Peninsula Health

Annual Report 2019

peninsulahealth.org.au

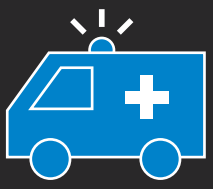
OUR VISION:

BUILDING ON OUR STRONG FOUNDATIONS OF TEAMWORK AND CONTINUOUS IMPROVEMENT, WE WILL BE A RECOGNISED LEADER IN THE PROVISION OF PERSON CENTRED CARE.

OUR MISSION:

BUILDING A HEALTHY COMMUNITY, IN PARTNERSHIP.

2018/2019 Year in Review



103,686
people attended our emergency departments

41,244
clients were kept safe at home by our MePACS personal alarm service

19,211
patients were treated in our Dental Clinics

46,256
people were admitted to hospital from our emergency departments

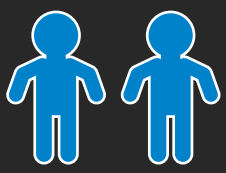
22,061
children were cared for in our emergency departments

19,984
surgeries performed by surgeons

158,000
x-rays and scans performed

2,955
babies were born at Frankston Hospital last year

121,845
prescription items were dispensed from our Pharmacy



98,794
people were treated in our hospitals

Data may include some patients treated more than once.

Contents

Chairperson's & Chief Executive Officer's Report

Introduction

We are pleased to present the *2019 Annual Report* to our community, staff and volunteers, partners and the Government. This Report details Peninsula Health's operational and financial performance for the year ended 30 June 2019.

It has been another remarkable year for Peninsula Health, which has seen us continue to improve the services we provide across the health service. It gives us great pleasure to share some of these achievements and the exciting plans underway for expanding our health service, in the *2019 Annual Report*.

Planning for the Future

We have commenced planning for the $562 million redevelopment of Frankston Hospital, after the State Government announced funding in 2018. The new facilities will be built on land directly adjacent to Frankston Hospital, which Peninsula Health took ownership of in April 2019. Detailed planning is already underway.

During the last year, we have investigated the current and future demands for services at Rosebud Hospital and a Service Plan and Master Plan have been completed. With Victoria's growing population, demand for health services along the Peninsula is increasing and the master planning process has identified a need for increased bed and operating theatre capacity at Rosebud Hospital in the future.

Peninsula Health has also been working to progress our plans for an Academic and Research Centre, in partnership with Monash University, which will be built at Frankston Hospital. In addition, the recently announced and funded National Centre for Healthy Ageing, also in partnership with Monash University, will focus on designing and delivering new, better-integrated models of care to improve outcomes in aged care, mental health and addiction across the Frankston and Mornington Peninsula region. The Academic and Research Centre, along with the additional investment in the National Centre for Healthy Ageing, will greatly expand our research capabilities at Peninsula Health and strengthen our relationship with Monash University.

Major Projects

More than 1,200 staff, consumer representatives and external partners participated in the development of the plan that will be launched in the second half of 2019. Consultations included workshops, an online survey, individual interviews and multiple focus groups. The plan articulates our refreshed values for the organisation:

- Be the best
- Be a role model
- Be open and honest
- Be compassionate and respectful
- Be collaborative

The Strategic Plan illustrates our vision, purpose and values, and sets our strategic agenda for the next five years. We look forward to sharing the document with our staff and the wider community later in 2019.

Peninsula Health implemented an Organisational Realignment in March 2019, after consultation with staff and community representatives across the health service. The realignment of reporting lines acknowledges the integration of our services across the continuum of care and is not site-based, supporting the collaborative concept of One Peninsula Health. It has helped establish clearer accountabilities and streamlined some of our service delivery.

The Strengthening Hospital Responses to Family Violence strategy has been embedded in the organisation, with all staff in the Emergency Department, Women's Health Unit and Community programs trained in how to effectively screen, respond to and appropriately support patients experiencing family violence. Managers across the organisation have been trained so that they can identify and support staff, as well as patients, who may be affected by family violence.

We developed and launched our new quality and safety governance framework – Peninsula Care. All staff have a responsibility to ensure that we provide safe, personal, effective and connected care, to every person, every time. The Safer Care Unit has run workshops, in clinical and non-clinical areas, to embed the new framework. All departments have developed their own Peninsula Care plans, which outline their goals in delivering safe, personal, effective and connected care.

Peninsula Health was selected as the Victorian demonstration site for the Short Notice Accreditation Assessment Program, which is expected to take place in the second half of 2019. The Safer Care Unit has led Peninsula Health's preparation for the new accreditation process, also transitioning to the second edition of the National Safety and Quality Health Service Standards.

Capital Works

A 12-bed extension of the Emergency Short Stay Unit at Frankston Hospital opened in August 2018. The expansion provides our Emergency team with the capacity to treat an extra 30 patients a day. These patients are treated locally in the Emergency Department, rather than having to be admitted to a ward.

Frankston and Rosebud Hospitals' Emergency Departments have opened purpose-built Patient Assessment and Support Rooms. These spaces are an effective intervention for managing distressed or aggressive patients in the Emergency Department, protecting the safety of the patient and the staff members providing the care.

In late 2018, we installed an Orthopantomogram (OPG) machine at Rosebud Hospital. Patients on the Southern Peninsula requiring a panoramic scan of their jaw and teeth no longer need to travel to Frankston or to private providers on the Peninsula, thanks to this new addition to Rosebud Hospital's suite of medical imaging tools. We thank the Rye Opportunity Shop for helping to make this significant enhancement possible.

The radiology department at Frankston Hospital has also undergone renovations to house its new CT scanner. The machine is the most advanced CT scanner in Australia and provides detailed two and three-dimensional scans of the body at a much lower radiation dose. The high quality images help to diagnose cardiovascular disease, the leading cause of death on the Mornington Peninsula.

We have refurbished 11 patient bathrooms in the Acute Medical Surgical Unit at Frankston Hospital. The bathrooms are more spacious and easier to access for patients, and the staff assisting them. The patient call-bells have also been replaced and all calls are now displayed on screens across the ward, making it easier for staff to monitor and respond in a timely manner.

Research

Our Professor of Medicine, Velandai Srikanth, and the research team have had another successful 12 months, participating in research projects at a national and international level.

Professor Srikanth received a significant grant from the National Health and Medical Research Council (NHMRC) for the project 'Leveraging electronic medical records and routine administrative data towards a population approach to monitoring dementia frequency, risk factors and management.' This research has the potential to inform best practise dementia care at a local and international level.

Dr Ashley Webb received a Heart Foundation Vanguard Grant for the research project 'Stop for the op and stop for life.' The project is encouraging and helping patients to cease smoking before an operation and ultimately quit smoking all together.

The clinical research achievements of three senior staff members were acknowledged with Adjunct appointments within the Peninsula Clinical School at Monash University. Congratulations to Adjunct Clinical Professors Richard Newton and David Hunter-Smith, and Adjunct Senior Lecturer Iain Macmillan on these appointments.

Allied Health Research Lead, Dr Cylie Williams, was the recipient of the *2018 Dean's Award for Excellence in Research (Early Career Researcher)* in the Faculty of Medicine, Nursing and Health Sciences, Monash University.

We also expanded our research capability with the appointment of two new research positions. Dr David Snowdon joined as the Allied Health Research Lead in Sub-Acute and Dr Jo Pinson is our first Medical Imaging Researcher.

Innovation

In a world first, we implemented the Safewards model on our acute medical inpatient ward 5GS at Frankston Hospital. The Safewards model uses a number of interventions to reduce conflict, improve safety and create a welcoming, calmer environment for patients and their families. It had previously been used solely in an acute psychiatric setting. After the rollout of Safewards on 5GS, staff reported feeling safer and patients and their families praised the new ways of de-stressing and relaxing. The Emergency Departments at Frankston and Rosebud Hospitals began implementing the Safewards model in May 2019.

Another way we are keeping healthcare workers safe is with our MePACS Duress Alarm. More than 1,000 healthcare workers in Victoria are protected by the alarm, which provides community-based clinicians real-time assistance if something goes wrong. Demand for the MePACS personal alarm service has continued to grow in Australia in the last year, with the service reaching the milestone of 10,000 private clients in April.

Peninsula Health's commitment to innovation and improving health outcomes was recognised at the 2018 Victorian Public Healthcare Awards. In the *Improving Indigenous Health* category, the Korin Korin Balit-Djak Balert Balert cultural tours entry received 'Highly Commended' status. In the *Improving Workforce Wellbeing and Safety* category, the Risk identification, Safety, Communication, Environment team's entry relating to combating patient-initiated aggression and improving workforce health was also a finalist.

Peninsula Health was also recognised for its work to improve the patient journey at the Better Care Victoria *Patient Flow Partnership* awards, winning the *Most Improved Patient Flow* and *Best Collaborators* categories.

During the year, we implemented a new, team-based, model of care in the Emergency Department, which has decreased waiting times and improved patient satisfaction. When a patient presents at triage, they are allocated to a team, instead of one doctor. This enables early decision-making and more efficient team-based care to manage the flow of patients.

The Women's Health Unit has also implemented a new model of care, which is designed to better support staff to provide the best of care to women and families. The ward is divided into a Labour and Assessment space and an Inpatient space, with an Associate Midwifery Unit Manager leading each area per shift, where previously one manager was responsible for the entire unit.

Celebrating our Volunteers

Peninsula Health has 700 volunteers and consumer representatives, who are an integral part of our health service. This highly committed group of individuals makes an enormous difference to both the quality and effectiveness of the health service.

This year we celebrated the contribution of our longest-running volunteer group – the Frankston Hospital Pink Ladies Auxiliary. Over the last 50 years, the Pink Ladies has been a welcoming presence for patients, families and staff. Through their kiosk where they sell sandwiches, coffee and an array of gifts, the Auxiliary has raised a remarkable $9 million dollars, which has purchased important medical equipment for the hospital.

We are also pleased to acknowledge the contribution of volunteers Sue Gilbert and Karen Budden, who were both shortlisted at the Minister for Health Volunteer Awards in March in the categories of *Outstanding achievement by a volunteer: improving public healthcare* and *Outstanding achievement by a volunteer: improving the patient experience.*

Our volunteers are also making a difference through the new Consumer-Simulated Patient Program at Frankston Hospital, where they play the role of patients and family members in training sessions for our doctors, nurses and allied health professionals. This initiative adds a depth of engagement and genuine communication with the participants.

On behalf of the Board and the Executive team, we would like to thank our staff, volunteers and partners, as well as the Frankston-Mornington Peninsula community, for their support during the past year. We hope you enjoy reading more about the health service and our achievements in the *2019 Annual Report*.

Ms Diana Heggie
Chairperson
Peninsula Health

Ms Felicity Topp
Chief Executive
Peninsula Health

Report of Operations

Peninsula Health at a Glance

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

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

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

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

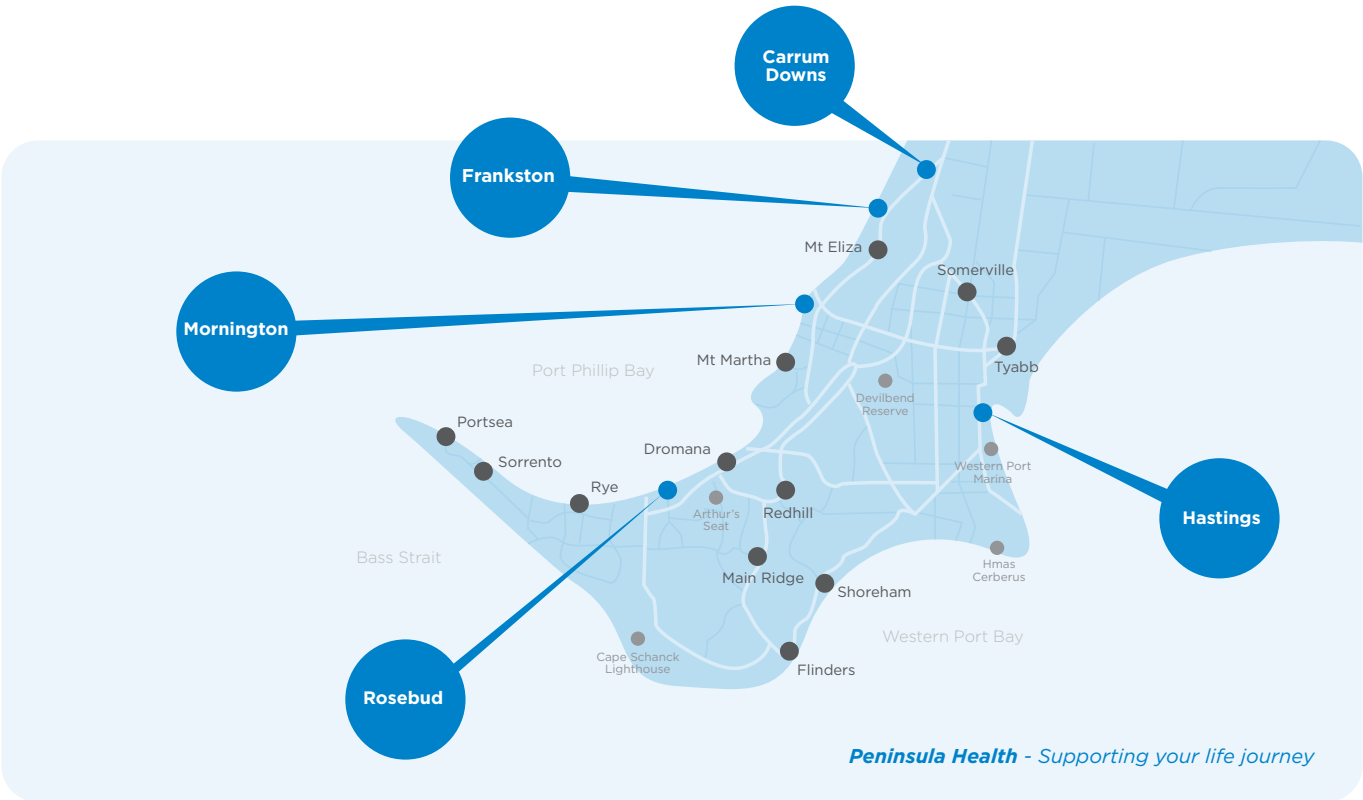
Our catchment has some unique demographic features and challenges, including:

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

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

With over 6,100 staff and 700 volunteers, consumer representatives and auxiliary members, our dedicated and highly skilled team work together to provide high quality care, close to home, for patients and families in Frankston and on the Mornington Peninsula.

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



Our Clinical Services

Aged Care

Inpatient services

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

Ambulatory Services (centre-based and home-based)

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

Community

- Aged Care Assessment Service (MEACAS)

Allied Health

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

Community Health

- Aboriginal Health
  - Including Elder/Cultural Lead
  - Aboriginal Hospital Liaison Officer
- Addiction Medicine
- Alcohol and Other Drugs Services
  - Catchment Intake & Assessment
  - Non-Residential Withdrawal Services
  - Counselling
  - Care & Recovery
  - Peer Support
  - Needle Syringe Program (SHARPS)
  - Youth Outreach
  - Supported Accommodation
  - Family Therapy
  - ResetLife Day Rehabilitation Program
  - Drink Drug Drive Behaviour Change Program
- Community Care Program
  - Care Coordination
  - Post-Acute Care
  - Residential In-reach Program

Integrated Care & Dental

- Early Intervention in Chronic Disease Services
  - Cancer Rehabilitation Program
  - Cardiac Rehabilitation Program
  - Pulmonary Rehabilitation
  - Diabetes Education
  - LIFE! Diabetes Program
- Community Health Allied Health
- Podiatry
- Dental Services
- Home Care Packages
- Community Connections Homeless Program
- Aboriginal Access & Support
- Supporting Vulnerable Victorians in Residential Services (SAVVI) & Pension Level Project (PLP)
- WAYSS Rooming House Project
- Social Support Groups
- Carer Support Program
- NDIS Adult Services
- Volunteers
- Men's Shed

Prevention, Access and Families

- Children's Services
- NDIS Children's Services
- Family Violence Services
- Health Promotion

MENS Program
Sexual & Reproductive Health Service
Counselling
Self Help and Support Groups
Keeping Families Safe
The Orange Door

Emergency Medicine

Frankston Hospital Emergency Department
Rosebud Hospital Emergency Department

Intensive Care Medicine

Medical Services

Cardiology
Endocrinology & Diabetes
Gastroenterology
General and Perioperative Medicine
Haematology
Hospital in the Home
Infectious Diseases
Intensive Care Medicine
Medical Oncology and Radiotherapy
Neurology
Renal Medicine
Respiratory and Sleep Medicine
Rheumatology
Specialist Outpatient Clinics

Mental Health Services

Mental Health Telephone Triage
Mental Health Consultation Liaison
- Frankston Hospital Emergency Department
- Acute Inpatient Wards

Police, Ambulance and Clinical Early Response Service (PACER)
Psychiatric Assessment and Planning Unit (PAPU)
Access and Assessment Team
- Access, Planning and Suicide Prevention team

Adult Community Mental Health
- Intensive Community Treatment Team
- Case Management Team
- GP Shared Care Team

Aged Persons Community Mental Health
- Intensive Community Assessment Team
- Intensive Community Treatment Team
- Aged Persons Case Management Team (incorporating Residential Support)

Youth Community Mental Health
- Intensive Community Assessment Team
- Intensive Community Treatment Team
- Youth Case Management Team

Adult Acute Mental Health Inpatient Unit
Aged Acute Mental Health Inpatient Unit
Adult Prevention & Recovery Care service (A-PARC)
Youth Prevention & Recovery Care service (Y-PARC)
Carinya Residential Aged Care Facility
Community Care Unit
Peer Support Program

MePACS (Personal Alarm Call Service)

Paediatrics (Children's Health)

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

Pain Medicine

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

Palliative Medicine

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

Pathology

Radiology and Imaging

CT
Interventional Radiology
MRI
Nuclear Medicine
Plain Film Ultrasound

Rehabilitation

Inpatient services

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

Ambulatory Rehabilitation (centre-based and home-based)

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

Surgical and Anaesthetic Services

- Anaesthesia, Acute Pain Management & Perioperative Medicine
- Breast & Endocrine Surgery
- Colorectal Surgery
- Ear, Nose & Throat Surgery
- Gastrointestinal Endoscopy
- General Surgery
- HepatoPancreatoBiliary Surgery
- Maxillo Facial Surgery
- Neurosurgery Outpatient Clinic
- Orthopaedic Surgery
- Otolaryngology and Head & Neck Surgery
- Plastic & Reconstructive Surgery
- Skin Integrity (wound care)
- Stomal Therapy
- Urological Surgery

Women's Health

- Acute and perioperative gynaecology
- Urogynaecology outpatient clinic
- Colposcopy Clinic
- Sexual health clinic
- Outpatient hysteroscopy service
- Gynaecological oncology services
- Paediatric and adolescent gynaecology outpatients
- Early Pregnancy and Perinatal Assessment Service
- Specialist Obstetrics and Midwifery pregnancy care
- Fetal Diagnostic Unit
- Complex Pregnancy Clinic
- Maternity and Newborn care
- Special Care Nursery (premature and sick newborn babies)
- Maternity Hospital in the Home and Midwifery Home Care

For further information about our services, visit our website: www.peninsulahealth.org.au

Our Governance and Organisational Structure

Manner of Establishment

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

Peninsula Health reports to Victoria's Minister for Health, the Hon. Jenny Mikakos MP (the Hon. Jill Hennessy MP, until 29 Nov 2018), and Victoria's Minister for Mental Health, the Hon. Martin Foley, through the Department of Health and Human Services. The functions of a public health service Board are outlined in the Act and include establishing, maintaining and monitoring the performance of systems to ensure the health service meets community needs.

Purpose, Functions, Powers and Duties

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

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

Peninsula Health employs over 6,100 staff and is supported by 700 volunteers, consumer representatives and auxiliary members.

Governance

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

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

During 2018-19, the Minister for Health and the Chairperson of Peninsula Health signed a Statement of Priorities of agreed funding, activity and service performance.

The Board held 10 meetings in the financial year 1 July 2018 to 30 June 2019. At these meetings, members of the Peninsula Health Executive presented reports on their areas of responsibility as required.

Board of Directors as at 30 June 2019

Ms Diana Heggie (Chair)

MAICD, MCSP, Grad Dip Human Services Research

Term of Appointment: 1 July 2017 to current

Member: Finance and Resources Committee, Capital Works Committee, Quality Safety and Clinical Governance Committee, Audit and Risk Committee, and People and Culture Committee

Ms Heggie has extensive executive and non-executive experience. In addition to her role as Chair of Peninsula Health, she is also a Director of the National Heart Foundation, and Director of the Abbotsford Convent Foundation. Prior Directorship roles have included Chair of the Heart Foundation (Vic), Director of Toorak College, Vice President of NDS and President of Cerebral Palsy Australia. Executive roles have included CEO of Scope, a major provider of services to people with disabilities, CEO of the EW Tipping Foundation, and CEO of the Heart Foundation(Vic). She originally qualified as a physiotherapist in 1987 from Trinity College Dublin, and then moved into people management roles in the not-for-profit sector.

Dr Nathan Pinskier

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

Term of Appointment: 15 September 2015 to current

Chair: Quality Safety and Clinical Governance Committee

Member: Audit and Risk Committee

Dr Pinskier is a Melbourne GP with a long-standing involvement in primary health care, digital health, medical deputising, accreditation and practice management. He is a Director and co-owner of Melbourne-based group of general practices, Medi7. Dr Pinskier is the immediate past-Chair of the RACGP Expert Committee for eHealth & Practice Systems and the Medical Director of the DoctorDoctor Locum Medical Service in Melbourne. Dr Pinskier is also an advisor to and the co-Chair of the Australian Digital Health Agency Secure Messaging program and the President of the General Practice Deputising Association.

Ms Allison Smith

B Acc, GAICD, CA (Australia and Scotland)

Term of Appointment: 26 April 2016 to current

Chair: Finance and Resources Committee

Member: Capital Works Committee, People and Culture Committee, and Audit and Risk Committee

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

Mr Naim Melhem

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

Term of Appointment: 30 June 2016 to 30 June 2019

Member: Finance and Resources Committee, Capital Works Committee and Community Advisory Committee

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

Dr Alison Dwyer

MBBS, MBA, FRACMA, FCHSM, GAICD

Term of Appointment: 1 July 2017 to current

Member: Quality Safety and Clinical Governance Committee

Dr Dwyer is the Chief Medical Officer and Executive Director of Research at Eastern Health. She has over 12 years' experience at senior medical leadership roles within the Victorian health sector, including Austin Health, Royal Melbourne Hospital and the Department of Health and Human Services. Dr Dwyer is a Fellow of the Royal Australasian College of Medical Administrators, holds a Masters of Business Administration and is a Surveyor with the Australian Council for Healthcare Standards.

Ms Kirsten Mander

LLM, FAICD, FGIA, FRMIA

Term of Appointment: 22 August 2017 to current

Chair: Audit and Risk Committee

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

Ms Karen Corry

B.Com, ACA, GAICD

Term of Appointment: 22 August 2017 to current

Chair: Capital Works Committee

Member: Finance and Resources Committee and Audit and Risk Committee

Ms Corry is a non-executive director, serving as Chair of ACSO (Australian Community Support Organisation) Ltd and as a non-executive director of Holmesglen Institute and the Australian Centre for the Moving Image. Her experience is in technology and digital transformation, and prior to running her own business, Delta Management Consulting, she was a Partner at KPMG, where she qualified as a chartered accountant and worked for KPMG London.

Professor Ken Thomson

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

Term of Appointment: 22 August 2017 to current

Member: Finance and Resources Committee, Capital Works Committee and Quality Safety and Clinical Governance Committee

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

Ms Rita Cincotta

BBusA, Master of Industrial and Employee Relations, GAICD

Term of Appointment: 1 July 2018 to current

Chair: People and Culture Committee

Member: Community Advisory Committee

Ms Cincotta is an experienced human resources practitioner, with industry experience in health, technology, financial services and higher education. She is a Director and Principal Consultant at Human Dimensions, which specialises in employee experience, organisational culture and enhancing team performance. Prior to embarking on a portfolio career, Ms Cincotta was the Vice-President People and Culture at Swinburne University of Technology, where she was a member of the Swinburne Executive Group, Chair of the Science and Australia Gender Equity (SAGE) Committee and Chair of the Financial Inclusion Action Plan (FIAP) group.

Board Committees as at 30 June 2019

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

Finance & Resources Committee

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

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

Audit & Risk Committee

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

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

Quality, Safety & Clinical Governance Committee

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

Board members: Dr Nathan Pinskier (Chair), Diana Heggie, Professor Ken Thomson, Dr Alison Dwyer

Consumer members: Julian Conlon, Meike Breman-Mertens

Research Advisory Committee

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

Board members: Dr Alison Dwyer (Chair), Professor Ken Thomson

Capital Works Committee

The role of the Capital Works Committee is to assist the Peninsula Health Board in the governance of Peninsula Health's major capital and infrastructure works projects. The Committee oversees major capital projects ensuring appropriate governance, risk and financial management systems are in place to deliver projects on time and on budget.

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

Community Advisory Committee

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

Board members: Naim Melhem, Rita Cincotta

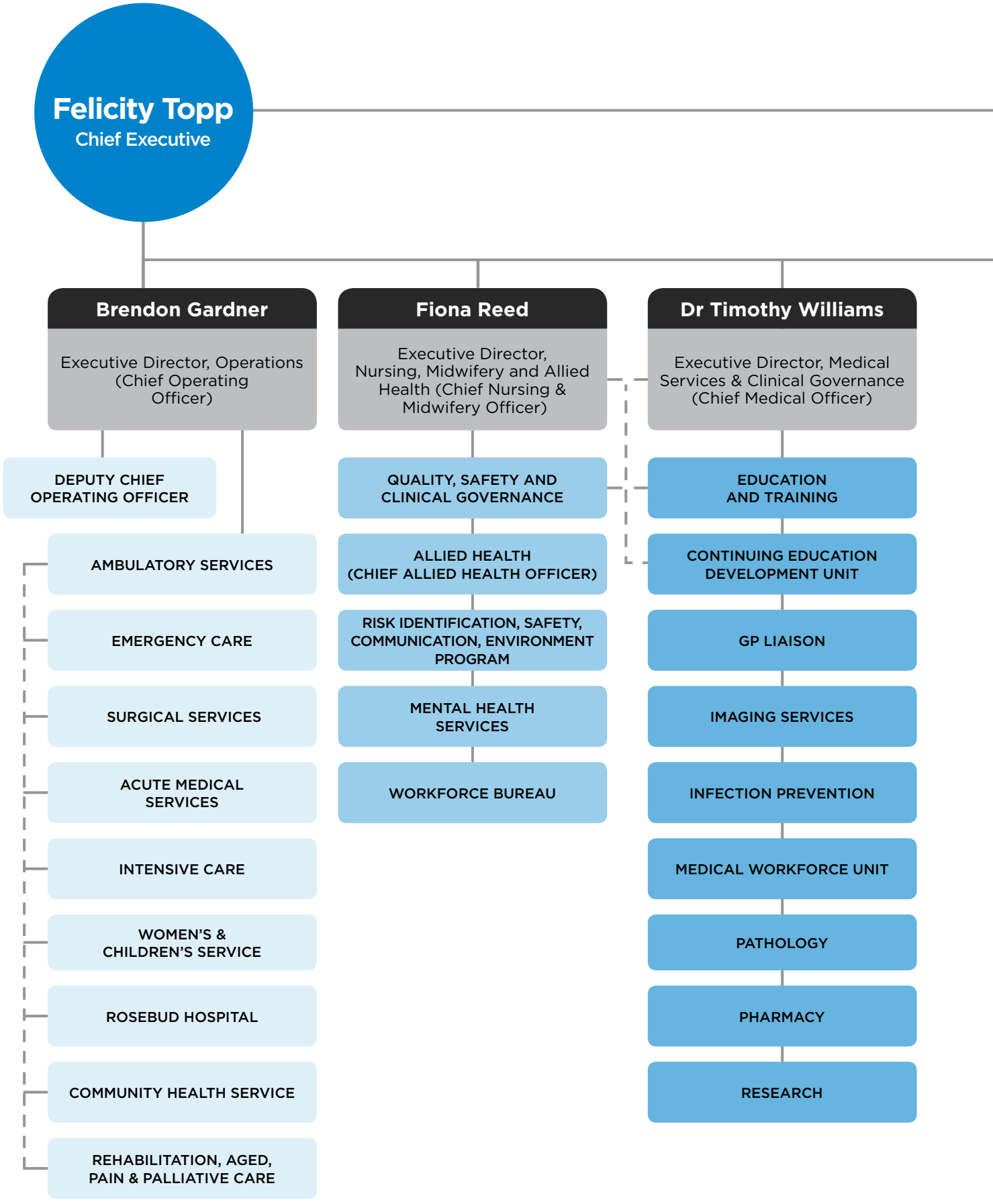
Consumer members: Pauline D'Astoli (Chair), Dawn Ross, Norman Jones, Anthony Sheer, Sue Gilbert, Evelyn Webster, Dinka Jakovac, Julian Conlon, Anne Barnes, Ann Urch, Matthew Wisniewski

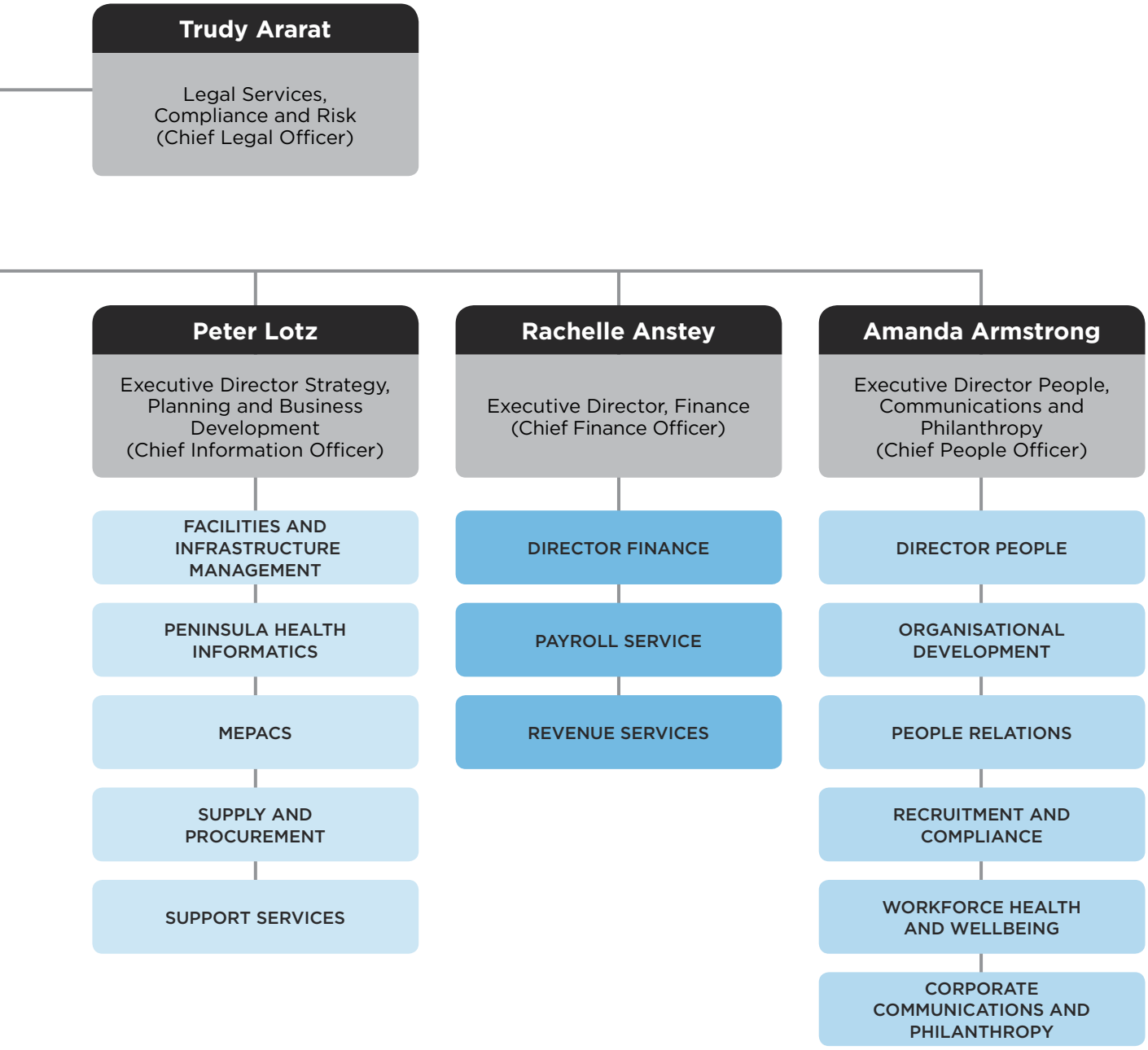
People and Culture Committee

The People and Culture Committee was established to provide recommendations to the Board on matters of governance around the People strategy, remuneration policies and practices, advising on workforce policy, procedure and monitoring performance.
The Remuneration Committee meets as required to review performance and determine remuneration of executive management.

Board members: Rita Cincotta (Chair), Diana Heggie, Allison Smith, Naim Melhem

Organisational Structure





- Organisational Structure as at 30 June 2019
- Mr David Anderson left his role as Executive Director, Finance on 14/10/2018
- Ms Lyn Jamieson left her role as Chief Operating Officer, Sub-acute and Community Care on 10/3/2019
- The Chief Operating Officer, Acute and Chief Operating Officer, Sub-acute and Community Care roles were combined as Chief Operating Officer on 12 March 2019
- Peninsula Health launched a new Organisational Structure (above) on 12 March 2019

Our Workforce

Peninsula Health employs over 6,100 highly skilled and dedicated staff members, who work together to provide safe, personal, effective and connected care to every person, every time. We are committed to continuously improving and providing excellence in care.

Occupational Health and Safety

Peninsula Health is committed to protecting the health, safety and wellbeing of our workforce. Key performance indicators are reportable to the Board, including staff incident investigations completed within 30 days, percentage of internal hazard inspections completed and resolved, lost time injuries and lost time WorkCover Claim injury frequency rates.

A review of OHS Incidents and WorkCover data flagged Manual Handling to be the key priority for this year, with a complete review of the current program underway including training, assessment tools, and policies and procedures with an essential component being the safe care of bariatric patients.

Occupational Violence

The incidence of reporting aggression and violence against our staff and volunteers has increased in the past few years. This year saw the introduction of the trial of Safewards to the Emergency Department with the aim of reducing the incidence of occupational violence. In addition to this, increased signage, which outlines expected behaviour of patients and visitors, has been implemented, along with additional security resources, CCTV cameras and duress alarms. Staff are also encouraged to report all incidents, which may not previously have been reported, to allow for a greater understanding of the extent of the issue.

Equal Opportunity and Code of Conduct

Peninsula Health complies with Equal Employment Opportunity principles in relation to recruitment and employment. Compliance with the Code of Conduct and Workplace Behaviour policy are required in accordance with the employment contract and appropriate workforce conduct is reinforced by performance management and discipline processes.

Definitions - Occupational violence 2018-19

For the purposes of the statistics to the right, the following definitions apply:

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

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

Accepted Workcover claims – accepted Workcover claims that were lodged in 2018-19.

Lost time – is defined as greater than one day.

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

Peninsula Health Employees 2018-19

Labour category	JUNE Current Month FTE		AVERAGE MONTHLY FTE	
	2018	2019	2018	2019
Nursing	1,718.6	1,785.9	1,670	1,749.3
Administration & Clerical	528.6	538.2	523	538.9
Medical Support	335	338	322.1	337.1
Hotel & Allied Services	383.3	390	375.5	384.5
Medical Officers	60.3	56.8	59.7	60.7
Hospital Medical Officers	308.3	321.1	305.8	316.6
Sessional Clinicians	95.9	99.4	86.6	96.8
Ancillary Staff (Allied Health)	432.7	431.8	411.1	438.9
Total	**3,862.8**	**3,962.4**	**3,753.8**	**3,922.9**

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

Occupational health and safety performance

Performance indicator			
	2016-17	2017-18	2018-19
number of reported hazards/incidents for the year per 100 full-time equivalent staff members	39.5	39.1	51
number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	1.73	1.80	1.41
average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	$65,858	$57,923	$86,553

Occupational violence 2018-19

Occupational violence statistics	
	2018-19
Workcover accepted claims with an occupational violence cause per 100 FTE	0.09
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.46
Number of occupational violence incidents reported	887
Number of occupational violence incidents reported per 100 FTE	27
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	10.3%

General Information

Building Act 1993

The Minister for Finance has issued instructions in accordance with the *Building Act 1993* – No.126/1993, such that all public entities are required to ensure that all buildings under their control are safe and fit for occupation, comply with statutory requirements, buildings are maintained to a standard in which they remain safe and fit for occupancy, and to report annually on measures taken to ensure compliance with the Building Act 1993.

It is Peninsula Health's practice to obtain building permits for new projects and, where required, Certificates of Occupancy or Certificates of Final Inspection when these projects are completed. Registered building practitioners have been involved with all new building works projects. These were supervised by the Project Manager, Support Services. In order to maintain buildings in a safe and serviceable condition, routine inspections were undertaken. Where required, Peninsula Health proceeded to implement the highest priority recommendations arising out of these inspections through planned rectification and maintenance works.

Carers Recognition Act 2012

Peninsula Health takes all practicable measures to ensure that:

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

There are no disclosures required to be made under the *Carers Recognition Act 2012* (Vic).

National Competition Policy

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

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

Protected Disclosure Act 2012

Peninsula Health has policies and procedures for receiving complaints and notifications of public sector improper conduct and corrupt conduct, which comply with the *Protected Disclosure Act 2012 (Vic)*. The Peninsula Health Protected Disclosure Officer is responsible for managing the health and wellbeing of any person who makes a Protected Disclosure, including protection from detrimental action. Peninsula Health's Protected Disclosure policy informs employees of their right to report suspected improper and/or corrupt conduct directly to the Independent Broad-Based Anti-Corruption Commission.

Safe Patient Care Act 2015

Peninsula Health has no matters to report in relation to its obligations pursuant to Section 40 of the *Safe Patient Care Act 2015 (Vic)*.

Contracts

Victorian Industry Participation Policy

During 2018-19, Peninsula Health did not enter into any contracts under the *Victorian Industry Participation Policy Act 2003* guidelines other than those reported on behalf of Peninsula Health by the Department of Health and Human Services.

Car Parking Fees

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

Freedom of Information

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

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

Requests for information, under the Act can be made to:

Freedom of Information Officer
PO Box 52
Frankston Victoria 3199

Telephone: (03) 9784 7777
Email: FOIHIS@phcn.vic.gov.au

More information about Peninsula Health can be found on our website www.peninsulahealth.org.au

During 2018-19, we received 818 requests for information, as follows:

656	Access granted in full
59	Access granted in part
6	Access denied in full
28	Withdrawn
12	Not proceeded with
22	No documents exist
35	Not finalised as of 30 June 2019

Consultancy Information

- Details of consultancies (under $10,000)
  In 2018-19, there were no consultancies where the total fees payable to the consultants were less than $10,000.
  The total expenditure incurred during 2018-19 in relation to these consultancies is zero.
- Details of consultancies (valued at $10,000 or greater)
  In 2018-19, there were three consultancies where the total fees payable to the consultants were $10,000 or greater.
  The total expenditure incurred during 2018-19 in relation to these consultancies is $200,803 (excl. GST).

Details of consultancies of $10,000 or greater

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (exc. GST) $	Expenditure 2018-19 (exc. GST) $	Future expenditure (exc. GST) $
MANNING Consulting Australia	Peninsula Health Strategic Plan	Aug 2018	Jan 2019	$125,419	$125,419	Nil
KPMG	Provide advice in relation to review and analysis of MePACS	Sep 2018	Nov 2018	$ 51,384	$51,384	Nil
Ernst & Young	Provide advice on Cash Handling Processes	Jun 2019	AUG 2019	$24,000	$24,000	Nil
Total					**$200,803**	

Details of government advertising expenditure

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

Name of Campaign	Campaign Summary	Start/End date	Advertising (Media) Expenditure 2018-19 (excluding GST)	Creative and campaign development Expenditure 2018-19 (excluding GST)	Research and evaluation Expenditure 2018-19 (excluding GST)	Print and collateral Expenditure 2018-19 (excluding GST)	Other Campaign Expenditure 2018-19 (excluding GST)	Total
MePACS acquisition	To acquire new clients	July 2018 – June 2019	$530,750	$84,021		$47,620	$45,609	$708,000
Total			**$530,750**	**$84,021**		**$47,620**	**$45,609**	**$708,000**

Information and Communication Technology

Information and Communication Technology (ICT) expenditure
The total ICT expenditure incurred during 2018-19 was $17,846,625 (excluding GST), as shown below:

Business As Usual (BAU) ICT expenditure (Total) (excluding GST)	Non Business As Usual (non BAU) ICT expenditure (Total=Operational expenditure and Capital Expenditure) (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
9,640,592	**8,206,033**	**906,324**	**7,299,710**

Environmental Performance

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

Environmental Report

	2016-17	2017-18	2018-19
Total greenhouse gas emissions (tonnes CO2e)			
Scope 1	3,760	4,018	4,062
Scope 2	22,242	22,210	21,398
Total	**26,002**	**26,229**	**25,473**
Emissions per unit of floor space (kgCO2e/m2)	262.09	264.38	256.76
Emissions per unit of separations (kgCO2e/separations)	307.08	287.59	260.33
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	93.64	92.54	88.45
Diesel Oil in Buildings	171	124	303
Electricity	73,458	74,034	72,037
Natural Gas	72,705	70,364	69,071
Total	**146,997**	**145,167**	**141,411**
Energy per unit of floor space (GJ/m2)	1.48	1.46	1.43
Energy per unit of separations (GJ/separations)	1.73	1.58	1.45
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.53	0.51	0.49
Potable Water	101,315	105,627	102,425
Reclaimed Water	2,910	3,120	1,859
Total	**104,225**	**108,747**	**104,284**
Total embedded stationary energy generated by energy type (GJ) – Solar Power*	0	0	118
Water per unit of floor space (kL/m2)	1.02	1.06	1.03
Water per unit of separations (kL/separations)	1.20	1.16	1.05
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.36	0.37	0.36
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	3%	3%	2%
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,549,171	1,681,556	1,619,931
Total waste to landfill generated (kg clinical waste+kg general waste)	1,190,893	1,117,296	1,126,145
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.6	2.36	2.3
Recycling rate % (kg recycling / (kg general waste+kg recycling))	25.20	36.27	33.18

2016-2017 & 2017-2018 results updated to reflect corrections to billing data.
2018-2019 includes estimated data for Natural Gas and Water due to billing lag.
*Solar power generated at Rosebud Community Health.

Additional Information Available on Request

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

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

Key Financial and Service Performance Reporting

Strategic Priorities

The *Victorian Priorities Framework 2012-2022* outlines the Victorian Government's priorities and policy directions. Over the past year, Peninsula Health has worked towards the achievement of these priorities as described in the *2018-19 Statement of Priorities* agreed with the Minister for Health.

Goals	Strategies	Health Service Deliverables	Outcome
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.	Establish a Voluntary Assisted Dying Model of Care for Peninsula Health including the development of policies guiding our model of care for implementation at June 2019.	**Achieved** This project is incorporated into the work of the End of Life Care and Choices Committee. A number of education sessions and grand round meetings have been undertaken. Guidelines and policies have been developed and are available for all staff to access.
		Review current patient cohorts with preventable Hospital Associated Complications (HAC) and establish quality programs to reduce incidence. Establish reporting processes that allows clinical monitoring of HAC.	**In progress** A value-based Healthcare program targeting two cohorts at increased risk is being designed in conjunction with Safer Care Victoria and DHHS. Initiatives include the building of best practice clinical pathways into our Electronic Medical Record, which allow us to measure clinical processes, outcomes and costs. Measures will be fed back to clinicians, allowing them to identify and learn from variations in practice.
		Review our model of care in our colonoscopy services and implement the new Victorian Colonoscopy Categorisation Guidelines, improving systems to ensure timely access to colonoscopy procedures.	**Achieved** The reviewed model of care has reduced Category 1 overdue patients to less than 10 from 244 in Jan 2018. There is ongoing vigilance / work so as to continually monitor the Category 1 patient numbers and ensure they stay low.

Continued

Goals	Strategies	Health Service Deliverables	Outcome
Better Access Care is always there when people need it. More access to care in the home and community. **Better Access** 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. **Better Access** Provide easier access. Ensure fair access.	Implement the Emergency Department and Mental Health Safewards Program and continue to implement the Safewards program across the organisation. The Safewards Program will result in the reduction of restrictive interventions and will reduce conflict and aggression towards healthcare workers.	**In Progress** This work has commenced and will continue in 2019-20.
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.	Embed the Strengthening Hospital Response to Family Violence (SHRFV) initiative that will result in: - At least 80% of Peninsula Health clinical and non-clinical staff receiving tailored training in the SHRFV evidenced based modules - Development and implementation of a Family Violence Workplace Support Program specific to Peninsula Health to support staff experiencing family violence - 100% managers trained to respond sensitively and appropriately.	**Achieved** The ongoing training has so far been provided to 1,830 employees and volunteers across Peninsula Health. The Workforce Support Program has been established and is being embedded into People and Culture in 2019. This aims to provide a best practice response to employees who are experiencing family violence (including family violence leave). This work will continue in 2019-20.
		Commence the implementation of a Quiet Hospital Strategy which will reduce the use of overhead announcements to increase non-disturbance time for patients, staff and visitors.	**In progress** The required IT software was made available in February 2019. Policies and processes are being developed.

Continued

Goals	Strategies	Health Service Deliverables	Outcome
Specific 2018-19 priorities (mandatory).	**Disability Action Plans** Draft disability action plans are completed in 2018-19. Note: Guidance on developing disability action plans can be found at https://providers.dhhs.vic.gov.au/disability -action-plans. Queries can be directed to the Office for Disability by phone on 1300 880 043 or by email at ofd@dhhs.vic.gov.au.	Submit a draft disability action plan to the department by 30 June 2019. The draft plan needs to outline the approach to full implementation within three years of publication.	**Achieved** The Disability Action Plan was launched in March 2019 and is being implemented across the organisation with strong support from the Disability Community Advisory Group.
	Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Expand the current executive patient "walk arounds" to include our volunteers and continue with our annual volunteers lunch and service awards program.	**Achieved**
	Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Develop and implement a People and Culture Strategy with key goals and objectives for staff wellbeing, management of occupational violence, bullying harassment and workforce development. The strategy will encompass actions addressed from the themes arising from the 2018 People Matters Survey, occupational violence and OH&S data. Establish a Board People and Culture Subcommittee where governance and oversight of the People and Culture Strategy action plan and workforce key performance indicators are governed.	**Achieved** The plan has been implemented with the People & Culture team to build foundational work to inform the strategy. The deliverables are tracking to schedule.
	Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Implement the 2018-19 Occupational Violence Prevention Action Plan. The plan will address themes that have arisen from the service wide occupational violence forums and the occupational violence workshops.	**Achieved** The 2018/19 Occupational Violence Prevention Action Plan has been implemented and is addressing the themes. Indicators are being identified to monitor progress and improvements.

Continued

Goals	Strategies	Health Service Deliverables	Outcome
Specific 2018-19 priorities (mandatory) (cont)	**Environmental Sustainability** Actively contribute to the development of the Victorian Government's: + policy to be net zero carbon by 2050 and improve environmental + sustainability by identifying and implementing projects, including + workforce education, to reduce material environmental impacts with + particular consideration of procurement and waste management, and + publicly reporting environmental performance data, including + measureable targets related to reduction of clinical, sharps and landfill + waste, water and energy use and improved recycling.	Implement the Energy Performance Project with the major activities including: LED lighting upgrades across the number of sites; Steam to hot water conversion and upgrades; Waste segregation project; Air-conditioning unit replacement program.	**Achieved** Solar panels, lighting and air conditioning upgrade works at Rosebud Hospital are completed. LED lighting upgrade and air conditioning works at Golf Links Road are completed. Lighting upgrade at The Mornington Centre is completed. Lighting upgrade works at Frankston Hospital are complete. Building Automation System upgrades and Steam to Hot Water conversion (to high efficiency gas boilers) works are tracking ahead of program and are scheduled to be completed in Q3 2019.
	LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions. Note: deliverables should be in accordance with the DHHS Rainbow eQuality Guide (see at www2.health.vic.gov.au/about/populations / lgbti-health/rainbow-equality) and the Rainbow Tick Accreditation Guide (see at www.glhv.org.au)	Following the achievement of being the first Health Service in Australia to receive the Rainbow Tick accreditation in 2017, Peninsula Health will progress with implementing the Rainbow Tick Action Plan and work towards re-accreditation in 2020.	**Achieved** The LGBTIQ Action plan has been developed and launched and work is progressing towards re-accreditation.

Performance Priorities

High quality and safe care

Key Performance Indicator	Target	Result
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
Infection prevention and control		
Compliance with Hand Hygiene Australia program	80%	86%
Percentage of healthcare workers immunised for influenza	80%	81%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95% positive experience	94%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95% positive experience	93%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95% positive experience	97%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care - Quarter 1	75% very positive experience	77%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care - Quarter 2	75% very positive experience	79%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care - Quarter 3	75% very positive experience	74%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	73%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	80%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	82%
Healthcare Associated Infections (HAIs)		
Number of patients with surgical site infection	No outliers	24
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	2
Rate of patients with SAB per occupied bed day	≤ 1/10,000	1.05
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	2.95

Continued

Key Performance Indicator	Target	Result
Mental health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	10%
Rate of seclusion events relating to an adult acute mental health admission	<15/1,000	0.9/1,000
Rate of seclusion events relating to an aged acute mental health admission	<15/1,000	0/1,000
Percentage of adult acute mental health inpatients who have post-discharge follow-up with seven days	80%	94%
Percentage of aged acute mental health inpatients who have post-discharge follow-up within seven days	80%	97%
Maternity and newborn		
Rate of singleton term infants without birth abnormalities with APGAR score <7 to 5 minutes	<1.4%	1.6%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	<28.6%	29.7%
Proportion of urgent maternity patients referred for obstetric care to a Level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	100%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge, relative to the length of stay	>0.645	1.07

*SAB is Staphylococcus Aureus Bacteraemia.

Governance and leadership

Key Performance Indicator	Target	Result
Organisational culture		
People Matter survey – percentage of staff with an overall positive response to safety culture questions.	80%	90%
People Matter survey – percentage of staff with a positive response to the question: "I am encouraged by my colleagues to report any patient safety concerns I may have".	80%	96%
People Matter survey – percentage of staff with a positive response to the question: "Patient care errors are handled appropriately in my work area".	80%	95%
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%	92%
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%	89%
People Matter survey – percentage of staff with a positive response to the question: "Management is driving us to be a safety-centred organisation".	80%	92%
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%	78%
People Matter survey – percentage of staff with a positive response to the question: "Trainees in my discipline are adequately supervised".	80%	84%
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%	94%

Timely access to care

Key Performance Indicator	Target	Result
Emergency care – Frankston Hospital		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	88%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Category 1 to 5 emergency patients seen within clinically recommended time	80%	82%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	71%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Emergency care – Rosebud Hospital		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	94%
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%	85%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	88%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	81%
Percentage of patients on the waiting list who have waited longer than clinically recommend time for their respective triage category	5% or 15% proportional improvement from prior year	20% worse off against the target (proportional improvement)
Number of patients on the elective surgery waiting list (as at 30 June 2019)	1,550	1,951
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	<7/100	6
Number of patients admitted from the elective surgery waiting list	7,900	7,450
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	95%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	98%

Effective financial management (MM)

Key Performance Indicator	Target	Result
Finance		
Operating result	$0.00	($5.792M)
Average number of days to paying trade creditors	60 days	50 days
Average number of days to receiving patient fee debtors	60 days	43 days
Public and private WIES* activity performance to target	100%	98.5%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.74
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	10.3 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	11.9 days
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	($2.351m)

*WIES is a Weighted Inlier Equivalent Separation. WIES data as reported in this publication is recorded as at 22 July 2019. Final WIES results will be completed in September 2019.

Activity and funding performance

Funding Type	Target
Acute Admitted	
WIES* Public	51,913
WIES Private	8,579
WIES DVA	570
WIES TAC	350
Acute Non-Admitted	
Home Enteral Nutrition	583
Radiotherapy Non Admitted Shared Care	233
Specialist Clinics	84,622
Sub-Acute and Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	1,145
Subacute WIES – Rehabilitation Private	418
Subacute WIES – GEM Public	1,563
Subacute WIES – GEM Private	627
Subacute WIES – Palliative Care Public	290
Subacute WIES – Palliative Care Private	90
Subacute WIES – DVA	149
Transition Care – bed days	15,926
Transition Care – home days	4,177
Sub-acute Non-Admitted	
Health Independence Program – Public	83,069
Aged Care	
HACC	16,363
Mental Health and Drug Services	
Mental Health Ambulatory	55,819
Mental Health Inpatient – Available bed days	16,170
Mental Health Residential	12,780
Mental Health Service System Capacity	320
Mental Health Subacute	12,540
Drug Services	2,756
Primary Health	
Community Health / Primary Care Programs	56,715
Other	
Health Workforce	226

*WIES is a Weighted Inlier Equivalent Separation. WIES data as reported in this publication is recorded as at 22 July 2019. Final WIES results will be completed in September 2019.

Financial Summary

Financial results

	2019	2018	2017	2016	2015
	$'000	$'000	$'000	$'000	$'000
Operating Result	(5,792)	452	1,804	860	1,313
Total Revenue	636,870	591,741	551,699	512,494	485,459
Total Expenses	642,662	591,289	549,895	511,634	484,604
Net result from transactions	(32,924)	(17,361)	(11,143)	(11,650)	4,187
Total other economic flows	(2,991)	749	744	(42)	(48)
Net result	(32,923)	(17,361)	(11,143)	(11,650)	4,187
Total Assets	517,789	485,618	465,097	446,612	442,679
Total Liabilities	195,979	187,394	150,125	134,194	126,038
Net Assets/Total equity	321,810	298,224	314,972	312,418	316,641

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

	2019
	$000
Operating Result*	(5,792)
Capital and Specific items	
Capital Purpose Income	7,206
Assets received free of charge	18
Expenditure for capital purpose	(400)
Depreciation and amortisation	(30,965)
Net Result from transaction	(29,932)

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

Financial Commentary

Peninsula Health's financial performance in 2018-19 showed an operating deficit (recorded before discontinued operations, capital income and depreciation) of $5,792,074.

In 2018-19, in comparison to the previous financial year:

- total revenue increased to $637 million from $592 million;
- total assets rose by $32 million to $518 million;
- liabilities increased by $9million to $196 million;
- equity (the difference between assets and liabilities) increased by $23 million to $322 million.

Ex-gratia Payments

Ex-gratia payments of $16,719 were made by Peninsula Health during 2018-19. These payments relate to compensation payments or discretionary reimbursement of expenses.

Looking Ahead

Peninsula Health's financial sustainability is critical to the ongoing provision of quality services.

Attestations

Data Integrity

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

Conflict of Interest

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

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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

Integrity, Fraud and Corruption

I, Felicity Topp, certify that Peninsula Health has put in place appropriate internal controls and processes to ensure that Integrity, Fraud and Corruption risks have been reviewed and addressed at Peninsula Health during the year.

Felicity Topp
Accountable Officer
Peninsula Health
03/09/2019

Financial Management Compliance attestation

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

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Peninsula Health for the year ending 30 June 2019.

Ms Diana Heggie
Chairperson
Frankston

Disclosure Index

Peninsula Health's *2019 Annual Report* is prepared in accordance with all relevant Victorian legislation.

This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
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FRD 22H	Purpose, functions, powers and duties	10
FRD 22H	Activities, programs and achievements for the reporting period	3-5 20-29
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Management and structure		
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Financial and other information		
FRD 22H	Summary of the financial results for the year	30
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FRD 22H	Operational and budgetary objectives and performance against objectives	28-29
FRD 22H	Subsequent events	n/a
FRD 22H	Details of consultancies under $10,000	17
FRD 22H	Details of consultancies over $10,000	17
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Legislation		
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Legislation	Requirement	Page Reference
Other relevant reporting directives		
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	Attestation on data integrity	31
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	Occupational Violence reporting	15
	Reporting of compliance Health Purchasing Victoria policy	16 & 31
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	Reporting of compliance regarding Car Parking Fees	16

Annual Publications

Our *2019 Annual Report* comprises two sections: Report of Operations and Financial Statements. The Financial Statements are provided in the back of this publication.

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

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

For further information about Peninsula Health, or to download an annual publication, please visit our website: www.peninsulahealth.org.au

Financial Statements

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Chairperson's, Chief Executive Officer's and Chief Financial Officer's Declaration

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Peninsula Health as at 30 June 2019.

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

We authorise the attached financial statements for issue on 3 September 2019.

Diana Heggie
Chairperson

Frankston
3 September 2019

Felicity Topp
Chief Executive Officer

Frankston
3 September 2019

Rachelle Anstey
Chief Financial Officer

Frankston
3 September 2019

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Peninsula Health

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
6 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

Peninsula Health

Comprehensive Operating Statement

For the financial year ended 30 June 2019

	Note	**2019** **$'000**	2018 $'000
Income from Transactions			
Operating Activities	2.1	**641,698**	600,411
Non-Operating Activities	2.1	**2,391**	1,774
Total Income from Transactions		**644,089**	**602,185**
Expenses from Transactions			
Employee Expenses	3.1	**(495,573)**	(451,978)
Supplies & Consumables	3.1	**(77,142)**	(73,320)
Finance Costs - Self Funded Activity	3.1	**(952)**	(747)
Depreciation and Amortisation	4.4	**(30,965)**	(29,006)
Other Operating Expenses	3.1	**(69,389)**	(65,244)
Total Expenses from Transactions		**(674,021)**	**(620,295)**
Net Result from Transactions-Net Operating Balance		**(29,932)**	**(18,110)**
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Financial Instruments	3.2	**(1,029)**	616
Net Gain/(Loss) on Non-Financial Assets	3.2	**(330)**	60
Other Gain/(Loss) from Other Economic Flows	3.2	**(1,632)**	73
Total Other Economic Flows included in Net Result		**(2,991)**	749
NET RESULT FOR THE YEAR		**(32,923)**	(17,361)
Other Comprehensive Income			
Items that will not be reclassified to net result			
- Changes in Property, Plant and Equipment Revaluation Surplus	4.2	**56,509**	-
Items that may be reclassifed subsequently to net result			
- Changes to Financial Assets Available-For-Sale Revaluation Surplus		**-**	613
Total Other Comprehensive Income		**56,509**	613
COMPREHENSIVE RESULT FOR THE YEAR		**23,586**	(16,748)

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

Peninsula Health

Balance Sheet
As at 30 June 2019

	Note	2019 $'000	2018 $'000
Current Assets			
Cash and Cash Equivalents	6.2	**21,165**	27,547
Receivables	5.1	**24,968**	19,840
Investments and Other Financial Assets	4.1	**13,437**	13,988
Inventories		**3,515**	2,810
Prepayments and Other Assets		**2,315**	841
Non-Financial Assets Classified as Held for Sale	5.4	**11**	18,334
Total Current Assets		**65,411**	83,360
Non-Current Assets			
Receivables	5.1	**25,440**	20,999
Property, Plant & Equipment	4.2	**421,360**	378,581
Intangible Assets	4.3	**5,578**	2,678
Total Non-Current Assets		**452,378**	402,258
TOTAL ASSETS		**517,789**	485,618
Current Liabilities			
Payables	5.2	**37,151**	42,163
Borrowings	6.1	**2,168**	1,334
Provisions	3.4	**105,641**	96,584
Other Liabilities	5.3	**2,181**	925
Total Current Liabilities		**147,141**	141,006
Non-Current Liabilities			
Borrowings	6.1	**29,092**	29,566
Provisions	3.4	**19,746**	16,822
Total Non-Current Liabilities		**48,838**	46,388
TOTAL LIABILITIES		**195,979**	187,394
NET ASSETS		**321,810**	298,224
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2(f)	**146,031**	89,522
Financial Asset Available for Sale Revaluation Surplus		**-**	1,383
Contributed Capital		**193,214**	193,214
Accumulated Surpluses/(Deficits)		**(17,435)**	14,105
TOTAL EQUITY		**321,810**	298,224

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

Peninsula Health
Statement of Changes in Equity
For the financial year ended 30 June 2019

	Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2017	89,522	770	193,214	31,466	314,972
Net result for the year	-	-	-	(17,361)	(17,361)
Other Comprehensive Income for the year	-	613	-	-	613
Balance at 30 June 2018	89,522	1,383	193,214	14,105	298,224
Opening balance adjustment on adoption of *AASB 9 Financial Instruments* (Note 8.9)	**-**	**(1,383)**	**-**	**1,383**	**-**
Restated balance as at 1 July 2019	89,522	-	193,214	15,488	298,224
Net result for the year	**-**	**-**	**-**	**(32,923)**	**(32,923)**
Other Comprehensive Income for the year	**56,509**	**-**	**-**	**-**	**56,509**
Balance at 30 June 2019	**146,031**	**-**	**193,214**	**(17,435)**	**321,810**

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

Cash Flow Statement
For the financial year ended 30 June 2019

	Note	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		**538,006**	505,855
Capital Grants from Government		**5,075**	8,429
Patient and Resident Fees Received		**38,465**	41,005
Commonwealth Government - Residential Aged Care Subsidy		**1,816**	3,006
Donations and Bequests Received		**1,726**	2,160
Other Receipts		**51,170**	32,127
Total receipts		**636,258**	592,582
Employee Expenses Paid		**(488,531)**	(440,307)
Payments for Supplies & Consumables		**(150,036)**	(132,692)
Finance Costs Paid		**(952)**	(747)
Total payments		**(639,519)**	(573,746)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	8.1	**(3,261)**	18,836
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		**(20,944)**	(32,417)
Proceeds from Disposal of Non-Financial Assets		**17,706**	60
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(3,238)**	(32,357)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		**-**	19,633
Repayment of Borrowings		**(1,139)**	(1,482)
Net receipt/(repayment) of Accommodation Deposits		**1,256**	(928)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**117**	17,223
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(6,382)**	3,702
Cash and cash equivalents at beginning of year		**27,547**	23,845
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	**21,165**	27,547

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

Basis of preparation

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

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

Note 1: Summary of Significant Accounting Policies

These annual financial statements (Financial Statements) represent the audited general purpose financial statements of Peninsula Health for the year ended 30 June 2019.

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

(a) Statement of compliance

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

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

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

(b) Reporting Entity

The Financial Statements include all the controlled activities of Peninsula Health. Its principal address is:

Hastings Road
Frankston

Victoria

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

(c) Basis of accounting preparation and measurement

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

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

The Financial Statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

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

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

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

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 underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

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

Note 1: Summary of Significant Accounting (continued)

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 an operating cash flow.

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

(d) Equity

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

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

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

Financial Assets Available-for-Sale Revaluation Surplus
The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the surplus which relates to that financial asset is effectively realised and is recognised in the Comprehensive Operating Statement. Where a revalued financial asset is impaired that portion of the surplus which relates to that financial asset is recognised in the Comprehensive Operating Statement.

Financial assets classified as Available-for-Sale in accordance with *AASB 139 Financial Instruments*: Recognition and Measurement have been reclassified as at 1 July 2018 in accordance with *AASB 9 Financial Instrument*s. As a result, the Financial Assets Available-for-sale Revaluation Surplus has been transferred to Accumulated Surpluses/(Deficits). Refer to Note 8.9 Changes in Accounting Policy.

Property, Plant and Equipment Revaluation Surplus
The property, plant and equipment revaluation surplus arises on the revaluation of infrastructure, land and buildings. The revaluation surplus is not normally transferred to accumulated surpluses on derecognition of the relevant assets.

(e) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.4, 5.2, 7.1 and 8.1.

Note 2: Funding Delivery of Our Services

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

Peninsula Health's overall objective is to provide acute care, sub-acute care, residential care, mental health services and community health services, and is a major teaching centre.

Peninsula Health is predominantly funded by accrual based grant funding for the provision of outputs. Peninsula Health also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1:Income from Transactions

	2019	2018
	$'000	$'000
Government Grants-Operating	**562,526**	523,255
Non-Cash Contributions from the Department of Health and Human Services	**7,474**	5,443
Government Grants-Capital	**5,451**	8,283
Other Capital Purpose Income (including capital donations)	**1,755**	2,161
Patient and Resident Fees	**34,654**	33,412
Commercial Activities and Special Purpose Funds (i)	**13,027**	12,790
Other Revenue from Operating activities	**16,811**	15,067
Total Income from Operating Activities	**641,698**	600,411
Interest	**770**	926
Dividends	**1,476**	843
Other Revenue from Non-Operating Activities	**145**	5
Total Income from Non- Operating Activities	**2,391**	1,774
Total Income from Transactions	**644,089**	602,185

(i) Commercial activities represent business activities which the Health Services enter into to support their operations.

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

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

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

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

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

Non-Cash Contributions from the Department of Health and Human Services
The Department of Health and Human Services make some payments on behalf of health services as follows:

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

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

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

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.

Other Income
Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. Donations are for a specific purpose and are carried forward using vehicles such as a specific restricted purpose surplus.

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

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

Note 3: The Cost of Delivering Services

This section provides an account of the expenses incurred by the hospital in delivering services and outputs.

Structure

3.1 Expenses From Transactions

3.2 Other Economic Flows

3.3 Analysis of Expense and Revenue by Internally Managed and Specific Purpose Funds

3.4 Employee Benefits in the Balance Sheet

3.5 Superannuation

Note 3.1: Expenses from Transactions

	2019 $'000	2018 $'000
Salaries and Wages	**448,392**	407,218
On-Costs	**38,271**	34,821
Agency Expenses	**4,621**	6,407
Work Cover Premium	**4,289**	3,532
Total Employee Expenses	**495,573**	451,978
Drug Supplies	**24,073**	21,046
Medical and Surgical Supplies (Including Prostheses)	**27,828**	27,914
Diagnostic and Radiology Supplies	**20,763**	19,967
Other Supplies and Consumables	**4,478**	4,393
Total Supplies and Consumables	**77,142**	73,320
Finance Costs - Self Funded Activity (refer Note 6.1)	**952**	747
Total Finance Costs	**952**	747
Client Brokerage Costs	**9,835**	9,197
Medical Indemnity Insurance	**9,410**	8,832
Fuel, Light, Power and Water	**4,482**	4,262
Repairs and Maintenance	**13,234**	12,565
Other Expenses	**32,428**	30,388
Total Other Operating Expenses	**69,389**	65,244
Depreciation and Amortisation (refer Note 4.4)	**30,965**	29,006
Total Other Non-Operating Expenses	**30,965**	29,006
Total Expenses from Transactions	**674,021**	620,295

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

Employee expenses
Employee expenses include:
- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Work cover premium.

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

Finance costs
Finance costs include:
- Interest on bank overdrafts and short-term and long-term borrowings. Interest expense is recognised in the period in which it is incurred;
- Amortisation of discounts or premiums relating to borrowings;
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- Finance charges in respect of finance leases which are recognised in accordance with *AASB 117 Leases*.

Other operating expenses
Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:
- Energy costs;
- Repairs and maintenance;
- Patient transport;
- Security services;
- Staff training;
- Consultant fees;
- Telephone service; and
- Other administrative expenses;

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

Non-operating expenses
Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation.

Note 3.2: Other Economic Flows

	2019	2018
	$'000	$'000
Net gain/(loss) on non−financial assets		
Net gain on disposal of property plant and equipment	**(330)**	60
Total net gain/(loss) on non−financial assets	**(330)**	60
Net gain/(loss) on financial instruments at fair value		
Realised and unrealised gains and losses from financial instruments	**(1,029)**	616
Total net gain/(loss) on financial instruments at fair value	**(1,029)**	616
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	**(1,632)**	73
Total other gains/(losses) from other economic flows	**(1,632)**	73
Total other gains/(losses) from economic flows	**(2,991)**	749

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

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

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

- Net gain/ (loss) on disposal of non-financial assets; and
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value.

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.

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

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

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

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

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

Note 3.3: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	2019 Expense $'000	2018 Expense $'000	**2019 Revenue $'000**	2018 Revenue $'000
Commercial Activities				
Thoracic Medicine	**634**	590	**381**	464
Echo Cardiology/Angiography	**1,169**	1,131	**899**	882
Sleep Laboratory	**1,057**	1,044	**256**	219
Property Rental	**-**	-	**317**	310
Cafeteria & Catering Services	**1,506**	1,454	**1,472**	1,422
Car Park	**204**	1,113	**3,794**	3,565
Special Purpose Funds	**502**	478	**1,570**	1,552
Other Specific Purpose Funds	**4,251**	3,404	**4,337**	4,376
TOTAL	**9,323**	9,214	**13,026**	12,790

Note 3.4: Employee Benefits in the Balance Sheet

	2019	2018
	$'000	$'000
CURRENT		
Employee Benefits (i) (Note 3.4(a))		
Annual Leave		
- Unconditional and expected to be wholly settled within 12 months (ii)	**31,003**	28,648
- Unconditional and expected to be wholly settled after 12 months	**3,697**	4,846
(iii) Long Service Leave		
- Unconditional and expected to be wholly settled within 12 months (ii)	**7,798**	6,990
- Unconditional and expected to be wholly settled after 12 months	**51,425**	45,656
(iii) Accrued Days Off		
- Unconditional and expected to be settled within 12 months (ii)	**1,263**	1,176
	95,186	87,316
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	**4,400**	3,908
- Unconditional and expected to be settled after 12 months (iii)	**6,055**	5,360
	10,455	9,268
Total Current Provisions	**105,641**	96,584
NON-CURRENT		
Employee Benefits (i)		
Conditional Long Service Leave	**17,792**	15,208
Provisions related to Employee Benefit On-Costs (Note 3.4(a) and Note 3.4(b))	**1,954**	1,614
Total Non-Current Provisions	**19,746**	16,822
Total Provisions	**125,387**	113,406

(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.

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs		
Annual Leave Entitlements	**38,511**	37,048
Unconditional Long Service Leave Entitlement	**65,728**	58,234
Accrued Days Off	**1,402**	1,302
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	**19,746**	16,822
Total Employee Benefits and Related On-Costs	**125,387**	113,406

(b) Movement in On-costs Provision:

Balance at start of year	**10,882**
Additional provisions recognised	**6,399**
Unwinding of discount and effect of changes in the discount rate	**390**
Reduction due to transfer out	**(5,262)**
Balance at end of year	**12,409**

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

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

Provisions
Provisions are recognised when Peninsula Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

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

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

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Peninsula Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Peninsula Health expects to wholly settle within 12 months; and
- Present value – if Peninsula Health does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability.

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

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

On-Costs related to employee expense
Provision for on-costs; such as workers compensation and superannuation, are recognised separately from provisions for employee benefits.

Note 3.5: Superannuation

Contributions Paid or Payable for the Year

	2019	2018
	$'000	$'000
Defined benefit plans:		
Hospital Superannuation Fund	**306**	335
Government Superannuation Fund	**155**	116
Defined contribution plans:		
Hospital Superannuation Fund	**20,342**	19,634
Other Funds	**17,262**	14,582
Total	**38,065**	34,667
Contributions outstanding at the end of the financial year	**1,173**	967

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

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

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

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

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

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

Note 4: Key Assets to Support Service Delivery

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

Structure

4.1 Investments and Other Financial Assets

4.2 Property, Plant and Equipment

4.3 Intangible Assets

4.4 Depreciation and Amortisation

Note 4.1: Investments and Other Financial Assets

	2019 $'000	2018 $'000
CURRENT		
Equities & Managed Investments		
VFMC Growth Fund	**13,437**	13,988
Total Current	**13,437**	13,988
Represented by:		
Operating Fund		
- Health Service Investments	**13,437**	13,988
TOTAL	**13,437**	13,988

Investments

Please refer to Note 7.1(a)

Note 4.2: Property, Plant and Equipment

Land and buildings carried at valuation
The Valuer-General Victoria undertook a revaluation of all Peninsula Health's land and buildings to determine their fair value. The valuation, which conforms with 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. Please refer to Note 4.2 (b) and (f) for the changes in fair value to land and building assets.

The effective date of the valuation was 30 June 2019

(a) Gross carrying amount and accumulated depreciation	2019 $'000	2018 $'000
Land		
- Land at Fair Value	**68,415**	69,414
Total Land	**68,415**	69,414
Buildings		
- Buildings at Fair Value	**310,124**	381,066
Less Accumulated Depreciation	**-**	(120,828)
Total Buildings	**310,124**	260,238
Plant and Equipment		
- Plant and Equipment at Fair Value	**99,981**	93,571
Less Accumulated Depreciation	**(68,787)**	(59,570)
Total Plant and Equipment	**31,194**	34,001
Furniture and Fittings		
- Furniture and Fittings at Fair Value	**36,927**	34,985
Less Accumulated Depreciation	**(28,978)**	(27,029)
Total Furniture and Fittings	**7,949**	7,956
Motor Vehicles		
- Motor Vehicles at Fair Value	**4,638**	4,797
Less Accumulated Depreciation	**(2,830)**	(3,693)
Total Motor Vehicles	**1,808**	1,104
Assets Under Construction		
- Assets under construction at cost	**1,870**	5,868
Total Assets Under Construction	**1,870**	5,868
TOTAL	**421,360**	378,581

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

	Land $'000	Buildings $'000	Plant & Equipment $'000	Furniture & Fittings $'000	Motor Vehicles $'000	Assets Under Construction $'000	Total $'000
Balance at 1 July 2017	66,410	251,757	35,307	6,758	758	8,562	369,552
Additions	3,004	7,884	7,644	3,131	762	13,577	36,002
Transfers from Assets Under Construction	-	15,448	199	624	-	(16,271)	-
Depreciation (Note 4.4)	-	(14,851)	(9,149)	(2,557)	(416)	-	(26,973)
Balance at 30 June 2018	69,414	260,238	34,001	7,956	1,104	5,868	378,581
Additions		9,664	5,995	1,937	1,412	1,697	20,705
Disposals	-	(1,928)	-	-	(15)	-	(1,943)
Transfer to Asset Held for Sale (Note 5.4)	-	-	-	-	(11)	-	(11)
Assets received free of charge	-	-	18	-	-	-	18
Transfers from Assets Under Construction	-		522	7	-	(5,695)	(5,166)
Revaluation increments/(decrements)	(999)	57,508	-	-	-	-	56,509
Depreciation (Note 4.4)	-	(15,358)	(9,342)	(1,951)	(682)	-	(27,333)
Balance at 30 June 2019	**68,415**	**310,124**	**31,194**	**7,949**	**1,808**	**1,870**	**421,360**

Note 4.2: Property, Plant & Equipment (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.

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

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

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

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

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

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

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

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

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

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

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

For the purpose of fair value disclosures, Peninsula Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.
In addition, Peninsula Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Peninsula Health's independent valuation agency.

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

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

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Unobservable inputs 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.

Note 4.2: Property, Plant & Equipment (continued)

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

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

Non-specialised land
Non-specialised land is 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, 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 was 30 June 2019.

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

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

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

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

An independent valuation of Peninsula Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2019.

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

Plant and Equipment

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

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

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

Note 4.2: Property, Plant & Equipment (continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2019	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using: Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Land at fair value				
- Non-specialised land	4,044	-	4,044	-
- Specialised land	64,371	-	-	64,371
Total of land at fair value	68,415	-	4,044	64,371
Buildings at fair value				
- Specialised buildings	310,124	-	-	310,124
Plant and equipment at fair value				
- Plant and equipment	31,194	-	-	31,194
Furniture and Fittings at fair value				
- Office furniture, computers and leasehold improvements	7,949	-	-	7,949
Motor Vehicles at fair value				
- Vehicles	1,808	-	-	1,808
Total motor vehicles at fair value	1,808	-	-	1,808
	419,490	**-**	**4,044**	**415,446**

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

Note

(i) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period.

Note 4.2: Property, Plant & Equipment (continued)

(d) Reconciliation of Level 3 fair value at 30 June 2019[(i)]	Land	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles
Opening Balance at 1 July 2018	64,729	260,238	34,001	7,956	1,104
Additions/(Disposals)	-	7,736	6,535	1,944	1,386
Transfers in/(out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result					
- Depreciation	-	(15,358)	(9,342)	(1,951)	(682)
- Impairment loss	-	-	-	-	-
Subtotal	64,729	252,616	31,194	7,949	1,808
Items recognised in other comprehensive income					
- Revaluation	(358)	57,508	-	-	-
Subtotal	(358)	57,508	-	-	-
	64,371	310,124	31,194	7,949	1,808
Closing Balance at 30 June 2019	**64,371**	**310,124**	**31,194**	**7,949**	**1,808**

(d) Reconciliation of Level 3 fair value at 30 June 2018[(i)]	Land	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles
Opening Balance at 1 July 2017	61,725	251,757	35,307	6,758	758
Additions/(Disposals)	3,004	23,332	7,843	3,755	762
Transfers in/(out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result					
- Depreciation	-	(14,851)	(9,149)	(2,557)	(416)
- Impairment loss	-	-	-	-	-
Subtotal	64,729	260,238	34,001	7,956	1,104
Items recognised in other comprehensive income					
- Revaluation	-	-	-	-	-
Subtotal	-	-	-	-	-
	64,729	260,238	34,001	7,956	1,104
Closing Balance at 30 June 2018	**64,729**	**260,238**	**34,001**	**7,956**	**1,104**

Note

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

Note 4.2: Property, Plant & Equipment (continued)

e) Fair Value Determination

Asset class	Fair value level	Valuation technique	Significant unobservable inputs [(i)]
Specialised land Specialised land	Level 3	Market approach	Community Service Obligation (CSO)
Specialised buildings Hospital care facilities Residential building structures Community Centre (Hastings) Other sheds and halls	Level 3	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value Plant and equipment	Level 3	Depreciated replacement cost	Cost per unit Useful life of PPE
Vehicles Motor vehicles	Level 3	Depreciated replacement cost	Cost per unit Useful life of Vehicles
Medical equipment at fair value Medical equipment	Level 3	Depreciated replacement cost	Cost per unit Useful life of ME
Furniture and fittings at fair value Furniture and fittings	Level 3	Depreciated replacement cost	Cost per unit Useful life of F&F

(i) A CSO adjustment of 20% was applied to reduce the market approach value for the Health Service's specialised land.

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

(f) Property, Plant and Equipment Revaluation Surplus	**2019**	2018
	$'000	$'000
Opening Balance at 1 July 2018	**89,522**	89,522
- Land	**(999)**	-
- Buildings	**57,508**	-
Closing Balance at 30 June 2019	**146,031**	89,522
Represented by:		
- Land	**40,832**	41,831
- Buildings	**105,199**	47,691
	146,031	**89,522**

Note 4.3: Intangible Assets	**2019**	2018
	$'000	$'000
a) Gross Carrying amount and accumulated amortisation		
Software	**18,426**	11,894
Less Accumulated Amortisation	**(12,848)**	(9,216)
Total Intangible Assets	**5,578**	2,678

b) Reconciliation of the carrying amounts by class of asset:

	Software	
	2019	2018
	$'000	$'000
Balance at beginning of year	**2,678**	4,711
Additions	**1,366**	-
Net Transfers from Assets Under Construction	**5,166**	-
Amortisation expense (Note 4.4)	**(3,632)**	(2,033)
Balance at end of year	**5,578**	2,678

Intangible Assets

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

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

Note 4.4: Depreciation and Amortisation

	2019	2018
	$'000	$'000
Depreciation		
Buildings	**15,358**	14,851
Plant & Equipment	**9,342**	9,149
Furniture & Fittings	**1,951**	2,557
Motor Vehicles	**682**	416
Total Depreciation	**27,333**	26,973
Amortisation		
Software	**3,632**	2,033
Total Amortisation	**3,632**	2,033
Total Depreciation and Amortisation	**30,965**	29,006

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 a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

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

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	**45-60**	45-60
- Site Engineering Services and Central Plant	**20-30**	20-30
Plant & Equipment	**3-10**	5-10
Furniture and Fitting	**7-10**	7-10
Motor Vehicles	**3-4**	4
Software	**3-7**	3-7

As part of the buildings valuation, building values are 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 arise from Peninsula Health's operations Structure

5.1 Receivables

5.2 Payables

5.3 Other liabilities

5.4 Non-Financial Physical Assets Classified As Held For Sale

Note 5.1: Receivables

	2019	2018
	$'000	$'000
CURRENT		
Contractual		
Inter Hospital Debtors	**65**	25
Trade Debtors	**7,787**	6,265
Patient Fees	**7,290**	6,785
Accrued Revenue	**111**	153
Less **Allowance for impairment losses of contractual receivables**	**(322)**	(243)
	14,931	12,985
Statutory		
Long Service Leave – Department of Health and Human Services	**10,037**	5,549
GST Receivable	**-**	1,306
	10,037	6,855
TOTAL CURRENT RECEIVABLES	**24,968**	19,840
NON CURRENT		
Contractual		
Debtors	**1,740**	-
Statutory		
Department of Health and Human Services – Long Service Leave	**23,700**	20,999
TOTAL NON-CURRENT RECEIVABLES	**25,440**	20,999
TOTAL RECEIVABLES	**50,408**	40,839

(a) Movement in Allowance for impairment losses of contractual receivables

	2019	2018
	$'000	$'000
Balance at beginning of year	**(243)**	(395)
Amounts written off during the year	**329**	101
Amounts recovered during the year	**-**	-
Increase/(decrease) in allowance recognised in net result	**(408)**	51
Balance at end of year	**(322)**	(243)

Receivables recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Peninsula Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Peninsula Health Service applies AASB 9 Financial Instruments for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment losses of contractual receivables
Refer to Note 7.1 (c) Contractual receivables at amortised costs for Peninsula Health's contractual impairment losses.

Note 5.2: Payables	2019 $'000	2018 $'000
CURRENT		
Contractual		
Trade Creditors [(i)]	**8,102**	4,494
Salary Packaging	**1,541**	1,662
Accrued Salaries and Wages	**13,427**	13,883
Accrued Expenses	**13,773**	21,318
	36,843	41,357
Statutory		
Department of Health and Human Services	**-**	806
GST Payable	**308**	-
	308	806
TOTAL CURRENT	**37,151**	42,163

(i) The average credit period is 30 days.

Payables Recognition
Payables consist of:

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

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

Maturity analysis of payables
Please refer to Note 7.1(b) for the financial liabilities maturity analysis

Note 5.3: Other Liabilities	2019 $'000	2018 $'000
CURRENT		
Monies Held in Trust:		
Patient Monies	**13**	11
Accommodation Deposits	**2,168**	914
TOTAL	**2,181**	925

Financial asset held in trust
Accommodation deposits are held in relation to services provided to clients whereby the interest on the deposits acts as payment for those services.

Note 5.4: Non-Financial Physical Assets Classified As Held For Sale

(a) Non-Financial Physical Assets Classified As Held For Sale

	2019 $'000	2018 $'000
Freehold Land Held For Sale	**-**	18,334
Vehicles For Sale	**11**	-
Total Non-Financial Physical Assets Classified As Held For Sale	**11**	18,334

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

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

Note 5.4: Non-Financial Physical Assets Classified As Held For Sale (continued)

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

	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1[(i)]	Level 2[(i)]	Level 3[(i)]
	$'000	$'000	$'000	$'000
Vehicles For Sale[(ii)]	11	-	-	11
Total Non-Financial Physical Assets Classified As Held For Sale	11	-	-	11

Notes

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

(ii) Vehicles for sale is carried at fair value less costs to disposal.

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1[(i)]	Level 2[(i)]	Level 3[(i)]
	$'000	$'000	$'000	$'000
Freehold Land Held For Sale[(ii)]	18,334	-	-	18,334
Total Non-Financial Physical Assets Classified As Held For Sale	18,334	-	-	18,334

Notes

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

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

Note 6: How We Finance Our Operations

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

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

Structure

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for Expenditure

Note 6.1: Borrowings	**2019**	2018
	$'000	$'000
CURRENT		
Finance lease liability-VicFleet	**617**	196
TCV borrowings	**1,201**	1,138
DHHS Loan	**350**	-
	2,168	1,334
NON CURRENT		
Finance lease liability-VicFleet	**1,556**	872
TCV borrowings	**21,108**	22,310
DHHS Loan	**6,428**	6,384
	29,092	29,566
TOTAL BORROWINGS	**31,260**	30,900

The terms and conditions of the 2 TCV interest bearing borrowings are:
- 15 year repayment period at a fixed interest rate of 4.80%
- 20 year repayment period at a fixed interest rate of 3.83%

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

Finance costs of the Peninsula Health incurred during the year are accounted for as follows:		
- Interest on long term borrowings (recognised as a finance cost - self funded activity)	**952**	747

(a) Maturity analysis of borrowings

Please refer to Note 7.1(b) for the Financial Liabilities Maturity Analysis.

(b) Defaults and breaches

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

Finance Lease Liabilities

	Minimum future lease payments		**Present value of minimum future lease payments**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Finance Leases				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	679	228	617	196
Later than 1 year and not later than 5 years	1,617	906	1,556	872
Later than 5 years	-	-	-	-
Minimum lease payments	**2,296**	**1,134**	**2,173**	**1,068**
Less future finance charges	(123)	(66)	-	-
TOTAL	**2,173**	**1,068**	**2,173**	**1,068**
Included in the financial statements as:				
Current borrowings finance lease liability			617	196
Non-current borrowings finance lease liability			1,556	872
TOTAL	**-**	**-**	**2,173**	**1,068**

The weighted average interest rate implicit in the finance lease is 3.26% (2018: 3.27%).

Borrowings Recognition

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

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

Note 6.1: Borrowings (continued)

Finance Leases as a lessee
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Borrowings
All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Peninsula Health has categorised its liability as either financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value are recognised in the net result over the period of the borrowings using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

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

Note 6.2: Cash and Cash Equivalents

	2019	2018
	$'000	$'000
Cash on Hand	**25**	25
Cash at Bank	**21,140**	3,908
Short Term Cash Holdings	**-**	23,614
TOTAL	**21,165**	27,547
Represented by:		
Cash for Health Service Operations	**18,984**	26,622
Patient Monies	**13**	11
Accommodation Deposits	**2,168**	914
TOTAL	**21,165**	27,547

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

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

Note 6.3: Commitments for Expenditure

	2019	2018
	$'000	$'000
Capital Expenditure Commitments		
Not later than one year	**-**	8,418
Total Capital commitments inclusive of GST	**-**	8,418
Less GST recoverable from the Australian Tax Office	**-**	765
Total Capital commitments exclusive of GST	**-**	7,653

Operating Commitments	**2019**	2018
Non-Cancellable	**$'000**	$'000
Not later than one year	**8,987**	7,581
Later than one year and not later than 5 years	**6,223**	6,542
Total Operating commitments inclusive of GST	**15,210**	14,123
Less GST recoverable from the Australian Tax Office	**1,383**	642
Total Operating commitments exclusive of GST	**13,827**	13,481

Operating Lease Commitments	**2019**	2018
Non-Cancellable	**$'000**	$'000
Not later than one year	**1,253**	418
Later than one year and not later than 5 years	**2,549**	1,019
Sub-total	**3,802**	1,437
Total Operating Lease commitments inclusive of GST	**3,802**	1,437

Commitments

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

Peninsula Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of Peninsula Health to purchase these assets. These leases have an average life of between 1 and 5 years with renewal terms included in the contracts. Renewals are at the option of Peninsula Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial Instruments

Note 7.1: Financial Instruments

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

(a) Categorisation of financial instruments

2019	Note	Category	2019 $'000
Financial Assets			
Cash and Cash Equivalents	6.2	Cash and Deposits	**21,165**
Receivables	5.1	Financial Assets Measured at Amortised Cost	**16,671**
Other Financial Assets	4.1	Financial Assets at Fair Value through Net Result	**13,437**
Total Financial Assets (i)			**51,273**
Financial Liabilities			
Payables	5.2	Financial Liabilities Measured at Amortised Cost	**36,843**
Borrowings	6.1	Financial Liabilities Measured at Amortised Cost	**31,260**
Accommodation Bonds	5.3	Financial Liabilities Measured at Amortised Cost	**2,168**
Other Liabilities	5.3	Financial Liabilities Measured at Amortised Cost	**13**
Total Financial Liabilities (ii)			**70,284**

2018	Note	Category	2018 $'000
Financial Assets			
Cash and cash equivalents	6.2	Loans and Receivables	27,547
Receivables	5.1	Loans and Receivables	12,985
Other Financial Assets	4.1	Available for Sale Financial Assets	13,988
Total Financial Assets (i)			54,520
Financial Liabilities			
Payables	5.2	Financial Liabilities Measured at Amortised Cost	41,357
Borrowings	6.1	Financial Liabilities Measured at Amortised Cost	30,900
Accommodation Bonds	5.3	Financial Liabilities Measured at Amortised Cost	914
Other Liabilities	5.3	Financial Liabilities Measured at Amortised Cost	11
Total Financial Liabilities (ii)			73,182

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

Categories of financial assets under AASB 9 Financial Instruments
From 1 July 2018, Peninsula Health applies *AASB 9 Financial Instruments* and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

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

- The assets are held by Peninsula Health to collect the contractual cash flows, and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.
The Peninsula Health recognises the following assets in this category:

- Receivables (excluding statutory receivables);

Financial assets at fair value through net result
Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, Peninsula Health may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
Peninsula Health recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as fair value through net result.

Note 7.1: Financial Instruments (continued)

Categories of financial assets and liabilities previously under *AASB 139 Financial Instruments*

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

- Cash and deposits
- Receivables (excluding statutory receivables).

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

Categories of financial assets and liabilities under both AASB 9 and AASB 139

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

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

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.

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

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

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

(b) Financial Liabilities Maturity Analysis

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

Maturity analysis of Financial Liabilities as at 30 June

			Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities						
At amortised cost						
Payables	**23,415**	**23,415**	**20,931**	**1,698**	**787**	**-**
Borrowings	**31,260**	**31,852**	**-**	**454**	**1,714**	**29,684**
Other Financial Liabilities						
- Accommodation Deposits	**2,168**	**2,168**	**2,168**	**-**	**-**	**-**
- Other	**13**	**13**	**13**	**-**	**-**	**-**
Total Financial Liabilities	**56,856**	**57,448**	**23,112**	**2,152**	**2,501**	**29,684**
2018						
Financial Liabilities						
At amortised cost						
Payables	27,474	27,474	25,812	831	831	-
Borrowings	30,900	31,516	-	329	1,004	30,183
Other Financial Liabilities						
- Accommodation Deposits	914	914	914	-	-	-
- Other	11	11	11	-	-	-
Total Financial Liabilities	59,299	59,915	26,737	1,160	1,835	30,183

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

Note 7.1: Financial Instruments (continued)

(c) Contractual receivables at amortised costs

30-Jun-19	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	0.3%	2.8%	11.4%	11.5%	100.0%	
Gross carrying amount of contractual receivables	12,404	2,723	1,053	695	7	16,882
Loss allowance	38	77	120	80	7	322

Impairment of financial assets under AASB 9 Financial Instruments – applicable from 1 July 2018
From 1 July 2018, Peninsula Health has been recording the allowance for expected credit loss for the relevant financial instruments, replacing *AASB 139 Financial Instruments* ' incurred loss approach with *AASB 9 Financial Instruments* ' Expected Credit Loss approach. Subject to *AASB 9 Financial Instruments* Impairment assessment include Peninsula Health's contractual receivables and statutory receivables

Equity instruments are not subject to impairment under *AASB 9 Financial Instruments*. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under *AASB 9 Financial Instruments.* While cash and cash equivalents are also subject to the impairment requirements of *AASB 9 Financial Instruments*, the identified impairment loss was immaterial.

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

On this basis, Peninsula Health determines the opening loss allowance on initial application date of *AASB 9 Financial Instruments* and the closing loss allowance at end of the financial year as disclosed above. As the difference in the opening loss allowance was immaterial, no adjustment was made.

Reconciliation of the movement in the loss allowance for contractual receivable

	2019
Opening Loss Allowance	(243)
Increase in provision recognised in the net result	(408)
Reversal of provision of receivables written off during the year as uncollectable	329
Balance at end of the year	**(322)**

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.
In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables at amortised cost
Peninsula Health's non-contractual receivables arising from statutory requirements are not financial instruments.
However, they are nevertheless recognised and measured in accordance with *AASB 9 Financial Instruments* requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under *AASB 139 Financial Instruments.* No additional loss allowance required upon transition into *AASB 9 Financial Instruments* on 1 July 2018.

Note 8: Other Disclosures

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

Structure

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/ (Outflow) from Operating Activities

	2019	2018
	$'000	$'000
Net Result for the Year	**(32,923)**	(17,361)
Non-cash movements		
Depreciation & Amortisation	**30,965**	29,006
Non-Cash Revaluation of Long Service Leave	**1,632**	(73)
Assets received free of charge	**(18)**	-
Net Gain of Financial Instruments	**1,029**	(616)
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	**330**	(60)
Movements in Assets & Liabilities		
- Increase/(Decrease) in Payables	**(5,012)**	3,888
- Increase/(Decrease) in Provisions	**10,349**	13,262
- (Increase)/Decrease in Inventories	**(705)**	(370)
- (Increase)/Decrease in Receivables	**(7,434)**	(8,870)
- (Increase)/Decrease in Prepayments	**(1,474)**	30
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**(3,261)**	18,836

Note 8.2: Responsible Person disclosures

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

	Period	
(a) Responsible Ministers		
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	1-Jul-2018	**29-Nov-2018**
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29-Nov-2018	**30-Jun-2019**
The Honourable Martin Foley, Minister for Mental Health	1-Jul-2018	**30-Jun-2019**
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	1-Jul-2018	**29-Nov-2018**
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29-Nov-2018	**30-Jun-2019**
Governing Board		
Ms Diana Heggie	1-Jul-2018	**30-Jun-2019**
Mr Naim Melhem	1-Jul-2018	**30-Jun-2019**
Dr Alison Dwyer	1-Jul-2018	**30-Jun-2019**
Dr Nathan Pinskier	1-Jul-2018	**30-Jun-2019**
Ms Rita Cincotta	1-Jul-2018	**30-Jun-2019**
Ms Allison Smith	1-Jul-2018	**30-Jun-2019**
Ms Kirsten Mander	1-Jul-2018	**30-Jun-2019**
Prof Kenneth Thomson	1-Jul-2018	**30-Jun-2019**
Ms Karen Corry	1-Jul-2018	**30-Jun-2019**
Accountable Officer		
Felicity Topp	1-Jul-2018	**30-Jun-2019**

(b) Remuneration of Responsible Persons & Accountable Officer

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

	2019 No.	2018 No.
Income Band		
$0 - $10,000	**1**	1
$10,000 - $19,999	**-**	4
$20,000 - $29,999	**-**	3
$30,000 - $39,999	**7**	-
$40,000 - $49,999	**-**	1
$80,000 - $89,999	**1**	-
$110,000 - $119,999	**-**	1
$130,000 - $139,999	**-**	1
$160,000 - $169,999	**-**	1
$370,000 - $379,999	**1**	-
Total Numbers	**10**	12
	$'000	$'000
Total remuneration for the reporting period for Responsible Persons included above amounted to:	**736**	595

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

Note 8.3: Remuneration of Executives

Executive Officer Remuneration

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

	2019	2018
Remuneration	**$'000**	$'000
Short term employee benefits	**1,903**	1,869
Post-employment benefits	**152**	149
Other long-term benefits	**61**	115
Termination benefits	**0**	30
Total remuneration (i)	**2,116**	2,163
Total number of executives	**8**	7
Total annualised employee equivalent (ii)	**6.7**	6.9

NB: Includes two acting arrangements in remuneration figures
(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) under AASB 124 Related Party Disclosures and are also reported within the Related Parties.
(ii) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.
Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

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

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

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

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

Note 8.4: Related Parties

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

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

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

The compensation detailed below is reported in $'000 and excludes the salaries and benefits the Portfolio Ministers received. 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	**2019**	2018
	$'000	$'000
Short term employee benefits	**2,580**	2,285
Post-employment benefits	**200**	159
Other long-term benefits	**72**	119
Termination benefits	**-**	30
Total Key Management Personnel Compensation	**2,852**	2,593
Total Number of Key Management Personnel	**18**	18

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

Significant transactions with Government related entities

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

Related entity	Nature of transaction	Category	Note	2019 $'000	2018 $'000
DHHS	Government Grants	Income	2.1	562,526	523,255
	Long Service Leave	Debtors	5.1	33,737	26,548
	MEPACS Advance	Payables	5.2	-	806
	EPC Project loan	Borrowings	6.1	6,778	6,384
Alfred Health	Payment for Renal Dialysis Services	Expenses	3.1	2,030	2,120
		Payables	5.2	806	875
Monash Health	Payment for Food Supplies	Expenses	3.1	3,429	1,712
		Payables	5.2	322	-
Ambulance Victoria	Payment for Patient Transport	Expenses	3.1	1,848	1,423
		Payables	5.2	168	387
TCV	Payment of Interest on Loan	Expenses	3.1	952	747
	TCV Borrowings	Borrowings	6.1	22,308	23,448
VMIA	Medical indemnity insurance	Expenses	3.1	9,410	8,832
VicFleet	Lease liability	Borrowings	6.1	2,173	1,068

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

Outside of normal citizen type transactions with Peninsula Health, there were no other related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019. There were no related party transactions required to be disclosed for Peninsula Health Board of Directors, Chief Executive Officer and Executive Directors in 2019.

Note 8.5: Remuneration of Auditors

	2019	2018
	$'000	$'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	**103**	102
Total Remuneration of auditors	**103**	102

Note 8.6: Ex Gratia Payments

	2019	2018
	$'000	$'000
Peninsula Health has made the following ex gratia payments:		
- Ex gratia payments *(i)*	**17**	-
Total Paid	**17**	-

(i) Includes Ex-gratia for both individual items and in aggregate that are greater than or equal to $ 5,000

Note 8.7: Events Occurring after the Balance Sheet Date

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

Note 8.8: Economic Dependency

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

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

Peninsula Health's current asset ratio continues to be under an adequate short term position (2019: 0.44 and 2018: 0.59) while cash generated from operations has deteriorated from a $ 19 m surplus in 2018 to a $3.3 m deficit in 2019 and cash reserves have moved from $27.5 m in 2018 to $21.1 m in 2019.

Note 8.9: Changes In Accounting Policy

Peninsula Health has elected to apply the limited exemption in *AASB 9 Financial Instruments* paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

(a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in accumulated surpluses/(deficits).
(b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

This note explains the impact of the adoption of *AASB 9 Financial Instruments* on the Health Service's financial statements.

		AASB 9 Measurement Categories			
As at 30 June 2018	*AASB 139 Measurement Categories*	*Fair value through net result (designated)*	*Fair value through net result (mandatory)*	*Amortised cost*	*Fair value through other comprehensive income*
AASB 9 Measurement Categories					
Loan and receivables	12,985	-	-	12,985	-
Available for sale	13,988	-	13,988	-	-
As at 1 July 2018	**26,973**	**-**	**13,988**	**12,985**	**-**

Changes to the impairment of financial assets

Under *AASB 9 Financial Instruments* , all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to *AASB 9 Financial Instruments'* new expected credit loss (ECL) impairment model, which replaces *AASB 139 Financial Instruments' i*ncurred loss approach. For other loans and receivables, Peninsula Health applies the *AASB 9 Financial Instruments* simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method results in an immaterial decrease in the impairment loss allowance. Refer to note 7.1 (c) for details about the calculation of the allowance.

Note 8.10: Australian Accounting Standards Issued That Are Not Yet Effective

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

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Peninsula Health has not and does not intend to adopt these standards early.

The following AASBs become effective for reporting periods commencing after 1 July 2019:

- *AASB 16 Leases;*
- *AASB 15 Revenue from Contract with Customers; and*
- *AASB 1058 Income of Not-for-Profit Entities.*

Leases
AASB 16 Leases replaces *AASB 117 Leases*, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below $10,000). *AASB 16 Leases* also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under *AASB 16 Leases* is substantially unchanged from *AASB 117 Leases*. Lessors will continue to classify all leases using the same classification principle as in A*ASB 117 Leases* and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. Peninsula Health intends to adopt *AASB 16 Leases* in 2019-20 financial year when it becomes effective.

Peninsula Health will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under *AASB 117 Leases*. The Peninsula Health will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below $10,000).

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for- Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. The Peninsula Health intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

Peninsula Health has performed a detailed impact assessment of *AASB 16 Leases* and the potential impact in the initial year has been estimated as follows:

- Increase in RoU ($2.9m)
- Increase in related depreciation ($1.1m)
- Increase in Lease Liability ($2.9m)
- Increase in related interest ($62k) calculated using effective interest method; and
- Decrease in rental expense ($1.2m)

Revenue and Income

AASB 15 Revenue from Contract with Customers supersedes *AASB 118 Revenue*, *AASB 111 Construction Contracts* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 Revenue from Contract with Customers establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. *AASB 15 Revenue from Contract with Customers* requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities (AASB 2016-8), to provide guidance on application of revenue recognition principles under A*ASB 15 Revenue from Contract with Customers*, in the not-for-profit sector.

- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors (2018-4), to provide guidance on how to distinguish payments receive in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.

- *AASB 1058 Income of Not-for-Profit Entities* , to supplement *AASB 15 Revenue from Contract with Customers* and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within A*ASB 1004 Contributions*.

AASB 15 Revenue from Contract with Customers, AASB 1058 Income of Not-for-Profit Entities, and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. Peninsula Health intends to adopt these standards in 2019-20 financial year when it becomes effective.

Peninsula Health will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Peninsula Health has performed a detailed impact assessment of *AASB 15 Revenue from Contract with Customers*, and *AASB 1058 Income of Not-for-Profit Entities*, and the potential impact is deemed immaterial.

Our Values

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

Service

We serve our diverse community by providing accessible, responsive and personalised care.

Integrity

We are open, honest, just, reasonable and ethical in our relationships.

Compassion

We understand the needs of those we serve and respond with care.

Respect

We champion the rights of individuals to be in control of their lives and be treated as equals.

Excellence

We hold ourselves accountable for achieving the best health outcomes for individuals and our community.

Our Strategic Priorities

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

Person Centred Care

We treat each person as an individual and involve them in their care.

Timely and appropriate healthcare

We provide the best of care, when and where it is needed.

Partnering with the community

We involve consumers to deliver the right healthcare for our community.

Our workforce

We are driven by our values and empower our people to be the best they can be.

Safety and Quality

We deliver safe, effective care and embrace innovation.

Learning, teaching and research

We foster a culture of research and continuous learning to improve patient care.

Sustainability

We manage our resources efficiently and find new ways to fund future needs.

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Peninsula Health

CHILD SAFE
Peninsula Health is child safe.

We are proudly inclusive.