



STAWELL
REGIONAL HEALTH



ANNUAL REPORT

2007/2008

Contents

Compliance Disclosure Index	3
Board Report Board Membership, Organisation Chart	4-7
Finance Performance	8-9
Occupational Health and Safety Report	10
Risk Management Attestation	11
Services Provided	12
Activity Indicators	13
Statutory Reporting Requirements	14
Financial Declarations	15
Auditor General's Report	16-17
Financial Statements	18-53

Compliance Disclosure Index

The Annual Report of Stawell Regional Health Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Health Service's compliance with statutory disclosure requirements.

Ministerial Directions

Report of Operations – FRD Guidance

SD 4.2(c) Accountable officer's declaration 15

Legislation Requirement

Charter and Purpose

	Page
FRD 22B Manner of establishment and the relevant Ministers	8
FRD 22B Objectives, functions, powers and duties	8
FRD 22B Nature and range of services provided	12

Management and structure

FRD 22B Organisational structure	7
----------------------------------	---

Financial and other information

SD 4.2(j) Accountable officer, signed Report of Operations	5
SD 4.5.5 Risk Management Compliance	11
FRD 22B Operational and budgetary objectives and Performance against objectives	8, 9
FRD 22B Statement of merit and equity	9
FRD 22B Workforce Data Disclosures	9
FRD 22B Occupational Health and Safety	10
FRD 22B Summary of the financial results of the year	8
FRD 22B Significant changes in financial position during the year	8
FRD 22B Major changes or factors affecting performance	8
FRD 22B Subsequent events	8
FRD 22B Application and operation of <i>Freedom of Information Act 1982</i>	13
FRD 22B Compliance with building and maintenance Provisions Of <i>Building Act 1993</i>	14
FRD 25 Victorian Industry Participation Policy disclosures	14
FRD 22B Statement on National Competition Policy	14
FRD 22B Application and operation of the <i>Whistleblowers Protection Act 2001</i>	14
FRD 22B Details of consultancies over \$100,000	N/A
FRD 22B Details of consultancies under \$100,000	13
FRD 22B Statement of availability of other information	3
FRD 10 Disclosure index	3
FRD 11 Disclosure of ex-gratia payments	N/A
FRD 21A Responsible person and executive officer disclosures	52

Financial Statements – FRD Guidance

Financial statements required under Part 7 of the FMA

SD 4.2(b) Operating Statement	18
SD 4.2(b) Balance Sheet	19
SD 4.2(b) Statement of Changes in Equity	19
SD 4.2(b) Cash Flow Statement	20

Other requirements under Standing Directions 4.2

	Page
SD 4.2(c) Compliance with Australian accounting Standards and other authoritative pronouncements	21
SD 4.2(c) Compliance with Ministerial Directions	2
SD 4.2(d) Rounding of amounts	21

Legislation

<i>Freedom of Information Act 1982</i>	13
<i>Whistleblowers Protection Act 2001</i>	14
<i>Victorian Industry Protection Act 2003</i>	14
<i>Building Act 1993</i>	14
<i>Financial Management Act 1994</i>	21
<i>Audit Act 1994</i>	16

Additional information (FRD 22B Appendix)

The following information is available upon request to the Chief Executive Officer by relevant Ministers, members of Parliament and the public:

1. A statement of pecuniary interest has been completed.
2. Details of shares held by senior officers as nominee or held beneficially.
3. Details of publications produced by the Health Service about the activities of the Board and where they can be obtained.
4. Details of changes in prices, fees, charges, rates and levies charged by the Board.
5. Details of any major external reviews carried out on the Board.
6. Details of major research and development activities undertaken by the Board that are not otherwise cover either in the Report of Operations or in a document that contains the Financial Report and Report of Operations.
7. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
8. Details of major promotional, public relations and marketing activities undertaken by the Board to develop community awareness of the Board and its services.
9. Details of assessments and measures undertaken to improve the occupational health and safety of employees.
10. General statement on industrial relations within the Board and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.

Board of Management

On behalf of the Board it is my pleasure to present the Annual Report for the year ending June 30, 2008. This report should be read in conjunction with the 2007/08 Quality of Care Report which provides a comprehensive overview of the services we provide within Stawell Regional Health.

Board Members

During the year Mr. Martin Dorman left the Board having been transferred to another senior role within Victoria Police. Martin was a valuable contributor to the Board and to Stawell Regional Health, and his strategic management skills will be sorely missed.

The process for appointing Board Members altered during the past year and Board Members Mr. Peter Martin, Mrs. Karen Douglas and Mrs. Kaye Harris had their terms extended from November 1, 2007 to June 30, 2008. In addition retiring Board Members were invited to reapply for Board membership during a re-appointment process during which commenced in February 2008. This process saw the re-appointment of all current Board Members for further terms as well as the appointment of two new Board Members, Mrs. Lyn Jenz and Mr. Ross Hatton who commenced their terms as Board Members on July 1, 2008. We extend a warm welcome to Lyn and Ross and we are confident their individual skills will be a valuable contribution to the function of the Board.

I would like to take this opportunity to congratulate Peter Martin on his outstanding contribution as Chair for the past 3 and half years Peter has been very active in regional and state forums where he has been able to ensure that the realities of rural health providers is not overlooked.

Grampians Health Alliance (GHA)

The Grampians Health Alliance has been in existence for several years and is a partnership between Stawell Regional Health and three adjoining regional health services.

Further details of the activities of the GHA are provided later in this report.

However it is fair to say that with our regular bi-monthly meetings and interaction between senior management personnel from each of the services we have achieved much in the past year.

While each health service retains its own autonomy, by combining where we have identified common needs and challenges we are in a better position to seek solutions to some of these challenges.

One of the key result areas has been obtaining the services of a Director of Medical Services, Dr. Robert Grogan, who now occupies a joint position across the Alliance.

The lack of an appointment to this role was of a concern to the members of the Alliance and the recruitment of Dr. Grogan has enabled us to meet our requirements particularly in the area of clinical governance.

During 2007/2008 the Alliance was also successful in negotiating a joint tender for linen services and we thank Stuart Kerr our joint Corporate Services Manager for his contribution to that process.

Finally the Alliance has fostered another joint venture which is being undertaken between East Grampians Health Services and SRH for the provision of food service to the Macpherson Smith Nursing Home. It is anticipated that this initiative will be completed in early 2008/2009.

Accreditation

It is current Victorian Government policy that health services funded by the Department of Human Services must maintain accreditation status with the Australian Council of Healthcare Standards (ACHS) EQuIP Program. This process involves a review of the services provided by Stawell Regional Health by an independent body. Stawell Regional Health underwent a periodic review in April 2008 and was successful in maintaining its full accreditation status. The summary report complimented the standards achieved by Stawell Regional Health and in particular referred the high levels of excellence in its Risk Management and Staff Emergency Training Areas. Congratulations to all our staff on achieving this milestone.

Hospital Redevelopment and Capital Works

There were no major redevelopments undertaken in 2007/2008 however several minor projects were commenced or completed.

One project involved the completion of fire safety and emergency evacuation stairs and the installation of fire hose reels. This project was valued in excess of \$75,000. Stawell Regional Health also received \$70,300 under the Council of Australian Government Long Stay Older Patients' initiative. These funds have been allocated to a number of minor capital projects and the purchase of equipment items identified

Board of Management

through an internal audit. The aim of these changes is to improve the safety and accessibility of the hospital environment for older persons.

Lastly Stawell Regional Health received tremendous support from its community and in particular the Ladies Auxiliary, Y-Zetts and the Murray to Moyne Sprockets. During the year these three fundraising groups made significant contributions to Stawell Regional Health and whilst their exploits are mentioned elsewhere I take this opportunity to acknowledge their wonderful efforts.

I would also like to recognise the value of the Foundation to Stawell Regional Health and thank the custodians who so diligently undertake their important duties ensuring that this hospital will enjoy the safeguarded benefits of their astute deliberations.

Recruitment and Retention of key personnel

The past year has presented a number of challenges for Stawell Regional Health in maintaining its services through periods where the availability of staff and medical officers has been limited. In December 2007 Stawell regretfully lost the services of two key medical practitioners, Dr. Peter Carter and Dr. Fiona Maughan who left after a long association with the hospital and our community. I take this opportunity to thank Peter and Fiona for the contribution to our community and wish them all the very best in their future endeavours.

Their departure and that of other key medical officers placed considerable pressure on the remaining medical staff and we thank them for coping through that difficult period.

We were delighted to contribute, through our association with Stawell Medical Centre, to the recruitment of Dr. Adnan Rasheed and Dr. Arthur Obi during the early part of 2008.

Their appointments, along with the recruitment of other strategic personnel within the hospital, has enabled us to return to our previous activity levels. However the recruitment and retention of key personnel within Stawell Regional Health has and will remain a high priority issue for the service.

The health service is indebted to Claire Letts, our Director of Clinical Services, who has capably juggled the staffing mix within the organisation over the last twelve months and enabled us to continue to maintain services during a period where it is recognised almost all of Australia is encountering difficulties.

Stawell Regional Health has developed a reputation within the health sector as an organisation that is prepared to contribute to the overall development of the sector by participating at a senior level in trialling new initiatives and practices. In the past year Board Members and Senior Staff have also been involved in a number of projects and statewide initiatives which demonstrate our commitment to the overall health system not just our local region. These projects are quite a few in number and I congratulate all those involved.

Thank you to all the staff, visiting medical officers, volunteers and supporters of Stawell Regional Health for your enduring support for what we do. We thank you for your contributions on behalf of our local community and look forward to a continuation of the excellent services we provide to our community.

Karen Douglas : President



Peter Edwards CEO with outgoing President Peter Martin

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Stawell Regional Health for the year ending 30 June 2008.

Karen Douglas
President
Stawell Regional Health
1st September, 2008

Board of Management



Peter Martin, Retired School Principal

Board Representation on Executive, Grampians Alliance, Audit, Governance, Risk Management Committees



Howard Cooper, Primary Producer

Board Representation on Audit/Finance, Project Control Group(Health Precinct) Committees.

Karen Douglas, Primary Producer

Board Representation on Executive, Quality Improvement, Grampians Alliance, Governance and Risk Management Committees



Joan Brilliant, Postal Manager, Australia Post Stawell

Board Representation on Fundraising and Foundation Committees.

Graeme McDonough, Retired

Board Representation on Quality Improvement, Governance and OH&S Committees



Neville Dunn, Branch Real Estate Manager

Board Representation on Audit/Finance, Fundraising and Project Control Group (Health Precinct) Committees.

Martin Dorman, Police Inspector

Board Representation on Governance, OH&S, Risk Management Committees



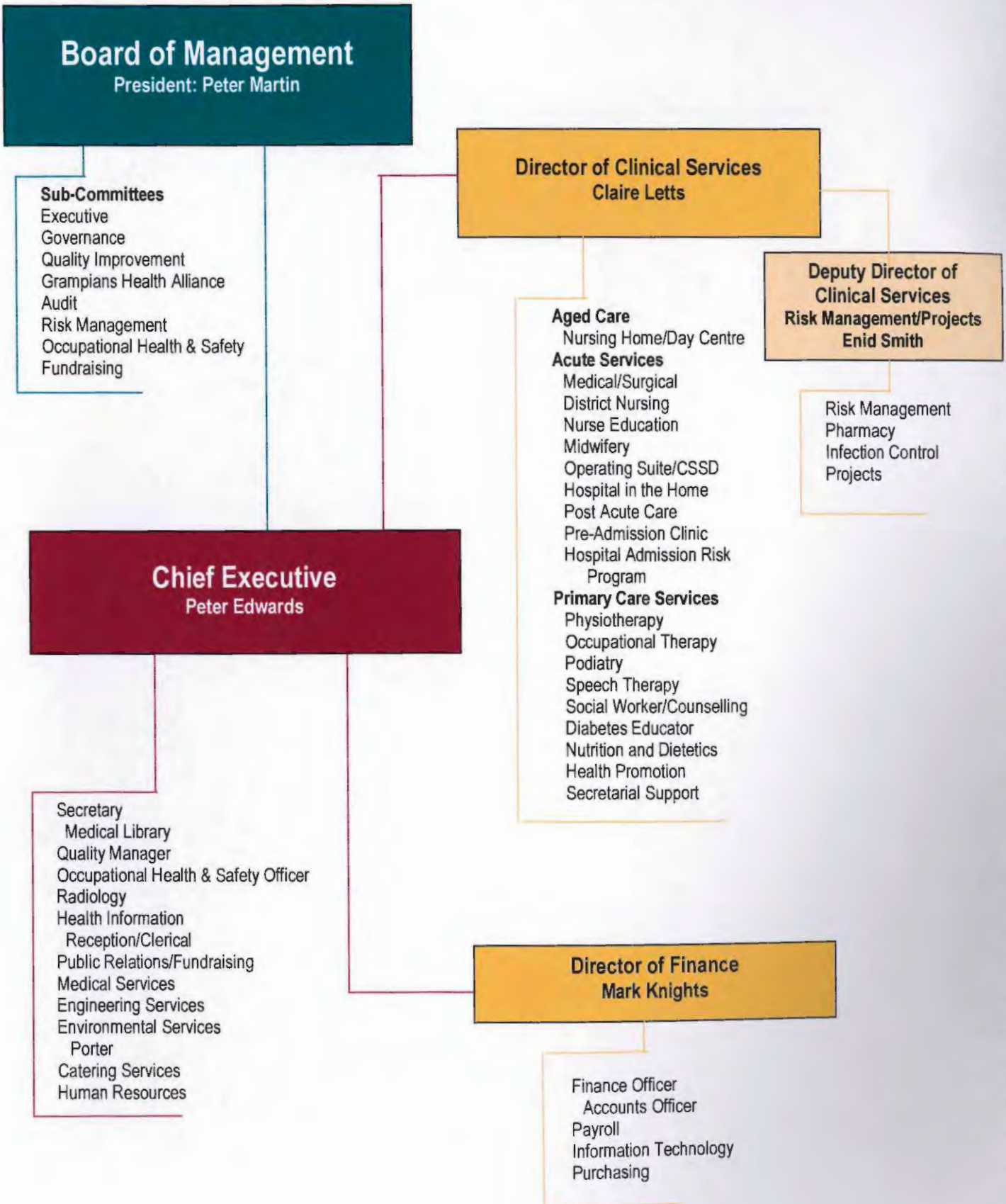
David Stanes, Business Manager

Board Representation on Quality Improvement and Project Control Group(Health Precinct)Committees

Kay Harris, Business Manager

Board Representation on Governance and Fundraising Committees





Finance Performance

Stawell Regional Health is established under the Health Services Act 1988. The responsible Minister during the reporting period is the Hon Daniel Andrews MLA.

Financial Performance 2007/08

Stawell Regional Health aims to increase service provision in a financially sustainable manner and utilizes several key result areas to monitor performance. These key result areas include:

- Operating Performance - achieving activity targets and a surplus.
- Liquidity - maintaining sufficient current assets to meet financial commitments as they fall due and a current asset ratio in excess of 0.7 in line with Department of Human Services (DHS) requirements.
- Asset Management - ensuring that sufficient levels of investment are undertaken to maintain the fixed asset base.

Stawell Regional Health (excluding the Stawell District Hospital Foundation) made a \$464,000 surplus prior to Capital and Specific items. This is a significant improvement over the prior year's \$19,000 surplus. The consolidated entity recorded a net surplus of \$457k after depreciation and capital income compared to a prior year deficit of \$144k.

Fixed assets net of depreciation decreased by \$570k or 3% during the financial year with depreciation of \$728k being partially offset by net expenditure on fixed assets of \$158k. Whilst acknowledging the slight decrease in the fixed asset base this year the value of the fixed assets have doubled since 2001. This increase has been funded by the Department of Human Services and our hospital and foundation investments. The Board and Management have identified that the organization now needs to focus on rebuilding the investment position to secure our financial viability and ensure we are in a position to maintain service delivery to the community.

The Health Service's cash and investments (excluding the Stawell District Hospital Foundation) have increased by \$903k over the past 12 months whilst its current liabilities have only increased by \$92k. This has driven up the current asset ratio to 0.91 from 0.67 in 2006/07 which is above the DHS requirement of 0.7. To ensure that the Health Service continues to meet its financial obligations as and when they fall due the DHS has provided a letter of comfort to the Board of Management.

This letter guarantees that the DHS will provide adequate cash flow to enable the organization to meet its financial obligations as detailed in Note 1 of the audited financial statements.

Operating Performance

With the exception of residential aged care (Commonwealth funding), recurrent funding provided by the Department of Human Services excludes any contribution towards the costs of depreciation. Therefore fixed asset purchases are funded by one off Capital grants, residential aged care funding and resident fees and community fundraising and donations. In this financial year we received \$227k in capital grants from the DHS, \$235k from the Commonwealth and aged care residents and \$102k from the community via fundraising and donations.

Operating revenues supported by the Health Services Agreement increased by \$1318k or 9.0% compared to the prior year. This was primarily due to increased operating grants (\$1057k) and non cash grants for LSL of \$347k received from the DHS. The increase in operating grants were for a number of one off projects, the introduction of the Hospital Risk Admission program and the funding of increased nursing wages resulting from their new enterprise bargaining agreement.

Operating revenues supported by Hospital & Community Initiatives increased by \$222k or 20.84% as Central Grampians Radiology (a joint venture with East Grampians Health Service) revenues continued to increase.

Operating Expenses incurred by the services supported by the Health Service Agreement increased by \$861,000 or 5.6%. This was above the CPI for the period with employment costs rising 4.5%, operating supplies 14.5% and other expenses 6.35%. Operating supplies and other expenses have been impacted by a number of factors including the drought (food supplies), increased chemotherapy activity (drugs), increased theatre throughput (medical supplies) and rising fuel costs.

Operating Expenses incurred by the Services supported by the Hospital & Community Initiatives increased by \$248k or 17.12% compared to the prior year which was due to the increased costs in radiology associated with the maintenance of equipment and wages.

Finance Performance

Financial Position

The Health Services (excluding the Foundation) financial position remains viable in the medium term with cash assets and receivables of \$3.702 million compared to current payables of \$2.076 million. The organization has identified that to remain financially viable it must consistently achieve annual operating surpluses of the magnitude that ensures the fixed asset base is maintained whilst achieving a current asset ratio greater than 0.7.

The Health Service has capital commitments of \$562k which is mainly due to the replacement of the Patient Management software over the next 12 months and the upgrading of the catering facilities in the McPherson Smith Nursing Home. The Health Service is forecasting surplus operating budget for the 2008/09 financial year and will continue to closely monitor both its revenues and costs to identify opportunities to improve its current financial position.

Mark Knights, Director of Finance

Performance Indicators

Stawell Regional Health Comparative Financial Results for the Past Five Financial Years					
	2008 \$000	2007 \$000	2006 \$000	2005 \$000	2004 \$000
Total Expenses	17,852	16,745	15,820	14,787	14,333
Total Revenue	18,309	16,601	15,247	15,953	17,550
Operating Surplus/(Deficit)	457	(144)	(573)	1,166	3,217
Retained Surplus	6,830	6,400	6,610	7,369	6,326
Total Assets	23,464	22,722	20,514	22,336	18,982
Total Liabilities	4,470	4,423	3,468	3,320	3,178
Net Assets	18,994	18,299	17,046	19,016	15,804
Total Equity	18,994	18,299	17,046	19,016	15,804

Revenue Indicators

	Average Collection Days	
	2008	2007
Private	58	48
TAC	0	0
VMA	68	63
NHT	3	46
Psychiatric	0	0
Nursing Home	5	0

Debtors Outstanding as at 30 June 2008

	Under 30 days	31-60 days	61-90 days	Over 90 days	Total 30/06/08	Total 30/06/07
Private	57,642	24,078	7,678	7,504	96,902	69,847
TAC	-	-	-	-	-	-
VMA	8,778	-	-	2,125	10,902	8,230
NHT	95	-	-	-	95	-
Psychiatric	-	-	-	-	-	-
Nursing Home	5,572	2,374	-	250	7,696	-

Staff	2008	2007
Nursing	76.97	74.36
Administration	24.97	23.04
Medical Support	11.17	10.51
Hotel Allied	26.72	30.86
Medical	1.05	1.00
Allied Health	9.91	9.81
Total Staff Employed EFT	150.79	149.58

Occupational Health and Safety (OH&S)

The Occupational Health and Safety (OH&S) Program is designed to improve the environment of Stawell Regional Health for employees, visitors, patients and residents. The program is overseen by the Chief Executive Officer and independent expertise and advice is provided by and OH&S consultant employed by the Grampians Office of the Department of Human Services. The involvement of the consultant has been invaluable in supporting senior staff at Stawell Regional Health as well as assisting in the development of audit tools, risk management programs and the education of staff. Stawell Regional Health runs several programs which include No Lift, Manual Handling, Return to Work, Safety Inspections and Risk Assessments.

During the year the health service also participated in several external reviews of its OH&S program conducted by VMIA, our internal auditors, Deloitte, and the Department of Human Services.

Incident Reporting

The Stawell Regional Health incident reporting process is dovetailed with the clinical reporting system. In many instances there are overlaps between the two systems particularly with regard to aggression management issues that arise either within the hospital or our residential aged care facility. Reports are reviewed by the Chief Executive Officer and the Risk Manager (Deputy Director of Clinical Services) in conjunction with Department Heads, and where appropriate OH&S representatives. Where appropriate, remedial action is implemented or further action is taken to eliminate the risk. During the past year there were 105 staff reported instances (Figure 13), of which 35 (33%) resulted in injuries. Whilst reported incidents increased the number of injuries decreased from the previous year (down 8). The dominant contributory factors in 2007/8 were abuse and assault (72) and these incidents were generally initiated from the Residential Aged Care facility and attributed to a small number of residents with challenging behaviours. As a consequence, in the latter half of the financial year, SRH initiated a training program for staff which concentrated on safe practice in the prevention and management of violence and aggression.

The number of loss time injuries was 1 (2 in 2006/7). Total loss time for this injury amounted to 6 days compared to 32 days lost the previous year.

Safety Initiatives

Throughout the facility many OH&S programs operate for the improvement of employee, patients, residents and visitor wellbeing.

These include:

- **Employee Return to Work and Rehabilitation**

An employee rehabilitation program is provided to employees injured at work and those recovering from injury and illness that occurs away from work. During the past year there was one return to work program initiated and one rehabilitation case.

- **Safety Inspections**

Safety inspections are completed throughout the service on a regular basis. Where remedial action is required, appropriate action is taken. In the past year the health service identified three major areas where remedial action was required and these included:

- The introduction of lifting equipment for orthopaedic equipment within the theatre area (this equipment was purchased during 2007/2008 and has proven to be highly effective)
- Improvement to the fencing and stairs in Simpson Ward (this project was completed in May 2008)

One final area under review is the management of the delivery of meals for Meals on Wheels recipients and food delivery systems within the residential aged care program. Funding has been allocated for both these projects and the introduction of a banquet catering system into the nursing home will eliminate both these manual handling issues.

Security was a major focus in 2007/2008 with several remedial projects being undertaken. These included new security policies and procedures, the introduction of further code pads for entry into secure areas, and regular changes to the security codes. The implementation of these changes has seen the frequency of security breaches during the past twelve months decrease markedly and as further improvements are identified they too will be implemented.

Occupational Health and Safety (OH&S)

- **Hazardous Substances**

A further administrative review was carried out in November 2007 of the hazardous substances products within the organisation and to ensure appropriate material safety data sheets were available. No hazardous substance incidents were recorded for the year.

- **Worksafe Audits**

No Work Safe inspections were conducted in 2007/2008 and there were no improvement notices issued during this year.

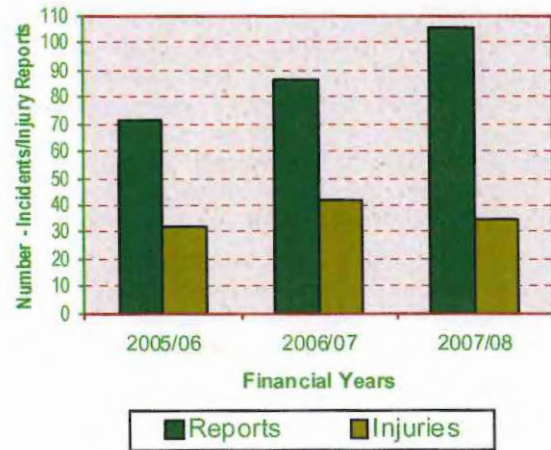
- **Fire Training**

All staff receive fire and emergency training at orientation and during the year. Staff achieved 100% attendance compliance in 2007/2008 and the new fire safety training program was audited with significant improvements recorded.

- **OH&S Committee**

The OH&S committee meets bi-monthly and members are representative of the various work groups in the organisation. Our appreciation is extended to the involvement staff have with the committee and the input they provide within committee discussions and as representatives of their work groups.

Figure 17 Staff Incidents/Injuries



Attestation on Compliance with Australian/New Zealand Risk Management Standard

I, Peter Edwards certify that the Stawell Regional Health Service has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executives to understand, manage and satisfactorily control risk exposures. The Audit Committee verifies this assurance and that the risk profile of Stawell Regional Health Service has been critically reviewed within the last 12 months.

Peter Edwards
Chief Executive Officer

21 September 2008

Objectives, Functions, Powers and Duties of Stawell Regional Health

Stawell Regional Health is a public Agency established under the Health Services Act 1988. It is authorised to provide public health and ancillary services as authorised under the Act, and operate Residential Care Services under the Aged Care Act 1997.

The Board of Management consists of persons appointed by the Minister For Health under the Act who are empowered to provide strategic direction for the organisation. Whilst the board provide directions for the Agency and determine what must be done, the responsibility for determining how services are delivered is invested in the Chief Executive Officer.

Services we provide

Accident and Emergency Services

- Shared weekend on call Obstetric & Surgical Services with East Grampians Health Services

Medical

- Day Oncology Unit

Anaesthetic Services

- Pre Admission Clinic
- Day Procedure Unit
- Operating Suite/CSSD

Surgical specialities include:

- General
- Endoscopy
- Gynaecology
- Obstetric
- Ear, nose and throat
- Urology
- Orthopaedic
- Ophthalmology

Medical Imaging (x-ray, CT & ultrasound)

St John of God Pathology

Maternity Care -Early Pregnancy Assessment and Care Coordination Services

- Antenatal Booking In
- Shared Care Model
- Team Midwifery
- Post natal - Domiciliary visits

Primary Care

- Audiology (visiting audiologist)
- Diabetes Education
- Dietetics
- Health Promotion
- Occupational Therapy
- Physiotherapy
- Podiatry
- Social Work
- Speech Pathology
- HARP (Health Independence Program)

Commonwealth Regional Health Services Program

- Allied Health/Community Services to outlying communities

Residential Aged Care

- High Care facility

Community Services

- Community Activities Group (Bennett Centre for Community Activities)
- District Nursing Service
- Hospital in the Home
- Post Acute Care

Activity Indicators

Hospital Inpatient Activity	2005	2006	2007	2008
Inpatients treated	2,904	2,692	2,891	2,799
Casemix adjusted (WIES)	2,058	2,112	2,075	2,035
Average Length of Stay (days)	2.70	2.94	2.61	2.64
Total Bed Days	7,519	7,927	7,535	7,376
"Hospital in the Home" Bed Days	198	125	153	194
Nursing Home Type Bed Days	133	223	131	97
Operations	1,277	1,237	1,278	1,318
Births	93	80	78	75
Occupancy Rate	57.30%%	61.07%	57.78%	55.93%

Nursing Home Activity	2005	2006	2007	2008
Residents Accommodated	54	46	56	62
Resident Bed Days	12,684	12,710	12,629	12,606
Occupancy Rate	99.28%	99.49%	98.82%	98.08%

Outpatient (non-admitted) Occasions of Service	2005	2006	2007	2008
Casualty	4,356	3,554	3,254	3,147
Pre-Admission Clinic	1,167	1,090	1,195	1,157
Ante-Natal Classes	450	490	570	736
Podiatry	2,974	2,851	3,576	4,139
Occupational Therapy	1,241	1,264	981	1,395
Physiotherapy	7,992	7,493	5,761	5,796
Speech Therapy	537	727	686	1,205
Dietetic	1,277	1,151	1,253	931
Social Work	968	682	394	288
Day Centre	3,168	3,363	3,442	3,576
District Nursing	14,039	13,973	14,301	12,292
Radiology	5,295	5,620	6,060	7,867
Meals on Wheels	13,058	12,447	17,507	19,243

Statutory Reporting Requirements

Pecuniary Interests

Members of the Board of Management are required under the Hospital By-Laws to declare their pecuniary interest in any matter that may be discussed by the Board or Board Sub-Committees.

Consultants Engaged and Their Cost

Five (5) separate Consultants : total cost \$1,864.85.

Freedom of Information

There were twenty (20) requests under the Freedom of Information Act 1982 regulations and access to information was granted in all instances.

Freedom of Information requests should be in writing and addressed to the Chief Executive, Stawell Regional Health, Sloane Street, Stawell Victoria 3380.

Statutory Reporting Requirements

Publications

Reviews are undertaken each year to update information in publications such as, the Patient Information Brochure and other documentation provided to the public.

Hospital Fees

The Hospital charges fees in accordance with the Department of Human Services Victoria directives.

Public Authorities Equal Employment Opportunity Act 1990

Stawell Regional Health has an ongoing commitment to eliminate discrimination and inefficient work practices, and to promote Equal Employment Opportunities in its workplace, in accordance with the Public Authorities (Equal Employment Opportunity) Act of 1990. Responsibility for the Equal Employment Opportunity programmes has been conferred upon the Pay Officer.

Staffing Profile

A total of 231 persons were employed by Stawell Regional Health : full time 67; part time 109; casual 55.

Building and Maintenance

All building works have been designed in accordance with the Department of Human Service's Guidelines and comply with the Building Act 1993 and the Building Code of Australia 1996.

Publications

A review is regularly undertaken to update information in publications such as, the Patient Information Brochure. The Annual and Quality of Care Reports are presented each year at Stawell Regional Health's annual meeting.

Legislative Compliance

Stawell Regional Health uses a web based compliance software system to record and manage risk and compliance obligations in line with State and Commonwealth legislation and Australian Standards.

Whistleblowers Protection Act

The Whistleblowers Protection Act 2001 came into effect on January 1, 2002. The Act is designed to protect people who disclose information about serious wrongdoings within the Victorian Public Sector and to provide a framework for the investigation of these matters.

The Protected Disclosure Co-Ordinator for Stawell Regional Health is Liz McCourt. She has the central clearinghouse role for managing disclosures: Tel: 5358 8506
email: lmccourt@srh.org.au

Disclosures of improper conduct by Stawell Regional Health or its employees may be made to:

- The Protected Disclosure Officer
Meg Blake, Tel: 5358 8513
email: mblake@srh.org.au
Stawell Regional Health, Sloane Street
Stawell 3380
- The Ombudsman Victoria
Level 22,
459 Collins Street,
Melbourne 2000
Tel: 9613 6222 Toll free: 1800 806 314

No disclosures under the Act were received during 2007/08.

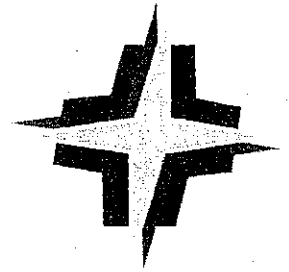
National Competition Policy

Stawell Regional Health complied with all government policies regarding competitive neutrality with respect to all tender applications.

Victorian Industry Participation Policy

Stawell Regional Health abides by the principles of the Victorian Industry Participation Policy. In 2007/08 there were no contracts commenced or completed by Stawell Regional Health under this Act.

Stawell Regional Health incorporates Macpherson Smith Nursing Home and
Bennett Centre for Community Activities
Sloane Street, Stawell Victoria 3380
Phone (03) 5358 8500 Fax (03) 5358 3553 Email info@srh.org.au Web www.srh.org.au



STAWELL
REGIONAL HEALTH

Stawell Regional Health

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

We certify that the attached financial report for *Stawell Regional Health* has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2008 and financial position of *Stawell Regional Health* at 30 June 2008.

We are not aware of any circumstance which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial report for issue on this day.

Karen Douglas
Board Chair

Peter Edwards
Accountable Officer

Mark Knights
Chief Finance
& Accounting
Officer

Stawell
1st September 2008

Stawell
1st September 2008

Stawell
1st September 2008

Stawell Regional Health
ABN 50 467 753 315
Incorporating:
Stawell Hospital,
Macpherson Smith Nursing Home
Bennett Centre for Community
Activities
Sloane Street
Stawell Victoria 3380
Phone (03) 5358 8500
Fax (03) 5358 3553
Email info@srh.org.au
www.srh.org.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Stawell Regional Health

The Financial Report

The accompanying financial report for the year ended 30 June 2008 of Stawell Regional Health which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board member's, accountable officer's and chief finance & accounting officer's declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising Stawell Regional Health and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 23 to the financial statements.

The Board Members Responsibility for the Financial Report

The Board Members of Stawell Regional Health are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the entity's preparation and fair presentation of the financial report 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 Stawell Regional Health and the consolidated entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the website of Stawell Regional Health for the year ended 30 June 2008. The Board Members of Stawell Regional Health are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Stawell Regional Health web site.

Independence

The Auditor-General's independence is established by the *Constitution Act* 1975. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Stawell Regional Health and the economic entity as at 30 June 2008 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act* 1994.

MELBOURNE
5 September 2008



D D R Pearson
Auditor-General

**Stawell Regional Health
Operating Statement
For the Year Ended 30 June 2008**

	Note	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Revenue from Operating Activities	2	17,391	15,938	17,444	15,938
Revenue from Non-operating Activities	2	187	111	267	180
Employee Benefits	3	(10,498)	(9,982)	(10,498)	(9,982)
Non Salary Labour Costs	3	(1,443)	(1,372)	(1,443)	(1,372)
Supplies & Consumables	3	(2,544)	(2,204)	(2,544)	(2,204)
Other Expenses From Continuing Operations	3	(2,629)	(2,472)	(2,631)	(2,476)
Net Result Before Capital & Specific Items		464	19	595	84
Capital Purpose Income	2	604	885	598	483
Depreciation and Amortisation	4	(728)	(711)	(728)	(711)
Expenditure using Capital Purpose Income	3	(8)	-	(8)	-
NET RESULT FOR THE PERIOD		332	193	457	(144)

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

**Stawell Regional Health
Balance Sheet
As at 30 June 2008**

	Note	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Current Assets					
Cash and Cash Equivalents	5	3,142	2,239	4,311	3,298
Receivables	6	560	290	581	293
Inventories	8	80	165	80	165
Other Current Assets	9	94	57	94	57
Total Current Assets		3,876	2,751	5,066	3,813
Non-Current Assets					
Receivables	6	60	-	60	-
Other Financial Assets	7	-	1	-	1
Property, Plant & Equipment	10	18,270	18,861	18,270	18,861
Intangible Assets	11	68	47	68	47
Total Non-Current Assets		18,398	18,909	18,398	18,909
TOTAL ASSETS		22,274	21,660	23,464	22,722
Current Liabilities					
Payables	12	2,076	2,230	2,081	2,232
Provisions	13	2,020	1,778	2,020	1,778
Other Liabilities	14	137	133	137	133
Total Current Liabilities		4,233	4,141	4,238	4,143
Non-Current Liabilities					
Payables	12	-	106	-	106
Provisions	13	232	174	232	174
Total Non-Current Liabilities		232	280	232	280
TOTAL LIABILITIES		4,465	4,421	4,470	4,423
NET ASSETS		17,809	17,239	18,994	18,299
EQUITY					
Asset Revaluation Reserve	15a	2,417	2,417	2,417	2,417
Restricted Specific Purpose Reserve	15a	402	375	402	375
Contributed Capital	15b	9,345	9,107	9,345	9,107
Accumulated Surpluses/(Deficits)	15c	5,645	5,340	6,830	6,400
TOTAL EQUITY	15d	17,809	17,239	18,994	18,299
Contingent Liabilities and Contingent Assets	19				
Commitments for Expenditure	18				

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

**Stawell Regional Health
Statement of Changes in Equity
For the Year Ended 30 June 2008**

	Note	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Total equity at beginning of financial year		17,239	17,046	18,299	18,443
Net result for the year		332	193	457	(144)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		332	193	457	(144)
Transactions with the State in its capacity as owner	15b	238	-	238	-
Total Equity at the end of the financial year		17,809	17,239	18,994	18,299

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

**Stawell Regional Health
Cash Flow Statement
For the Year Ended 30 June 2008**

	Note	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		13,761	14,780	13,761	14,780
Patient and Resident Fees Received		1,288	1,500	1,288	1,500
Donations and Bequests Received		-	62	53	62
GST Received from/(paid to) ATO		264	(669)	264	(669)
Interest Received		200	93	267	180
Other Receipts		1,783	1,317	1,783	1,317
Employee Benefits Paid		(10,198)	(10,086)	(10,198)	(10,086)
Non Salary Labour Costs		(1,587)	(1,509)	(1,587)	(1,509)
Payments for Supplies & Consumables		(2,813)	(1,915)	(2,811)	(1,913)
Other Payments		(2,418)	(2,082)	(2,430)	(2,486)
Cash Generated from Operations		280	1,491	390	1,176
Capital Grants from Government		375	558	375	558
Capital Donations and Bequests Received		97	19	97	21
Other Capital Receipts		87	-	87	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16	839	2,068	949	1,755
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant & Equipment		(428)	(1,309)	(428)	(1,309)
Proceeds from Sale of Property, Plant & Equipment		311	129	311	129
Proceeds from Sale of Investments		-	-	-	634
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(117)	(1,180)	(117)	(546)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Borrowings		-	(8)	-	(8)
Contributed Capital from Government		238	-	238	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		238	(8)	238	(8)
NET INCREASE/(DECREASE) IN CASH HELD CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		960	880	1,070	1,201
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	3,151	2,151	3,210	2,009
		3,111	2,151	4,280	3,210

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

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS), which includes the Australian accounting standards issued by the Australian Accounting Standards Board (AASB), Interpretations and other mandatory professional requirements.

Basis of preparation

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008, the comparative information presented in these financial statements for the year ended 30 June 2007.

(a) Going Concern

The financial Statements are prepared on a going concern basis. Stawell Regional Health has:

- A surplus from ordinary activities of \$332,000 for the year ended 30 June 2008 (a surplus of \$193,000 for the year ended 30 June 2007).
- A working capital deficiency of \$357,000 as at June 2008 (\$1,390,000 deficiency as at 30 June 2007).

The Department of Human Services will provide to Stawell Regional Health adequate cash flow support to enable the health service to meet its current and future obligations as and when they fall due for a period up to September 2009 should this be required.

In line with processes we have established, Stawell Regional Health will continue to provide monthly advice on its financial position, including the likelihood of any short term liquidity issues to the Department of Human Services.

It is expected that Stawell Regional Health will commit to achieve the agreed budget targets, and all other requirements of the Health Service Agreements in 2008-09.

Additionally, Stawell Regional Health is required to submit a Financial Recovery Plan to the Department of Human Services that outlines strategies to support achieving a break-even result over the period that has been agreed with the Stawell Regional Health Board.

(b) Reporting Entity

The financial statements include all the controlled activities of the Health Service. The Health Service is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" entities under the AASs.

(c) Rounding Off

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

(d) Principles of Consolidation

The assets, liabilities, incomes and expenses of the controlled entity of the Health Service have been included at the values shown in their audited Annual Financial Reports. Subsidiaries are entities controlled by the Health Service, control exists when the Health Service has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Note 1: Statement of Significant Accounting Policies

In assessing control, potential voting rights that presently are exercisable are taken into account. Any inter-entity transactions have been eliminated on consolidation. The consolidated financial statements include the audited financial statements of the controlled entity listed in Note 23.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risks of changes in value.

(f) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where doubt as to collection exists. Bad debts are written off when identified.

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

(g) Inventories

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

Inventories held for distribution are measured at cost, adjusted for any loss of service potential.

All other inventories are measured on the basis of weighted average cost and net realisable value.

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

(h) Other Financial Assets

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

The Health Service classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

(i) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, goodwill, computer software and development costs (where applicable).

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

Note 1: Statement of Significant Accounting Policies

Amortisation is allocated to intangible assets with finite useful lives on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, the entity tests all intangible assets with indefinite useful lives for impairment by comparing its recoverable amount with its carrying amount:

- annually, and
- whenever there is an indication that the intangible asset may be impaired.

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

Intangible assets with finite useful lives are amortised over a 3 - 5 year period (2007: 3 - 5 years).

(j) Property, Plant and Equipment

Crown Land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the land, public announcements or commitments made in relation to the intended use of the land. 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.

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

Plant, Equipment and Vehicles are measured at cost less accumulated depreciation and impairment.

(k) Revaluations of Property, Plant and Equipment

Non-current physical assets measured at fair value are revalued in accordance with FRD 103C. This revaluation process normally occurs every five years, as dictated by timelines in FRD103C which sets the next revaluation to occur on 30 June 2009, or earlier should there be an indication that fair values are materially different from the carrying value. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised at an expense in the net result, the increment is recognised as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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

Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

(l) Depreciation

Assets with a cost in excess of \$1,000 (2006-07 and 2007-08) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost (or valuation) over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Human Services.

Note 1: Statement of Significant Accounting Policies

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

	<u>2008</u>	<u>2007</u>
Buildings	40 Years	40 Years
Plant & Equipment	5 to 15 Years	5 to 15 Years
Computers & Communications	3 to 5 Years	3 to 5 Years
Furniture & Fittings	5 to 10 Years	5 to 10 Years
Motor Vehicles	Up to 5 Years	Up to 5 Years
Intangible Assets	Up to 5 Years	Up to 5 Years

(m) Impairment of Assets

Intangible assets with indefinite useful lives are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories;
- financial instrument assets; and
- non-current assets held for sale.

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

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

(n) Payables

These amounts consist predominately of liabilities for goods and services.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the health service prior to the end of the financial year that are unpaid, and arise when the health service becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

(o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(p) Resources Provided and Received Free of Charge or for Nominal Consideration

Resources provided or 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 entity or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(q) Functional and Presentation Currency

The presentation currency of the Health Service is the Australian dollar, which has also been identified as the functional currency of the Health Service.

Note 1: Statement of Significant Accounting Policies

(r) Goods and Services Tax

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables in the balance sheet.

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

(s) Employee Benefits

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave, accumulating sick leave and accrued days off expected to be settled within 12 months of the reporting date are recognised in the provision of employee benefits in respect of employee's services up to the reporting date, classified as current liabilities and measured at nominal values.

Those liabilities that the entity are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long Service Leave

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability even where the Health Service 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.

The components of this current LSL liability are measured at:

- present value* – component that the Health Service does not expect to settle within 12 months;
- and
- nominal value* – component that the Health Service expects to settle within 12 months.

Non-Current Liability – conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

The amount charged to the Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plan in respect of the services of current Health Service staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

Note 1: Statement of Significant Accounting Policies

The name and details of the major employee superannuation funds and contributions made by the Health Service are as follows:

Fund	Contributions Paid or Payable for the year	
	2008 \$'000	2007 \$'000
Defined benefit plans:		
Health Super Superannuation Fund	160	119
Defined contribution plans:		
Health Super Superannuation Fund	668	681
HESTA Superannuation Fund	76	32
Total	904	832

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

Termination Benefits

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

On-Costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

(t) Residential Aged Care Service

The Macpherson Smith Residential Aged Care Service operations are an integral part of the Health Service and share its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation.

(u) Intersegment Transactions

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

(v) Leases

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.

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are allocated between the principal component of the lease liability, and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the Operating Statement.

Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating lease payments, including any contingent rentals, are recognised as an expense in the 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.

Note 1: Statement of Significant Accounting Policies

Lease Incentives

All incentives for the agreement of a new or renewed operating lease shall be recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

(w) Revenue Recognition

Revenue is recognised in accordance with AASB 118 *Revenue* and is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

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

Government Grants

Grants are recognised as income when the entity gains control of the underlying assets in accordance with AASB 1004 *Contributions*. For reciprocal grants, the Health Service is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Health Service is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

- Insurance is recognised as revenue following advice from the Department of Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Acute Health Division Hospital Circular 13/2008.

Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised.

Private Practice Fees

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

Donations and Other Bequests

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

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

(x) Fund Accounting

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

(y) Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Human Services and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (Non HSA) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

Note 1: Statement of Significant Accounting Policies

(z) Comparative Information

There have been no changes to previous year's figures.

(aa) Asset Revaluation Reserve

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

(ab) Restricted Specific Purpose Reserve

A restricted specific purpose reserve is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(ac) Contributed Capital

Consistent with *Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities* and *FRD 2A Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions, that have been designated as contributed capital are also treated as contributed capital.

(ad) Net Result Before Capital & Specific Items

The subtotal entitled 'Net Result Before Capital & Specific Items' is included in the Operating Statement to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net Result Before Capital & Specific Items is used by the management of the Health Service, the Department of Human Services and the Victorian Government to measure the ongoing result of Health Services in operating hospital services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (p)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided;
- Specific income/expense, comprises the following items, where material:
 - Non-current asset revaluation increments/decrements;
- Impairment of non current assets, includes all impairment losses (and reversal of previous impairment losses), related to non-current assets only which have been recognised in accordance with Note 1 (m);
- Depreciation and amortisation, as described in Notes 1 (i) and (l);
- Assets provided or received free of charge, as described in Note 1 (p); and
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (Notes 1 (j) & (l)), or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

(ae) Category Groups

The Health Service has used the following category groups for reporting purposes for the current and previous financial years.

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

Outpatient Services (Outpatients) comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic aids or palliative care.

Note 1: Statement of Significant Accounting Policies

Emergency Department Services (EDS) comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

Aged Care comprises revenue/expenditure from Home and Community Care (HACC) programs, allied Health, Aged Care Assessment and support services.

Primary Health comprises revenue/expenditure for Community Health Services including health promotion and counseling, physiotherapy, speech therapy, podiatry and occupational therapy.

Off Campus, Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as service provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospitals i.e. in rural/remote areas.

Residential Aged Care including Mental Health (RAC incl. Mental Health) referred to in the past as psychogeriatric residential services, comprises those Commonwealth licensed residential aged care services in receipt of supplementary funding from DHS under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health-funded community care units (CCUs) and secure extended care units (SECs).

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: Public health services including Laboratory testing, Blood Borne Viruses / Sexually Transmitted Infections clinical services, Koori liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counseling and the needle and syringe program, Dental Health services including general and specialist dental care, school dental services and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

(af) Information Technology Alliance

In June 2008, the Department of Human Services issued circular number 17/2008, which outlines government requirements for the operation of rural health information and communications technology (ICT) alliances. The policy outlines the accepted governance model for the operation of the ICT alliances. The policy requires public hospitals, public health services, multipurpose services and community health centres which are declared or established under the Health Services Act 1988, to enter into the alliance for the region in which they operate, in accordance with a Joint Venture Agreement (JVA). Consistent with this policy, upon the commencement of the JVA, Stawell Regional Health will assume certain rights and obligations, as a member of the joint venture.

(ag) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting period. As at 30 June 2008, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2008. The Health Service has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12.	Amendments arise from the release in February 2007 of Interpretation 12 Service Concession Arrangements.	Beginning 1 July 2008.	The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.
AASB 8 Operating Segments.	Supersedes AASB 114 Segment Reporting.	Beginning 1 January 2009.	Not applicable.

Note 1: Statement of Significant Accounting Policies

AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 January 2009.	Impact expected to be not significant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12].	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets.	Beginning 1 January 2009.	All Australian government jurisdictions are currently still actively pursuing an exemption for government from capitalising borrowing costs.
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101.	Editorial amendments to Australian Accounting Standards to align with IFRS terminology.	Beginning 1 January 2009.	Impact expected to be not significant.
Interpretation 12 Service Concession Agreements.	Amendments arising from the release of AASB 2007-6.	Beginning 1 January 2009.	Impact expected to be not significant.
AASB 1004 (Revised) Contributions.	Relocation of requirements on contributions from AASs 27, 29 and 31, into AASB 1004.	Beginning 1 July 2008.	Impact expected to be not significant.
AASB 1050 Administered Items.	Relocation of the requirements for the disclosure of administered items from AAS 29 into a new topic-based Standard.	Beginning 1 July 2008.	Impact expected to be not significant.
AASB 1051 Land Under Roads.	Relocation of the requirements for the disclose into a new topic-based Standard.	Beginning 1 July 2008.	Impact expected to be not significant.
AASB 1052 Disaggregated Disclosures.	Relocation of the requirements relating to reporting of disaggregated information from AAS 27 and AAS 29, into a new topic-based Standard.	Beginning 1 July 2008.	Impact expected to be not significant.
Interpretation 1038 (Revised) Contributions by Owners Made to Wholly-Owned Public Sector Entities.	Relocation of the requirements on contributions from AASs 27, 29 and 31, into AASB 1004.	Beginning 1 July 2007.	Impact expected to be not significant.

Note 1: Statement of Significant Accounting Policies

<p>AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137].</p>	<p>Relocation of certain relevant requirements from AASs 27, 29 and 31, into existing topic-based Standards. In particular, this Standard addresses:</p> <ul style="list-style-type: none"> (a) the notion of reporting entity as it applies to local governments and government departments; (b) restructures of local governments; (c) infrastructure, cultural, community and heritage assets; (d) control in the public sector; and (e) obligations arising from local government and government existing public policies, budget policies, election promises or statements of intent. <p>This Standard also makes consequential amendments, arising from the short-term review of the requirements in AASs 27, 29 and 31, to AASB 5, AASB 8, AASB 101 and AASB 114.</p>	<p>Beginning 1 July 2008.</p>	<p>Impact expected to be not significant.</p>
---	---	-------------------------------	---

Note 2: Revenue

	Parent						Consolidated					
	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000
Revenue from Operating Activities												
Government Grants												
- Department of Human Services	11,823	10,962	-	-	11,823	10,962	11,823	10,962	-	-	11,823	10,962
- Commonwealth Government												
- Residential Aged Care Subsidy	1,489	1,401	-	-	1,489	1,401	1,489	1,401	-	-	1,489	1,401
- Other	650	542	-	-	650	542	650	542	-	-	650	542
Total Government Grants	13,962	12,905	-	-	13,962	12,905	13,962	12,905	-	-	13,962	12,905
Indirect Contributions by Department of Human Services												
- Insurance	247	287	-	-	247	287	247	287	-	-	247	287
- Long Service Leave	167	(180)	-	-	167	(180)	167	(180)	-	-	167	(180)
Total Indirect Contributions by Department of Human Services	414	107	-	-	414	107	414	107	-	-	414	107
Patient and Resident Fees												
- Patient and Resident Fees (refer Note 2b)	888	776	-	-	888	776	888	776	-	-	888	776
- Residential Aged Care (refer Note 2b)	444	529	-	-	444	529	444	529	-	-	444	529
Total Patient & Resident Fees	1,332	1,305	-	-	1,332	1,305	1,332	1,305	-	-	1,332	1,305
Business Units & Specific Purpose Funds												
- Private Practice and Other Patient Activities Fees	-	-	25	23	25	23	-	-	25	23	25	23
- Diagnostic Imaging	-	-	992	806	992	806	-	-	992	806	992	806
- Catering	-	-	193	161	193	161	-	-	193	161	193	161
- Property Income	-	-	77	75	77	75	-	-	77	75	77	75
Total Business Units & Specific Purpose Funds	-	-	1,287	1,065	1,287	1,065	-	-	1,287	1,065	1,287	1,065
Donations & Bequests	-	-	-	62	-	62	-	-	53	62	53	62
Other Revenue from Operating Activities	289	362	107	132	396	494	289	362	107	132	396	494
Sub-Total Revenue from Operating Activities	15,997	14,679	1,394	1,259	17,391	15,938	15,997	14,679	1,447	1,259	17,444	15,938
Revenue from Non-Operating Activities												
Interest & Dividends	-	-	187	111	187	111	-	-	267	180	267	180
Sub-Total Revenue from Non-Operating Activities	-	-	187	111	187	111	-	-	267	180	267	180
Revenue from Capital Purpose Income												
State Government Capital Grants												
- Targeted Capital Works and Equipment	227	558	-	-	227	558	227	558	-	-	227	558
Commonwealth Government Capital Grants	148	-	-	-	148	-	148	-	-	148	-	
Residential Accommodation Payments (refer Note 2b)	87	-	-	-	87	-	87	-	-	87	-	
Assets Received Free of Charge (refer Note 2d)	-	-	18	-	18	-	-	-	18	-	18	-
Net Gain/(Loss) on Disposal of Non-Current Assets (refer Note 2c)	-	-	22	(96)	22	(96)	-	-	22	(96)	22	(96)
Donations & Bequests	-	-	102	423	102	423	-	-	96	21	96	21
Sub-Total Revenue from Capital Purpose Income	462	558	142	327	604	885	462	558	136	(75)	598	483
Total Revenue (refer to Note 2a)	16,459	15,237	1,723	1,697	18,182	16,934	16,459	15,237	1,850	1,364	18,309	16,601

Indirect contributions by Department of Human Services: Department of Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenues and expenses.

Analysis of Revenue by Source
 (The following table is a consolidated view of note 2)

	Admitted Patients 2008 \$'000	Outpatients 2008 \$'000	EDS 2008 \$'000	Ambulatory 2008 \$'000	RAC incl. Mental Health 2008 \$'000	Aged Care 2008 \$'000	Primary Health 2008 \$'000	Other 2008 \$'000
Services Supported by Health Department	9,093	-	-	745	2,360	421	1,343	-
- from Department of Human Services	262	4	7	32	53	14	42	-
- from Operating Activities	684	-	4	-	444	117	83	-
- from Specific Purpose Funds	145	5	4	18	37	10	70	-
- from Community Initiatives	156	-	-	-	251	40	15	-
Services Supported by Hospital	10,340	9	15	795	3,145	602	1,553	-
- from Department of Human Services	-	-	-	-	-	-	-	1,287
- from Community Initiatives	-	-	-	-	-	-	-	427
- from Specific Purpose Funds	-	-	-	-	-	-	-	136
- from Community Initiatives	-	-	-	-	-	-	-	-
Total	10,340	9	15	795	3,145	602	1,553	1,850

Department of Human Services: Department of Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in the financial statements for the year by recording them as revenues and expenses.

Department of Human Services: Department of Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in the financial statements for the year by recording them as revenues and expenses.

Department of Human Services: Department of Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in the financial statements for the year by recording them as revenues and expenses.

Department of Human Services: Department of Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in the financial statements for the year by recording them as revenues and expenses.

Note 2a: Analysis of Revenue by Source
 (based on the consolidated view of note 2)

	Admitted Patients 2007 \$'000	Outpatients 2007 \$'000	EDS 2007 \$'000	Ambulatory 2007 \$'000	RAC incl. Mental Health 2007 \$'000	Aged Care 2007 \$'000	Primary Health 2007 \$'000	Other 2007 \$'000	Total 2007 \$'000
Revenue from Services Supported by Health Services Agreement									
Government Grants	8,358	-	4	695	2,258	410	1,180	-	12,905
Indirect contributions by Department of Human Services	60	1	2	11	17	4	12	-	107
Patient & Resident Fees (refer Note 2b)	577	-	4	-	529	109	86	-	1,305
Other Revenue from Operating Activities	181	9	6	30	48	14	74	-	362
Capital Purpose Income (refer Note 2)	558	-	-	-	-	-	-	-	558
Sub-Total Revenue from Services Supported by Health Services Agreement	9,734	10	16	736	2,852	537	1,352	-	15,237
Revenue from Services Supported by Hospital and Community Initiatives									
Donations & Bequests (non capital)	-	-	-	-	-	-	-	62	62
Business Units & Specific Purpose Funds	-	-	-	-	-	-	-	1,065	1,065
Other	-	-	-	-	-	-	-	312	312
Capital Purpose Income (refer Note 2)	-	-	-	-	-	-	-	(75)	(75)
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	1,364	1,364
Total Revenue	9,734	10	16	736	2,852	537	1,352	1,364	16,601

Indirect contributions by Department of Human Services: Department of Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenues and expenses.

Revenues and expenses of Support Services are distributed to categories using a number of allocation basis including estimated usage, percentage of total revenue and EFT.

Note 2b: Patient and Resident Fees

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Patient and Resident Fees Raised				
Recurrent:				
Acute				
- Inpatients	684	577	684	577
- Outpatients	3	4	3	4
Residential Aged Care				
- Generic	381	371	381	371
- Mental Health	63	77	63	77
- Residential Accommodation Payments	-	81	-	81
Other	201	195	201	195
Total Recurrent	1,332	1,305	1,332	1,305
Capital Purpose:				
Residential Accommodation Payments	87	-	87	-
Total Capital	87	-	87	-

Note 2c: Net Gain/(Loss) on Disposal of Non-Current Assets

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Proceeds from Disposals of Non-Current Assets				
Motor Vehicles	123	129	123	129
Land & Buildings	188	-	188	-
Total Proceeds from Disposal of Non-Current Assets	311	129	311	129
Less: Written Down Value of Non-Current Assets Sold				
Plant and Equipment	-	3	-	3
Medical Equipment	3	102	3	102
Motor Vehicles	109	120	109	120
Land & Buildings	177	-	177	-
Total Written Down Value of Non-Current Assets Sold	289	225	289	225
Net gains/(losses) on Disposal of Non-Current Assets	22	(96)	22	(96)

Note 2d: Assets Received Free of Charge or For Nominal Consideration

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:				
Plant and Equipment	18	-	18	-
TOTAL	18	-	18	-

Plant and Equipment was gifted by the Grampians Rural Health Alliance Network to the Health Service in June 2008.

Note 3: Expenses

	PARENT						CONSOLIDATED					
	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000
Employee Benefits												
Salaries & Wages	8,441	8,231	766	692	9,207	8,923	8,441	8,231	766	692	9,207	8,923
Workcover Premium	116	139	14	11	130	150	116	139	14	11	130	150
Departure Packages	28	-	2	-	30	-	28	-	2	-	30	-
Long Service Leave	212	8	14	2	226	10	212	8	14	2	226	10
Superannuation	843	842	62	57	905	899	843	842	62	57	905	899
Total Employee Benefits	9,640	9,220	858	762	10,498	9,982	9,640	9,220	858	762	10,498	9,982
Non Salary Labour Costs												
Fees for Visiting Medical Officers	988	976	-	-	988	976	988	976	-	-	988	976
Agency Costs - Nursing	9	-	-	-	9	-	9	-	-	9	-	-
Agency Costs - Other	415	380	31	16	446	396	415	380	31	16	446	396
Total Non Salary Labour Costs	1,412	1,356	31	16	1,443	1,372	1,412	1,356	31	16	1,443	1,372
Supplies & Consumables												
Drug Supplies	527	432	-	-	527	432	527	432	-	-	527	432
S100 Drugs	100	77	-	-	100	77	100	77	-	-	100	77
Medical, Surgical Supplies and Prosthesis	1,030	877	454	419	1,484	1,296	1,030	877	454	419	1,484	1,296
Pathology Supplies	81	82	-	-	81	82	81	82	-	-	81	82
Food Supplies	318	295	34	22	352	317	318	295	34	22	352	317
Total Supplies & Consumables	2,056	1,763	488	441	2,544	2,204	2,056	1,763	488	441	2,544	2,204
Other Expenses from Continuing Operations												
Domestic Services & Supplies	257	255	16	17	273	272	257	255	16	17	273	272
Fuel, Light, Power and Water	176	168	15	11	192	179	176	168	16	11	192	179
Insurance costs funded by DHS	227	280	20	21	247	301	227	280	20	21	247	301
Motor Vehicle Expenses	80	82	1	2	83	84	80	82	1	2	81	84
Repairs & Maintenance	238	198	15	16	253	214	238	198	15	16	253	214
Maintenance Contracts	73	95	138	55	211	150	73	95	138	55	211	150
Patient Transport	99	76	-	-	99	76	99	76	-	-	99	76
Bad & Doubtful Debts	8	9	-	3	8	12	8	9	-	3	8	12
Lease Expenses	75	85	2	1	77	86	75	85	2	1	77	86
Other Administrative Expenses	676	693	106	95	782	788	676	693	106	95	782	788
Other	386	284	-	-	386	284	386	284	-	-	386	284
Audit Fees												
- VAGO - Audit of Financial Statements	7	10	1	1	8	11	7	10	3	5	10	15
- Other	11	13	1	2	12	15	11	13	1	2	12	15
Total Other Expenses from Continuing Operations	2,313	2,248	316	224	2,629	2,472	2,313	2,248	318	228	2,631	2,476
Expenditure using Capital Purpose Income												
- Other	8	-	-	-	8	-	8	-	-	-	8	-
Total Other Expenses	8	-	-	-	8	-	8	-	-	-	8	-
Total Expenditure using Capital Purpose Income	8	-	-	-	8	-	8	-	-	-	8	-
Depreciation & Amortisation	725	706	3	5	728	711	725	706	3	5	728	711
Total	725	706	3	5	728	711	725	706	3	5	728	711
Total Expenses	16,154	15,293	1,696	1,448	17,850	16,741	16,154	15,293	1,698	1,452	17,852	16,745

Table 1: Analysis of Expenses by Source
 (in thousands of dollars, unless otherwise stated)

	Admitted Patients 2008 \$'000	Outpatients 2008 \$'000	EDS 2008 \$'000	Ambulatory 2008 \$'000	RAC Incl. Mental Health 2008 \$'000	Aged Care 2008 \$'000	Primary Health 2008 \$'000	Other 2008 \$'000
Expenses from Services Supported by Health Services Agreement	5,013	88	157	212	2,599	515	1,056	-
- Staff	1,083	3	2	118	49	9	148	-
- Hourly Costs	1,723	1	8	-	252	27	45	-
- Consumables	1,080	14	20	422	316	85	376	-
- Expenses from Continuing Operations	568	-	-	-	119	21	17	-
- Amortisation (refer Note 4)	-	-	-	-	-	-	-	-
Expenses from Services Supported by Health Services Agreement	9,467	106	187	752	3,335	657	1,642	-
Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	858
- Staff	-	-	-	-	-	-	-	31
- Hourly Costs	-	-	-	-	-	-	-	488
- Consumables	-	-	-	-	-	-	-	318
- Expenses from Continuing Operations	-	-	-	-	-	-	-	3
- Amortisation (refer Note 4)	-	-	-	-	-	-	-	-
Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	1,698
Expenses from Services Supported by Capital Sources	8	-	-	-	-	-	-	-
- Staff	-	-	-	-	-	-	-	-
- Hourly Costs	-	-	-	-	-	-	-	-
- Consumables	-	-	-	-	-	-	-	-
- Expenses from Continuing Operations	-	-	-	-	-	-	-	-
- Amortisation (refer Note 4)	-	-	-	-	-	-	-	-
Expenses from Services Supported by Capital Sources	8	-	-	-	-	-	-	-
Total	9,475	106	187	752	3,335	657	1,642	1,698

Note 3a: Analysis of Expenses by Source

(based on the consolidated view)

	Admitted Patients 2007 \$'000	Outpatients 2007 \$'000	EDS 2007 \$'000	Ambulatory 2007 \$'000	RAC incl. Mental Health 2007 \$'000	Aged Care 2007 \$'000	Primary Health 2007 \$'000	Other 2007 \$'000	Total 2007 \$'000
Services Supported by Health Services Agreement									
Employee Benefits	4,867	104	115	202	2,451	529	952	-	9,220
Non Salary Labour Costs	991	2	27	116	31	6	183	-	1,356
Supplies & Consumables	1,477	1	9	-	208	19	49	-	1,763
Other Expenses from Continuing Operations	1,084	14	20	367	379	100	284	-	2,248
Depreciation & Amortisation (refer Note 4)	547	-	-	-	118	24	17	-	706
Sub-Total Expenses from Services Supported by Health Services Agreement	8,966	121	171	685	3,187	678	1,485	-	15,293
Services Supported by Hospital and Community Initiatives									
Employee Benefits	-	-	-	-	-	-	-	762	762
Non Salary Labour Costs	-	-	-	-	-	-	-	16	16
Supplies & Consumables	-	-	-	-	-	-	-	441	441
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	228	228
Depreciation & Amortisation (refer Note 4)	-	-	-	-	-	-	-	5	5
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	1,452	1,452
Total Expenses	8,966	121	171	685	3,187	678	1,485	1,452	16,745

Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Diagnostic Imaging	1,250	1,110	1,250	1,110
Catering	207	100	207	100
Other	160	131	160	131
Fundraising and Community Support	76	99	88	99
TOTAL	1,693	1,440	1,705	1,440

Note 4: Depreciation and Amortisation

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Buildings	362	362	362	362
Plant & Equipment	59	37	59	37
Medical Equipment	143	154	143	154
Computers and Communication	43	39	43	39
Furniture and Equipment	18	18	18	18
Motor Vehicles	82	85	82	85
Total Depreciation	707	695	707	695
Amortisation				
Intangible Assets	21	16	21	16
Total Amortisation	21	16	21	16
TOTAL DEPRECIATION & AMORTISATION	728	711	728	711

Note 5: Cash and Cash Equivalents

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Cash on Hand	2	2	2	2
Cash at Bank	1,270	1,117	1,275	1,121
Short Term Money Market	1,870	1,120	3,034	2,175
TOTAL CASH AND CASH EQUIVALENTS	3,142	2,239	4,311	3,298
Represented by:				
Cash for Health Service Operations (as per Cash Flow Statement)	3,111	2,151	4,280	3,210
Cash for Monies Held in Trust - Cash at Bank	31	88	31	88
TOTAL	3,142	2,239	4,311	3,298

Note 6: Receivables

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
CURRENT				
Inter Hospital Debtors	92	50	92	50
Trade Debtors	262	150	262	148
Patient Fees	116	79	116	79
Accrued Investment Income	22	6	43	11
Accrued Revenue - Other	10	18	10	18
GST Receivable	64	-	64	-
TOTAL	566	303	587	306
LESS Allowance for Doubtful Debts				
Trade Debtors	5	9	5	9
Patient Fees	1	4	1	4
TOTAL CURRENT RECEIVABLES	560	290	581	293
NON CURRENT				
DHS - Long Service Leave	60	-	60	-
TOTAL NON-CURRENT RECEIVABLES	60	-	60	-
TOTAL RECEIVABLES	620	290	641	293

(a) Movement in the Allowance for doubtful debts

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Balance at beginning of year	13	8	13	8
Increase / (Decrease) in allowance recognised in profit or loss	(7)	5	(7)	5
Balance at end of year	6	13	6	13

(b) Ageing analysis of receivables

Please refer to Note 17(c) for the ageing analysis of receivables.

(c) Nature and extent of risk arising from receivables

Please refer to Note 17(c) for the nature and extent of credit risk arising from receivables.

Note 7: Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Parent Entity		Consolidated	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NON CURRENT										
Non Traded Investments										
Investments - Government Instrumentalities	-	-	-	1	-	-	-	1	-	1
TOTAL	-	-	-	1	-	-	-	1	-	1
Represented by:										
Health Service Investments	-	-	-	1	-	-	-	1	-	1
TOTAL OTHER FINANCIAL ASSETS	-	-	-	1	-	-	-	1	-	1

(b) Ageing analysis of other financial assets

Please refer to Note 17(c) for the ageing analysis of other financial assets.

(c) Nature and extent of risk arising from other financial assets

Please refer to Note 17(c) for the nature and extent of credit risk arising from other financial assets.

Note 8: Inventories

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Pharmaceuticals				
At cost	17	18	17	18
Medical and Surgical Lines				
At cost	63	147	63	147
TOTAL INVENTORIES	80	165	80	165

Note 9: Other Assets

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000
Prepayments	85	57	85	57
Rental Property Bonds	9	-	9	-
CURRENT	94	57	94	57
TOTAL OTHER ASSETS	94	57	94	57

Note 10: Property, Plant & Equipment

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000
Land				
- Land at Valuation	1,182	1,227	1,182	1,227
Total Land	1,182	1,227	1,182	1,227
Buildings				
- Buildings Under Construction	351	389	351	389
- Buildings at Cost	3,108	3,037	3,108	3,037
Less Accumulated Depreciation	(206)	(137)	(206)	(137)
- Buildings at Valuation	12,796	12,933	12,796	12,933
Less Accumulated Depreciation	(870)	(582)	(870)	(582)
Total Buildings	15,179	15,640	15,179	15,640
Plant and Equipment at Cost				
- Plant and Equipment	758	837	758	837
Less Accumulated Depreciation	(468)	(503)	(468)	(503)
Total Plant and Equipment	290	334	290	334
Medical Equipment at Cost				
- Medical Equipment	3,068	3,115	3,068	3,115
Less Accumulated Depreciation	(2,000)	(2,014)	(2,000)	(2,014)
Total Medical Equipment	1,068	1,101	1,068	1,101
Computers and Communication at Cost				
- Computers and Communication	262	247	262	247
Less Accumulated Depreciation	(130)	(147)	(130)	(147)
Total Computers and Communication	132	100	132	100
Furniture and Fittings at Cost				
- Furniture and Fittings	225	264	225	264
Less Accumulated Depreciation	(139)	(164)	(139)	(164)
Total Furniture and Fittings	86	100	86	100
Motor Vehicles at Cost				
- Motor Vehicles	508	503	508	503
Less Accumulated Depreciation	(175)	(144)	(175)	(144)
Total Motor Vehicles	333	359	333	359
TOTAL PROPERTY, PLANT & EQUIPMENT	18,270	18,861	18,270	18,861

Note 10: Property, Plant & Equipment (Continued)

Reconciliations of the carrying amounts of each class of asset for the entity at the beginning and end of the previous and current financial year is set out below.

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Comm \$'000	Furniture & Fittings \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2006	1,227	15,648	1,168	-	-	105	348	18,496
Additions	-	354	198	435	66	13	215	1,281
Disposals	-	-	-	(102)	-	-	(119)	(221)
Depreciation and Amortisation (Note 4)	-	(362)	(37)	(154)	(39)	(18)	(85)	(695)
Balance at 1 July 2007	1,227	15,640	334	1,101	100	100	359	18,861
Additions	-	33	15	113	75	4	165	405
Disposals	(45)	(132)	-	(3)	-	-	(109)	(289)
Depreciation and Amortisation (Note 4)	-	(362)	(59)	(143)	(43)	(18)	(82)	(707)
Balance at 30 June 2008	1,182	15,179	290	1,068	132	86	333	18,270

Land and buildings carried at valuation

An independent valuation of the Health Service's land and buildings was performed by Value It Pty Ltd to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30/06/2005.

Note 11: Intangible Assets

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Computer Software	208	168	208	168
Less Accumulated Amortisation	(140)	(121)	(140)	(121)
	68	47	68	47
Total Written Down Value	68	47	68	47

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

	Computer Software \$'000	Total \$'000
Balance at 1 July 2006	39	39
Additions	27	27
Disposals	(3)	(3)
Amortisation (Note 4)	(16)	(16)
Balance at 1 July 2007	47	47
Additions	42	42
Amortisation (Note 4)	(21)	(21)
Balance at 30 June 2008	68	68

Note 12: Payables

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
CURRENT				
Trade Creditors	1,077	1,035	1,077	1,035
Accrued Expenses	319	392	324	394
GST Payable	-	172	-	172
DHS	679	631	679	631
Salary Packaging	1	-	1	-
TOTAL CURRENT	2,076	2,230	2,081	2,232
NON CURRENT				
DHS	-	106	-	106
TOTAL NON CURRENT	-	106	-	106
TOTAL PAYABLES	2,076	2,336	2,081	2,338

(a) Maturity analysis of payables

Please refer to Note 17(d) for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 17(d) for the nature and extent of risks arising from payables.

Note 13: Provisions

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
CURRENT				
Employee Benefits (refer Note 13a)				
- unconditional and expected to be settled within 12 months	1,055	935	1,055	935
- unconditional and expected to be settled after 12 months	748	653	748	653
Provisions related to employee benefit on-costs				
Unconditional and expected to be settled within 12 months (nominal value)	127	112	127	112
Unconditional and expected to be settled after 12 months (present value)	90	78	90	78
TOTAL	2,020	1,778	2,020	1,778
NON-CURRENT				
Employee Benefits (Note 13a)	207	155	207	155
Provisions related to employee benefit on-costs	25	19	25	19
TOTAL PROVISIONS	232	174	232	174

Note 13a: Employee Benefits

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
CURRENT (refer Note 1 (s))				
Unconditional long service leave entitlements	860	794	860	794
Annual leave entitlements	878	797	878	797
Accrued Wages and Salaries	255	142	255	142
Accrued Days Off	27	45	27	45
TOTAL*	2,020	1,778	2,020	1,778
*Current Employee benefits that:				
Expected to be utilised within 12 months (nominal value)	1,182	1,047	1,182	1,047
Expected to be utilised after 12 months (present value)	838	731	838	731
TOTAL	2,020	1,778	2,020	1,778
NON-CURRENT (refer Note 1 (s))				
Conditional long service leave entitlements (present value)	232	174	232	174
TOTAL EMPLOYEE BENEFITS	232	174	232	174
Movement in Long Service Leave:				
Balance at start of year	968	1,169	968	1,169
Provision made during the year	226	10	226	10
Settlement made during the year	(102)	(211)	(102)	(211)
Balance at end of year	1,092	968	1,092	968

Note 14: Other Liabilities

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
CURRENT				
Monies Held in Trust*				
- Patient Monies Held in Trust	21	45	21	45
- Medical Providers Monies held in Trust	10	9	10	9
- Staff Monies held in Trust	-	34	-	34
Revenue in Advance	106	45	106	45
Total Current	137	133	137	133
TOTAL OTHER LIABILITIES	137	133	137	133
* Total Monies Held in Trust	31	88	31	88
Represented by the following assets:				
Cash Assets (refer to Note 5)	31	88	31	88
TOTAL	31	88	31	88

Note 14: Other Liabilities

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
CURRENT				
Monies Held in Trust*				
- Patient Monies Held in Trust	21	45	21	45
- Medical Providers Monies held in Trust	10	9	10	9
- Staff Monies held in Trust	-	34	-	34
Revenue in Advance	106	45	106	45
Total Current	137	133	137	133
Total Other Liabilities	137	133	137	133
* Total Monies Held in Trust	31	88	31	88
Represented by the following assets:				
Cash Assets (refer to Note 6)	31	88	31	88
TOTAL	31	88	31	88

Note 15: Equity

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000
(a) Reserves				
Land and Buildings Asset Revaluation Reserve ¹				
Balance at the beginning of the reporting period	2,417	2,417	2,417	2,417
Balance at the end of the reporting period*	2,417	2,417	2,417	2,417
* Represented by:				
- Land	588	588	588	588
- Buildings	1,829	1,829	1,829	1,829
	2,417	2,417	2,417	2,417
Restricted Specific Purpose Reserve				
Balance at the beginning of the reporting period	375	309	375	309
Transfers to and from Reserve				
- Long Service Leave Reserve	27	66	27	66
Balance at the end of the reporting period	402	375	402	375
Total Reserves	2,819	2,792	2,819	2,792
(b) Contributed Capital				
Balance at the beginning of the reporting period	9,107	9,107	9,107	9,107
Capital contribution received from Victorian Government	238	-	238	-
Balance at the end of the reporting period	9,345	9,107	9,345	9,107
(c) Accumulated Surpluses/(Deficits)				
Balance at the beginning of the reporting period	5,340	5,213	6,400	6,610
Net Result for the Year	332	193	457	(144)
Transfers to and from Reserve				
- Long Service Leave Reserve	(27)	(66)	(27)	(66)
Balance at the end of the reporting period	5,645	5,340	6,830	6,400
(d) Total Equity at end of financial year	17,809	17,239	18,994	18,299

(1) The land and buildings assets revaluation reserve arises on the revaluation of land and buildings.

Note 15: Equity

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
(a) Reserves				
Land and Buildings Asset Revaluation Reserve ¹				
Balance at the beginning of the reporting period	2,417	2,417	2,417	2,417
Balance at the end of the reporting period*	2,417	2,417	2,417	2,417
* Represented by:				
- Land	588	588	588	588
- Buildings	1,829	1,829	1,829	1,829
	2,417	2,417	2,417	2,417
Restricted Specific Purpose Reserve				
Balance at the beginning of the reporting period	375	309	375	309
Transfers to and from Reserve				
- Long Service Leave Reserve	27	66	27	66
Balance at the end of the reporting period	402	375	402	375
Total Reserves	2,819	2,792	2,819	2,792
(b) Contributed Capital				
Balance at the beginning of the reporting period	9,107	9,107	9,107	9,107
Capital contribution received from Victorian Government	238	-	238	-
Balance at the end of the reporting period	9,345	9,107	9,345	9,107
(c) Accumulated Surpluses/(Deficits)				
Balance at the beginning of the reporting period	5,340	5,213	6,400	6,610
Net Result for the Year	332	193	457	(144)
Transfers to and from Reserve				
- Long Service Leave Reserve	(27)	(66)	(27)	(66)
Balance at the end of the reporting period	5,645	5,340	6,830	6,400
(d) Total Equity at end of financial year	17,809	17,239	18,994	18,299

(1) The Land and Buildings Assets Revaluation Reserve arises on the revaluation of land and buildings.

Note 16: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Net Result for the Period	336	193	457	(144)
Depreciation & Amortisation	728	711	728	711
Provision for Doubtful Debts	(7)	5	(7)	5
Change in Inventories	85	3	85	3
Resources/Assets Received Free of Charge	(18)	-	(18)	-
Net (Gain)/Loss from Sale of Plant and Equipment	(22)	96	(22)	96
Change in Operating Assets & Liabilities				
(Increase)/Decrease in Receivables	(337)	168	(350)	190
(Increase)/Decrease in Other Assets	57	(57)	57	(57)
(Increase)/Decrease in Prepayments	(28)	(12)	(28)	(12)
Increase/(Decrease) in Payables	(259)	1,007	(257)	1,009
Increase/(Decrease) in Employee Benefits	300	(104)	300	(104)
Increase/(Decrease) in Other Liabilities	4	58	4	58
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	839	2,068	949	1,755

Note 17: Financial Instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Categorisation of financial instruments

	Note	Category	Carrying Amount 2008 \$'000	Carrying Amount 2007 \$'000
Financial Assets				
Cash and cash equivalents	5	N/A	4,311	3,298
Receivables	6	Loans and Receivables	577	293
Other Financial assets	7	Held to Maturity Investment	-	1
Financial Liabilities				
Payables	12	Financial liabilities measured at amortised cost	2,081	2,166
Other Liabilities	14	Financial liabilities measured at amortised cost	137	133

Note 17: Financial Instruments (continued)

(c) Credit Risk

In the context of the Health Service, credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments particular to Stawell Regional Health which would be subject to credit risk include:

- Cash Equivalents
- Other Financial Assets
- Receivables
- Trade Creditors and Accruals
- Monies Held In Trust
- Other Liabilities

As regards to credit risk for Cash Equivalents, it is the Health Service's policy to only invest funds in reputable Australian deposit taking institutions listed as recommended by the Victorian Department of Treasury. Credit risk should be minimised as such institutions have their capital adequacy monitored by the Australian Prudential Regulatory Authority (APRA).

Receivables are regularly monitored by management and should collection be doubted, a specific provision is created. It is the Health Service's policy that provisions over a certain threshold are approved by management and the Board. Receivables in both the monthly management reports and annual financial statements are shown as net of provisions.

Trade Creditors and Accruals are generally paid within trading terms. It is the Health Service's policy to monitor and review the capabilities and credit worthiness of counter parties on a regular basis. The Health Service maintains a list of approved suppliers and overlays a delegation of authority for supplies over certain monetary thresholds.

Monies held in trust are paid in accordance with the terms or conditions stipulated under the relevant legislation applying to them.

The Health Service does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics, other than the Department of Human Services as the material funder of the Health Service's operations.

The Health Service's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest rate exposure and ageing analysis of financial asset as at 30/06/2008

	*Weighted Average Effective Interest Rates (%)	Consolidated Carrying Amount \$'000	Interest Rate Exposure			Not Past Due and Not Impaired \$'000	Past Due But Not Impaired					Impaired Financial Assets \$'000
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000		Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000	
2008												
Financial Assets												
Cash and Cash Equivalents	7.68	4,311	3,034	1,275	2	4,311	-	-	-	-	-	-
Receivables	-	577	-	-	577	504	36	17	20	-	-	6
Total Financial Assets		4,888	3,034	1,275	579	4,815	36	17	20	-	-	6
2007												
Financial Assets												
Cash and Cash Equivalents	6.27	3,298	2,175	1,123	-	3,298	-	-	-	-	-	-
Receivables	-	293	-	-	293	265	11	8	9	-	-	13
Other financial assets	3.00	1	1	-	-	1	-	-	-	-	-	-
Total Financial Assets		3,592	2,176	1,123	293	3,564	11	8	9	-	-	13

*Weighted average or effective interest rates for each class of assets.

Note 17: Financial Instruments (continued)

(d) Liquidity Risk

In the context of the Health Service, liquidity risk refers to the risk that the Health Service will encounter difficulty in meeting obligations associated with financial liabilities.

The Health Service is a statutory corporation that is primarily funded by the Department of Human Services Victoria (DHS). Whilst DHS has issued letters of support for this and past years which offer continued DHS financial support of the Health Service, it is the Board's policy to manage the organisation under the Financial Management Act to ensure that it meets its financial obligations as and when they fall due.

The Board also recognises that, where obligated by specific legislation to quarantine financial assets to meet future financial liabilities, that it does so without using these financial assets to meet day to day liquidity needs.

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

Interest rate exposure and maturity analysis of financial liabilities as at 30/06/2008

	Carrying Amount \$'000	Interest Rate Exposure			*Weighted Average Effective Interest Rates (%)	Contractual Cash Flows \$'000	Maturity Dates				
		Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
2008											
Payables:											
Trade creditors and accruals	2,081	-	-	2,081	-	2,081	2,081	-	-	-	-
Other Financial Liabilities	137	-	-	137	-	137	97	40	-	-	-
Total Financial Liabilities	2,218	-	-	2,218		2,218	2,178	40	-	-	-
2007											
Payables:											
Trade creditors and accruals	2,166	-	-	2,166	-	2,166	2,166	-	-	-	-
Other Financial Liabilities	133	-	-	133	-	133	133	-	-	-	-
Total Financial Liabilities	2,299	-	-	2,299		2,299	2,299	-	-	-	-

*Weighted average or effective interest rates for each class of assets.

7: Financial Instruments (continued)

Risk of the Health Service, market risk is defined as the fair value or future cash flows of a financial instrument which will fluctuate because of changes in market prices. Market risk is primarily market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest Rate Risk The Health Service is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because the majority of purchases denominated in foreign currencies and a short timeframe between commitment and settlement. Liabilities are recognised and paid at the time that they are incurred.

Other Price Risk The Health Service is only subject to interest rate risk on investments. The Health Service is not empowered to borrow funds subject to interest on the principal and is not subject to market risk on financial liabilities.

Market Risk The Health Service has not identified any other price risks.

Disclosure Analysis

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Health Service at year end as presented in the financial statements. The table discloses the impact on net operating result and equity for each category of financial instrument held by the Health Service at year end as presented in the financial statements. The table discloses the impact on net operating result and equity for each category of financial instrument held by the Health Service at year end as presented in the financial statements. The table discloses the impact on net operating result and equity for each category of financial instrument held by the Health Service at year end as presented in the financial statements.

	Carrying Amount	Interest Rate Risk		Other Price Risk	
		-1% Profit \$'000	+1% Equity \$'000	-1% Profit \$'000	+1% Equity \$'000
Assets					
Financial Equivalents	4,311	(43)	43	-	-
Other assets	577	-	-	-	-
Liabilities	2,081	-	-	-	-
Other liabilities	137	-	-	-	-
	Carrying Amount				
Assets					
Financial Equivalents	3,298	(33)	33	-	-
Other assets	293	-	-	-	-
Liabilities	1	-	-	-	-
Other liabilities	2,166	-	-	-	-
	133	-	-	-	-

Note 18: Commitments for Expenditure

	Parent Entity 2008 \$'000	Parent Entity 2007 \$'000	Consolidated 2008 \$'000	Consolidated 2007 \$'000
Capital Expenditure Commitments				
<i>Payable:</i>				
Land and Buildings	301	-	301	-
Plant and Equipment	29	25	29	25
Computer Software	232	-	232	-
Total Capital Commitments	562	25	562	25
Land and Buildings				
Not later than one year	301	-	301	-
Total	301	-	301	-
Lease Commitments				
Commitments in relation to leases contracted for at the reporting date:				
Operating Leases	72	109	72	109
Total Lease Commitments	72	109	72	109
Operating Leases				
<i>Cancelable</i>				
Not later than one year	34	34	34	34
Later than 1 year and not later than 5 years	38	75	38	75
Sub Total	72	109	72	109
TOTAL	72	109	72	109
Total Commitments for expenditure (inclusive of GST)	634	134	634	134
less GST recoverable from the Australian Tax Office	(58)	(12)	(58)	(12)
Total commitments for expenditure (exclusive of GST)	576	122	576	122

Note 19: Contingent Assets and Contingent Liabilities

As at 30 June 2008 Stawell Regional Health has no knowledge of any contingent assets or liabilities. (Nil for 30 June 2007.)

Note 20: Segment Reporting

	RAC		Acute		Others		Consolidated	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
REVENUE								
External Segment Revenue	3,145	2,853	11,159	10,489	3,738	3,079	18,042	16,421
Total Revenue	3,145	2,853	11,159	10,489	3,738	3,079	18,042	16,421
EXPENSES								
External Segment Expenses	(3,335)	(3,187)	(10,520)	(9,943)	(3,997)	(3,615)	(17,852)	(16,745)
Total Expenses	(3,335)	(3,187)	(10,520)	(9,943)	(3,997)	(3,615)	(17,852)	(16,745)
Net Result from ordinary activities	(190)	(334)	639	546	(259)	(536)	190	(324)
Interest Income	-	-	-	-	267	180	267	180
Net Result for Year	(190)	(334)	639	546	8	(356)	457	(144)
OTHER INFORMATION								
Segment Assets	4,693	4,431	17,129	16,460	1,642	1,831	23,464	22,722
Total Assets	4,693	4,431	17,129	16,460	1,642	1,831	23,464	22,722
Segment Liabilities	894	863	3,263	3,204	313	356	4,470	4,423
Total Liabilities	894	863	3,263	3,204	313	356	4,470	4,423
Acquisition of property, plant and equipment and intangible assets	61	20	328	1,003	58	258	447	1,281
Depreciation & amortisation expense	119	118	568	547	41	46	728	711

The major products/services from which the above segments derive revenue are:

Business Segments

Residential Aged Care Services (RACS)
 Acute Health
 Others
 -Primary Health
 -District Nursing
 -Radiology Services
 -Catering Services
 -Day Centre
 -Phone Triage
 -Consulting Rooms
 -Fundraising

Services

High Level and Psychogeriatric Aged Care
 Acute Medical & Surgical Services
 Physiotherapy, Podiatry, Dietetics & Speech Pathology

Geographical Segment

Stawell Regional Health operates predominantly in the Grampians region in Victoria. 100% of revenue, net surplus from ordinary activities and segment assets relate to operations in the Grampians region, Victoria.

Note 21a: Responsible Persons Disclosures

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

Responsible Ministers:

The Honourable Bronwyn Pike, MLA, Minister for Health
 The Honourable Daniel Andrews, MLA, Minister for Health

Governing Boards

Mrs J M Brilliant
 Mrs K Douglas
 Mr N S Dunn
 Mr P J Martin
 Mrs K Harris
 Mr G E McDonough
 Mr H L Cooper
 Mr D G Stanes
 Mr M Dorman

Accountable Officers

Mr P Edwards

Remuneration of Responsible Persons

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

Income Band

\$10,000 - \$19,999
 \$130,000 - \$139,999
 \$140,000 - \$149,999

Total Numbers

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other Transactions of Responsible Persons and their Related Parties.

Mr D G Stanes, local publican, who provided beverages at a fundraising event under normal commercial terms and conditions.

Period
1/07/2007 - 3/08/2007
3/08/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 30/06/2008
1/07/2007 - 31/01/2008
1/07/2007 - 30/06/2008

Parent		Consolidated	
2008 No.	2007 No.	2008 No.	2007 No.
-	1	-	1
-	1	-	1
1	-	1	-
1	2	1	2
\$145,149	\$152,172	\$145,149	\$152,172
\$'000	\$'000	\$'000	\$'000
-	2	-	2

1b: Executive Officer Disclosures

Officers' Remuneration

of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns. The remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments and retirement benefits.

of Finance is employed by Stowell Regional Health but the position includes responsibility for the finance function at East Grampians Health Service.

	PARENT				CONSOLIDATED			
	Total Remuneration 2008 No.	Total Remuneration 2007 No.	Base Remuneration 2008 No.	Base Remuneration 2007 No.	Total Remuneration 2008	Total Remuneration 2007	Base Remuneration 2008	Base Remuneration 2007
	-	1	-	1	-	1	-	1
	2	-	2	1	2	-	2	-
	2	1	2	2	2	1	2	1
	2	2	2	2	2	2	2	2
	\$ 236,134	\$ 255,029	\$ 236,134	\$ 217,634	\$ 236,134	\$ 255,029	\$ 236,134	\$ 236,134

2: Events Occurring after the Balance Sheet Date

Events occurring after the reporting date:

3: Controlled Entities

Stowell Hospital Foundation

Stowell Hospital Foundation was executed on 18 December 1989 to establish the Stowell District Hospital Foundation. The purpose of the Foundation is to establish a charitable trust for the purpose of providing money, property and benefits to Stowell Regional Health.