develop services to meet community need**	1.1.1 Analyse service utilisation, needs and gaps from a sub-regional perspective and develop a new service plan.	• Murray Area Health Services plan scheduled to be completed between July and December 2018, ERH having been recently appointed as an "Outer Regional Health Service" will take a lead role in that process.
	1.1.2 Enhance the provision of services in community settings.	• ERH is now providing Primary Mental Health Services to clients in the Shire of Campaspe following successful submission to Murray Primary Health Network Funding in place until December 2019. • Successful submission to establish cancer support groups (to be facilitated by a volunteer). • Telehealth Fracture Clinic commenced at ERH as part of a trial until October 2018.
	1.1.3 Expand prevention and early intervention initiatives in collaboration with other providers.	• Access to specialist services has continued to expand including paediatric clinics for children with complex needs.
1.2 **Redesign services for efficiency and quality**	1.2.1 Implement innovative models of care that are evidence-based and consumer-focused.	• Funded patient flow project progressing as per project milestones. Trial of pharmacist in ED scheduled to commence July 2018.

Priority 2 - Our Workforce

Objectives	Strategies	Outcomes
2.1 **Develop our workforce**	2.1.1 Implement an education and training framework that supports our staff to deliver quality services.	• Successful completion and adoption of early recognition of sepsis project with clinically and statistically significant improvement on a number of measures including: proportion of patients identified at triage (from 7% to 73%); proportion administered antibiotics within 1 hour (from 30% to 72%); proportion administered IV fluids within one hour (from 40% to 73%).
	2.1.2 Implement a framework that supports enhanced performance and creates a culture of clinical, service and operational excellence.	• Evaluation of CARE Matters in alignment with the Studer Evidence Based Leadership framework tool shows that ERH has implemented 95% initiatives in the Behavioural and Alignment & Accountability phases. Additional tools and tactics are available for implementation once the foundational initiatives are fully embedded organisation-wide. • 2018-19 Organisational Goals have been drafted for loading into the Leader Evaluation Manager system, accessible for all Department Managers to align their annual goals.
2.2 **Improve the sustainability of our workforce**	2.2.1 Continue to expand training opportunities.	• Regional training pathway for future rural general practitioners (including general practitioner proceduralists) developed in collaboration with Bendigo Health and Swan Hill District Health.
	2.2.2 Identify service areas where the employ-ment of Aboriginal staff would support "Closing the Gap".	• Implementation of the Aboriginal Employment Program (AEP) is ongoing, with strong progress against all deliverables. Funding for Aboriginal traineeships has been granted during first three years of program implementation, with two Aboriginal trainees retained in ongoing work with ERH. • Focus on strengthening Cultural awareness and competency during 2018-19 with funding provided to develop an ERH-specific cultural competency e-learning package. • Aboriginal staff network established, with participation in coordination of key Aboriginal celebrations. • Recommendations of the Aboriginal Workforce Research Project are being implanted in parallel with the AEP, which includes the development of a Reconciliation Action Plan.
	2.2.3 Strengthen organisation-wide workforce plans to ensure optimal staffing and skill levels.	• Workforce plans have been implemented and continue to be reviewed regularly across most Divisions.

	2.2.4 Collaborate with regional partners to develop a strategy for supporting and retaining mature workers	• A Mature Aged Workers Toolkit has been developed and made available to Managers and employees. • A Transition to Retirement (TTR) Policy and Procedure has been implemented, with a number of employees having developed TTR agreements.

Priority 3 - Our Infrastructure

Objectives	Strategies	Outcomes
3.1 **Provide physical and technological infrastructure to support quality services**	3.1.1 Undertake a post-occupancy evaluation of the new and expanded hospital.	• Regular post-occupancy evaluations have and will continue to occur.
	3.1.2 Develop a new master plan to replace the 2009 master plan.	• New master plan should occur after Murray Service plan is completed.
	3.1.3 Maintain ageing infrastructure and prioritise sections for refurbishment prior to completion of new master plan.	• Achieved.
	3.1.4 Continue to upgrade the motor vehicle fleet and implement a new fleet management system.	• Due to capital constraints one vehicle has been purchased through grant funding. However, contractual arrangements have been put in place with VicFleet to enable ERH to access Victorian Government fleet purchasing and leasing arrangements for future purchases.
	3.1.5 Capture opportunities to use information technology and mobile devices effectively and efficiently.	• ERH has actively participated in the Loddon Mallee Rural Health Alliance Electronic Medical Record Project. This project was not successful in obtaining funding in 2017/18 to implement Electronic Medical Records across the region. The Region will continue to work towards achievement of this strategy.
3.2 **Health precinct planning**	3.2.1 Work with Local Government to establish a health precinct around ERH.	• Health precinct planning overlays have been established by Campaspe Shire.

Priority 4 - Our Role

Objectives	Strategies	Outcomes
4.1 **Strengthen ERH's community leadership role**	4.1.1 Actively promote ERH's local and sub-regional role in the provision of services.	• ERH is now leading the Strengthening Hospitals Response to family Violence initiate and providing support, and training to Swan Hill, REDHS, Cohuna and Kerang. • The Campaspe Family Violence Action Group was awarded the Campaspe Australia Day Award for Community Event of the Year (for the Rosie Batty events). • Chronic Obstructive Pulmonary Disease initiative in progress (ERH working in conjunction with Bendigo Health). • Successful funding application to develop an employment model for Registered Undergraduate Student of Nursing/ Midwifery (RUSON) in partnership with 4 small rural health service partners. ERH and Ballarat Health Service are the only 2 funded projects in the State. ERH is the lead partner in Loddon Mallee and will also lead the evaluation of the projects for both ERH and Ballarat.
4.2 **Enhance ERH's role as a teaching hospital**	4.2.1 Collaborate with other providers in sub-regional education, training and research.	• Stroke teleneuropsychology project completed and ERH model now being extended to three other health services in Victoria. • ERH selected to be part of the SUSTAIN (Family Violence) research project. • Currently exploring Allied Health Assistant (AHA) training at ERH in collaboration with Go Tafe. • ERH education and maternity staff providing education support to Cohuna District Hospital, including Practical Obstetric Multi-Professional Training (PROMPT).

Occasions of Service

OCCASIONS OF SERVICE	2017-18	2016-17	2015-16	2014-15
Emergency Department Presentations	21,122	20,691	19,041	18,099
Acute Bed Days	20,656	20,862	19,619	19,551
Sub-Acute Bed Days	5,760	5,685	5,447	2,823
Aged Care Bed Days	20,812	21,103	21,395	22,748
Transition Care Bed Days	4,217	4,025	4,206	4,421
Medical Suites Consultations	20,883	17,650	18,082	21,909

NURSING COMMUNITY BASED SERVICES	2017-18	2016-17	2015-16	2014-15
Community Nursing	8,926	9,729	8,826	8,985
Homecare Midwifery Services	554	433	473	446
Complex Care	1,252	1,609	1,527	1,376
Palliative Care	2,751	4,189	3,409	2,428
Post-Acute Care	4,343	4,972	5,324	4,121
Residential In Reach	733	519	802	591
Hospital in the Home	732	1,016	1,097	818

ALLIED HEALTH SERVICES	2017-18	2016-17	2015-16	2014-15
Aboriginal Liaison	288	376	257	228
Alcohol and Other Drugs	381	483	927	477
Community Rehabilitation	9,669	9,576	9,031	8,580
Counselling	5,177	4,815	4,955	3,218
Dental Services	6,013	5,937	7,006	7,319
Diabetes Education	441	289	378	425
Dietetic Services	637	692	702	777
Occupational Therapy	609	523	1,463	2,639
Physiotherapy	2,169	1,998	2,518	2,733
Podiatry	1,098	939	848	1,048
Speech Pathology	1,040	1,050	1,097	1,188
Women's Health	233	318	366	586
Total Allied Health Contacts	27,755	26,996	29,548	29,218
Total Occasions of Service	**168,251**	**139,479**	**138,796**	**137,534**

Performance Statistics

ADMITTED INPATIENT ACTIVITY	2017-18	2016-17	2015-16	2014-15
ACUTE ADMISSIONS				
Surgical	3,851	3,991	3,067	3,155
Medical	4,724	3,533	3,490	3,149
Renal Dialysis	1,435	1,501	1,618	1,798
Chemotherapy	828	894	897	724
Obstetrics	917	838	725	534
Total Acute Admissions	**11,755**	10,757	9,797	9,360
SUB-ACUTE ADMISSIONS	**2017-18**	**2016-17**	**2015-16**	**2014-15**
Geriatric Management and Evaluation	103	74	89	33
Rehabilitation	205	242	208	97
Palliative Care	80	65	64	55
Total Sub-Acute Admissions	**388**	381	361	185
Babies Born	413	330	389	30
Theatre Procedures	3,902	3,870	3,542	3,610

Summary of Financial Results

	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
– Total revenue	75,201	68,415	62,181	58,185	83,288
– Total expenses	(79,191)	(71,686)	(66,690)	(59,543)	(56,025)
– Net Result for the Year	(3,990)	(3,271)	(4,509)	(1,358)	27,263
– * Operating result	**(216)**	562	545	(271)	(37)
BALANCE SHEET					
– Total assets	100,745	101,968	104,769	103,747	92,967
– Total liabilities	(22,509)	(19,742)	(19,532)	(17,094)	(15,822)
– Net assets	78,236	82,226	85,237	86,653	77,145
– Total equity	78,236	82,226	85,237	86,653	77,145

* The operating result is the result for which the health service is monitored in its Statement of Priorities also referred to as the Net result before capital and specific items.

Echuca Regional Health's major financial and strategic objective is to provide the necessary resources to meet anticipated activity levels, address essential capital needs and ensure cash sustainability.

The key financial performance measure monitored by Echuca Regional Health Management is the "Operating Result ".

In 2017/18 Echuca Regional Health achieved a small deficit result of $216 thousand which compares unfavorably with the budgeted target surplus of $180 thousand.

In 2016/17, Total Revenue increased by $6.8 million and Total Expenditure increased by $7.5 million.

Statement of Priorities
Part A

Goals	Strategies	Outcomes	Health Service Deliverables
Better Health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Develop consultation, referral and transfer links in conjunction with Bendigo Health and Cohuna District Hospital for obstetric services.	• ERH has developed a rural referral policy outlining the process for small rural hospitals referring women to ERH for birthing. • ERH has provided feedback to BH regarding their rural referral policy to be implemented shortly.
		Progress the Family Violence initiatives identified as part of the Campaspe Family Violence Action Group and *Strengthening Hospitals Response to Family Violence Initiatives.*	• ERH leading the five (5) health services. • Project worker appointed. • ERH staff has attended training as part of the state-wide roll out and Workplace policies have been implemented. • Project officer appointed to facilitate roll out of Strengthening Hospitals Response to Family Violence across 5 health services.
		Fully implement the Healthy Mothers Healthy Babies program and evaluate with a view to being able to continue the service.	• This program has been implemented and will be funded for a further 2 years. Our evaluation shows that 1 in 6 women who deliver at ERH are referred to this program. • Vulnerable mothers receiving additional services.
		Work collaboratively with our partners to progress the identified implementation of the Healthier Campaspe priorities.	• Successful application to Murray Primary Health Network and funding received for developing volunteer lead support groups. • ERH has developed a rural referral policy outlining the process for small rural hospitals referring women to ERH for birthing.

Goals	Strategies	Outcomes	Health Service Deliverables
Better Access Care is always there when people need it. More access to care in the home and community. People are connected to the full range of care and support they need. There is equal access to care.	**Better Access** Plan and invest. Unlock innovation. Provide easier access. Ensure fair access.	Develop and implement Best Practice framework for Medical Ward Rounds. Complete new Service Plan to identify local health needs and service priorities. Implement co-location of Allied Health with Campaspe Maternal and Child Health service. Update workforce plans for the medical, nursing, allied health groups.	• Weekly medical grand round led by general physician introduced. • Progressing – has been incorporated into the current patient flow project. • Terms of Reference agreed to and awaiting Department approval to commence project. • Scheduled to be completed by December 2018. • Discussions are ongoing and progressing. • Workforce plans have been implemented and continue to be reviewed regularly across most Divisions.
Better Care Target zero avoidable harm. Healthcare that focusses on outcomes. Patients and carers are active partners in care. Care fits together around people's needs.	**Better Care** Put quality first. Join up care. Partner with patients. Strengthen the workforce. Embed evidence. Ensure equal care. . **Mandatory actions against the 'Target zero avoidable harm' goal:**	Implement the medication allergy business card system whereby discharged patients carry a card in their wallet with information regarding their medication allergies by March 2018.	• Implemented.
	Develop and implement a plan to educate staff about obligations to report patient safety concerns.	Utilising the strategies provided through the "Care Matters" (Studer) program, develop and implement a plan to strengthen staff safety culture, including identification and reporting of patient safety concerns.	• Patient and Carer Escalation (PACE) process implemented which encourages patients and family to identify care and safety concerns. • CARE Matters tools supporting behaviours aligned with organisational values, improved communication and aligned organisational goals are all strengthening our patient safety culture.

Statement of Priorities
Part A continued

Goals	Strategies	Outcomes	Health Service Deliverables
	Establish agreements to involve external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review).	Strengthen the involvement of external specialists in clinical governance processes by linking Echuca Regional Health's clinical audit processes with activities of Loddon Mallee Regional Clinical Council (LMRCC).	• Two (2) ERH staff executive are members of the LMRCC Executive.
	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience.	In partnership with consumers, develop improvement plans for the areas that contribute to the patient transition index.	• Development and roll out of "My name is ...." Program has been implemented.
		In partnership with consumers develop a strategy, including the use of patient stories, to improve the perception of patients in regards to staff caring.	• Progressing • Organisational priority identified to formalise the current components of consumer involvement into a strategic engagement plan.
		Review Emergency Department process for providing patient discharge information to ensure all required information is available and consistently applied.	• Argus medical discharge summary system introduced.

Workforce Information

Hospitals labour category	JUNE current month FTE		JUNE YTD FTE	
	2017	2018	2017	2018
Nursing	213.20	224.63	210.39	221.11
Administration and Clerical	65.44	68.29	62.30	66.36
Medical Support	19.36	22.82	25.03	20.59
Hotel and Allied Services	88.02	91.96	89.18	94.83
Medical Officers	3.99	4.07	3.39	3.91
Hospital Medical Officers	16.64	15.18	18.62	16.31
Sessional Clinicians	2.04	2.07	2.08	2.09
Ancillary Staff (Allied Health)	49.35	54.92	45.04	53.67

Echuca Regional Health is committed to upholding the principles of merit and equity in all aspects of the employment relationship. To this end, we have policies and practices in place to ensure all employment related decisions, including recruitment, promotion, training and retention, are based on merit.

ERH employment contracts ensure that all employees are engaged within the terms and conditions set out in the relevant Enterprise Bargaining Agreement (EBA) or Modern Award. All ERH positions are assigned an appropriate classification from the EBA or Award which determines an employee's rate of remuneration and associated employment benefits, to ensure transparency and fairness in our employment relationships.

Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed. All staff are provided with education and training on their rights and responsibilities and are provided with the necessary resources to ensure equal opportunity principles are upheld.

Occupational Health & Safety

OH&S Statistics	2017-18	2016-17	2015-16
Reported Hazards	86	68	60
Per 100 FTE	17.77	14.85	13.51
Reported Incidents that could have resulted in, or did result in, harm to an employee.	182	236	296
Per 100 FTE	37.61	51.52	66.64
No. of lost time standard claims	3	2	9
Per 100 FTE	0.62	0.44	2.03
Average cost per claim	$16,469.98	$48,680.72	$28,166.34

Occupational Violence

Occupational violence statistics	2017-18	2016-17	2015-16
Workcover accepted claims with an occupational violence cause per 100 FTE	0.00	0.00	0.22
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.00	0.00	0.06
Number of occupational violence incidents reported	103	148	207
Number of occupational violence incidents reported per 100 FTE	21.28	32.31	46.60
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	18.45%	4.05%	3%

Echuca Regional Health is committed to providing a safe workplace for all staff, contractors, volunteers, visitors and the consumers of our services. We aim to ensure compliance with our obligations under the *Occupational Health and Safety Act 2004*, the Occupational Health and Safety Regulations 2017 and any other legislation and standards that support safety in our workplace.

ERH has in place appropriate procedures for the reporting and handling of occupational health and safety related incidents and our environmental inspection program helps us to ensure that hazards are identified and all risks are controlled so far as reasonably practicable.

Occupational violence and aggression continues to be our most frequent occurring incident. Following on from the Worksafe campaign, 'It's never ok', we have continued to encourage staff to report incidents and have established a working group to review the measures we have in place to prevent and manage the occurrence of occupational violence and aggression in our workplace. This year we have been successful in securing funding to increase our security guard presence and to improve our CCTV capabilities

Definitions

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

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

Incident – An event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

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

Lost time – 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.

Code Grey – A co-ordinated response to actual or potential aggression or violence (unarmed threat). Code Grey activates an internal alert or emergency response.

FTE figures required in the above table should be calculated consistent with the Workforce information FTE calculation. These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose.

Consultancies Information

Details of consultancies (under $10,000)

In 2017-18, there were 3 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2017-18 in relation to these consultancies is $9,189.25 (excl. GST).

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2017-18 is $668,200 (excluding GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
$575,001	$93,198	$0	$93,198

Competitive Neutrality Policy Victoria

Under the National Competition Policy (NCP), the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs
- the objectives of the legislation can only be achieved by restricting competition

Echuca Regional Health continues to comply with the requirements of the NCP.

Environmental Performance

ELECTRICITY	2017/2018	2016/2017	2015/2016	2014/2015
Peak kWh	1,890,150	1,926,470	1,969,411	1,988,252
Off Peak KWh	1,859,907	1,878,957	1,888,826	1,687,758

GAS	2017/2018	2016/2017	2015/2016	2014/2015
Mj	22,718,264	26,915,570	27,466,450	30,412,354

WATER	2017/2018	2016/2017	2015/2016	2014/2015
kL	36,349	32,540	43,519	34,127
Recycled kL	12,843	15,859	11,124	6,448

Additional Information available on request

Consistent with FRD 22H the Report of Operations, details in respect of the items listed below have been retained by Echuca Regional Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

Disclosures required under Legislation

The following guidance should not be used as a substitute for the actual legislation or specific requirements. All current Victorian legislation can be located at: http://www.legislation.vic.gov.au/

Contracts - Victorian Industry Participation Policy Act 2003

- Nil to report

Freedom of Information Act 1982

The *Freedom of Information (FOI) Act* gives you the right to request information and access your medical record and in certain cases, our activities. FOI requests from the public can be made on ERH FOI application form, which is available for pick up from the ERH Freedom of Information Officer or can be emailed or mailed. The FOI application fee as at 1st July 2018 is $28.90 with a search fee of $20.00 and 20c per page for photocopying.

The FOI requests should be forwarded to: ERH FOI Officer or emailed to foi@erh.org.au

For the 2017-2018 financial year, ERH has received 148 requests, one being from a Member of Parliament and the remainder from the public. Further information about FOI can be found on the Office of Victorian Information Commissioner's website www.foi.vic.gov or email enquiries@ovic.vic.gov.au

Protected Disclosure Act 2012

ERH has policies and guidelines which comply with the *Protected Disclosure Act 2012* to protect people against action that might be taken against them if they choose to make a protected disclosure. No disclosures have been made during the financial year 2017-18.

Protected Disclosures about ERH can be made to Independent Broad-based Anti-corruption Commission (IBAC) orally or in writing and may be made anonymously. IBAC's website contains information about how to make a Protected Disclosure. Any inquiries received by ERH regarding how to make contact with IBAC should be referred to the Chief Executive, who will inform the person of IBAC's contact details.

Carers Recognition Act 2012

ERH takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles.

Considerable efforts are taken to ensure all persons who are in care relationships and who are receiving services in relation to the care relationship from ERH, have an awareness and understanding of the care relationship principles.

ERH, its employees and agents take all practical measures to reflect the care relationship principles when developing, providing or evaluating support and assistance for persons in care relationships.

Building Act 1993

ERH complies with the building and maintenance provisions of the *Building Act 1993*, inclusive of the relevant provisions in the National Construction Code.

ERH and Glanville Village Aged Care Facility, maintain essential safety measures, maintenance and fire safety audits.

Safe Patient Care Act 2015

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

Statement of Priorities
Part B

Key Performance Indicator	Target	Achieved/ Not Achieved
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full Compliance	Full Compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full	Full
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	80.02%
Percentage of healthcare workers immunised for influenza	75%	81.70%
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	78%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 1	95% positive experience	88%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 2	95% positive experience	81%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 3	95% positive experience	80%
Victorian Healthcare Experience Survey – discharge care. Quarter 1	75% very	76%
Victorian Healthcare Experience Survey – discharge care. Quarter 2	75% very positive experience	83%
Victorian Healthcare Experience Survey – discharge care. Quarter 3	75% very positive experience	65%
Victorian Healthcare Experience Survey – patient's perception of cleanliness. Quarter 1	70%	63%
Victorian Healthcare Experience Survey – patient's perception of cleanliness. Quarter 2	70%	88%
Victorian Healthcare Experience Survey – patient's perception of cleanliness. Quarter 3	70%	78%

Key Performance Indicator	Target	Achieved/ Not Achieved
Adverse events		
Number of sentinel events	Nil	1
Mortality – number of deaths in low mortality DRGs1	Nil	0
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤ 1.6%	0.9%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0%
Continuing Care		
Functional independence gain from an episode of GEM2 admission to discharge relative to length of stay	≥ 0.39	Not Achieved
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	Achieved

Strong governance, leadership and culture

Key Performance Indicator	Target	2017
Organisational Culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	78%
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%	88%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	81%
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%	80%
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%	76%
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centered organisation"	80%	83%
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%	65%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	63%
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%	88%

Statement of Priorities
Part B continued

Timely access to care

Key Performance Indicator	Target	2017
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	95%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	76%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	82%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0

Effective Financial Management

Key Performance Indicator	Target	2017
Finance		
Operating result ($m)	0.00	(216)
Average number of days to paying trade creditors	60 days	3
Average number of days to receiving patient fee debtors	60 days	58
Public and Private WIES3 activity performance to target	100%	101.1%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.71
Number of days of available cash	14 days	46.3

Statement of Priorities
Part C

Funding Type	Activity Forecast	Budget ($'000)	Activity 2017-2018
Acute Admitted			
WIES Public	5,006	24,918	5,167.8
WIES Private	1,318	4,913	1,231.9
WIES DVA	134	670	126.8
WIES TAC	24	101	26.5
Other Admitted		890	64
Acute Non-Admitted			
Emergency Services		6,693	21,122
Specialist Clinics - Public	9,504	2,614	
Subacute & Non-Acute Admitted			
Subacute WIES - Rehabilitation Public	184	1,915	166
Subacute WIES - Rehabilitation Private	32	313	49.3
Subacute WIES - GEM Public	97	1,012	86.3
Subacute WIES - GEM Private	16	151	2.36
Subacute WIES - Palliative Care Public	35	360	29.8
Subacute WIES - Palliative Care Private	6	54	9.3
Subacute WIES - DVA	18	223	13.1
Subacute Non-Admitted			
Palliative Care Non-admitted		486	
Health Independence Program - Public	12,578	1,944	16,018
Health Independence Program - DVA		34	168
Aged Care			
Residential Aged Care	21,696	1,687	20,812
HACC	2,360	230	1,832
Mental Health and Drug Services			
Mental Health Service System Capacity		15	
Primary Health			
Community Health / Primary Care Programs	4,174	438	5,977
Community Health Other	1,677	493	674
Other			
Health Workforce	38	2,004	50
Other specified funding		427	32
Total Funding		**52,585**	

- Data published is based on the previous month's consolidation, this data is not final.

Attestations

Data Integrity

I, Michael Bernard Delahunty, certify that Echuca Regional Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance.

Echuca Regional Health has critically reviewed these controls and processes during the year.

Conflict of Interest

I, Michael Bernard Delahunty, certify that Echuca Regional Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Echuca Regional 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, Michael Bernard Delahunty certify that Echuca Regional 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.

Compliance with DataVic access policy

I, Michael Bernard Delahunty certify that Echuca Regional Health is consistent with the DataVic access policy issued by the Victorian Government in 2012, that the information included in this Annual Report will be available at http://www.data.vic.gov.au/ in machine readable format.

Financial Management Compliance attestation

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

John Quirk
Board Chair

Michael Delahunty
Chief Executive Officer

Disclosure Index

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

Legislation	Requirement	Page Reference
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	1
FRD 22H	Initiatives and key achievements	2
FRD 22H	Nature and range of services provided	6
Management and structure		
FRD 22H	Organisational structure	10
Financial and other information		
FRD 10A	Disclosure index	33
FRD 11A	Disclosure of ex-gratia expenses	none
FRD 21C	Responsible person and executive officer disclosures	66
FRD 22H	Application and operation of *Protected Disclosure 2012*	27
FRD 22H	Application and operation of *Carers Recognition Act 2012*	27
FRD 22H	Application and operation of *Freedom of Information Act 1982*	27
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	27
FRD 22H	Details of consultancies over $10,000	none
FRD 22H	Details of consultancies under $10,000	25
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Protected Disclosure Act 2012 27
Victorian Industry Participation Policy Act 2003 27
Financial Management Act 1994 5

Acknowledgements

The Annual Report was compiled by Executive Administration with the support of numerous Echuca Regional Health staff of who we'd like to thank for their assistance and involvement with the information provided for this Report.

FINANCIAL REPORT

The Financial Report which forms part of this Annual Report can be found herein.

If the Financial Report is not attached a copy can be obtained from www.erh.org.au

SUGGESTIONS AND PUBLICATIONS

This Report has been designed to be both informative and easy to read. Suggestions on ways to improve our Annual Report or requests to obtain copies of this report or other publications on services Echuca Regional Health provide; can be forwarded to Echuca Regional Health, 226 Service Street, Echuca 3564 or via email to enquiries@erh.org.au (03) 5485 5000.

Information is also available on the Echuca Regional Health web site www.erh.org.au.

PRINTING AND PRODUCTION

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Financial Report

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Echuca Regional Health

Opinion	I have audited the financial report of Echuca Regional 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 • board member's, accountable officer's and chief finance and accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial 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.
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
21 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

Echuca Regional Health

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

The attached Financial Statements for Echuca Regional 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 Echuca Regional Health 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 this day.

John Quirk Board Chair	Nick Bush Chief Executive Officer	Robyn Rudge Chief Finance and Accounting Officer
Echuca 15/08/2018	Echuca 15/08/2018	Echuca 15/08/2018

ECHUCA REGIONAL HEALTH

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 $000	2017 $000
Revenue from Operating Activities	2.1	**73,590**	66,564
Revenue from Non-operating Activities	2.1	**115**	390
Employee Expenses	3.1	**(45,905)**	(42,716)
Non Salary Labour Costs	3.1	**(6,494)**	(5,308)
Supplies & Consumables	3.1	**(12,211)**	(10,434)
Other Expenses	3.1	**(9,311)**	(7,934)
Net Result Before Capital & Specific Items		**(216)**	562
Capital Purpose Income	2.1	**1,475**	1,427
Impairment of Non-Financial Assets	3.1	**(16)**	(16)
Depreciation and Amortisation	4.3	**(5,254)**	(5,278)
Assets Received Free of Charge	2.2	**21**	34
NET RESULT FOR THE YEAR		**(3,990)**	(3,271)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in Physical Asset Revaluation Reserve	8.1	-	260
Total Other Comprehensive Income		-	260
COMPREHENSIVE RESULT FOR THE YEAR		**(3,990)**	(3,011)

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

ECHUCA REGIONAL HEALTH

BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 $000	2017 $000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	**1,525**	459
Receivables	5.1	**2,081**	2,528
Investments and Other Financial Assets	4.1	**5,501**	3,473
Inventories	5.2	**773**	721
Prepayments and Other Assets	5.4	**299**	267
Total Current Assets		**10,179**	7,448
Non-Current Assets			
Receivables	5.1	**2,700**	2,440
Property, Plant & Equipment	4.2	**87,866**	92,080
Total Non-Current Assets		**90,566**	94,520
TOTAL ASSETS		**100,745**	101,968
LIABILITIES			
Current Liabilities			
Payables	5.5	**4,018**	3,406
Borrowings	6.1	**275**	275
Employee Benefits	3.3	**13,150**	12,287
Other Liabilities	5.3	**3,394**	1,980
Total Current Liabilities		**20,837**	17,948
Non-Current Liabilities			
Payables	5.5	**323**	343
Borrowings	6.1	**524**	783
Employee Benefits	3.3	**825**	668
Total Non-Current Liabilities		**1,672**	1,794
TOTAL LIABILITIES		**22,509**	19,742
NET ASSETS		**78,236**	82,226
EQUITY			
Property, Plant & Equipment Revaluation Surplus	8.1a	**24,916**	24,916
Restricted Specific Purpose Surplus	8.1a	**308**	300
Contributed Capital	8.1b	**24,804**	24,804
Accumulated Surpluses	8.1c	**28,208**	32,206
TOTAL EQUITY	8.1d	**78,236**	82,226
Contingent assets and contingent liabilities	7.2		
Commitments for Expenditure	6.3		

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

ECHUCA REGIONAL HEALTH

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

2018	Note	Equity at 1 July 2017	Comprehensive Result	Transfers to / from Accumulated Surplus	Equity at 30 June 2018
		$000	$000	$000	$000
Accumulated Surplus / (Deficit)	8.1d	32,206	(3,990)	(8)	**28,208**
Contribution by Owners	8.1c	24,804	-	-	**24,804**
Property Plant and Equipment Revaluation Surplus	8.1a	24,916	-	-	**24,916**
Restricted Specific Purpose Surplus	8.1b	300	-	8	**308**
Total Equity at the end of the financial year		**82,226**	**(3,990)**	**-**	**78,236**

2017	Note	Equity at 1 July 2016	Comprehensive Result	Transfers to / from Accumulated Surplus	Equity at 30 June 2017
		$000	$000	$000	$000
Accumulated Surplus / (Deficit)	8.1d	35,777	(3,271)	(300)	**32,206**
Contribution by Owners	8.1c	24,804	-	-	**24,804**
Property Plant and Equipment Revaluation Surplus	8.1a	24,656	260	-	**24,916**
Restricted Specific Purpose Surplus	8.1b	-	-	300	**300**
Total Equity at the end of the financial year		**85,237**	**(3,011)**	**-**	**82,226**

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

ECHUCA REGIONAL HEALTH

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 $000	2017 $000
Cash Flows From Operating Activities			
Operating Grants from Government		**61,858**	53,354
Capital Grants from Government		**1,255**	1,009
Patient and Resident Fees Received		**4,306**	4,268
Donations and Bequests Received		**446**	763
GST Received from/(paid to) ATO		**2,024**	1,759
Interest Received		**80**	90
Other Receipts		**7,898**	6,631
Total Receipts		**77,867**	67,874
Employee Expenses Paid		**(44,975)**	(42,362)
Non Salary Labour Costs		**(6,753)**	(5,403)
Payments for Supplies & Consumables		**(12,683)**	(10,933)
Payments for Medical Indemnity Insurance		**(1,342)**	(1,178)
Payments for Repairs and Maintenance		**(1,151)**	(1,114)
Other Payments		**(7,999)**	(6,592)
Total Payments		**(74,903)**	(67,582)
Net Cash Flow From / (Used In) Operating Activities	8.2	**2,964**	292
Cash Flows From Investing Activities			
Purchase of Properties, Plant & Equipment		**(1,019)**	(935)
Proceeds from Sale of Non-Current Assets		**2**	-
Proceeds from Sale of Investments		**(2,020)**	218
Net Cash Flow used in Investing Activities		**(3,037)**	(717)
Cash Flows From Financing Activities			
Repayment of Borrowings		**(275)**	-
Net Cash Flow used in Financing Activities		**(275)**	-
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**(348)**	(425)
Cash and Cash Equivalents at Beginning of Year		**(274)**	151
Cash and Cash Equivalents at end of Year	6.2	**(622)**	(274)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Echuca Regional Health for the period ended 30 June 2018.
The report provides users with information about Echuca Regional Health's stewardship of resources entrusted to it.

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

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury & Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.
Echuca Regional Health is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.
The annual financial statements were authorised for issue by the Board of Echuca Regional Health on 15/08/2018.

(b) Reporting Entity
The financial statements include all the controlled activities of Echuca Regional Health. Its principal address is 226 Service Street, Echuca Victoria 3564.
A description of the nature of Echuca Regional Health's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

(c) Basis of Accounting Preparation and Measurement
Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis (refer to Note 8.10) and are presented in Australian dollars, the functional and presentation currency of the Health Service.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

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

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

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

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

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

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

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

(d) Principles of Consolidation

Intersegment Transactions
Transactions between segments within Echuca Regional Health have been eliminated to reflec the extent of Echuca Regional Health's operations as a group.

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

- In respect of any interest in joint operations, Echuca Regional Health recognises in the financial statements: its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its share of the revenue and expenses from the joint operation.
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Echuca Regional Health is a Member of the Loddon Malle Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 2: Funding Delivery of Our Services

Echuca Regional Health's overall objective is to provide quality health services, supporting everyone to be healthy and live well.
Echuca Regional Health Service is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure
2.1 Analysis of Revenue by Source
2.2 Assets received free of charge or for nominal consideration

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 $'000	Non Admitted 2018 $'000	EDs 2018 $'000	RAC 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other * 2018 $'000	Total 2018 $'000
Government Grants	42,474	1,770	6,693	5,491	1,353	3,315	188	**61,284**
Indirect Contributions by Department of Health & Human Services	285	(36)	35	(21)	3	53	(9)	**310**
Patient and Resident Fees	1,889	186	91	1,564	70	480	-	**4,280**
Commercial Activities	-	-	-	-	-	-	1,152	**1,152**
Other	5,975	409	10	11	-	159	-	**6,564**
Total Revenue from Operating Activities	50,623	2,329	6,829	7,045	1,426	4,007	1,331	**73,590**
Interest	69	-	-	-	-	-	35	**104**
Other	-	-	-	-	-	-	11	**11**
Total Revenue from Non-Operating Activities	69	-	-	-	-	-	46	**115**
Government Grants	-	-	-	-	-	-	1,255	**1,255**
Capital Purpose Income (excluding interest) [i]	-	-	-	-	-	-	241	**241**
Total Capital Purpose Income	-	-	-	-	-	-	1,496	**1,496**
Total Revenue	50,692	2,329	6,829	7,045	1,426	4,007	2,873	**75,201**

	Admitted Patients 2017 $'000	Non Admitted 2017 $'000	EDs 2017 $'000	RAC 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	Other * 2017 $'000	Total 2017 $'000
Government Grants	34,838	1,687	8,582	5,620	1,331	2,698	110	**54,866**
Indirect Contributions by Department of Health & Human Services	353	31	44	6	4	57	4	**499**
Patient and Resident Fees	1,820	220	95	1,616	49	406	-	**4,206**
Commercial Activities	-	-	-	-	-	-	1,124	**1,124**
Other	5,244	425	11	10	8	166	5	**5,869**
Total Revenue from Operating Activities	42,255	2,363	8,732	7,252	1,392	3,327	1,243	**66,564**
Interest	51	-	-	-	-	-	39	**90**
Other	-	-	-	-	-	-	300	**300**
Total Revenue from Non-Operating Activities	51	-	-	-	-	-	339	**390**
Government Grants	-	-	-	-	-	-	1,009	**1,009**
Capital Purpose Income (excluding interest) [i]	-	-	-	-	-	-	452	**452**
Total Capital Purpose Income	-	-	-	-	-	-	1,461	**1,461**
Total Revenue	42,306	2,363	8,732	7,252	1,392	3,327	3,043	**68,415**

* Other Programs include Commercial Activities, Special Purpose Funds and Capital.
[i] Prior year income previously included the net gain/(loss) on non-financial assets which now form part of Other Economic Flows Included in Net Result (refer to Note 8.1).
Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines.

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

Note 2.1: Analysis of Revenue by Source (Continued)

Revenue Recognition
Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Echuca Regional Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances, duties and taxes.

Government Grants and other transfers of income (other than contributions by owners)
In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when Echuca Regional Health gains control of the underlying assets irrespective of whether conditions are imposed on Echuca Regional Health'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 Department of Health and Human Services Hospital Circular 04/2017.

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

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

Revenue from Commercial Activities
Revenue from commercial activities such as cafeteria, residential accommodation and property rental income are recognised on an accrual basis.

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

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

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

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

Category Groups
Echuca Regional Health has used the following category groups for reporting purposes for the current and previous financial years.

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

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

Emergency Department Services (EDs) comprises all emergency department services

Aged Care comprises a range of in home, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

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

Residential Aged Care (RAC) comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the Department of Health and Human Services.

Other Services excluded from National Health Care Agreement (NHCA) (Other) comprises services not separately classified above, including: Koori Liaison Officers, Drugs services including drug withdrawal, counselling and the needle and syringe program and Clinical Education, and various support services. Health and Community Initiatives also falls in this category group.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 2.2: Assets Received Free of Charge or For Nominal Consideration

	2018 $'000	2017 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Medical Equipment	**5**	34
Computers and Communication	**16**	-
Total	**21**	34

The revenues and assets recognised as a result of such transactions shall be measured at the fair value of resources received.

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 amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Note 3: The Cost of Delivering Services

This section provides an account of the expenses incurred by Echuca Regional 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
3.4 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 $'000	Non Admitted 2018 $'000	EDs 2018 $'000	RAC 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other * 2018 $'000	Total 2018 $'000
Employee Expenses	30,854	1,162	2,818	4,658	1,066	4,794	553	**45,905**
Non Salary Labour Costs	6,071	71	209	-	7	136	-	**6,494**
Supplies & Consumables	8,824	97	2,385	159	250	489	7	**12,211**
Fuel, Light, Power and Water	684	55	55	184	13	43	92	**1,126**
Repairs and Maintenance	966	4	21	33	11	8	3	**1,046**
Other Expenses	5,149	34	1,536	275	9	91	28	**7,122**
Total Expenditure from Operating Activities	52,548	1,423	7,024	5,309	1,356	5,561	683	**73,904**
Expenses for Capital Purposes	-	-	-	-	-	-	17	**17**
Impairment of Financial Assets	-	-	-	-	-	-	16	**16**
Depreciation (refer note 4.3)	-	-	-	-	-	-	5,254	**5,254**
Total Other Expenses	-	-	-	-	-	-	5,287	**5,287**
Total Expenses	52,548	1,423	7,024	5,309	1,356	5,561	5,970	**79,191**

	Admitted Patients 2017 $'000	Non Admitted 2017 $'000	EDs 2017 $'000	RAC 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	Other * 2017 $'000	Total 2017 $'000
Employee Expenses	28,573	1,209	2,574	4,649	1,059	4,229	423	**42,716**
Non Salary Labour Costs	4,975	17	191	-	8	117	-	**5,308**
Supplies & Consumables	7,517	94	2,030	144	313	335	1	**10,434**
Fuel, Light, Power and Water	444	36	36	119	9	27	59	**730**
Repairs and Maintenance	881	5	22	70	13	20	2	**1,013**
Other Expenses	4,888	39	947	216	15	50	29	**6,184**
Total Expenditure from Operating Activities	47,278	1,400	5,800	5,198	1,417	4,778	514	**66,385**
Expenditure for Capital Purposes	-	-	-	-	-	-	7	**7**
Impairment of Financial Assets	-	-	-	-	-	-	16	**16**
Depreciation (refer note 4.3)	-	-	-	-	-	-	5,278	**5,278**
Total Other Expenses	-	-	-	-	-	-	5,301	**5,301**
Total Expenses	47,278	1,400	5,800	5,198	1,417	4,778	5,815	**71,686**

* Other Programs include Commercial Activities, Special Purpose Funds and Capital.
Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines.

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

Employee Expenses
Employee expenses include: salaries and wages; fringe benefits tax; leave entitlements; termination payments; workcover premiums and superannuation expenses.

Note 3.1: Analysis of Expenses by Source (Continued)

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

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

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

Fair value of Assets, Services Received Free of Charge or for Nominal Consideration
Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.

Borrowing costs of Qualifying Assets
In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, Echuca Regional Health continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Other gains / (losses) from other economic flows
Other gains / (losses) include:
- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

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 expense in the consolidated comprehensive operating statement.

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

- Revaluation gains / (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment).
- Net gain / (loss) on disposal of non-financial assets

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

Net gain/ (loss) on financial instruments
Net gain/ (loss) on financial instruments includes:
- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 *Investments and other financial assets*; and
- disposals of financial assets and derecognition of financial liabilities.

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

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

Other gains/ (losses) from other economic flows
Other gains/ (losses) include:
- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Financial guarantee
Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

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

	Expense		Revenue	
	2018 $000	**2017 $000**	**2018 $000**	**2017 $000**
Commercial Activities				
Cafeteria	**293**	141	**337**	203
Residential Accommodation	**161**	104	**139**	144
Property	**1**	1	**449**	443
Public Relations	**9**	50	**205**	272
Other	**-**	-	**22**	62
Total	**464**	296	**1,152**	1,124

Note 3.3: Employee Benefits

	2018 $000	**2017 $000**
Employee Benefits [i]		
Current		
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months [ii]	**1,000**	700
- unconditional and expected to be settled wholly after 12 months [iii]	**5,430**	5,456
Annual Leave Entitlements		
- unconditional and expected to be settled wholly within 12 months [ii]	**2,751**	2,700
- unconditional and expected to be settled wholly after 12 months [iii]	**1,143**	964
Accrued Wages and Salaries	**1,644**	1,361
Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months [ii]	**62**	69
Employee Benefit On-Costs		
- unconditional and expected to be settled wholly within 12 months [ii]	**376**	342
- unconditional and expected to be settled wholly after 12 months [iii]	**744**	695
Total	**13,150**	12,287
Non-Current		
Employee Benefits [i]	**744**	602
Provisions related to Employee Benefit On-Costs	**81**	66
Total	**825**	668
Movement in Long Service Leave:		
Balance at start of year	**7,501**	6,929
Provision made during the year	**1,108**	1,145
Settlement made during the year	**(653)**	(573)
Balance at end of year	**7,956**	7,501

[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.

Note 3.3: Employee Benefits (Continued)

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

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

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

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

Salaries and Wages, Annual Leave and Accrued Days Off
Liabilities for salaries and wages, annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because Echuca Regional Health does not have an unconditional right to defer settlements of these liabilities.

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

- Undiscounted value – if Echuca Regional Health expects to wholly settle within 12 months; or
- Present value – if Echuca Regional Health does not expect to wholly settle within 12 months.

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Echuca Regional 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 Echuca Regional Health expects to wholly settle within 12 months; and
- Present value – if Echuca Regional Health does not expect to wholly settle within 12 months.

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

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

On-Costs Related to Employee Expense
Provision for on-costs such as workers compensation and superannuation are recognised together with provisions for employee benefits.

Note 3.4: Superannuation

	Paid Contribution for the Year 2018 $'000	Paid Contribution for the Year 2017 $'000	Contribution Outstanding at Year End 2018 $'000	Contribution Outstanding at Year End 2017 $'000
Defined benefit plans: [i]				
First State Super Fund	**144**	147	**-**	**-**
Defined contribution plans:				
First State Super Fund	**2,491**	2,407	**-**	**-**
Hesta Fund	**1,041**	962	**-**	**-**
Other	**107**	37	**-**	**-**
Total	**3,783**	3,553	**-**	-

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

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

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 Echuca Regional Health to the superannuation plans in respect of the services of current Echuca Regional Health Staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

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

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

Note 4: Key Assets to Support Service Delivery
Echuca Regional 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 & Equipment
4.3 Depreciation

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund			
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current								
Term Deposits *	**393**	373	**308**	300	**4,800**	2,800	**5,501**	3,473
Total	**393**	373	**308**	300	**4,800**	2,800	**5,501**	3,473
Represented by:								
Investments	**393**	373	**308**	300	**1,500**	947	**2,201**	1,620
Monies Held in Trust								
- Accommodation Bonds (Refundable Entrance Fees)	**-**	-	**-**	-	**3,300**	1,849	**3,300**	1,849
- Other	**-**	-	**-**	-	**-**	4	**-**	4
Total	**393**	373	**308**	300	**4,800**	2,800	**5,501**	3,473

* The Specific Purpose Fund is Murray Plains monies held on their behalf.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 4.1: Investment Recognition
Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Echuca Regional 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.

Echuca Regional Healths assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

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

- the rights to receive cash flows from the asset have expired; or
- Echuca Regional 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
- Echuca Regional Health has transferred its rights to receive cash flows from the asset and either:

(a) has transferred substantially all the risks and rewards of the asset; or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets
At the end of each reporting period, Echuca Regional 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 the Comprehensive Income Statement, 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 percent 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, Echuca Regional Health used the market value 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.

Note 4.2: Property, Plant & Equipment

Note 4.2 (a) Gross carrying amount and accumulated depreciation	**2018 $'000**	**2017 $'000**
Land		
Land at Valuation	**2,218**	2,218
Total Land	**2,218**	2,218
Buildings		
Buildings Under Construction at cost	**215**	193
Buildings at Cost	**61,129**	60,620
Less Accumulated Depreciation	**(5,999)**	(3,981)
	55,130	56,639
Buildings at Valuation	**29,873**	29,873
Less Accumulated Depreciation	**(6,899)**	(5,489)
	22,974	24,384
Total Buildings	**78,319**	81,216
Plant and Equipment		
Plant and Equipment	**3,846**	3,449
Less Accumulated Depreciation	**(1,215)**	(989)
	2,631	2,460
Work in Progress at cost	**-**	375
Total Plant and Equipment	**2,631**	2,835
Medical Equipment		
Medical Equipment	**7,621**	7,618
Less Accumulated Depreciation	**(5,218)**	(4,834)
	2,403	2,784
Work in Progress at cost	**42**	-
Total Medical Equipment	**2,445**	2,784
Computers and Communication		
Computers and Communication	**5,530**	5,385
Less Accumulated Depreciation	**(4,370)**	(3,700)
	1,160	1,685
Work in Progress at cost	**-**	-
Total Computers and Communication	**1,160**	1,685
Furniture and Fittings		
Furniture and Fittings	**1,968**	1,912
Less Accumulated Depreciation	**(1,277)**	(1,128)
	691	784
Work in Progress at cost	**-**	-
Total Furniture and Fittings	**691**	784
Motor Vehicles		
Motor Vehicles	**667**	667
Less Accumulated Depreciation	**(578)**	(528)
Total Motor Vehicles	**89**	139
Other Equipment		
Other Equipment	**1,242**	1,255
Less Accumulated Depreciation	**(929)**	(836)
	313	419
Total	**87,866**	92,080

Where not otherwise stated figures are at fair value.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 4.2 (b): Reconciliations of the carrying amounts of each class of asset

	Land	Buildings	Plant & Equipment	Medical Equipment	*Computers & Communicat'n	Furniture & Fittings	Motor Vehicles	Other Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016	1,958	84,261	2,758	3,298	2,321	902	168	474	**96,140**
Additions	-	372	268	168	58	31	34	37	**968**
Revaluation Increments/(Decrements)	260	-	-	-	-	-	-	-	**260**
Depreciation (Note 4.3)	-	(3,417)	(191)	(672)	(694)	(149)	(63)	(92)	**(5,278)**
Balance at 30 June 2017	2,218	81,216	2,835	2,784	1,685	784	139	419	**92,080**
Additions	-	531	22	300	144	56	-	(13)	**1,040**
Depreciation (Note 4.3)	-	(3,428)	(226)	(639)	(669)	(149)	(50)	(93)	**(5,254)**
Balance at 30 June 2018	2,218	78,319	2,631	2,445	1,160	691	89	313	**87,866**

* Computers and communication additions during the year ended 30 June 2018 includes $51K (2017: $7K) relating to the joint operation.

Land and Buildings carried at valuation

The Valuer-General Victoria undertook to re-value all of Echuca Regional Health's owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014.

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

There was no material financial impact on change in fair value of buildings and leased buildings.

Note 4.2 (c): Fair Value measurement hierarchy for assets

	Carrying Amount as at 30 June 2018	Fair Value Measurement at End of Reporting Period using:			Carrying Amount as at 30 June 2017	Fair Value Measurement at End of Reporting Period using:		
		Level 1 [i]	Level 2 [i]	Level 3 [i]		Level 1 [i]	Level 2 [i]	Level 3 [i]
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Land at Fair Value								
Specialised Land	**2,218**	**-**	**-**	**2,218**	2,218	-	-	2,218
Buildings at Fair Value								
Specialised Buildings	**22,974**	**-**	**-**	**22,974**	24,384	-	-	24,384
Plant and Equipment at Fair Value								
Plant and Equipment at Fair Value								
- Plant and Equipment	**2,631**	**-**	**-**	**2,631**	2,460	-	-	2,460
- Computers and Communication	**1,160**	**-**	**-**	**1,160**	1,685	-	-	1,685
- Furniture and Fittings	**691**	**-**	**-**	**691**	784	-	-	784
- Vehicles	**89**	**-**	**-**	**89**	139	-	-	139
- Other Equipment	**313**	**-**	**-**	**313**	419	-	-	419
Total	**4,884**	**-**	**-**	**4,884**	5,487	-	-	5,487
Medical Equipment at Fair Value	**2,403**	**-**	**-**	**2,403**	2,784	-	-	2,784
	32,479	**-**	**-**	**32,479**	34,873	-	-	34,873

[i] Classified in accordance with the fair value hierarchy.
[ii] There have been no transfers between levels during the period.

Note 4.2 (d): Reconciliation of Level 3 fair value [i]

2018	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000
Opening Balance	2,218	24,384	5,487	2,784
Additions / (Disposals)	-	-	568	253
Assets provided free of charge	-	-	16	5
Gains / (Losses) recognised in Net Result				
- Depreciation	-	(1,410)	(1,187)	(639)
Items recognised in Other Comprehensive Income				
- Revaluation	-	-	-	-
Closing Balance	**2,218**	**22,974**	**4,884**	**2,403**

2017	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000
Opening Balance	1,958	25,794	5,366	3,298
Additions / (Disposals)	-	-	1,310	124
Assets provided free of charge	-	-	-	34
Gains / (Losses) recognised in Net Result				
- Depreciation	-	(1,410)	(1,189)	(672)
Items recognised in Other Comprehensive Income				
- Revaluation	260	-	-	-
Closing Balance	**2,218**	**24,384**	**5,487**	**2,784**

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

Note 4.2 (e): Fair Value determination

Asset Class	Examples of types of assets	Expected fair value level	Likely valuation approach	Signficant inputs (Level 3 only)
Non-specialised land	In areas where there is an active market; - vacant land - land not subject to restrictions as to use or sale	Level 2	Market Approach	N/A
Specialised land (Crown / Freehold)	Land subject to restrictions as to use and/or sale Land in areas where there is not an active market	Level 3	Market Approach	Community Service Obligations Adjustments
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market Approach	N/A
Specialised buildings	Specialised buildings with limited alternative uses and/or substantial customisation e.g prisons, hospitals, and schools	Level 3	Depreciated replacement cost approach	Cost per square metre. Useful life.
Plant and equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per square metre. Useful life.
Vehicles	Depreciated replacement cost	Level 2	Market Approach	N/A
Medical Equipment	Depreciated replacement cost	Useful life of Medical Equipment	Depreciated replacement cost	A significant increase (decrease) in useful life of the asset would result in a significantly higher (lower) fair value.

Note 4.2 (e): Fair Value determination (Continued)

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

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 physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

Subsequent Measurement
Consistent with AASB 13 *Fair Value Measurement*, Echuca Regional 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, Echuca Regional 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, Echuca Regional 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, Echuca Regional 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, Echuca Regional 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 Echuca Regional 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, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

These indicators, as a minimum, include:
External factors:
- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

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

Note 4.2 (e): Fair Value determination (Continued)

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

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

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

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

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 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
Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

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

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

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

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

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

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

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

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

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

Note 4.2 (e): Fair Value determination (Continued)

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 every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

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

Note 4.3: Depreciation

	2018 $'000	2017 $'000
Depreciation		
Buildings	**3,428**	3,417
Plant & Equipment	**226**	191
Medical Equipment	**639**	672
Computers and Communication	**669**	694
Furniture and Fittings	**149**	149
Motor Vehicles	**50**	63
Other Equipment	**93**	92
Total Depreciation	**5,254**	5,278

Depreciation recognition

Depreciation
All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 *Property, Plant and Equipment*).

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.

Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2018	2017
Buildings		
- Structure, Shell and Building Fabric	2 to 47 years	2 to 47 years
- Site Engineering Services and Central Plant	3 to 33 years	3 to 33 years
- Fit Out	1 to 17 years	1 to 17 years
- Trunk Reticulated Building Systems	1 to 19 years	1 to 19 years
Plant and Equipment	7 to 15 years	7 to 15 years
Medical Equipment	3 to 20 years	3 to 20 years
Computers and Communications	2 to 10 years	2 to 10 years
Furniture and Fitting	5 to 15 years	5 to 15 years
Motor Vehicles	4 to10 years	4 to10 years

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

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Echuca Regional Health's operations.

Structure
5.1 Receivables
5.2 Inventories
5.3 Other Liabilities
5.4 Prepayments and Other Non-Financial Assets
5.5 Payables

Note 5.1: Receivables

	2018 $000	2017 $000
Current		
Inter Hospital Debtors	**470**	427
Trade Debtors	**113**	219
Patient Fees	**590**	592
Accrued Investment Income	**21**	5
Accrued Revenue - Department of Health & Human Services	**304**	790
Accrued Revenue - Other	**418**	435
GST Receivable	**310**	233
Refundable Rental Bonds	**1**	1
Total	**2,227**	2,702
Less Allowance for Doubtful Debts		
Trade Debtors	**(67)**	(116)
Patient Fees	**(79)**	(58)
Total Current Receivables	**2,081**	2,528
Non-Current		
Department of Health & Human Services - Long Service Leave	**2,700**	2,440
Total Non-Current Receivables	**2,700**	2,440
Total Receivables	**4,781**	4,968
Movement in the Allowance for Doubtful Debts		
Balance at beginning of year	**174**	172
Increase/(decrease) in allowance recognised in net result	**(28)**	2
Balance at end of year	**146**	174

Doubtful debts - Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as *other economic flows in the net result.*

Receivables consist of:

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

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest 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.

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* .

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off.
A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5.2: Inventories

	2018	2017
Current	**$'000**	**$'000**
Pharmaceuticals - at cost	**122**	147
General Stores - at cost	**209**	204
Theatre Stores - at cost	**289**	225
Engineering Stores - at cost	**15**	12
Administration Stores - at cost	**10**	4
Total Current Inventories	**773**	721

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

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

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

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

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

Note 5.3: Other Liabilities

	2018	2017
	$'000	**$'000**
Current		
Monies Held in Trust*		
- Patient Monies Held in Trust	**45**	80
- Accommodation Bonds (Refundable Entrance Fees)	**3,319**	1,849
- Other Monies Held in Trust	**30**	51
Total	**3,394**	1,980
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer note 6.2)	**74**	131
Investments and Other Financial Assets (refer note 4.1)	**3,319**	1,849
Land & Buildings	**1**	-
Total	**3,394**	1,980

Note 5.4: Prepayments and Other Non-Financial Assets

	2018	2017
Current	**$'000**	**$'000**
Prepayments	**299**	267
Total Current Other Assets	**299**	267

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

Note 5.5: Payables

	2018	2017
Current	**$000**	**$000**
Trade Creditors	**3,251**	2,457
Accrued Expenses	**686**	855
GST Payable	**62**	62
Income in Advance	**19**	32
Total Current	**4,018**	3,406
Non Current		
Income in Advance	**323**	343
Total Non Current	**323**	343
Total Payables	**4,341**	3,749

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 end of the financial year that are unpaid.

Note 5.6 (a): Maturity analysis of Financial Liabilities as at 30 June

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

Maturity analysis of Financial Liabilities as at 30 June

			Maturity Dates			
	Carrying Amount $'000	Nominal Amount $'000	Less than 1 Month $'000	1-3 Months $'000	3 Months - 1 Year $'000	1-5 Years $'000
2018						
Payables						
Trade Creditors and Accruals	3,937	3,937	3,746	191	-	-
Borrowings	799	799	138	-	137	524
Accommodation Bonds	3,319	3,319	-	300	740	2,279
Other	75	75	-	-	10	65
Total Financial Liabilities	**8,130**	**8,130**	**3,884**	**491**	**887**	**2,868**
2017						
Payables						
Trade Creditors and Accruals	3,312	3,312	3,149	163	-	-
Borrowings	783	783	-	-	-	783
Accommodation Bonds	1,849	1,849	-	311	340	1,198
Other	131	131	-	-	5	126
Total Financial Liabilities	**6,075**	**6,075**	**3,149**	**474**	**345**	**2,107**

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

Note 6: How we Finance our Operations

This section provides information on the sources of finance utilised by Echuca Regional Healths 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.

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

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 6.1: Borrowings

	2018 $'000	2017 $'000
Current		
- Loan *	**275**	275
Total Australian Dollar Borrowings	**275**	275
Non-Current		
- Loan *	**524**	783
Total Australian Dollar Borrowings	**524**	783
Total Interest Bearing Liabilities	**799**	1,058

* The Department of Health & Human Services have provided a five year interest free loan.

(a) Maturing analysis of borrowings
Please refer to Note 5.6 for the ageing analysis of borrowings.

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

Note 6.2: Cash and Cash Equivalents

	2018 $'000	2017 $'000
Cash on Hand	**4**	4
Cash at Bank	**1,521**	455
Total Cash and Cash Equivalents	**1,525**	459
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	**(622)**	(274)
Cash for Joint Operation	**103**	174
Other	**2,044**	559
Total	**1,525**	459

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

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

Note 6.3: Commitments for Expenditure

There are no commitments for expenditure as at June 2018 (2017 $Nil).

Note 7: Risks, Contingencies and Valuation Uncertainties

Introduction

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

Structure
7.1 Financial Instruments
7.2 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Echuca Regional Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

(a) Financial Instruments: categorisation

Contractual Financial Assets	Contractual Financial Assets and Receivables 2018 $'000	Contractual Financial Liabilities at Amortised Cost 2018 $'000	Total 2018 $'000	Contractual Financial Assets and Receivables 2017 $'000	Contractual Financial Liabilities at Amortised Cost 2017 $'000	Total 2017 $'000
Cash and cash equivalents	**1,525**	**-**	**1,525**	459	-	459
Receivables	**1,771**	**-**	**1,771**	2,295	-	2,295
Investments and Other Financial Assets	**5,501**	**-**	**5,501**	3,473	-	3,473
Total Financial Assets [i]	**8,797**	**-**	**8,797**	6,227	-	6,227
Financial Liabilities						
Payables	**-**	**3,937**	**3,937**	-	3,312	3,312
Borrowings	**-**	**799**	**799**	-	1,058	1,058
Accommodation Bonds	**-**	**3,319**	**3,319**	-	1,849	1,849
Other Liabilities	**-**	**75**	**75**	-	131	131
Total Financial Liabilities [i]	**-**	**8,130**	**8,130**	-	6,350	6,350

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

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

	Net Holding Gain/(Loss) $'000	Total Interest Income / (Expense) $'000	Impairment Loss $'000	Total $'000
2018				
Financial Assets				
Cash and Cash Equivalents [i]	**1,066**	**104**	**-**	**1,170**
Financial Assets - Loans and Receivables [i]	**(187)**	**-**	**-**	**(187)**
Total Financial Assets	**879**	**104**	**-**	**983**
Financial Liabilities				
Financial Liabilities at Amortised Cost [ii]	**-**	**-**	**(16)**	**(16)**
Total Financial Liabilities	**-**	**-**	**(16)**	**(16)**
2017				
Financial Assets				
Cash and Cash Equivalents [i]	(245)	90	-	(155)
Financial Assets - Loans and Receivables [i]	1,658	-	-	1,658
Total Financial Assets	1,413	90	-	1,503
Financial Liabilities				
Financial Liabilities at Amortised Cost [ii]	-	-	(16)	(16)
Total Financial Liabilities	-	-	(16)	(16)

[i] For cash and cash equivalents, loans or receivables and financial assets available-for-sale, 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 measured at amortised cost.

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 7.1 (b): Financial Instruments

Categories of Financial Instruments
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). Echuca Regional Health recognises the following assets in this category:

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

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. Echuca Regional Health recognises certain debt securities in this category.

Impairment of financial assets: At the end of each reporting period, Echuca Regional 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*.

NOTE 7.2: Contingent Assets and Contingent Liabilities

There are no Contingent Assets or Contingent Liabilities as at June 2018 (2017 $Nil).

Note 8: Other Disclosures

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

Structure
8.1 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 Remuneration of Executives
8.5 Related Parties
8.6 Remuneration of auditors
8.7 AASBs issued that are not yet effective
8.8 Jointly Controlled Operations
8.9 Alternate Presentation of Comprehensive Operating Statement
8.10 Economic Dependency

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8.1: Equity

	2018 $'000	2017 $'000
(a) Reserves		
Property, Plant & Equipment Revaluation Surplus		
Balance at the Beginning of the Reporting Period	**24,916**	24,656
Revaluation Increment/(Decrements)		
- Land (refer 4.2b)	**-**	260
Balance at the End of the Reporting Period	**24,916**	24,916
Represented by:		
Land	**260**	260
Buildings	**24,656**	24,656
Total	**24,916**	24,916
Restricted Specific Purpose Surplus		
Balance at the Beginning of the Reporting Period	**300**	-
Transfer (from) / to Restricted Specific Purpose Reserve	**8**	300
Balance at the End of the Reporting Period	**308**	300
Total Reserves	**25,224**	25,216
Funds held on behalf of Murray Plains Division of General Practice		
(b) Contributed Capital		
Balance at the Beginning of the Reporting Period	**24,804**	24,804
Capital Contribution Received from Victorian Government	**-**	-
Balance at the End of the Reporting Period	**24,804**	24,804
(c) Accumulated Surpluses		
Balance at the Beginning of the Reporting Period	**32,206**	35,777
Net Result for the Year	**(3,990)**	(3,271)
Transfer from / (to) Restricted Specific Purpose Reserve	**(8)**	(300)
Balance at the End of the Reporting Period	**28,208**	32,206
(d) Total Equity at End of Year	**78,236**	82,226

Note 8.2: Reconciliation of Net Result for the Year to Net Cash from Operating Activities

	2018 $'000	2017 $'000
Net Result for the Year	**(3,990)**	(3,271)
Non-Cash Movements:		
Depreciation	**5,254**	5,278
Impairment of Financial Assets	**16**	(16)
Assets Received Free of Charge	**(21)**	(34)
Movements included in Investing and Financing		
Net (Gain)/Loss from Sale of Assets	**(2)**	(11)
Movements in Assets and Liabilities		
(Increase)/Decrease in Receivables	**187**	(1,658)
(Increase)/Decrease Inventories	**(52)**	(63)
(Increase)/Decrease in Prepayments	**(32)**	(1)
Increase/(Decrease) in Payables	**584**	(549)
Increase/(Decrease) in Employee Benefits	**1,020**	617
Net Cash Inflow/(Outflow) from Operating Activities	**2,964**	292

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE 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.

Responsible Ministers: The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services

Governing Board:

Mr J Quirk (Chair)	Mrs M Boek	Mrs D M Macfarlane	(Resigned 30 June 2018)
Mr C Bilkey	Mr S Weller	Nr N Rolfe	(Resigned 30 June 2018)
Mr G Dwyer	Mrs J Hamit	Mrs S Mulcahy	(Appointed 1 July 2017)
Mrs S Barry	Mr B Sharp OAM	Mrs A Shand	(Appointed 1 July 2017)
Mr G Kelly	Ms L Tarrant		

Accountable Officer Mr M B Delahunty (Chief Executive Officer)

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

Members of the Board did not receive remuneration.

Remuneration of Accountable Officer
Remuneration received or receivable by the Accountable Officer during the year was in the $330,000 to $339,999 band (2017 $320,000 to $329,999).

Note 8.4: Remuneration of Executives
The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

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

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

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

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

Termination benefits
Termination of employment payments, such as severance packages.

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

Share-based payments
An agreement between the health service and the employee that entitles them to receive cash or other assets paid or payable, provided specific vesting conditions, if any, are met.

Remuneration	**2018**	2017
Short-term benefits	**$900,565**	$873,223
Post-employment benefits	**$90,538**	$88,113
Other long-term benefits	**$9,359**	$46,275
Total Remuneration (i)	**$1,000,462**	$1,007,611
Total number of Executives	**5**	6
Total Annualised Employee Equivalent (ii)	**5.0**	5.2

(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 Note 8.6 Relates Parties.
(ii) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 8.5: Related Parties

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

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

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

The Board of Directors and the Executive Directors of Echuca Regional 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.

Compensation	**2018**	2017
Short-term benefits	**$1,190,976**	$1,167,079
Post-employment benefits	**$117,367**	$115,269
Other long-term benefits	**$26,981**	$63,603
Total	**$1,335,324**	$1,345,951

Significant Transactions with Government Related Entities
The Echuca Regional Health received funding from the Department of Health and Human Services of $56.1M (2017: $47.6M) and indirect contributions of $50K (2017: $52K).

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

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

Treasury Risk Management Directions require Echuca Regional Health to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

Transactions with Key Management Personnel and Other Related Parties
Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scare resources.

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

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

Note 8.6: Remuneration of auditors

	2018 $'000	**2017 $'000**
Victorian Auditor-General's Office		
Audit and Review of Financial Statements	**39**	38
Total	**39**	38

ECHUCA REGIONAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8.7: AASBs Issued that are not yet Effective
Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Echuca Regional Healths of their applicability and early adoption where applicable.

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

The table below outlines the accounting pronouncements that have been issued but not effective for 2017-18, which may result in potential impacts on public sector reporting for future reporting periods.

Topic	Key Requirements	Effective Date
AASB 9 *Financial Instruments*	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.	1 Jan 2018
AASB 2014 1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018
AASB 2014-5 *Amendments to Australian Accounting Standards arising from* AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018
AASB 2015-8 A*mendments to Australian Accounting Standards – Effective Date of* AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to* AASB 15	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018
AASB 2016-7 *Amendments to Australian Accounting Standards - Clarifications to* AASB15	This Standard defers the mandatory effective date of AASB 15 for 1 January 2019 not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019

Note 8.7: AASBs issued that are not yet effective (Continued)

AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: • require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 Jan 2019
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet which has an impact on net debt.	1 Jan 2019
AASB 1058 *Income of Not-for-Profit Entities*	This Standard will replace AASB 1004 *Contributions* and 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 objectives. The restructure of administrative arrangement will remain under AASB 1004.	1 Jan 2019
AASB 1059 *Service Concession Arrangements: Grantor*	This standard prescribes the accounting treatment of Public Private Partnership (PPP) arrangements involving a private sector operator providing public services related to a service concession asset on behalf of the State, for a specified period of time. For social infrastructure PPP arrangements, this would result in an earlier recognition of financial liabilities progressively over the construction period rather than at completion date. For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on-balance sheet.	1 Jan 2019
AASB 17 *Insurance Contracts*	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not currently apply to not-for-profit public sector entities. The AASB is undertaking further outreach to determine the applicability of this standard to the not-for-profit public sector.	1 Jan 2021

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

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 *Financial Instruments* with AASB 4 *Insurance Contracts*
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement

Note 8.8: Jointly Controlled Operations and Assets

Echuca Regional Health has entered into a joint operation called the Loddon Mallee Rural Health Alliance which was established to improve the operations' joint capability and capacity to use and acquire information and communication technology products and services. Echuca Regional Health has a 10.47% (2017: 9.82%) participating interest in this joint operation and is entitled to share in its output of services. Echuca Regional Health's interest in the assets employed in the joint operation are included in the balance sheet as below:

	2018	2017
	$000	$000
Current Assets		
Cash and Cash Equivalents	**103**	174
Receivables	**61**	31
Inventories	**10**	4
Other Financial Assets	**393**	373
Other Assets	**57**	63
Total Current Assets	**624**	645
Non-Current Assets		
Computers	**136**	81
Accumulated Depreciation	**(77)**	(66)
Total Non-Current Assets	**59**	15
Current Liabilites		
Payables	**161**	123
Total Current Liabilites	**161**	123
Net share of assets employed in joint operation	**522**	537

Echuca Regional Health interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2018	2017
	$000	$000
Revenue from Operating Activities	**779**	750
Operating Expenses	**(794)**	(677)
Net Result Before Capital and Specific Items	**(15)**	73
Capital Purpose Income	**31**	1
Expenditure for Capital Purposes	**(24)**	(17)
Depreciation	**(7)**	(12)
Net Result after Capital and Specific Items	**-**	(28)
Net Result for the Year	**(15)**	45

Investments in joint operations
In respect of any interest in joint operations, Echuca Regional Health recognises in the financial statements:

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

Note 8.9: Alternate Presentation of Comprehensive Operating Statement

	2018 $'000	2017 $'000
Interest	**104**	90
Sale of Goods and Services	**11,996**	11,199
Grants	**62,849**	56,374
Other Current Revenue	**252**	752
Total Revenue	**75,201**	68,415
Employee Expenses	**45,905**	42,716
Depreciation	**5,254**	5,278
Other Operating Expenses	**28,032**	23,692
Total Expenses	**79,191**	71,686
Net Result	**(3,990)**	(3,271)
Other Comprehensive Income		
Changes in Physical Asset Revaluation Reserve	-	260
Total Other Comprehensive Income	-	260
Comprehensive Result	**(3,990)**	(3,011)

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

Note 8.10: Economic Dependency

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

Echuca Regional Health
226 Service Street Echuca VIC 3564
Phone 03 5485 5000 Fax 03 5482 5478
www.erh.org.au