

2011

Better health, Better lifestyles, Stronger communities



Annual Report



Vision

Better health, Better lifestyles, Stronger communities.

Purpose

To enable people to live healthier, live better, live longer.

Strategic Directions

- 1. A healthy population**
- 2. Quality services**
- 3. Community – our greatest asset**
- 4. Excellence in knowledge management**

Values

Providing Excellent Customer Service

Actively assist our customers and clients to receive the quality services they require in a professional and courteous manner.

Creating a Successful Environment

Contribute to making Latrobe Community Health Service a positive, respectful, innovative and healthy place to be.

Always providing a Personal Best





Embrace a 'can do' attitude and go the extra distance when required.

Acting with the Utmost Integrity

Practice the highest ethical standards at all times.

Better health, Better lifestyles, Stronger communities

Contents

| | |
|---|-------------------|
| Chairperson and Chief Executive Officer's Report | 2 |
| Financial Summary | 4 |
| Board and Governance | 8 |
| Organisational Chart | 13 |
|  Ambulatory Care | 14 |
|  Community Support | 16 |
|  Coordinated Care | 18 |
|  Primary Health | 20 |
|  Corporate | 22 |
| Professional Development | 24 |
| Staff Recognition | 25 |
| Volunteer Recognition | 26 |
| Facility Redevelopments | 27 |
| Financial Report | 28 |
| Services Provided | Inside Back Cover |



John Guy OAM
Board Chair
Grad Dip PA



Ben Leigh
Chief Executive Officer
Master Public Policy and Management,
B AppSci, ACHSM, AIMM

Chairperson & Chief Executive Officer's Report

Latrobe Community Health Service (LCHS) continues to be a major provider of primary health and support services across Gippsland and we take pleasure in highlighting some of our key achievements in our 2010/11 Annual Report.

Healthy Population

This year LCHS delivered over 118 service lines to 18,000 community health clients and 8,000 dental clients, including new programs such as Students Supervision Clinics, the Indigenous Men's Group, Speech Therapy, Worker Health Checks and an Integrated Hepatitis C Service. There were also a number of expanded programs, such as Community Aged Care.

After hours services were expanded to include Physiotherapy, Diabetes Education, Service Access, Dental, Counselling, Drug Treatment and Planned Activity Respite on Wednesday evenings and/or Saturday mornings.

The Home and Community Care (HACC) Active Service Model (ASM) approach was implemented encouraging clients to do things for themselves in order to retain independence as long as possible.

LCHS continued to provide leadership to the Gippsland Oral Health Consortium and this year employed a Project Manager to assist it to implement the Gippsland Oral Health Plan that aims to improve access to high-quality dental care across Gippsland. A Gippsland Oral Health Promotion Forum was also held.

LCHS announced its plans to establish an Integrated Primary Health Clinic including GP services at the new Morwell Centre, due to the increasing need for general practice and other medical services in Latrobe and to address the current and projected rural medical workforce shortages. A Manager General Practice was appointed, and operations are planned to commence early in 2012.

Quality Services

LCHS maintained its strong financial position increasing operating revenue by 7.6% to \$33.89 million. The net operating result was a deficit of \$0.44 million.

The cash position reduced by \$1.2 million due to previous year capital funding being used to complete the Morwell development, LCHS's contribution to the Morwell development and the Bairnsdale Centre relocation.

The capital improvement program continues and the \$0.55 million stage one redevelopment of the Moe Centre has commenced, comprising the redevelopment of sterilisation facilities and staff accommodation.

LCHS undertook extensive research this year to identify a new integrated finance, procurement, payroll and human resource management system to better meet LCHS's present and future needs. After a robust tender and due diligence a system was selected and will be implemented during 2011/12.

The Board farewelled Director Janice Chesters and welcomed new Director Melissa Bastian. New senior executive appointments this year were Christine Trotman, Executive Director Coordinated Care, and Rachel Strauss, Executive Director Primary Health.

As a result of the biennial staff survey 17 initiatives were developed and implemented to continue to make LCHS an employer of choice. These included improvements to staff achievement awards, promoting LCHS values, communication, site support, change management, staff benefits, appraisal and training, and ICT. The staff survey will now be undertaken annually.

2010 Employee Annual Directorate Awards went to Carol Morris (Coordinated Care), Cate Noy (Community Support), Adam Miller (Corporate), Leanne Maskiell (Primary Health) and Janette Henry (Ambulatory Care). Janette Henry was also awarded the 2010 LCHS Employee of the Year Award. The Annual Service Coordination Award went to Ambulatory Care. Congratulations to these staff on their outstanding efforts.

Community – Our Greatest Asset

LCHS has actively participated in Gippsland and State-wide initiatives regarding Australian Health reform particularly Medicare Locals and has collaborated with other stakeholders to develop a Medicare Local for Gippsland.

Medicare Locals will take responsibility for planning primary care, providing General Practice support, service coordination and GP after hours services. Uncertainty exists as to whether they will provide client services, however in Gippsland this will only occur in the absence of any other service provider options. Divisions of General Practice funding will be transferred to Medicare Locals.

Over 1,500 people attended the gala opening of the new Latrobe Community Health Service Morwell Centre by the former Victorian Health Minister the Hon Daniel Andrews. The spectacular free community celebration featured health checks, exercise classes, food, educational talks and tours, the Vox Bandicoot Theatre Group, the Underbodies, Essendon footballers Paddy Ryder and Michael Hurley, the Rhythm of Life African Drumming Group, the Arch Angels Combined Schools Choir, the Steve Forster Jazz Trio and Fairy Willow.

The new Bairnsdale Centre was officially opened by the new Victorian Health Minister, the Hon David Davis, and was well attended with approximately 100 people enjoying the activities. A smoking ceremony and entertainment was provided by Gippsland and East Gippsland Aboriginal Co-operative (GEGAC), with health checks and displays provided by LCHS staff.

Volunteers play an increasingly important role in the delivery of LCHS services and this year congratulations go to LCHS Volunteer of the Year Robert Meggs who donates his time as a bus driver and a kitchen assistant.

Excellence in Knowledge Management

LCHS staff have undertaken a broad range of training including Excellence in Customer Service, Koorie Cultural Awareness training for all staff, Financial Management and the 'LEAN' approach for Executive and Management staff.

LCHS established a Research Council with increased staff participating in research in areas such as Caregiving, Student Supervised Clinics, Chronic Disease and Wound Management.

LCHS in partnership with Monash University was successful in obtaining approximately \$1.5 million in grants to increase and better support student placements.

The Future

LCHS will continue to actively participate in the implementation of the Gippsland Medicare Local to ensure that it will improve the health and wellbeing of Gippslanders.

The Productivity Commission Draft Report - Caring for Older Australians was released and LCHS has begun assessing potential opportunities for Gippsland including potential changes to community care packages, information provision, assessment, care coordination, carer referral, multidisciplinary services to residential care facilities and home maintenance and modification.

The Productivity Commission also released the Draft Report - Disability Care & Support and LCHS is assessing its proposals of a National Disability Insurance Scheme, a National Injury Insurance Scheme, and continued support for client and carer self-directed funding.

Much attention has also been given to the potential impact of the introduction of a carbon price on the Australian community, particularly areas such as the Latrobe Valley. LCHS will continue to monitor the situation and assess what role it may have in supporting the Gippsland community to deal with any potential impacts.

Thank you again to all our partners, advocates, supporters, customers, volunteers and staff for another very successful year full of achievements that have enabled people to live healthier, live better and live longer.

John Guy OAM

Board Chair
Grad Dip PA

Ben Leigh

Chief Executive Officer
Master Public Policy and Management,
B App Sci, ACHSM, AIMM

Financial Summary

Operating Results

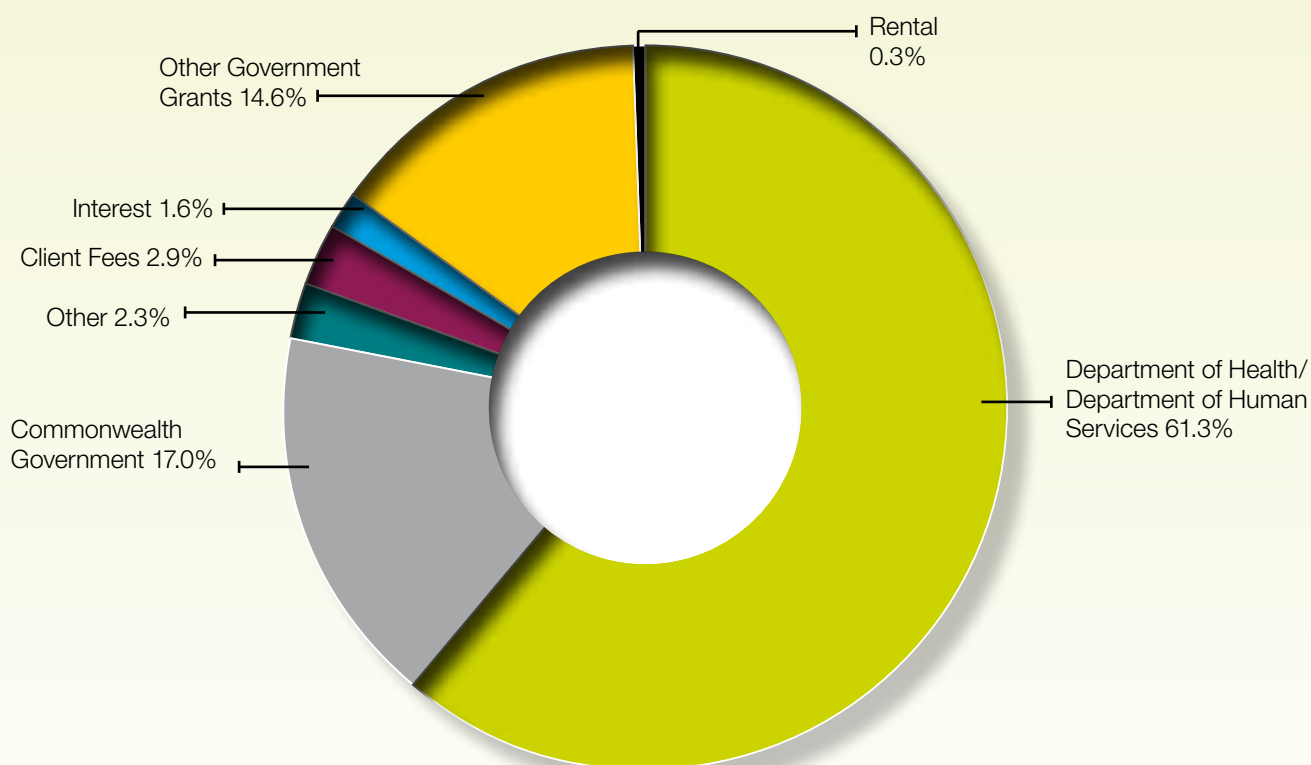
The Latrobe Community Health Service (LCHS) financial position continues to be strong as financial ratios and cash positions have remained healthy during the development of facilities and the growth in services delivered to the community.

Our Operating result for the year was a deficit of \$0.44 million primarily due to provision of services above funding levels in Dental to reduce waiting lists and in Service Access to meet community requirements. Another contributing factor was program expenditure related to funding received in the prior year.

Operating revenue (excluding capital grants) increased by 7.6% to \$33.8 million.

The Department of Health funding increased by \$0.89 million from last year and was again the major source of funding representing 61.3% of operating income. Victorian Government grants increased by 24.9% (\$0.98 million) predominately due to increased dental funding. There were no other significant changes in all other income sources.

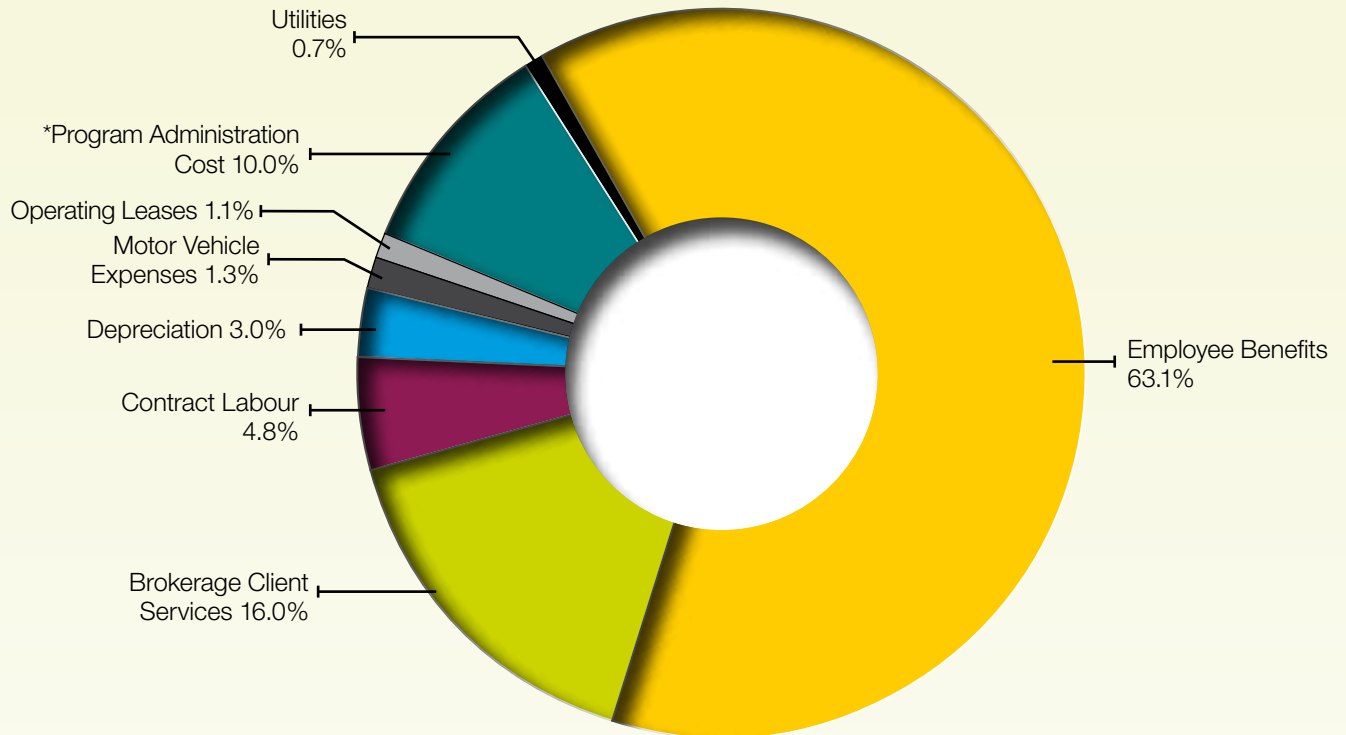
2010/2011 Total Operating Revenue



The increase in revenue is accompanied by an 11.8% increase in operating expenditure. Employee benefits have increased by \$3.1 million due to providing additional services to the community including counselling, nursing, and opening another four dental chairs in Morwell. There was also a \$0.46 million increase in funded brokered services provided to our community.



2010/2011 Total Operating Expenditure



*The four main components making up Program Administration costs are Medical supplies, Staff training, Information technology and Maintenance.

Net Results

During the financial year LCHS spent a further \$1.3 million on finalising the Morwell Development of which \$0.54 million was funded by capital grants received from the Department of Health. After accounting for capital grants and costs associated with the finalisation of the Morwell Development, the Operating deficit increased to an overall Net deficit of \$1.2 million.

| NET RESULTS | 2010/11 (\$M) | 2009/10 (\$M) | 2008/09 (\$M) | 2007/08 (\$M) |
|--------------------------------------|---------------|---------------|---------------|---------------|
| What we received - Revenue | 33.89 | 31.48 | 28.93 | 26.58 |
| What we spent - Expenses | 34.33 | 30.70 | 27.60 | 25.35 |
| Operating result for the year | (0.44) | 0.78 | 1.33 | 1.23 |
| Plus Capital Grants received | 0.54 | 13.95 | 3.82 | 0.09 |
| Less building contractor payments | 1.30 | 16.17 | - | - |
| Less loss on disposal of assets | - | 0.84 | - | - |
| Net Result for the year | (1.20) | (2.28) | 5.15 | 1.32 |

Financial Summary

Assets and Liabilities

With the transfer of the Morwell building to the Department of Health our assets have decreased by \$1.02 million to \$19.04 million as at 30 June 2011. Liabilities have increased only minimally resulting in net assets of \$13.43 million.

| | 2010/11 (\$M) | 2009/10 (\$M) | 2008/09 (\$M) | 2007/08 (\$M) |
|---------------------------|---------------|---------------|---------------|---------------|
| What we own - Assets | 19.04 | 20.06 | 22.47 | 17.15 |
| What we owe - Liabilities | 5.61 | 5.42 | 5.41 | 5.24 |
| NET ASSETS | 13.43 | 14.64 | 17.06 | 11.91 |

Due to utilisation of cash to finalise the Morwell Development early in the financial year, LCHS's Working Capital ratio reduced and the Debt ratio has increased. However, both ratios still remain healthy with current assets valued almost twice as much as current liabilities and less than one third of assets financed by liabilities.

| | 2010/11 (\$M) | 2009/10 (\$M) | 2008/09 (\$M) | 2007/08 (\$M) |
|------------------------------------|---------------|---------------|---------------|---------------|
| Working Capital Ratio | | | | |
| Current Assets/Current Liabilities | 1.94 | 2.26 | 2.16 | 1.42 |
| Debt Ratio | | | | |
| Total Liabilities/Total Assets | 29.67% | 27.02% | 24.07% | 30.58% |

Cash flow

LCHS's cash position has reduced by \$1.23 million due to \$1.3 million being spent to finalise the Morwell building construction early in the 2010/11 financial year.

| | 2010/11 (\$M) | 2009/10 (\$M) | 2008/09 (\$M) | 2007/08 (\$M) |
|---|------------------|------------------|------------------|------------------|
| Cash Flow from Operating Activities | (1,002,111) | (1,725,712) | 5,921,205 | 1,909,059 |
| Cash Flow from Investing Activities | (227,870) | 2,225,919 | (2,489,118) | (3,981,835) |
| Cash and Cash Equivalents at Beginning of Period | 9,355,502 | 8,855,296 | 5,423,209 | 7,495,985 |
| Cash and Cash Equivalents at End of Period | 8,125,521 | 9,355,503 | 8,855,296 | 5,423,209 |



Health and service information was distributed as part of an Italian community day.



The re-branding program was finalised with the installation of new signage at Moe (above and top left).

Board and Governance



Victorian Minister for Health, Hon David Davis, congratulates Chairperson John Guy OAM at the official opening of the new LCHS Bairnsdale facility.

Latrobe Community Health Service (LCHS) is registered under the Corporations Act 2001 as a Company Limited by Guarantee. It is governed by an eight-member Board, of which five members are elected by the membership of the company and three members appointed by the Board.

The work of the Board is supported by Board Committees, including:

- Audit
- Quality and Safety
- Remuneration.

Board Audit Committee

The purpose of the Audit Committee is to assist the LCHS Board to discharge its responsibility to exercise due care, diligence and skill in relation to:

- reporting financial information to users of financial reports
- application of accounting policies
- financial management
- internal control systems
- business policies and practices
- protection of LCHS's assets
- compliance with applicable laws, regulations, standards and best-practice guidelines
- monitoring business risk
- facilitating the external and internal audit programs.



CEO Ben Leigh and Chairperson John Guy OAM interviewed by local press and television at the opening of the new Bairnsdale facility.

Board Quality and Safety Committee

The purpose of the Quality and Safety Committee is to assist the LCHS Board to maintain systems by which the Board, managers and clinicians share responsibility and are held accountable for patient or client care, minimising risk to consumers and continuously monitoring and improving the quality of clinical care (Australian Council on Healthcare Standards).

The committee also ensures LCHS quality and safety systems will support the implementation of the five key principles of clinical governance, which are:

- build a culture of trust and honesty through open disclosure in partnership with consumers and community
- foster organisational commitment to continuous improvement
- establish rigorous monitoring, reporting and response systems
- evaluate and respond to key aspects of organisational performance
- monitor clinical risk.

Board Remuneration Committee

The role of the Remuneration Committee is to provide advice and make recommendations to the Board on:

- remuneration policy and any changes to remuneration policy and practices for all employees whose remuneration is not determined through awards or enterprise bargaining agreements
- the remuneration for the Chief Executive Officer (CEO) and members of the executive group, being those executives reporting to the CEO
- the performance of the CEO
- the review and assessment of the effectiveness of the company's remuneration policy
- corporate governance processes relating to remuneration
- the Remuneration Report and processes supporting its preparation.

Board Director Profiles



1. John V Guy OAM (Chairperson)

*Board Director since September 1997
Member Board Executive, Remuneration
Committee; previous Board Recruitment Selection
Panel, Chair Audit Committee.*

Grad Dip PA. John spent thirty five years with SECV, six years on the Morwell Shire/City Council; (three consecutive years as Mayor) was Chairman of the Latrobe Regional Commission; and Chairman of Commissioners of Wellington Shire during the amalgamation process. Currently Chair "Advance Morwell Inc." and Chair Gippsland Regional Clinical School Community Support Group. He is a Justice of the Peace for Victoria and a volunteer with the Office of the Public Advocate and the Youth Referral and Independent Person Program.



2. Peter Wallace (Deputy Chairperson)

*Board Director since January 2007
Member Audit Committee, Quality & Safety
Committee, Remuneration Committee.*

Bachelor of Business (Marketing), Post Graduate Diploma (Health Services Management), Master of Administration, GAICD. Previous appointments have included Director Corporate Services at Latrobe Regional Hospital, Chief Executive Officer at Maroondah Hospital, Deputy Chief Executive Officer at Box Hill Hospital and Director of General Services at Monash Medical Centre. Peter has also undertaken project and consulting assignments at Mercy Health & Aged Care, Royal Children's Hospital, Barwon Health, Dental Health Services Victoria and Department of Health.



3. Steven Porter

*Board Director since November 2004
Chair Audit Committee; previous Audit Committee
Member & Board Treasurer.*

BA Eng (Civil). Previous alumni of Leadership Victoria & member of the Australian Institute of Company Directors. Completing Masters in Organisation Dynamics at RMIT. Experience in senior management positions in asset planning, capital works, communications/public relations, business processes & resource management.



4. Chris Devers

*Board Director since October 2001
Chair History Committee, Member Remuneration
Committee; previous Board Treasurer, Board
Executive, Member of Audit Committee & Chair,
Board Recruitment Selection Panel.*

Assoc Dip Mech Eng. Previous roles include eight years in power station operations with SECV, power industry technical writing, Parliamentary electorate offices and community development worker positions. He currently works as a Ministerial Adviser within the Victorian State government. He is active in numerous community groups and has served on Disability Advisory, Advocacy and Resource Council Boards within the Gippsland region.



5.



6.



7.



8.

5. Don Flanigan

*Board Director since June 1995
Member History Committee, Member Audit
Committee; previous Board Chairperson & Vice
Chairperson.*

Don spent 39 years with SECV in trade & middle management. Foundation member of Churchill Community Health Centre in 1974 serving until amalgamation in 1995 and later appointed on LCHS Board in June that year. Has served on a number of Boards of Management in the community. Has completed Nous Group Rural Health Boards Management Development Program.

7. Carolyn Boothman

*Board Director since March 2010
Member Quality & Safety Committee.*

Bachelor of Education (Primary), Graduate Certificate of Religious Education. Currently studying Specialist Certificate in Leadership Assessment Practice with University of Melbourne. Carolyn has been a member of the Gippsport Board of Management for 16 years, and many other sporting committees in the local area. She is a member of the LRH Community Advisory Committee and Foundation, and Minutes Secretary/ Publicity Officer for the Gippsland Acoustic Music Club. Currently in leadership at Newborough East Primary School, with a passionate interest in health and fitness, and has previously lectured at Monash University.

6. Steven Elvy

*Board Director since November 2007
Chair Quality & Safety Committee.*

Bachelor of Science (Human Movement), Bachelor of Applied Science (Physiotherapy), and Master of Health Services Management. Currently Director Primary Care at Yarram & District Health Service. Background in Allied Health industry as a qualified Physiotherapist, Allied Health Manager and current Chair of the Wellington Primary Care Partnership.

8. Melissa Bastian

*Board Director since January 2011
Member Audit Committee.*

Bachelor of Laws with Honours, Graduate Diploma in Legal Practice, Bachelor of Business (Management) and a former State Registered Nurse. Melissa has a diverse background in the health, insurance and legal industries. She has held a variety of senior roles and is experienced in managing teams and stakeholders in both the private and public sectors. Melissa is currently working at the Australian Securities and Investments Commission (ASIC) in Traralgon and is participating in the 2011 Gippsland Community Leadership Program.



During the year Chairperson John Guy received the Order of Australia Medal (OAM) from the Hon Alex Chernov, AO, QC Governor of Victoria (right), for service to the community of the Gippsland region and to local government.

Photography Courtesy Vicki Jones Photography

Attendance at Board, Audit Committee and Quality and Safety Committee Meetings

Details of attendance by Board Directors of LCHS at Board, Audit Committee and Quality and Safety Committee meetings, held during the period 1 July 2010 – 30 June 2011, are as follows:

| Board Director | Meetings | | | | | | Remuneration Committee | |
|---|----------|----|-----------------|---|------------------------------|---|------------------------|----------|
| | Board | | Audit Committee | | Quality and Safety Committee | | | |
| | A | B | A | B | A | B | A | B |
| John Guy (Board Chairperson) | 13 | 12 | – | 1 | – | 2 | 2 | 2 |
| Peter Wallace (Deputy Chairperson) | 13 | 13 | 4 | 4 | 5 | 2 | 2 | 2 |
| Steven Porter | 13 | 12 | 4 | 4 | – | – | – | – |
| Janice Chesters* | 5 | 4 | – | – | 2 | 1 | – | – |
| Don Flanigan** | 13 | 11 | 3 | 3 | – | – | – | – |
| Chris Devers | 13 | 11 | – | – | – | – | 2 | 2 |
| Steven Elvy | 13 | 11 | – | – | 5 | 4 | – | – |
| Carolyn Boothman | 13 | 10 | – | – | 3 | 2 | – | – |
| Melissa Bastian^ | 7 | 5 | 1 | 1 | – | – | – | – |
| Audit Committee Independent Representatives | | | | | | | A | B |
| Liz Collins | | | | | | | 4 | 3 |
| John Anderson | | | | | | | 4 | 2 |
| Quality and Safety Committee Consumer Member | | | | | | | A | B |
| Allison Higgins | | | | | | | 5 | 4 |

Notes:

Column **A** – Indicates number of meetings held while Board Director/Committee Member was a member of the Board/Audit Committee/Quality and Safety Committee.

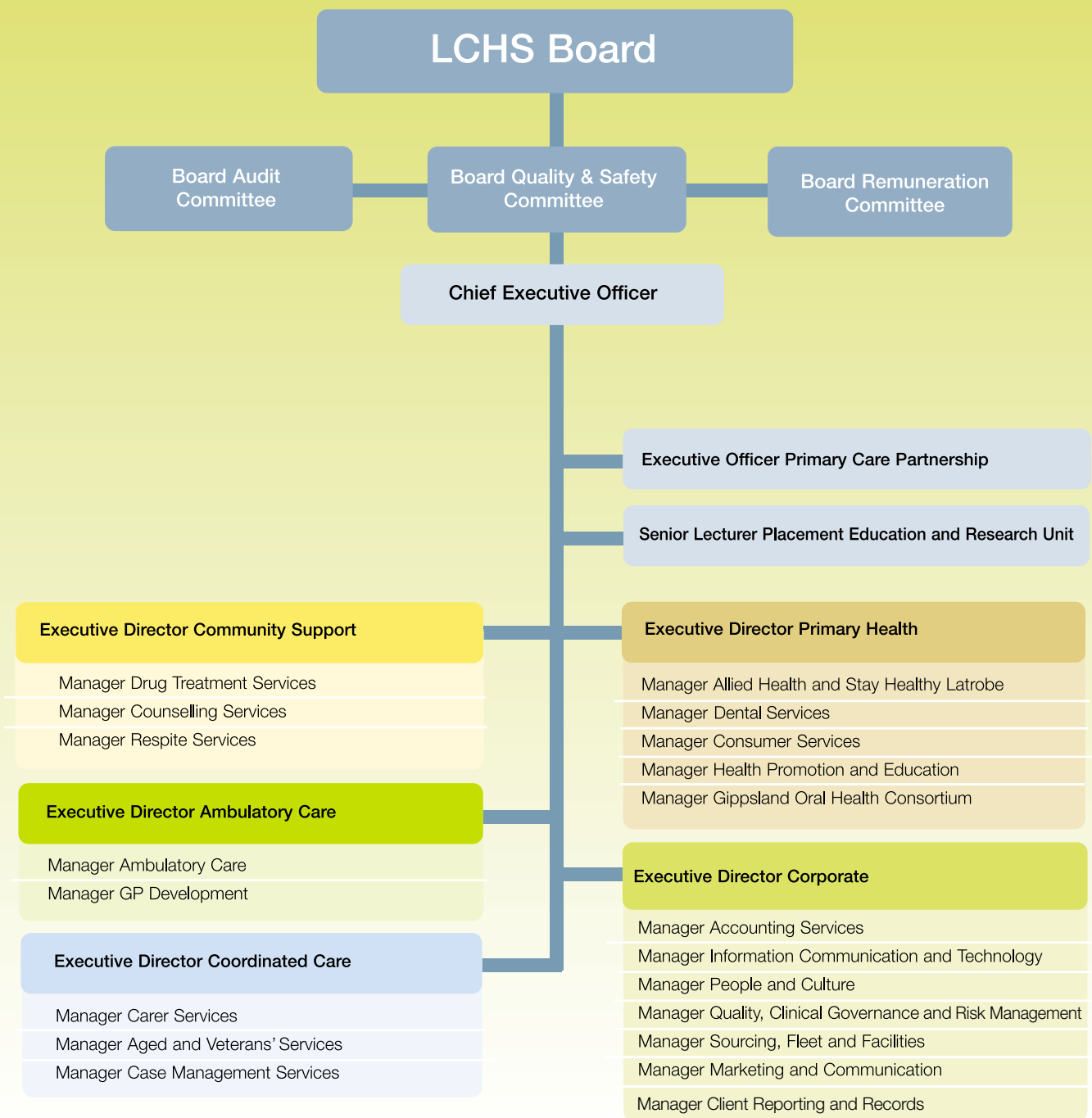
Column **B** – Indicates number of meetings attended.

* Janice Chesters' term expired 25 November 2010, as Board Director and Chair Quality and Safety Committee

** Don Flanigan resigned from Audit Committee effective March 2011

^ Melissa Bastian appointed January 2011

Organisational Chart





Nicole Steers

RN Div 1, Grad Cert Cancer Nursing, RN Critical Care, MRCNA, AFACHSM, AIMM

Ambulatory Care

The Ambulatory Care Directorate is responsible for district nursing; palliative care; the Moe After Hours Medical Service; Churchill Clinic; wound management and infection control.

In addition to these program areas, Ambulatory Care is responsible for the development and implementation of the Integrated Primary Health Care Clinic, due to open in early 2012.

| Ambulatory Care | Key Performance Indicator | Annual Target | Achieved to 30/06/2011 | % Achieved |
|---|---------------------------|---------------|------------------------|------------|
| District Nursing – Community Health | Hours by staff | 2,936 | 2,803 | 95% |
| District Nursing – HACC | Hours to clients | 23,551 | 23,277 | 99% |
| District Nursing – Full Cost Recovery | Hours to clients | 3,886 | 3,888 | 100% |
| Palliative Care – Community (Sub Acute) | Contacts | 4,254 | 5,184 | 122% |
| Moe After Hours Medical Service (MAHMS) | Contacts | 8,000 | 8,609 | 108% |

The overall result for the Ambulatory Care Directorate was very positive. Community health nursing increased activity by just over 5% with Home and Community Care (HACC) district nursing increasing activity by 4%. A pleasing outcome following a complete program area restructure.

Palliative care targets were adjusted in 2009/10 in preparation for the implementation of the service delivery framework and new statewide funding model. This resulted in a 30% increase in the annual targets which presented a significant challenge to the program. The Ambulatory Care program had considered changing demands and acknowledged the increasing complexity of caring for palliative care clients in the community and subsequently exceeded the new targets, which was an outstanding outcome.

District Nursing and Palliative Care

The District Nursing and Palliative Care team embraced the new structure which has been in place now for 12 months. The workforce is stable and there has been opportunity to undertake significant quality improvement activity.

This included a complete review of all policies and procedures and implementation of a comprehensive suite of validated clinical tools. These tools inform care planning, guide clinical documentation and provide a framework for holistic assessment in the community setting.

The Specialist Palliative Care Team from Calvary Healthcare Bethlehem continues to provide an outreach service to LCHS palliative care clients. Both primary and secondary consultations are offered and the response to this service from the local General Practitioners (GPs) has increased gradually. The weekly multi-disciplinary client

reviews now have 60% of registered palliative care clients' GPs participating. When these commenced in April 2010 there were no GPs involved so this is a pleasing result.

Evidence of our continued commitment to improving client outcomes saw the appointment of our first Palliative Care Nurse Practitioner Candidate. The Nurse Practitioner Candidate is one of three appointed in the region, all working very closely with the specialist team.

This year the palliative care service participated in the National Standards Assessment Program (NSAP). This is a structured framework for continuous quality improvement built on the Palliative Care Australia national standards for providing quality palliative care for all Australians. The core objective of NSAP is the improvement of quality in palliative care experiences and outcomes for patients, carers and families.

LCHS this year developed a comprehensive Active Service Model organisational plan. Ambulatory Care contributed to the development of the plan and aims to provide a person-centred approach to clients with improved communication and increased referral to appropriate services to enhance client capacity for independence. This includes improved collaboration and partnership with other services, such as HACC assessment services and GPs.

An identified gap in service for clients requiring stomal therapy management has resulted in the employment of a Consultant Stomal Therapist. A significant responsibility of this position is staff education and mentoring to increase the skill base of our existing workforce.

Ambulatory Care currently has several staff enrolled in post-graduate training including Master of Nursing (Nurse Practitioner), Graduate Diploma in Palliative Care and Graduate Diploma in Wound Management.



Nurses and senior staff gather at a forum to celebrate International Nurses Day.

Significant investment was allocated to professional development again this year with 90% of current Ambulatory Care staff participating in Wound Management training, supported by the Regional Wound Management Project. Staff were also supported to participate in face-to-face and online competency training across a range of areas including Basic Life Support (100% of staff), Manual Handling (100% of staff), Customer Service (100% of staff), Clinical Assessment Skills, Infection Control and Clinical Documentation to name a few.

Wound Management

Of our registered clients, 20% have one or more wounds, many of these complex and chronic. Acknowledging the impact such wounds have on clients led to the commencement of a wound clinic daily at our Morwell site. The clinic provides an opportunity for centre-based care, reduces nurse travel time and also embraces the principles of the Active Service Model.

Wound management has been further supported by the introduction of the Mobile Wound Care Project. This is a multi-site research project that commenced last year and has recently been funded for a further 12 months. The aim of the project is to collect baseline data focusing on the number and types of wounds treated in participating Gippsland-based HACC-funded District Nursing Services and Public Sector Residential Aged Care Services. At the conclusion of the project it is anticipated that the regional baseline data collected will inform the development of clinical standards and will provide a benchmark for practice across the Gippsland region.

Infection Control

Following an independent Infection Control Audit in 2009 where 73 recommendations were made, LCHS has committed to maintaining the recommended standards for infection control. Annual external Infection Control Audits are now scheduled and this year a comprehensive Hand Hygiene project was undertaken. This involved a self-paced learning tool and quiz for all staff, both clinical and non-clinical. World Health Organization-recommended hand hygiene posters were installed, appropriate hand-washing products provided at all sites and a review of the Infection Control Policy and related procedures undertaken.

Moe After Hours Medical Service (MAHMS)

LCHS, in collaboration with local Moe-based GPs and the Central West Division of General Practice, continues to offer GP services after hours to meet community needs. MAHMS remains a busy service reaching 8,609 clients. This exceeded the target set by 609.

This year LCHS has focused on professional development for MAHMS staff with 100% completing a range of training including Service Coordination, Excellence in Customer Service and Infection Control training.

Churchill Clinic

LCHS provides nursing and administrative support to the GP clinic at Churchill. A collaborative approach to service delivery occurs with LCHS liaising regularly with the clinic staff.

LCHS provided comprehensive training to the nursing and administrative staff with 100% completing Service Coordination, Excellence in Customer Service and Infection Control training.

Integrated Primary Health Care Clinic

In 2009, LCHS contracted Ochre Health to identify any potential role for LCHS to be involved in the delivery of GP services.

This included defining the role of LCHS in the provision of GP services, acknowledging that the time was right for integration across the health care sector. This was particularly relevant with the growing demand being placed on services as a result of the increasing burden of chronic disease. Their report was backed up by population health data for the local region confirming the need for additional GP services in the Latrobe Valley.

In April 2011, the LCHS Board approved the implementation of an Integrated Primary Health Care Clinic at the Morwell site. This is an exciting opportunity for LCHS, adding to the comprehensive suite of services already offered.

Recruitment has begun with an early 2012 opening planned.



Anne-Maree Kaser
*Cert Gen Nursing (Div1), Grad Cert HSM, Associate
 Fellow ACHSM, AIMM*

Community Support

The Community Support Directorate provides social support services including counselling, drug treatment, and respite services.

| Community Support | Key Performance Indicator | Annual Target | Achieved to 30/06/2011 | % Achieved |
|--|---------------------------|---------------|------------------------|----------------|
| Counselling | Hours by staff | 6,014 | 5,389 | 90% |
| Men's Behaviour Change Program (MBCP) | No. of clients | 70 | 176 | 251% |
| MBCP – Enhanced Access | No. of referrals | 120 | 443 | 369% |
| Family Violence | No. of clients | 29 | 121 | 417% |
| Child & Adolescent Sexual Assault Service | No. of clients | 96 | 55 | 57% |
| Regional Gambler's Help | Hours of service | 5,648 | 4,428 | 78% |
| CM for Indigenous Men who use Family Violence | No. of clients | 31 | 15 | 48% |
| Indigenous Men's Groups | No. of clients | 33 | 17 | 52% |
| Gipps Withdrawal & Rehabilitation Service | Episodes of care | 596 | 557 | 93% |
| NIDS Breaking the Cycle | Episodes of care | 50 | 51 | 102% |
| Counselling, Consultancy & Continuity of Care (CCCC) | Episodes of care | 696 | 687 | 99% |
| Forensic Services | Episodes of care | 396 | 363 | 92% |
| Supported Accommodation | Episodes of care | 12 | 14 | 117% |
| Women's Supported Accommodation | Episodes of care | 12 | 13 | 108% |
| Youth Outreach | Episodes of care | 56 | 50 | 89% |
| Mobile Drug Worker | Contacts | 120 | 114 | 95% |
| Parent Support | Episodes of care | 50 | 4 | 8% |
| Koorie CCCC | Episodes of care | 50 | 50 | 100% |
| ABI Forensic Counsellor | Episodes of care | 22 | 31 | 141% |
| Needle & Syringe Program | 1 to 1 Client contact | Not set | 8,313 | Not applicable |
| NRCP Overnight Respite (Mayfair House) | Hours of service | 6,994 | 8,839 | 126% |
| Creative House | Contact hours | 3,423 | 3,864 | 113% |
| Planned Activity Groups – CALD Garden Group | Hours by client | Not set | 585 | Not applicable |
| Planned Activity Groups – Core | Hours by client | 34,333 | 33,914 | 99% |
| Planned Activity Groups – High | Hours by client | 10,025 | 9,567 | 95% |

Recent Initiatives

Several initiatives were implemented across the Community Support Directorate this year.

The Gippsland Integrated Hepatitis C Service was established to increase access to hepatitis C treatment in Gippsland through the provision of outreach support

to General Practitioners (GPs). Known as Liverwise, the program employs a nurse to work closely with a visiting gastroenterologist and specialist GP, in addition to providing information and advice to community GPs and those affected by hepatitis C.

Our Gambler's Help program received additional funding to deliver the Venue Support Program, which supports



'Real Winners', an original musical, was written and performed as part of Responsible Gambling Awareness Week.



Driving was one of several skills that could be tested in the Planned Activity Group following the introduction of computer based activities.

gaming venue management and staff to develop responsible gambling practices and environments. A highly successful and entertaining launch attracted excellent representation from venues across Gippsland. As guest presenter, David Schwarz related his own experience with problem gambling in very poignant manner.

Through Innovations funding, Gambler's Help staff developed an evidence-based model for delivery of problem gambling education and treatment services in a correctional setting.

A culturally sensitive tobacco cessation program targeting Koorie pregnant women and mothers was developed. Ngalla Ngala Yacken Lidj (Stop by Themselves Mother and Child) is a 12-week interactive program that will be delivered at our Morwell site in partnership with Gippsland and East Gippsland Aboriginal Cooperative.

A flipchart was produced to assist GPs and other health professionals to improve their clients' access to Home and Community Care (HACC) services in Gippsland.

A Partners in Depression group commenced in Latrobe City in May. The group is facilitated by two trained counsellors and provides education and support to carers of people living with depression.

Creating Awareness

Gambler's Help delivered three successful activities during Responsible Gambling Awareness Week. A forum highlighting the emerging issue of youth gambling and technology, a Koorie art competition and three performances of Real Winners were well attended, reaching more than 500 people. Written by Gambler's Help Counsellor Cate Noy, Real Winners dealt with the impact problem gambling can have on individuals, their families and community.

Drug Treatment Services (DTS) staff provided information and education to more than 400 secondary school students during Drug Action Week in June. Additional information sessions were provided to LCHS staff and community groups in central Gippsland throughout the year. DTS and Gambler's Help staff also provided education for men at two Pit Stop events.

Increasing Demand

The volume of referrals to the Women's and Children's Family Violence and Men's Behaviour Change programs has continued to rise, with further heavy demands experienced in the past year.

Improving Services

A research project was conducted in partnership with Monash University Department of Rural and Indigenous Health to develop an evidence-based model using a social inclusion approach to recovery in mental health.

Social inclusion continues to be a priority across Respite Services. The Creative House twilight social events have been well attended by both staff and clients and it's wonderful to see clients of our respite programs, staff and community enjoying a meal, music and company.

DTS, Respite Services, Counselling and Carer Services established regular sessions at Creative House to support clients with mental illness and alcohol or other drug dependency and their carers. Two DTS staff visit Creative House to offer counselling, education and support to clients wishing to address their substance use. Carer Services staff work with carers to provide access to respite and support them in their caring role.

The DTS Fast Forward clinics that were piloted last year were evaluated and improved. A new clinic worker role was established to further streamline access and improve initial needs identification. The clinics continue to provide same-day or next-day access to withdrawal services for Gippsland residents.

Koorie Engagement

We continued to work in partnership with the Koorie community to develop culturally sensitive services that respond to community needs. Community Support staff from a range of programs commenced regular visits to Lake Tyers Aboriginal Trust and the Wulgunggo Ngala Learning Place at Won Wron. The commitment to improving health outcomes for Aboriginal people extends across the organisation. It is very pleasing to see that the commitment to working together has resulted in an increase in the number of Koorie people accessing services at LCHS. Overall, attendances have increased from 195 (or 2.6% of clients) in 2007 to 742 (or 4% of clients) in 2010/11.



Chris Trotman

JP, Cert Gen Nursing (Div1), B Bus (Acc), Grad Dip Ed (Health), GAICD, AIMM AFACHSM

Coordinated Care

The Coordinated Care Directorate encompasses a range of assessment and support services for the frail aged, veterans and people with a disability, across the Gippsland region. The program areas are: Aged and Veterans' Assessment Services (AVAS), Case Management Services and Carer Services.

| Coordinated Care | Key Performance Indicator | Annual Target | Achieved to 30/06/2011 | % Achieved |
|---|---------------------------|---------------|------------------------|----------------|
| Aged Care Assessment Service (ACAS) | Completed assessments | 3,177 | 2,640 | 83% |
| DVA Veterans' Home Care Services | Completed assessments | Not set | 1,565 | Not applicable |
| Commonwealth Carer Respite Centre | Brokerage value | 600 | 520 | 87% |
| Carers of Young People | No. of clients | 60 | 59 | 98% |
| Aged Care Support Worker Respite | No. of hours provided | 7,000 | 27,388 | 391% |
| In & Out of Home Respite | No. of hours provided | 23,500 | 24,232 | 103% |
| Psychiatric Respite – In Home | Contact hours | 3,880 | 2,593 | 67% |
| Disability Respite | No. of episodes | 130 | 64 | 49% |
| Respite for Older Carers – Direct Service | No. of clients | 14 | 48 | 343% |
| Aged Flexible Respite | No. of hours provided | 4,778 | 12,484 | 261% |
| Dementia Services | No. of carers assisted | 44 | 75 | 170% |
| Young Carer Program | No. of clients | 25 | 31 | 124% |
| National Respite for Carers Program Ongoing Respite | No. of clients | 50 | 71 | 142% |
| Mental Health Respite Program | Brokerage value | 160 | 124 | 78% |
| Linkages | Maximum active packages | 183 | 183 | 100% |
| Community Aged Care Packages | Maximum active packages | 154 | 154 | 100% |
| Extended Aged Care at Home Packages | Maximum active packages | 10 | 11 | 110% |
| Extended Aged Care at Home – Dementia Packages | Maximum active packages | 4 | 4 | 100% |
| Flexible Support Packages | No. of clients | 170 | 181 | 106% |
| Information Training & Secondary Consults | No. of consults | 18 | 18 | 100% |
| Individual Support Packages | No. of clients | 20 | 20 | 100% |
| Individual Support Packages (Respite) | No. of clients | 13 | 13 | 100% |
| Facilitation Reviews and Set Ups | No. of clients | 22 | 26 | 118% |
| Futures for Young Adults | No. of clients | 14 | 9 | 64% |
| Case Management | No. of clients | 37 | 35 | 95% |
| Home & Community Care Response Service | No. of call outs provided | Not set | 555 | Not applicable |
| Early Childhood Intervention Services (ECIS) | No. of clients | 12 | 21 | 175% |



Members of the Carer Advisory Group.



Carer Services provides a range of information and activities to support carers.

AVAS

– incorporating Aged Care Assessment Services (ACAS) and Veterans’ Home Care (VHC)

Our team of assessment workers provides clients with appropriate information to assist them in their activities of daily living in the home, in addition to completing the comprehensive assessment and referrals where necessary. The number of aged care assessments completed by the ACAS team has significantly improved, with a record 292 assessments completed in June – well above the target set by the Department of Health and Ageing. In addition, there has been a considerable reduction in the time clients are waiting for assessments.

| | Days wait for hospital assessment | Days wait for community assessment |
|---------|-----------------------------------|------------------------------------|
| 2006/7 | 6.4 | 48.7 |
| 2007/8 | 8.6 | 43.1 |
| 2008/9 | 7 | 33.7 |
| 2009/10 | 6.2 | 22.7 |
| 2010/11 | 5 | 18 |

The VHC program continues to offer assessment and support to our Gippsland veterans living at home. Additional promotion of the program through advertorials and information sessions resulted in increased awareness and referrals.

Carer Services

A pilot project for carers of children with a disability was funded by Carer Services with the support of the Department of Human Services this year. The ‘Building on Strengths’ program aimed to develop the capacity of carers of child/ren with a disability by identifying their own strengths, enabling a positive focus towards the strengths of their children and to provide tools to effectively communicate with service providers and others outside the family unit. Interim project evaluation is very positive and we are reviewing improved delivery options for next year.

Partnerships with mental health services across the region have been a focus this year. We have established a weekly on-site presence at the acute adult mental health service. This enables us to develop a timely link with carers of people with a mental illness and has resulted in an increased number of referrals.

Carers often report feeling isolated in their caring role. Our group activities target specific groups with similar interests and carers report developing ongoing links and networks as a result. This year carers and care recipients have enjoyed respite trips including *Mary Poppins* in Melbourne, Hepburn Springs, a Prom Country Eco Cruise, a Koorie Elders Camp and a fishing trip to Lakes Entrance. Carers have gained additional knowledge and skills to assist in their caring relationship through our education programs, including the Creative Ways to Care course for carers of people with dementia, and the ‘Let’s Go’ program for Young Carers under the age of 18.

Consultations with the Carer Advisory Group commenced this year. While still in its infancy, the group is already providing valuable feedback on a range of programs and respite events for carers and their care recipient.

Case Management

Our delivery of community care packages increased this year with additional allocations of Community Aged Care Packages, Extended Aged Care at Home (EACH) packages and a new allocation of much-needed EACH-Dementia packages. We also introduced Futures for Young Adults to assist our young clients with a disability to transition into the community after leaving school.

Customer service for our clients with a disability has been improved by the introduction of a Disability Services Liaison Officer to focus on the timeliness and accuracy of individualised funding submissions. Our services have been streamlined with a number of programs being combined into Flexible Support Packages providing brokerage for clients of up to \$4,200 per year.

The Information Technology and Secondary Consults program held 12 informative training events for professionals treating Acquired Brain Injury clients. This was a significant improvement on the number held in previous years and the sessions proved very popular.



Rachel Strauss

*Cert Gen Nursing, Cert Midwifery, Bachelor of Nursing,
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Primary Health

Promoting healthy lifestyles, managing chronic disease, providing clinical services and ensuring that the community gets the services they need, when they need them, has been the role of the Primary Health Directorate throughout 2010/11.

| Primary Health | Key Performance Indicator | Annual Target | Achieved to 30/06/2011 | % Achieved |
|---|----------------------------------|---------------|------------------------|----------------|
| Allied Health – Community Health | Hours by staff | 2,657 | 2,898 | 109% |
| Allied Health – HACC | Hours to clients | 11,327 | 13,298 | 117% |
| Allied Health – Nursing | Hours by staff | 1,022 | 1,276 | 125% |
| Stay Healthy Latrobe | Hours by staff | 5,062 | 5,141 | 102% |
| Kids Life | Hours to clients | 1,158 | 985 | 85% |
| On Call | No. of hours provided | 650 | 30 | 5% |
| Service Access | Hours by staff | 5,108 | 12,629 | 247% |
| Commonwealth Carelink Centre | Number of phone calls | Not set | 1,280 | Not applicable |
| Emergency Relief | No. of clients assisted | Not set | 858 | Not applicable |
| New Arrivals Program | Level of satisfaction | 80% | 100% | 125% |
| Dental | No. of patients | 8,311 | 10,057 | 121% |
| Dental | No. of treatments | Not set | 61,946 | Not applicable |
| Dental | No. of emergency vouchers Issued | Not set | 1817 | Not applicable |
| Community Nursing – Community Health | Hours by staff | 7,161 | 6,819 | 95% |
| Community Nursing – HACC | Hours to clients | 523 | 517 | 99% |
| Family Planning | Hours by staff | 252 | 257 | 102% |
| Refugee Health Nursing | Hours by staff | 661 | 663 | 100% |
| Worksafe – Work Health Checks | No. of employees seen | 2,640 | 1,671 | 63% |
| Innovative Health Services for Homeless Youth | Hours by staff | 920 | 911 | 99% |

Consumer Service

A team of reception staff provides a welcoming face or friendly voice to clients and visitors of LCHS sites and services. Over 105,000 phone calls were received through our 1800 242 696 phone service in 2010/11.

Service Access Officers provide an intake service to help members of the community find the service that will best meet their needs, whether this is a service provided by LCHS or another provider in the community. This year has seen 32,799 referrals, an increase by 5,606 referrals or 21% from 2009/10.

The service access team also provides emergency relief services to community members in the Latrobe area who are struggling to make ends meet. The service provides food parcels and referral to services such as financial counselling. This year has seen a further 1,000 occasions of community members accessing the service.

Chronic Disease

Chronic disease is prevalent in our community with many people having issues with diabetes, circulatory, respiratory and muscular-skeletal problems that can have an impact on their quality of life. A team of allied health, community health workers and nurses provides a number of clinical services, and group programs to support people with chronic disease.

The Allied Health and Chronic Disease Team have been trialling a Clinical Team for managing complex and chronic disease conditions from our Moe site two days per week. This has been beneficial in providing a much more comprehensive and coordinated approach to client-centred health care. This concept will be further expanded to include other disciplines and will be explored in providing this service through other sites, as well as its applicability to the GP services.



Dental waiting lists reduced during the year.



The WorkHealth program provides health checks in the workplace for eligible organisations.

Dental Services

Dental waiting list times at LCHS have continued to decrease over the past 12-month period with the General Dental waiting list reducing by 75% from 11.7 months to 5.4 months and the Denture waiting list reducing by 45% from 14 months to 9 months. After-hours dental services commenced in October 2010 with Saturday half-day clinics operating two–three chairs.

An outreach program commenced this year to address the oral health needs of those in Aged Care participating in Home and Community Care or Planned Activity Groups. The program incorporates oral health education, development of self-care oral health practices and outreach examination and referral. The program also aims to enhance the oral health care skills of carers to add to the sustainability of the program and provide support for the oral health of clients.

WorkHealth

In response to the Victorian WorkSafe WorkHealth program, LCHS has provided over 1,500 work health checks. Follow-on work has also commenced in some workplaces to support the development of a health promoting workplace.

Early Day Stay

The Early Parenting Day Stay Program offers short-term support and practical advice to families with children aged birth–three years who are experiencing difficulties with feeding, settling and sleeping issues, as well as other general parenting concerns. This program is based at Morwell and has been accessed by over 350 families throughout Gippsland.

Health Promotion

The current Integrated Health Promotion Plan for the Latrobe Community, developed with the Department of Health and members of the Central West Gippsland Primary Care Partnership, is in its final year of implementation. Currently LCHS provides a variety of health promotion activities including community kitchens, swimming and driving education for new arrivals, connecting rural communities, and health promoting schools. The programs predominantly address social connectedness for at-risk populations.

Women's health services have been established over the

year including the provision of a sexual health service to young people accessing Headspace.

Work continues with the young homeless people in the Latrobe Valley in supporting their connections to health services and housing.

Community Engagement

LCHS involvement in Connecting Rural Communities and Latrobe Valley Residents Alliance continues to support the local residents in identifying opportunities for targeted programs in their communities and to identify strategies to increase social connectedness and mental wellbeing.

Culturally and Linguistically Diverse Communities

LCHS has been successful with a number of grants and programs aimed at increasing social connectedness, access to health information, education and employment opportunities for new arrivals, in particular working with the Sudanese community.

A continuing increase in Sudanese humanitarian refugees accessing health services has occurred through the support of a dedicated Refugee Service Access Officer and Refugee Health Nurse. These positions have not only assisted access to services but have also helped in providing interpreting assistance for service providers, developing and facilitating financial education sessions and providing advocacy within the local community.

Koorie Communities

Enhancements to working alongside the Koorie community have continued and, where possible, partnerships and joint work has been undertaken in the planning and provision of services.

Ongoing programs with the Budjeri Napan (Koorie Sports Committee) have seen active involvement in sports activities, carnivals and community celebrations.

Building on the success of the paediatric Koorie Dental clinic, in October 2010 we commenced an adult Koorie clinic which has been well attended.

There has also been an increase in the number of Koorie community members attending allied health clinical services.

The Primary Health Directorate will continue to expand services to meet the primary health care needs of the Gippsland community.



Anubis Pacifico

*MBA, Grad Dip Applied Finance, B Bus (Accountancy),
Dip Fin Serv, FCPA, AFAIM, MAICD, AFACHSE*

Corporate

The Corporate Directorate role embraces company-wide management of human resources, industrial relations, properties, motor vehicles, sourcing, information technology and telecommunications, marketing and corporate communication, as well as finance and accounting. We also support quality and clinical governance programs across the organisation. The Executive Director, Corporate is the company's chief financial officer.

Stronger Business and Financial Controls

After extensive research and due diligence processes, we have selected a new business system which integrates finance and accounting, procurement, payroll, human resource functions and budgeting into a single company-wide solution. This will replace stand-alone legacy systems nearing the end of their service lives. It will strengthen data accuracy and improve ease of access via its automatic interfaces and employee self-service function so as to position the company for future growth and opportunities.

Given the volatile financial market conditions, we have maintained the prudent course of investing reserves in a range of fixed term deposits within the Australian banking system.

LCHS internal auditors, Pitcher Partners, reviewed four key areas: Management Reporting, Asset and Property Management, Grants and Acquittals, and Contract Management. We have adopted all audit recommendations and these are being implemented. The Board Audit Committee is monitoring progress.

We now manage tenancy agreements, leasing agreements and construction contracts centrally in order to improve efficiency and control. Over 70 brokerage contracts were renegotiated applying commercial best practice.

Managed Risk, Stronger Clinical Governance and Assured Quality

LCHS successfully implemented the Victorian Health Incident Management System (VHIMS) in February 2011. This involved data grooming and data migration from existing systems, upgrading supporting documentation and retraining 265 staff. VHIMS assists in the identification and monitoring of risks, incidents and community feedback.

A Board Assurance Compliance e-System (BACeS) to assure we comply with all relevant legislation was launched in 2011. The system provides alerts for legislation changes and is complemented by progress reporting to the Board committees.

Our Clinical Governance Advisory Committee reviews clinical risks and all client-related incidents and community feedback to monitor trends and improve response. The Quality Implementation and Advisory Committee continues to champion implementation of our Quality Work Plan and development of the Quality of Care Report.

Thirty-two requests for personal health information were received under the Health Records Act.

Information Communication and Technology

Demand for IT services has continued to grow with over 420 staff and volunteers accessing the IT network, systems, email and telecommunication facilities. We responded to 8,599 service requests over the year, 21% down from the previous year.

The volume of data to be backed up has increased by 30% from the previous year averaging over 2 terabytes per week. This necessitated commissioning of higher capacity back-up equipment.

New computer equipment and telecommunications were installed at Bairnsdale, including associated WiFi networking.

Operational efficiencies were achieved by improved desktop software distribution, standard 'images' for staff computers to allow fast set-up, and improved spam detection cutting unwanted messages to LCHS by 3,000 per week.

Work with client-facing business applications continues with two new applications implemented and several others upgraded.

Managing our Properties and Motor Vehicle Fleet

Two web-based systems are driving improvements in operational efficiency. The room booking system is improving access and utilisation of shared facilities for training, meetings, consulting and clinical functions. The fleet booking system assists us to optimise the deployment of motor vehicles.



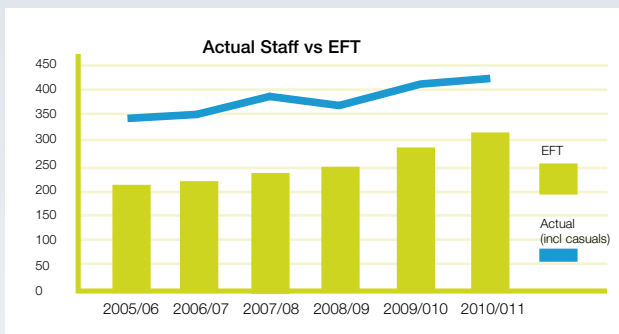
The Quality Implementation & Advisory Committee is one of several committees convened and supported by the Corporate Directorate.

In 2011, we took over management of the new Morwell building, including monitoring of building defects during warranty periods, security, utilities and building engineering services.

During the year we successfully rehoused our Bairnsdale centre into newly refurbished premises and also dealt with the impacts of several natural disasters which flooded sites, damaged buildings and in some cases required staff relocation during repair works. Work on the refurbishment of the Moe centre commenced.

Our commitment to the environment continues with the implementation of the Victorian Government Resource Smart and 'green building' management practices.

Supporting all our People including our Valued Volunteers



LCHS continues to grow. Total employment rose by 3.2% to 418 staff by year end. All growth was in full-time staff.

| Staff Make-up | 2010/11 | 2009/10 | Change |
|---------------|---------|---------|--------|
| Full time | 176 | 152 | +24 |
| Part time | 202 | 205 | -3 |
| Casuals | 40 | 48 | -8 |
| Total | 418 | 405 | +13 |

Our total human resource, measured as equivalent full-time (EFT) employees, reached 312, up 10.2% over the previous year.

Over 450 employment contracts and 100 recruitment actions were managed during the year. The LCHS online Recruitment system now holds over 3,000 registered users.

Mandatory staff training has been expanded to include Koorie Cultural Awareness, Excellence in Customer Service, Privacy and VHIMS. Over 100 staff participated in the Worksafe worker health check program.

Staff feedback from our bi-annual employee survey is acted upon and progress reported in the intranet. To further strengthen ongoing communication with our people, an annual employee survey was launched in May 2011 via Best Practice Australia.

Emphasis on the contribution of volunteers and the importance of having a coordinated approach across the organisation has delivered positive results. Volunteer numbers increased by 38% over the year to 104. Volunteers contributed over 41,000 hours across 19 program areas in 29 different roles.

We developed a volunteer newsletter during 2010/11. This vital communication tool helped to lift awareness of the significant contribution that volunteers are making to our business.

Supporting External Agencies

LCHS is the lead agency for Home and Community Care (HACC) training throughout Gippsland. Fifty-two HACC training programs were provided with 654 regional participants from community health services and public hospitals, bush nursing services, local government bodies, Aboriginal organisations and several small agencies and organisations.

HACC training continues to foster close partnerships with other agencies, such as East Gippsland TAFE and GippsTAFE to reduce training costs while providing new and varied training options.

Relating to the Community – our Brand and our Communications

The roll-out of external signage in Morwell, Moe, Korumburra and the new centre in Bairnsdale completes rebranding of all major LCHS sites.

To keep our community informed we have expanded our monthly newspaper advertorials to the *Latrobe Valley Express*, *Warragul Gazette*, *Great Southern Star*, *Gippsland Times* and *Bairnsdale Advertiser*. This ensures LCHS initiatives are covered across the Gippsland region.

Some 19 brochures and over 100 flyers and posters were produced to keep our community informed. Two key information brochures were translated into 15 languages for clients with a non-English-speaking background.

A marketing campaign developed with community input was launched in May with the theme 'LCHS – for that time in your life'. To the end of June, some 150 radio ads and almost 400 TV ads had been broadcast locally. The campaign also includes advertising on local buses.

Professional Development



Professional development is a key focus of training activities for staff, students on placement and volunteers.

LCHS continues to support staff in developing their skills and knowledge through professional development training. A significant amount of training and development was undertaken during 2010/11 with staff and volunteers completing almost 2,300 hours of training.

| Training Topic | Number of Hours | Number of Participants |
|------------------------------------|-----------------|------------------------|
| Business Practice | 865 | 1,104 |
| Clinical Practice/Service Delivery | 1,348 | 427 |
| Conference/Seminar | 310 | 60 |
| Information Technology/Management | 4 | 11 |
| Management/Leadership | 35 | 9 |
| OH&S | 94 | 11 |
| Other | 20 | 2 |
| Total | 2,676 | 1,624 |

Clinical Practice/Service delivery training included:

- Clinical Supervision Course
- Better Health Self-management leader training
- Pre and Post test discussion – HIV and Hepatitis.

In addition, our Ambulatory Care staff undertook online training in Basic Life Support, Drug Calculations, Infection Control, Hand Hygiene, Falls, and Manual Handling.

The partnership between LCCHS and the Australian Institute of Management continued with training in key areas such as Financial Management, Business Writing Skills, and Change Management.

The LCCHS management team undertook media training to provide key staff with enhanced skills in promoting LCCHS services through the media.

LCCHS also continued to support staff to undertake a tertiary qualification which has a workplace application. Many staff have received support (financial or other incentives) assisting them in their studies, which in turn developed the skills and knowledge within the organisation.

An extensive review of the LCCHS orientation program was conducted. The review considered internal feedback from various stakeholders, and an examination of best practice orientation models including other Victorian health agencies and organisations within the Latrobe Valley. A new program of presentations and online training packages has been developed.

The key tool used to determine individual development needs is the Performance Review and Development Plan (PRDP). The PRDP is updated annually, based on the staff member's key responsibilities and training needs for the year.

In addition to the PRDP, LCCHS supports the development of staff through organisation-wide initiatives. This year a number of Inter-Professional Collaborative Practice forums have been held. These forums promote a more integrated approach to service provision for clients requiring multiple services.

Business practice training continued as a major focus with mandatory training sessions held in Privacy and Confidentiality, Koorie Cultural Awareness and Excellence in Customer Service.

Other organisational development undertaken during 2010/11 included:

- Victorian Health Incident Management System (VHIMS) training
- TCM care management program and SWITCH client record program training
- Cultural Awareness training
- Excellence in Customer Service workshops
- Hand Hygiene
- Windows 7 Training.

Staff Recognition



Employee of the Year Janette Henry.



The Front Office team proudly receive the Monthly Achievement Award for June.

LCHS recognises outstanding performance through a number of mechanisms. These include annual staff and volunteer awards, Service Recognition Awards and Monthly Achievement Awards.

In 2010, LCHS introduced a second tier level to its annual staff awards. In addition to the Employee of the Year Award, LCHS recognises outstanding performance and commitment from teams and individuals from each directorate.

The Executive team determines the Service Excellence Award at the commencement of each year and focuses on key elements of the business which strengthen relationships or processes. The Service Excellence Award for 2010 was based on service coordination.

Employee of the Year 2010

Janette Henry

2010 Annual Achievement Award winners:

- Ambulatory Care** – Janette Henry
- Corporate** – Adam Miller
- Community Support** – Cate Noy
- Coordinated Care** – Carol Morris
- Primary Health** – Leanne Maskiell

Service Excellence Award 2010 – Service Coordination

Ambulatory Care Team

Staff Service Recognition Awards 2010

| 10 Years | 15 Years | 25 Years |
|------------------|---------------|-----------------|
| Lorraine Boyle | Betty Beacham | Bill Hamilton |
| Wayne Atkinson | Julie Wells | Denise Bromiley |
| Kim Longin | | |
| Leanne Maskiell | | |
| Amba Winsor | | |
| Julia Churches | | |
| Sheri McDonald | | |
| Peetika Hobson | | |
| Suzanne Sterrick | | |

Staff Monthly Achievement Awards

- July and September** – (No award)
- August 2010** – Hayley Tulloch
- October 2010** – Julia Churches
- November 2010** – Veterans' Home Care Team
- December 2011** – Shilo Wilson
- January 2011** – Penny Silby
- February 2011** – Adrian Driver
- March 2011** – Sandy Lewis
- April 2011** – Samantha Parson-Fenton
- May 2011** – 'Real Winners' Team
– Joanne Downey & Tisher McNamara
- June 2011** – Front Office Team

Volunteer Recognition



Volunteer of the Year Robert Meggs



Volunteers are supported through training and information.

LCHS welcomes and values the involvement of volunteers. The volunteer program continues to expand and provide vital assistance to the community.

Emphasis on the contribution of volunteers and the importance of having a coordinated approach across the organisation has delivered positive results. Volunteer numbers have increased to 104 (up by 38% compared to last year). During 2010/11, volunteers contributed over 41,000 hours across 19 program areas and in 29 different roles. This compares to 31,000 hours across five program areas in 2009/10.

A volunteer newsletter was developed during the year. The newsletter is a vital communication tool for volunteers and helps lift the awareness of the significant contribution they make to LCHS.

Many exciting events were held during May to coincide with National Volunteer Week and to celebrate the wonderful contributions that volunteers have made. Events included BBQs, volunteer training and new volunteer information sessions. Celebrations concluded with an afternoon tea and presentation of Volunteers Service Recognition and Volunteer of the Year.

A number of volunteers were also nominated for the 2011 Minister for Health Awards and travelled down to the ceremony held at the Melbourne Cricket Ground. Two individual nominees and two volunteer teams were nominated for the awards, with the LCHS Ambulatory Care Volunteer Team receiving a special commendation at the ceremony.

Volunteer of the Year Winner

Robert Meggs

Volunteer Service Recognition Awards

| 5 Years | 10 Years | 15 Years | 30 Years |
|-----------------|----------------|--------------|-------------------|
| Verna McKenzie | Ken Bechaz | Karen Cooper | Marianne Franssen |
| Robert Meggs | Pat Eaton | Bruce King | Dorothy Harrison |
| Annelie Roberts | Lynne Mehaffey | | Lyle Haustorfer |
| | | | Joan Leister |

Facility Redevelopments

Major redevelopments of LCHS sites in Morwell, Bairnsdale and Moe were completed or commenced during the year. These developments are part of an ongoing program of renewal to ensure LCHS provides modern, safe and comfortable facilities for clients and staff.

Morwell

Over 1,500 community members attended the formal opening of our new Morwell facility on 27 October 2010. This celebration was a great chance for people to visit the most modern community health facility in Australia. The Hon Daniel Andrews, the then Victorian Minister for Health, officially opened the centre, with health-oriented celebrations including music, theatre and food.

The Morwell centre was occupied in June 2010. Excellent planning and staff cooperation enabled the primary move to occur over a single weekend, with minimal impact on clients and services. As well as a range of modern dental, counselling and treatment suites, the building offers activity and conference facilities available to the community. The building boasts significant 'green' credentials, including systems to reduce lighting, water and air conditioning use.

Since the move, landscaping and a car park for staff and clients has been completed. Warranty works were identified and scheduled for rectification.

Bairnsdale

As part of the ongoing improvements to both staff and client facilities, the Minister for Health, Hon David Davis officially opened the new Bairnsdale centre on 18 May 2011. Some 100 people joined in a traditional aboriginal smoking ceremony, live entertainment and health promotion activities.

The building, located on the corner of Macleod and Bailey Streets, was leased in June 2010 and underwent extensive renovations prior to staff relocating in December 2010. The Facilities team worked with the architect and staff to identify requirements, and to ensure the refurbishment and move were on schedule and budget.



The newly developed LCHS facility in Macleod Street, Bairnsdale.

The redevelopment was designed to provide the highest quality services to the community with four counselling rooms, two large meeting rooms and open-plan workstations for the staff. The range of services now offered from the site include counselling services for families and children, drug and alcohol assistance and respite carer services. The design of the facility will allow for growth in services.

Moe Redevelopment

Our Moe facility was originally built in 1978. Over the past five years the original section of the building has experienced significant issues relating to structural integrity.

The LCHS Board approved a redevelopment program in July 2010. The five-stage program is estimated to cost \$7.3 million over five years. A Project Control Group was formed, with architects Vincent Chrisp and Associates contracted to maintain consistency between Moe and the recently completed Morwell site.

Following consultation and evaluation of staff needs, the Executive approved a design for Stage 1 in December 2010. Stage 1 will be in two parts: Stage 1a the updating and enlargement of the dental sterilisation room, and Stage 1b the implementation of an open-plan staff area. Tenders were issued in March and closed in April 2011. In May 2011 the LCHS Board approved the contractor for Stages 1a and 1b.

Staff at Moe were relocated to their interim accommodation on 16/17 June 2011 in line with the agreed construction program. The contractor anticipates completion of Stages 1a and 1b by November 2011. Work has now begun on the design and construction program for Stages 2 and 3.



Humour and education group The Underbodies at the official opening of our Morwell facility.

Latrobe Community Health Service Financial Report

for the year ended 30 June 2011

ABN: 74 136 502 022

| CONTENTS | Page |
|------------------------------------|-------------|
| Directors' Report | 29 |
| Auditor's Independence Declaration | 30 |
| Statement of Comprehensive Income | 31 |
| Statement of Financial Position | 32 |
| Statement of Changes in Equity | 33 |
| Statement of Cash Flows | 34 |
| Notes to the Financial Statements | 35 |
| Directors' Declaration | 55 |
| Independent Audit Report | 56 |

LATROBE COMMUNITY HEALTH SERVICE
ABN: 74136502022
DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2011.

Directors

The names of each person who has been a director during the year and to the date of this report are:

John Guy
 Peter Wallace
 Steven Porter
 Janice Chesters resigned (25/11/2010)
 Steven Elvy
 Chris Devers
 Don Flanigan
 Carolyn Boothman
 Melissa Bastian appointed (27/01/2011)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the entity during the financial year was:

Provision of Community Health Services

No significant changes in the nature of the entity's activity occurred during the financial year.

Information on Directors

| | | |
|------------------|---|--------------------|
| John Guy | — | Chairperson |
| Peter Wallace | — | Deputy Chairperson |
| Steven Porter | — | Director |
| Janice Chesters | — | Director |
| Steven Elvy | — | Director |
| Chris Devers | — | Director |
| Don Flanigan | — | Director |
| Carolyn Boothman | — | Director |
| Melissa Bastian | — | Director |

Meetings of Directors

During the financial year, 13 meetings of directors were held. Attendances by each director were as follows:

| | Directors' Meetings | | Finance Committee | | Quality & Safety Committee | |
|------------------|------------------------|--------------|------------------------|--------------|----------------------------|--------------|
| | No. eligible to attend | No. attended | No. eligible to attend | No. attended | No. eligible to attend | No. attended |
| John Guy | 13 | 12 | - | 1 | - | 2 |
| Peter Wallace | 13 | 13 | 4 | 4 | 5 | 2 |
| Steven Porter | 13 | 12 | 4 | 4 | - | - |
| Janice Chesters | 5 | 4 | - | - | 2 | 1 |
| Steven Elvy | 13 | 11 | - | - | 5 | 4 |
| Chris Devers | 13 | 11 | - | - | - | - |
| Don Flanigan | 13 | 11 | 3 | 3 | - | - |
| Carolyn Boothman | 13 | 10 | - | - | 3 | 2 |
| Melissa Bastian | 7 | 5 | 1 | 1 | - | - |

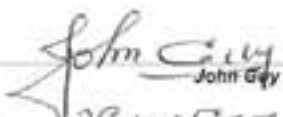
The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 30 June 2011 the collective liability of members was \$290(2010: \$310).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 2 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Director



 John Guy

Dated this [day] 29 day of SEPT. [month] 2011

Latrobe Community Health Service Limited
ABN 74 136 502 022

Auditor's Independence Declaration under Section 307C
of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

LSH Accounting

LSH ACCOUNTING



Joanne Loh
Partner

Dated this 27th day of September 2011
Morwell

Creating & Protecting Your Wealth

Statement of Comprehensive Income

for the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--|------|--------------------|--------------------|
| Revenue | 2 | 32,017,006 | 29,653,133 |
| Other income | 2 | 2,407,544 | 15,776,309 |
| Employee benefits expense | | (21,379,427) | (18,264,685) |
| Depreciation and amortisation expense | | (1,023,774) | (1,029,320) |
| Doubtful debts expense | 3 | (1,679) | (14,531) |
| Repairs, maintenance and vehicle running expense | | (457,571) | (466,924) |
| Fuel, light and power expense | | (210,746) | (186,267) |
| Rental expense | 3 | (357,479) | (249,006) |
| Staff training expenses | | (299,477) | (241,347) |
| Audit, legal and consultancy expense | | (453,414) | (481,492) |
| Marketing expenses | | (124,482) | (25,493) |
| Contract Labour | | (1,263,734) | (1,533,152) |
| Brokerage Client Services | | (5,430,245) | (4,965,515) |
| Loss on uncompensated transfer of building | | (1,301,425) | (16,171,535) |
| Other expenses | | (3,324,371) | (4,079,666) |
| Share of net profits of associates and joint ventures | | - | - |
| Profit before income tax | | (1,203,272) | (2,279,490) |
| Income tax expense | | | |
| Profit for the year | | (1,203,272) | (2,279,490) |
| Other comprehensive income: | | | |
| Net gain on revaluation of property, plant and equipment | 8 | - | (141,256) |
| Other comprehensive income for the year | | - | (141,256) |
| Total comprehensive income for the year | | (1,203,272) | (2,420,746) |
| Profit attributable to members of the entity | | (1,203,272) | (2,420,746) |
| Total comprehensive income attributable to members of the entity | | (1,203,272) | (2,420,746) |

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 8,125,522 | 9,355,502 |
| Trade and other receivables | 5 | 191,484 | 263,636 |
| Inventories | 6 | 79,055 | 73,030 |
| Other assets | 7 | 1,047,326 | 922,843 |
| TOTAL CURRENT ASSETS | | 9,443,386 | 10,615,011 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 9,462,235 | 9,370,293 |
| Capital WIP | | 137,045 | 71,424 |
| TOTAL NON-CURRENT ASSETS | | 9,599,280 | 9,441,717 |
| TOTAL ASSETS | | 19,042,666 | 20,056,728 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 2,566,755 | 2,627,020 |
| Provisions | 10 | 2,296,255 | 2,069,220 |
| TOTAL CURRENT LIABILITIES | | 4,863,010 | 4,696,240 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | 746,265 | 723,824 |
| TOTAL NON-CURRENT LIABILITIES | | 746,265 | 723,824 |
| TOTAL LIABILITIES | | 5,609,275 | 5,420,065 |
| NET ASSETS | | 13,433,391 | 14,636,663 |
| EQUITY | | | |
| Retained earnings | | 9,112,118 | 11,960,294 |
| Reserves | | 4,321,273 | 2,676,369 |
| TOTAL EQUITY | | 13,433,391 | 14,636,663 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2011

| | Retained Earnings \$ | Asset Revaluation Reserve \$ | Capital Improvements Reserve \$ | Community Projects Reserve \$ | General Reserve \$ | Total \$ |
|--|----------------------------|---------------------------------------|--|--|--------------------------|-------------|
| Balance at 1 July 2009 | 9,679,648 | 1,573,602 | 4,624,138 | 815,521 | 364,501 | 17,057,409 |
| Profit/(Loss) attributed to the entity | (2,279,490) | | | | | (2,279,490) |
| Transfers to/(from) Capital Improvements Reserve | 4,283,339 | | (4,283,339) | | | - |
| Transfers to/(from) Community Projects Reserve | 445,797 | | | (445,797) | | - |
| Transfers to/(from) General Reserve | (168,999) | | | | 168,999 | - |
| Total other comprehensive income for the year | | (141,256) | | | | (141,256) |
| Balance at 30 June 2010 | 11,960,295 | 1,432,346 | 340,799 | 369,724 | 533,500 | 14,636,663 |
| Profit/(Loss) attributed to the entity | (1,203,272) | | | | | (1,203,272) |
| Transfers to/(from) Capital Improvements Reserve | (1,021,001) | | 1,021,001 | | | - |
| Transfers to/(from) Community Projects Reserve | 268,596 | | | (268,596) | | - |
| Transfers to/(from) General Reserve | (892,500) | | | | 892,500 | - |
| Total other comprehensive income for the year | | | | | | - |
| Balance at 30 June 2011 | 9,112,118 | 1,432,346 | 1,361,800 | 101,128 | 1,426,000 | 13,433,391 |

For a description of each reserve, refer to Note 18.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

| | Note | 2011 \$ | 2010 \$ |
|--|------|--------------|--------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipt of grants | | 33,911,008 | 44,557,573 |
| Other receipts | | - | - |
| Payments to suppliers and employees | | (35,400,396) | (46,669,300) |
| Interest received | | 487,277 | 386,015 |
| Net cash generated from operating activities | | (1,002,111) | (1,725,712) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | 183,166 | 685,191 |
| Payment for property, plant and equipment | | (411,036) | - |
| Proceeds from sale of available-for-sale investments | | - | 1,540,728 |
| Net cash used in investing activities | | (227,870) | 2,225,919 |
| Net increase/(decrease) in cash held | | (1,229,980) | 500,206 |
| Cash and cash equivalents at the beginning of the financial year | | 9,355,502 | 8,855,296 |
| Cash and cash equivalents at the end of the financial year | 4 | 8,125,522 | 9,355,502 |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2011

The financial statements cover Latrobe Community Health Service as an individual entity, incorporated and domiciled in Australia. Latrobe Community Health Service is a company limited by guarantee.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 29 September 2011 by the directors of the company.

Accounting Policies

a Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Latrobe Community Health Service receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

b Inventories

Inventories acquired at no cost or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

c Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Notes to the Financial Statements

for the year ended 30 June 2011

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Buildings | 3% |
| Plant and equipment | 5% to 33% |
| Leased plant and equipment | 20% to 33% |
| Motor Vehicles | 10% to 15% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Notes to the Financial Statements

for the year ended 30 June 2011

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. **Fair value** represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the **effective interest method**.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (i.e. gains or losses) being recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

g Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

h Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financial activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

k Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between three and ten years. It is assessed annually for impairment.

l Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

m Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

n Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Impairment

The freehold land and buildings were independently valued at 21 May 2010 by CJAlee Property Valuers and Consultants. The valuation was based on the fair value less cost to sell.

Notes to the Financial Statements

for the year ended 30 June 2011

The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation decrement of \$141,256 being recognised for the year ended 30 June 2010.

At 30 June 2011 the directors reviewed the key assumptions made by the valuers at 30 June 2011. They have concluded that these assumptions remain materially unchanged, and are satisfied that carrying value does not exceed the recoverable amount of land and buildings at 30 June 2011.

p Economic Dependence

Latrobe Community Health Service is dependent on the Department of Health for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department of Health will not continue to support Latrobe Community Health Service.

q New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- *AASB 9: Financial Instruments [December 2010] (applicable for annual reporting periods commencing on or after 1 January 2013).*

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - simplifying the requirements for embedded derivatives;
 - removing the tainting rules associated with held-to-maturity assets;
 - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
 - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
 - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
 - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.
- *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).*
- This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Company.
- *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

- *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Company.

- *AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Company.

- *AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian Accounting Standard financial statements;
- amending AASB 7 to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity;
- amending AASB 134 by adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- adding sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Company.

- *AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).*

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- *AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).*

Notes to the Financial Statements

for the year ended 30 June 2011

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards; and AASB 7: Financial Instruments: Disclosures; establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Company.

- *AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).*

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

This Standard is not expected to impact the Company.

- *AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).*

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Company.

- *AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).*

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Company.

- *AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013).*

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9; and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7].

This Standard is not expected to impact the Company.

Latrobe Community Health Service ABN: 74 136 502 022
Notes to the Financial Statements
for the year ended 30 June 2011

| Note 2 Revenue and Other Income | Note | 2011 \$ | 2010 \$ |
|--|-------------|-------------------|-------------------|
| Revenue from government grants and other grants | | | |
| — State/federal government grants | | 26,511,112 | 25,244,010 |
| — Other government grants | | 4,956,609 | 3,968,160 |
| | | <u>31,467,721</u> | <u>29,212,170</u> |
| Other revenue | | | |
| — Interest received on investments in government and fixed interest securities | | 549,284 | 440,963 |
| | | <u>549,284</u> | <u>440,963</u> |
| Total Revenue | | <u>32,017,006</u> | <u>29,653,133</u> |
| Other Income | | | |
| — Gain on disposal of property, plant and equipment | | 13,936 | 166,337 |
| — Charitable income and fundraising | | 5,382 | 12,140 |
| — Capital grants | | 538,966 | 13,947,886 |
| — Rental income | | 106,061 | 109,618 |
| — Other | | 765,895 | 660,262 |
| — Client Fees | | 977,304 | 880,066 |
| Total Other Income | | <u>2,407,544</u> | <u>15,776,309</u> |
| Total Revenue and Other Income | | <u>34,424,550</u> | <u>45,429,442</u> |

| Note 3 Profit for the Year | | 2011 \$ | 2010 \$ |
|---|--|-------------------|-------------------|
| (a) Expenses | | | |
| Employee benefits expense | | 21,379,427 | 18,264,685 |
| Depreciation and Amortisation | | 1,023,774 | 1,029,320 |
| Doubtful debts expense | | 1,679 | 14,531 |
| Loss on disposal of non-current assets | | - | 836,402 |
| Rental expense on operating leases | | | |
| — minimum lease payments | | 357,479 | 249,006 |
| Total Rental Expense | | <u>357,479</u> | <u>249,006</u> |
| Audit Remuneration | | | |
| — audit services | | 11,230 | 11,750 |
| Total Audit Remuneration | | <u>11,230</u> | <u>11,750</u> |
| Other expenses | | 11,552,809 | 11,131,704 |
| (b) Significant Revenue and Expenses | | | |
| Loss on Uncompensated transfer of building | | 1,301,425 | 16,171,535 |
| Total Expenses | | <u>35,627,822</u> | <u>47,708,933</u> |

The Morwell Redevelopment Project was completed in the 2010/11 financial year. The building is owned by the Department of Health and leased back to LCHS. During the 2010/11 financial year \$1.3 million was expended on the project.

Notes to the Financial Statements

for the year ended 30 June 2011

| Note 4 Cash and Cash Equivalents | 2011 \$ | 2010 \$ |
|--|------------|------------|
| CURRENT | | |
| Cash at bank | 257,770 | (285,343) |
| Cash on hand | 5,430 | 5,430 |
| Cash at Deposit | 7,862,321 | 9,635,415 |
| Total cash and cash equivalents as stated in the statement of financial position | 8,125,522 | 9,355,502 |
| Total cash and cash equivalents as stated in the cash flows statement | 8,125,522 | 9,355,502 |

| Note 5 Trade and Other Receivables | Note | 2011 \$ | 2010 \$ |
|---|------|------------|------------|
| CURRENT | | | |
| Trade receivables | | 175,422 | 256,291 |
| Provision for impairment | 5(i) | (12,468) | (17,395) |
| | | 162,954 | 238,896 |
| Other receivables | | - | - |
| Consumer Fees | | 28,530 | 24,740 |
| Total current trade and other receivables | 16 | 191,484 | 263,636 |

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

| | 2011 \$ |
|---|------------|
| Provision for impairment as at 1 July 2009 | 11,530 |
| - Charge for year | 14,531 |
| - Written off | (8,666) |
| Provision for impairment as at 30 June 2010 | 17,395 |
| - Charge for year | 1,679 |
| - Written off | (6,606) |
| Provision for impairment as at 30 June 2011 | 12,468 |

(ii) Credit Risk - Trade and Other Receivables

The company does not have any material credit risk exposure to any receivable of group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Notes to the Financial Statements

for the year ended 30 June 2011

| 2011 | Gross amount | Past due and impaired | Past due but not impaired (days overdue) | | | Within initial trade terms | |
|----------------------------|----------------|-----------------------|--|---------------|----------|----------------------------|---------------|
| | | | < 30 | 61 – 90 | >90 | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Trade and term receivables | 175,422 | 12,468 | 51,864 | 20,307 | - | - | 90,783 |
| Other receivables | | | | | | | |
| Total | 175,422 | 12,468 | 51,864 | 20,307 | - | - | 90,783 |

| 2010 | Gross amount | Past due and impaired | Past due but not impaired (days overdue) | | | Within initial trade terms | |
|----------------------------|----------------|-----------------------|--|--------------|---------------|----------------------------|---------------|
| | | | < 30 | 31 – 60 | 61 – 90 | | >90 |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Trade and term receivables | 256,291 | 17,395 | 177,578 | 7,606 | 11,000 | 11,000 | 31,712 |
| Other receivables | | | | | | | |
| Total | 256,291 | 17,395 | 177,578 | 7,606 | 11,000 | 11,000 | 31,712 |

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

| Note 6 Inventories | 2011 \$ | 2010 \$ |
|-----------------------------|---------------|---------------|
| CURRENT | | |
| At cost | | |
| Inventory | 79,055 | 73,030 |
| | <u>79,055</u> | <u>73,030</u> |
| At current replacement cost | | |
| Donated inventory | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>79,055</u> | <u>73,030</u> |

| Note 7 Other Assets | 2011 \$ | 2010 \$ |
|----------------------------|------------------|----------------|
| CURRENT | | |
| Accrued Income | 1,027,064 | 894,747 |
| Prepayments | 20,262 | 28,096 |
| | <u>1,047,326</u> | <u>922,843</u> |

| Note 8 Property, Plant and Equipment | 2011 \$ | 2010 \$ |
|---|------------------|------------------|
| LAND AND BUILDINGS | | |
| Freehold land at fair value: | | |
| — Independent valuation 2010 | 2,054,840 | 2,054,840 |
| Total land | <u>2,054,840</u> | <u>2,054,840</u> |
| Buildings at fair value: | | |
| — At Cost | 395,770 | |
| — Independent valuation 2010 | 3,878,328 | 3,878,328 |
| — Less accumulated depreciation | (124,893) | (16,496) |
| Total buildings | <u>4,149,205</u> | <u>3,861,831</u> |
| Total land and buildings | <u>6,204,045</u> | <u>5,916,671</u> |

Notes to the Financial Statements

for the year ended 30 June 2011

| Note 8 <i>Property, Plant and Equipment - continued</i> | Note | 2011 \$ | 2010 \$ |
|---|------|------------------|------------------|
| PLANT AND EQUIPMENT | | | |
| Furniture and Equipment | | | |
| Furniture and Equipment at cost | | 5,424,479 | 4,819,265 |
| (Accumulated Depreciation) | | (3,630,639) | (3,050,926) |
| | | <u>1,793,840</u> | <u>1,768,339</u> |
| Motor Vehicles | | | |
| Motor Vehicles at cost | | 2,312,776 | 2,311,271 |
| (Accumulated depreciation) | | (848,425) | (625,989) |
| | | <u>1,464,350</u> | <u>1,685,282</u> |
| Total plant and equipment | | <u>3,258,190</u> | <u>3,453,622</u> |
| | | | |
| Total property, plant and equipment | | <u>9,462,235</u> | <u>9,370,293</u> |

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Land and Buildings \$ | Motor Vehicles \$ | Furniture and Equipment \$ | Total \$ |
|--------------------------------------|-----------------------------|-------------------------|-------------------------------------|------------------|
| 2010 | | | | |
| Balance at the beginning of the year | 7,036,592 | 1,852,781 | 1,131,210 | 10,020,583 |
| Additions at cost | | 770,575 | 1,127,785 | 1,898,360 |
| Additions at fair value | (520,765) | | | (520,765) |
| Disposals | (456,892) | (518,854) | (22,817) | (998,563) |
| Revaluation increment | | | | - |
| Depreciation expense | (142,265) | (419,219) | (467,838) | (1,029,322) |
| Carrying amount at end of year | <u>5,916,670</u> | <u>1,685,283</u> | <u>1,768,340</u> | <u>9,370,293</u> |

| | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| 2011 | | | | |
| Balance at the beginning of the year | 5,916,670 | 1,685,283 | 1,768,340 | 9,370,293 |
| Additions at cost | 395,770 | 283,962 | 605,213 | 1,284,946 |
| Additions at fair value | | | | - |
| Disposals | | (169,230) | | (169,230) |
| Depreciation expense | (108,395) | (335,663) | (579,715) | (1,023,774) |
| Carrying amount at end of year | <u>6,204,044</u> | <u>1,464,352</u> | <u>1,793,838</u> | <u>9,462,235</u> |

Asset revaluations

The freehold land and buildings were independently valued at 21 May 2010 by CJAlee Property valuers and Consultants. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation decrement of \$141,256 being recognised in the Revaluation Surplus for the year ended 30 June 2010.

At 30 June 2011 the directors reviewed the key assumptions made by the valuers at 30 June 2010. They have concluded that these assumptions remain materially unchanged, and are satisfied that carrying value does not exceed the recoverable amount of land and buildings at 30 June 2011.

Notes to the Financial Statements

for the year ended 30 June 2011

| Note 9 Trade and Other Payables | Note | 2011 \$ | 2010 \$ |
|--|-------------|--------------------|--------------------|
| CURRENT | | | |
| Trade payables | | 531,766 | 295,545 |
| Deferred income | | 1,063,834 | 1,232,714 |
| Other current payables | | 160,224 | 172,132 |
| Employee benefits | | 316,198 | 325,020 |
| Accrued Expenses | | 494,733 | 601,609 |
| | 9(a) | <u>2,566,755</u> | <u>2,627,020</u> |
| | | 2011 \$ | 2010 \$ |
| (a) Financial liabilities at amortised cost classified as trade and other payables | | | |
| Trade and other payables | | | |
| — Total current | | <u>2,566,755</u> | <u>2,627,020</u> |
| | | <u>2,566,755</u> | <u>2,627,020</u> |
| Less deferred income | | | |
| Less annual leave entitlements | | | |
| Financial liabilities as trade and other payables | 16 | <u>2,566,755</u> | <u>2,627,020</u> |

| Note 10 Provisions | Note | 2011 \$ | 2010 \$ |
|--|-------------|--------------------|--------------------|
| CURRENT | | | |
| Short-term Employee Benefits | | | |
| Opening balance at 1 July 2010 | | 2,069,220 | 2,123,025 |
| Additional provisions raised during year | | 2,052,533 | 1,432,039 |
| Amounts used | | (1,825,498) | (1,485,844) |
| Balance at 30 June 2011 | | <u>2,296,255</u> | <u>2,069,220</u> |
| NON-CURRENT | | | |
| Long-term Employee Benefits | | | |
| Opening balance at 1 July 2010 | | 723,824 | 816,132 |
| Additional provisions raised during year | | 56,241 | 12,121 |
| Amounts used | | (33,800) | (104,429) |
| Balance at 30 June 2011 | | <u>746,265</u> | <u>723,824</u> |
| | | 2011 \$ | 2010 \$ |
| Analysis of Total Provisions | | | |
| Current | | 2,296,255 | 2,069,220 |
| Non-current | | 746,265 | 723,824 |
| | | <u>3,042,520</u> | <u>2,793,044</u> |

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 of financial statements.

Notes to the Financial Statements

for the year ended 30 June 2011

| Note 11 Capital and Leasing Commitments | 2011 \$ | 2010 \$ |
|--|------------|------------|
| (a) Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not recognised in the financial statements | | |
| Payable – minimum lease payments | | |
| – not later than 12 months | 232,592 | 162,912 |
| – later than 12 months but not later than 5 years | 280,531 | 127,015 |
| – greater than 5 years | | |
| | 513,123 | 289,927 |

The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with a five-year term. Increase in lease commitments may occur in line with the Consumer Price Index (CPI).

| (b) Capital Commitments | 2011 \$ | 2010 \$ |
|-------------------------------------|------------|------------|
| – Moe Building capital improvements | 872,053 | - |
| – Integrated Financial/HRMIS system | 816,116 | - |
| | 1,688,169 | - |

The LCHS Board has endorsed the appointment of a contractor for the construction of stages 1A and 1B of the Moe Redevelopment Project at a cost of \$605,622 and architectural fees of \$266,431. LCHS Board have also committed spending \$816,116 for the implementation of an integrated system covering Financial management, supply, payroll, human resources and budgeting.

| Note 12 Contingent Liabilities and Contingent Assets | 2011 \$ | 2010 \$ |
|--|------------|------------|
| Estimates of the potential financial effect of contingent liabilities that may become payable: | | |
| Claims: | | |
| The company is in dispute with a supplier. The directors are confident that the claim will be successfully defended. The maximum contingent liability in respect of this action is as follows. | 37,500 | |

| Note 13 Events After the Reporting Period | 2011 \$ | 2010 \$ |
|--|------------|------------|
| LCHS is currently negotiating the sale of land attached to the new Buckley St premises in Morwell to the Department of Health for \$505,000. | | |

Note 14 Related Party Transactions

a. Directors' Compensation

The Directors act in an honorary capacity and receive no compensation for their services. During the year sundry expenses totalling \$2,230 incurred by directors in fulfilling their role were reimbursed.

b. Transactions with Director-related entities

During the 2010/11 financial year there were no transactions between Director-related entities.

c. Key Management Personnel

The names and positions of those having authority for planning, directing, and controlling the company's activities, directly or indirectly (other than directors), are:

- Ben Leigh, Chief Executive Officer
- Anubis Pacifico, Executive Director Corporate
- Anne-Maree Kaser, Executive Director Community Support
- Chris Trotman, Executive Director Coordinated Care
- Nicole Steers, Executive Director Ambulatory Care
- Rachel Strauss, Executive Director Primary Health

| | 2011 | 2010 |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| Key Management Personnel Compensation | | |
| — Short-term benefits | 569,172 | 460,901 |
| — Post-employment benefits | 66,518 | 41,481 |
| — Other long-term benefits | | |
| | <u>635,690</u> | <u>502,382</u> |

Note 15 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

| | 2011 | 2010 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Profit after income tax | (1,203,272) | (2,279,490) |
| Non cash flows | | |
| Depreciation and amortisation | 1,023,774 | 1,029,320 |
| Profit on sale of property, plant and equipment | 13,936 | (166,337) |
| Doubtful debts expense | (1,679) | (14,531) |
| Furniture and equipment written off | | |
| Loss on sale of investments | - | - |
| Gain on assets contributed | | |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | 69,336 | (78,320) |
| Increase/(decrease) in trade and other payables | 22,551 | 170,957 |
| Decrease in other assets | (675,471) | (434,867) |
| Increase in provisions | (249,476) | (146,113) |
| Decrease in inventories | 6,025 | 68,613 |
| Decrease in prepayments | (7,834) | 125,056 |
| | <u>(1,002,111)</u> | <u>(1,725,712)</u> |

Notes to the Financial Statements

for the year ended 30 June 2011

Note 16 Financial Risk Management

The company's financial statements consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

| | Note | 2011 \$ | 2010 \$ |
|---|------|------------------|------------------|
| Financial Assets | | | |
| Cash and cash equivalents | 4 | 8,125,522 | 9,355,502 |
| Loans and receivables | 5 | 191,484 | 263,636 |
| Total Financial Assets | | 8,317,005 | 9,619,138 |
| Financial Liabilities | | | |
| Financial liabilities at amortised cost | | | |
| — Trade and other payables | 9(a) | 2,566,755 | 2,627,020 |
| Total Financial Liabilities | | 2,566,755 | 2,627,020 |

Financial Risk Management Policies

The finance committee consists of senior committee members, and the committee's overall risk management strategy is to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 65% of the grants being received from state and federal governments are in accordance with funding agreements which ensure regular funding for a period of 2 years.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5.

The company has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

Latrobe Community Health Service ABN: 74 136 502 022
Notes to the Financial Statements
for the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|---------------------------|------|------------|------------|
| Cash and cash equivalents | | | |
| — AA Rated | | 8,125,522 | 9,355,502 |
| | 4 | 8,125,522 | 9,355,502 |

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

| | Within 1 Year | | 1 to 5 years | | Over 5 years | | Total | |
|---|---------------|------------|--------------|------------|--------------|------------|------------|------------|
| | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| Financial liabilities due for payment | | | | | | | | |
| Trade and other payables (excluding estimated annual leave and deferred income) | 2,566,755 | 2,627,020 | | | | | 2,566,755 | 2,627,020 |
| Total expected outflows | 2,566,755 | 2,627,020 | - | - | - | - | 2,566,755 | 2,627,020 |

Financial Assets - cash flows realisable

| | | | | | | | | |
|---|-----------|------------|---|---|---|---|-----------|------------|
| Cash and cash equivalents | 8,125,522 | 9,355,502 | | | | | 8,125,522 | 9,355,502 |
| Trade, term and loan receivables | 1,218,547 | 1,158,382 | | | | | 1,218,547 | 1,158,382 |
| Total anticipated inflows | 9,344,069 | 10,513,884 | - | - | - | - | 9,344,069 | 10,513,884 |
| Net (outflow) / inflow on financial instruments | 6,777,313 | 7,886,864 | - | - | - | - | 6,777,313 | 7,886,864 |

(c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

ii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

Notes to the Financial Statements

for the year ended 30 June 2011

The company is exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

The company's investments are held in the following sectors at the end of the reporting period:

| | 2010 % | 2011 % |
|---------------------|-----------|-----------|
| Banking and finance | 100% | 100% |
| Telecommunications | | |
| Materials | | |
| Consumer – staples | | |
| Healthcare | | |
| | 100% | 100% |

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| Year ended 30 June 2011 | Profit \$ | Equity \$ |
|------------------------------|--------------|--------------|
| +/- 2% in interest rates | 162,510 | 162,510 |
| +/- 2% in listed investments | (162,510) | (162,510) |
| Year ended 30 June 2010 | Profit \$ | Equity \$ |
| +/- 2% in interest rates | 187,110 | 187,110 |
| +/- 2% in listed investments | (187,110) | (187,110) |

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (i.e. trade receivables, loan liabilities), are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

Notes to the Financial Statements

for the year ended 30 June 2011

| | Footnote | 2011 Net Carrying Amount \$ | | 2010 Net Carrying Amount \$ | |
|------------------------------------|----------|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | | | Net Fair Value \$ | | Net Fair Value \$ |
| Financial assets | | | | | |
| Cash and cash equivalents | (i) | 8,125,522 | 8,125,522 | 9,355,502 | 9,355,502 |
| Trade and other receivables | (i) | 1,218,547 | 191,484 | 1,158,382 | 1,158,382 |
| Total financial assets | | 9,344,069 | 8,317,005 | 10,513,884 | 10,513,884 |
| Financial liabilities | | | | | |
| Trade and other payables | (i) | 2,566,755 | 2,540,358 | 2,627,020 | 2,627,020 |
| Total financial liabilities | | 2,566,755 | 2,540,358 | 2,627,020 | 2,627,020 |

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts relating to the provision of annual leave which is outside the scope of AASB 139.
- (ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- (iii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.
- (iv) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate debt will differ from carrying values.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|------------------|---------|---------|------------------|
| Financial assets: | | | | |
| Available-for-sale financial assets | | | | - |
| Held-for-trading financial assets | | | | - |
| Held-for-maturity financial assets | 9,344,069 | | | 9,344,069 |
| | <u>9,344,069</u> | - | - | <u>9,344,069</u> |

| 2010 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|-------------------|---------|---------|-------------------|
| Financial assets: | | | | |
| Available-for-sale financial assets | | | | - |
| Held-for-trading financial assets | | | | - |
| Held-for-maturity financial assets | 10,513,884 | | | 10,513,884 |
| | <u>10,513,884</u> | - | - | <u>10,513,884</u> |

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets has been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair value of these investments.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 17 Capital Management

Management controls the capital of the entity to ensure that within tolerable risk parameters adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively managed the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

The gearing ratios for the years ended 30 June 2011 and 30 June 2010 are as follows:

| | Note | 2011 \$ | 2010 \$ |
|---|------|-------------|-------------|
| Cash and cash equivalents | 4 | (8,125,522) | (9,355,502) |
| Net debt | | (8,125,522) | (9,355,502) |
| Total equity (reserves + retained earnings) | | 13,433,391 | 14,636,663 |
| Total capital | | 5,307,870 | 5,281,161 |
| Gearing ratio | | N/A | N/A |

Note 18 Reserves

a. Asset Revaluation Reserve

The Asset Revaluation Reserve records the revaluations of non-current assets.

b. Capital Improvements reserve

The Capital Improvements Reserve records funds allocated to Capital projects.

c. Community Projects Reserve

The Community Projects Reserve records funds allocated to future Board initiatives and Community Projects.

d. General Reserve

The General Reserve records funds allocated to the replacement of IT equipment and other Fixed Assets.

Note 19 Economic Dependency

The company is dependent upon the ongoing receipt of grants from the Federal Department of Health and Ageing and State Department of Human Services to ensure the continuance of its services to the community.

Notes to the Financial Statements

for the year ended 30 June 2011

Note 20 Entity Details

The registered office of the entity is:

Latrobe Community Health Service
Corner Buckley St and Church St
Morwell 3840
Victoria

The principal place of business is:

Latrobe Community Health Service
Corner Buckley St and Church St
Morwell 3840
Victoria

Note 21 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the entity. At 30 June 2011 the number of members was 29 (2010; 31).

LATROBE COMMUNITY HEALTH SERVICE
ABN: 74136502022
DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 3 to 19, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director


John Guy

Dated this [day] 29 day of SEPTEMBER [month] 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LATROBE COMMUNITY HEALTH SERVICE

Report on the financial report

We have audited the accompanying financial statements of Latrobe Community Health Service (the company), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Creating & Protecting Your Wealth

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Latrobe Community Health Service on 27th September 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion, the financial report of Latrobe Community Health Service is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

LSH Accountij

LSH Accounting



Joanne Loh
Morwell

29th September 2011



Services Provided

- Aged Care Assessment Service
- Alcohol and Drug: Cautious with Cannabis
- Ambulatory Care – Moe After Hours Medical Centre (MAHMS)
- Auslan Interpreter Service
- Back on your Bike – Adult Riding Program
- Better Health Self Management
- Carer Services – Commonwealth Respite and Carelink Centre (CRCC)
- Case Management
- Children and Adolescent Sexual Assault Support Services
- Childrens Counselling (Aged 4 to 17)
- Chronic Disease Management Care Coordination
- Community Health Nursing
- Community Health Nurse – Innovative Health Services for Homeless Youth
- Community Kitchens
- Continence Program
- Counselling Group – Partners in Depression
- Counselling/Psychology
- Creative House
- Dementia Education and Training for Carers Program
- Dental
- Diabetes Education
- District Nursing Service
- Drug Treatment Services
- Early Parenting Day Stay Program (Day Stay)
- Emergency Relief
- Falls Prevention Program
- Facilitation, Futures for Young Adults and Assistance with Extensive Planning
- Fit 4 Life
- Flexible Support Packages
- Gamblers' Help – Counselling
- Gamblers' Help Financial Counselling
- Home & Community Care Response Service
- Health Promotion
- Hydrotherapy
- Koorie Services
- Koorie – Yarning with the Mob – Walk in Clinic
- Latrobe Valley Sudanese Women's Group
- Life! Taking action on Diabetes – Diabetes Prevention Program
- Lifeball
- 'Liverwise' Program' (Victorian Integrated Hepatitis C Service (VIHSC))
- Lymphoedema Clinic
- Mayfair House – Planned Overnight Respite
- Men's Behaviour Change Program (MBCP)
- Nordic Walking
- Nutrition and Dietetics
- Occupational Therapy
- Open Gym
- Palliative Care
- Physical Activity Programs Physiotherapy
- Planned Activity Groups (PAG)
- Podiatry
- Podiatry - Footcare
- Refugee Health Nurse
- Respiratory Exercise Groups
- Respiratory Clinical Nurse Consultant
- Settlement Grants Program
- SMARTmovers Exercise Program
- Speech Pathology
- 'Start Me Up' – Low Level Exercise Group
- Support Group – Breast Cancer
- Support Group – Cancer
- Support Group – Cardiac
- Support Group – Chestnuts Respiratory Disease
- Support Group – LADS – Latrobe Asbestos Disease
- Support Group – Latrobe Type 2 Diabetes
- Support Group – LVD1 (Latrobe Valley Type 1 Diabetes)
- Support Group – Lymphoedema
- Support Group – Parkinson's
- Support Group – Prostate
- Venue Support Worker – Gamblers' Help
- Veterans' Home Care
- Video Relay Interpreting
- Walking Groups
- Women & Children's Family Violence Counselling
- Women's Health Clinic
- WorkHealth

Bairnsdale

68 Macleod Street

Churchill

20-24 Philip Parade

Korumburra

Gordon Street, at Gippsland Southern Health Service

Moe

42-44 Fowler Street

Morwell

81-87 Buckley Street

Sale

52 Macarthur Street

Traralgon

Corner Princes Highway and Seymour Street

Warragul

122 Albert Street



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Latrobe Community Health Service ABN: 74 136 502 022