Casterton Memorial Hospital

2017-2018
110th Annual Report

"A Fully Accredited Healthcare Facility"

CASTERTON MEMORIAL HOSPITAL— STRATEGIC PLAN 2017-2020

To support the Vision Statement of CMH the following Strategic Objectives and associated KPI's will need to be achieved.

STRATEGIC OBJECTIVES & KEY PERFORMANCE INDICATORS As at 30th June, 2018

PHYSICAL FACILITIES / ASSETS

- Community room expansion & upgrade to include Medical Clinic entry & fascia work (10%)
- Nurse call system re-new &/or upgrade for improved consumer/ employee response & communication. (80%)
- 5 year Fire Report matters addressed. (70%)
- Hospital Infrastructure Funding $300k for fabric & asset management plan (20%)
- E-Maintenance, decision to remain in-house on $'s (100%)

GOVERNANCE CORPORATE & CLINICAL

- Safer Care Victoria & Clinical Governance system embedding the 5 Domains. (70%)
- Increased use of and support of Sub-Regional personnel skills & collaborative to enhance services.(90%)
- Continued Board Governance training & recruitment of 2 new members. (80%)
- Financial sustainability maximized with improved use administrative resources organisation wide. (70%)

QUALITY IMPROVEMENT RISK MANAGEMENT

- ACHS National Standards Accreditation, CHSP & Aged Care Accreditation maintained. (90%)
- Risk management systems sophistication with VMIA review & report. (20%)
- Targeting Zero report 178 recommendations. Actionable items to be achieved. (35%)
- Refresh "Person Centred Care" education organisation wide(40%)

HUMAN RESOURCES

- Succession planning of CMH workforce needs & assessment report / plan. (90%)
- Conduct annual organisation wide Employee Satisfaction Survey in addition to People Matter Survey outcomes. (0%)
- Total E-HR Personnel & Payroll systems in place.(80%)
- Maximise staff training programs & opportunities across organization. (70%)

SERVICES DEVELOPMENT

- Increase workforce for home based care (50%)
- Increase time frame of access to Community Taxi to 5 days (10%)
- Investigation of, & establishment of Aged Care service Business Unit. (70%)
- Marketing plan for Glenelg House Client attraction & facility review. (25%)
- Expansion & development of CMH Consumer Participation Forum (80%)

To support the Vision Statement of C.M.H the above strategic Objectives and associated KPI's will need to be achieved.

Contents

Our Model of Care

Casterton Memorial Hospital is classified as a Small Rural Health Service (SRHS) under the Department of Health & Human Services Policy and Guidelines. This classification allows Casterton Memorial Hospital, a Small Rural Health Service, to direct service delivery within our budget which will best meet the needs of our community.

This service and planning decentralisation of the Hospital is important for flexibility from year to year or as circumstances may alter, but also allows at the local level to identify and target community needs.

It is the role of the Board of Management in consultation with the community to utilise information available on our local area to maximise the health gains for our community.

Casterton Memorial Hospital fulfils its mission through provision of acute, residential care and community health/primary care services from its modern facility, as well as services into the home.

The Casterton Memorial Hospital is a public health facility established under the *Health Services Act 1988.* The responsible Ministers are detailed below

Mr Peter Green
Board Chair
23rd August, 2018

Responsible Ministers

Commonwealth Government Australia

The Hon Greg Hunt MP, Minister for Health
Senator the Hon Bridget McKenzie, Minister for Rural Health
The Hon Ken Wyatt AM MP, Minister for Aged Care, Minister for Indigenous Health

State Government Victoria

The Hon Jill Hennessy, MP, Minister for Health, Minister for Ambulance Services
The Hon Martin Foley, MP, Minister for Housing, Disability and Ageing, Minster for Mental Health

Casterton Memorial Hospital

ABN 62 051 291 134

Hospital Board of Management

President
P. Green
Vice President
G. Smith
Members
G. Sheppard
T. Halloran
J. Kensen
M. Rowe
B. Roberts
J. Crowle

Audit Committee

G. Sheppard – Chair
P. Green – Independent Member
T. Halloran – Independent Member
L. Hulm - Independent Member
B. Toma – Independent Member
O. Stephens - Chief Executive Officer
M. Betinsky – Finance Officer

Visiting Medical Staff

Dr. B. S. Coulson: M.B.B.S., D.R.O.G., F.A.C.R.R.M.
Dr. M. Prozesky: M.B., ChB, (South Africa)
Dr. T. N. Halloran: B.D., B.Sc. (Hons)
Mr. P. H. Tung: M.B., B.S., F.R.A.C.S.
Mr. S. Clifforth: M.B., B.S., F.R.A.C.S.
Mr. R. H. Moore: M.A.(Camb.), MB., BCHIR., S.R.C.S.
Dr. C. de Kievit: M.B., B.S., D.R.A.N.Z.C.O.G., F.A.C.R.R.M.
Dr. K. Fielke: M.B., B.S., D.R.A.N.Z.C.O.G., F.A.C.R.R.M.

Emeritus

Dr.A. F. Floyd: M.B., B.S., D.Obst, R.C.O.G.

Principal Officers

Chief Executive Officer
O. P. Stephens: B.Bus., A.C.H.S.E.

Manager Nursing Services
M.A. Betson: N.P.,R.N., R.M., Cert. Critical Care, Nurse Immuniser, Cert IV Training & Assessment, MNsg.MNP,FACN,

Infection Control/ AHS
H. Gill: R.N, Cert Infection Control & Sterilisation, Nurse Immuniser, MACN

Nurse Unit Manager Acute Ward/AHS
S. Gill: R.N, Cert Aged Care
P. Gunning: R.N.

Nurse Unit Manager Residential Care
K. Sealey: R.N., Cert IV in Frontline Management, MACN

Nurse Unit Manager Community Health / Education Officer
P. Layley-Doyle: R.N., R.M., Cert IV Training & Assessment, MACN

Nurse Unit Manager Community Nursing
C. Mahanda-Makore: R.N.

Night Nurse in Charge /Quality Improvement
H. Dillon: R.N.,R.M.Grad Cert Ad Nsg Practice (Rural Remote)

After Hours Supervisors
S. Dehnert: R.N., R.M., Nurse Immuniser, Grad Dip Child Maternal Health
A. Jenkins: R.N., Grad Dip Palliative Care, Grad Cert Ad Nsg Practice (Rural Remote), Grad Cert Gerentology
S. Bryan: R.N. B.N. Grad Cert Ad Nsg (Emergency Nursing)
M. Makore*: R.N., B.N. Grad Cert (Rural & Remote)
C. Jose: R.N., B.N.

Programmed Activity Group Co-ordinator
B. Bryan: E.N., Cert IV in Leisure & Lifestyle

Corporate Services Officer / HR
L. Hulm

Finance Officer
M. Betinsky

Health Information / Quality Improvement
H. Rees: Clinical Coder

Catering Services Supervisor
M. Nolte: Trade Cooking, Cert IV Workplace Training & Assessment

Environmental Services In Charge
J. East

Maintenance Coordinator / Safety
S. Zippel: Trade Carpenter/Builder

Meals on Wheels Coordinator
V. Ross

* Resigned during the year

Casterton Memorial Hospital - Small Rural Health Service (SRHS)

Demographics and Service profile

Casterton Memorial Hospital was established in 1908 and is situated in the northern sector of the Glenelg Shire within the township of Casterton. Nestled amongst rolling hills and river red gums of the Glenelg River valley, it is located on the Glenelg Highway, 359 kilometres west of Melbourne and 42 kilometres east of the South Australian border.

The Shire has a total population base of 19,520 and Casterton rural north has a catchment population of 3,500. Our catchment area includes the townships of Digby, Merino and Sandford and the surrounding rural localities. Casterton Memorial Hospital provides services to all within its population base as well as neighbouring shires.

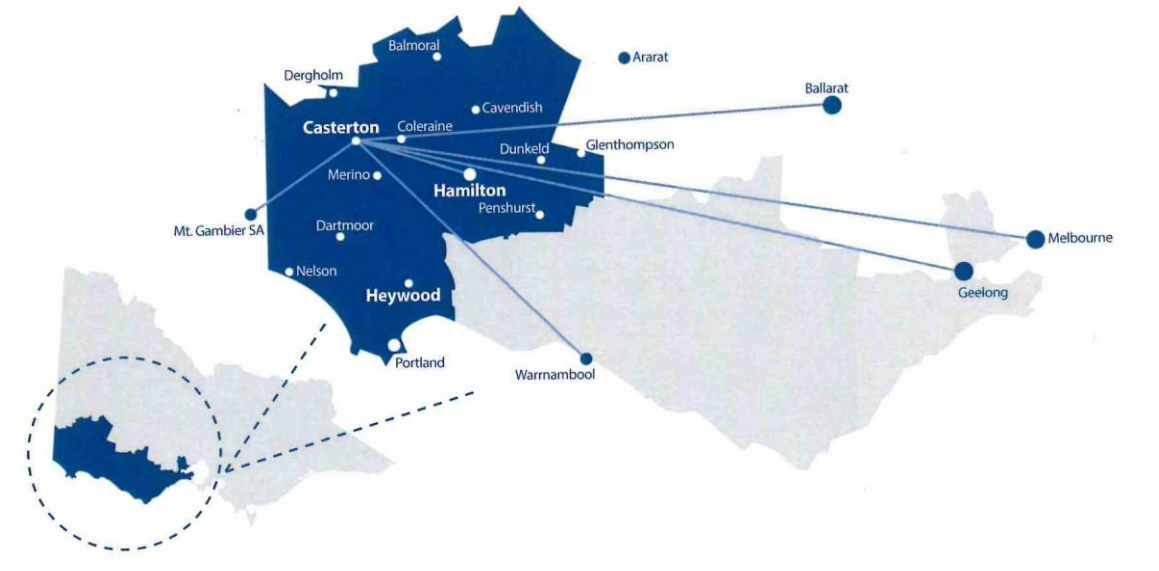
As a Small Rural Health Service, the hospital is provided flexibility in its funding base to ensure that the services provided directly to our community are within budget and will best meet the needs of our community. The Board utilises local area information and community input to plan for and provide the most appropriate care and intervention options for our local catchment area to maximise health gains and status for our community.

The Hospital provides a range of acute health, aged residential care and primary healthcare services incorporating 15 medical/surgical inpatient beds, operating theatre, 2 bay urgent care centre, 2 dialysis chairs and 30 bed residential care facility 'Glenelg House'. The Hospital also provides an extensive range of allied and primary healthcare personnel and programs along with visiting consultant services. All of these services are provided from our facility ensuring effective triaging and access of best care in best possible time for our patients and clients.

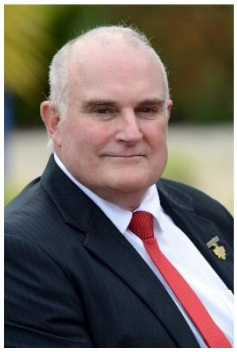
The Board of Management and employees at the Casterton Memorial Hospital are committed to providing strong and efficient health and community services to meet the needs and expectations of the community it serves.

Strategic Planning

Casterton Memorial Hospital strategic plan 2017-2020 can be found inside the front cover of this publication, or visit our website *www.castertonmemorialhospital.com.au*



President & Executive's Report



Mr Peter Green
Board Chair

It is with great pleasure, on behalf of the Casterton Memorial Hospital Board of Directors and employees, volunteers and consumers that I present to you our 110th Annual Report.

2017-2018 continued on from previous years in striving to meet the Casterton community needs with a diverse range of services from community to urgent care, inpatients and permanent residential care. Every year brings with it different challenges and rewards and this year has not been any different in this regard.

I therefore commend to you and invite you to read our 110th Annual Report and the Quality Care Account that demonstrates a strong commitment to managing the affairs of Casterton Memorial Hospital effectively and most importantly meeting the Casterton and District community health care needs.

Financial Sustainability

Casterton Memorial Hospital vigilantly maintains systems and processes that ensure sustainability, accountability and responsibility for the delivery of safe, responsive patient centred care services.

This year we have sustained a deficit, before capital and specific items, of ($41,352.00) whilst still continuing to meet service demands and our Model of Care for the Casterton community. This financial deficit performance is a result of not achieving predominantly Department of Veteran Affairs inpatient activity targets and as a result cash flow provided by the Department for this set target will be re-called. Expenditure levels have been well controlled for the year and it is mainly the revenue side of the equation which has let us down. Glenelg House Residential Care's occupancy rate of 99.86% has been a positive contribution once again and this recognises the need for this quality high care service for the community. Casterton Memorial Hospital has continued to maintain a very solid balance sheet with a current asset ratio of 1.31% and with sufficient cash to meet current liabilities.

Community Service Provision

Casterton Memorial Hospital's home and community services continue with community home nursing, health promotion, community health education, delivery of home maintenance, meals on wheels and a community transport programme to support access to essential medical and health services.

This year has seen the expansion of the home nursing service hours with an evening service being created. Community Health division has also employed a new program and Health Promotion Officer Ms Lucinda Jenkins in recognition of the increased demand from our community.

Our specialist visiting services and allied health personnel from Physiotherapists to Dental clinicians and Surgeons to Podiatrists continue to provide a strong level of service and commitment to our Community.

Governance

Casterton Memorial Hospital has met its obligations to the Statement of Priorities 2017/18 with the Department of Health and Human Services. This contract is negotiated annually between the Casterton Memorial Hospital Board of Directors and the Department and results in funding for service delivery.

Casterton Memorial Hospital now has in place a new three year Strategic Plan 2017-2020 and this can be viewed at our Website. The previous plan (2015-2017) is being signed off with a large proportion of the Key Performance Indicator's achieved and many others well on the way. Details of the current Strategic Plan are found on the inside cover of this report.

The Board has also processed and governed the implementation of many improvements during the 2017-2018 year including, and not limited to;

- **Strengthened Partnerships** with Clinical Governance Collaborative within the region formalised;
- **Air-conditioning** Systems Replacement stage 1 completed.
- **Nurse Call** System replacement.
- **99KW Solar Power** Plant Installation planning.

- **Electronic Health Record –** working toward electronic medication module at the end of 2019;
- **Dr Floyd Community Room** & Medical Precinct Up-grade Planning.
- **Board Education -** Clinical Governance, new board member orientation;
- **Murray to Moyne Team** Recognition Artwork.
- **98% CMH Influenza** Vaccination (Top in the State)
- **Fun Run / Colour Walk** with over 300 participants

The Casterton Memorial Hospital Team

Casterton Memorial Hospital has a diverse team of employees and volunteers who ensure safe, consistent and efficient care across the three domains of community, acute and aged care. These employees and volunteers work in teams of catering, environmental services, maintenance, administration and clinical services. Each area is committed to the person centred care approach both to the consumer and to the Casterton Memorial Hospital team.

The Board of Directors would like to acknowledge the continued excellence in service provided by employees and volunteers in this the 110th Annual Report.

I would like to specifically acknowledge the 61 years of combined voluntary service to the CMH Board of Dr Tim Halloran (32yrs) and Mr Graham Sheppard (29yrs). Their work on the Quality team and Finance and Management is to be commended and will be missed by all, thank you.

The continued successful outcomes for consumers is maintained through the support of contracts especially the Casterton Coleraine Medical Clinic Partners, Dr Brian Coulson and Dr Greta Prozesky. Dr Greta has since retired from the Practice and on behalf of the Community and CMH Team we thank Greta for her amazing time with us in Casterton. We thank the CC Medical Practice team for their 24 hours coverage for all of the Casterton community, it is a wonderful service and the support shown to Casterton Memorial Hospital through their attendance and active clinical governance role in administration is well evidenced. Casterton Memorial Hospital is supportive of their continued ongoing recruitment and succession planning.

Casterton Memorial Hospital is proud of the continuing clinical care provided by the nursing team. As a Small Rural Health Service the Nurses are skilled to provide care to a wide range of presentations and conditions from Urgent Care, to Aged, Acute and Community. Maintaining clinical excellence in care, clinical competence, continuing professional development, ensuring clinical supervision of students and graduates and work experience students are all part of the broad role that Nurses undertake at Casterton Memorial Hospital.

Casterton Memorial Hospital Nursing team maintain a close working relationship with external education providers to facilitate student placement, support the Post Graduate Nurse Entry to Practice Programme and to ensure that this clinical supervision meets best practice standards. Casterton Memorial Hospital is proudly supported by Barwon Health with both clinical and education support through the use of real time video conferencing and clinical practicums and regular “in person” visits both to Barwon and to Casterton.

To the service divisions Catering, Environmental, Maintenance and Administrative employees, Casterton Memorial Hospital has continued to have outstanding results in external cleaning audits, maintenance of the facility and a cohesive and organised administration system. Consumers also praise the Catering Department and the quality of their product and this is of particular importance to consumers who are unwell and who genuinely appreciate nutritious and appealing meals cooked and served quickly.

Casterton Memorial Hospital continues to have an amazing relationship and strong support from the community who provide additional funding and a wonderful sense of wellbeing by participating in voluntary groups to fundraise.

These groups are the Murray to Moyne Cycle Relay Team, Casterton Memorial Hospital Ladies Auxiliary, Hospital Social Club, Friends of Glenelg House and staff.

Volunteering for the hospital has many benefits, not only for the consumers who reap the reward of the additional equipment but also the sense of wellbeing and participation that improves small communities to become strong communities. Well done for another great year.

Finally to my fellow Board Directors and the Executive Management team of Owen and Mary-Anne; your input, vision and support of Casterton Memorial Hospital for and on behalf of our community is to be commended. The future for Casterton Memorial Hospital will continue to be progressive while we all team together as a cohesive unit and work in collaboration with our partners across the Barwon Southwest Region.

In conclusion and in accordance with the Financial Management Act 1994 I commend the 110th Annual Report to you the Community and request your ongoing support of the Casterton Memorial Hospital and its hard working team.

Mr Peter Green
Board Chair
23rd August, 2018

Our Supportive Community

Casterton Memorial Hospital is well supported by its staff and the community. We offer our sincere thanks to employees, the Hospital Ladies Auxiliary, Hospital Social Club, Murray to Moyne Cycle Relay team, Friends of Glenelg House and the Wando Vale Ladies Auxiliary for their support and fundraising contributions. We also acknowledge the various businesses, community groups, estates, families and individuals who continue to support us financially and by way of in-kind donations.

During the 2017/2018 financial year, fundraising contributions and donations totalled $32,974.29. These valuable funds assist with the upgrading of equipment and the maintenance and furnishing of our modern hospital, aged care facility and community health development.

Our many volunteers provide purposeful activities and roles, and as such are greatly appreciated by staff and the community we serve. We extend our sincere appreciation to the community volunteers who assist with the delivery of meals on wheels, bus driving, visiting, outings, entertainment, diversional and lifestyle activities. Our volunteers assist us to meet the needs of our community and foster community connections for our residents and their families.

The Hospital also appreciates the input and contributions from the businesses and the broader community through our community surveys, questionnaires and Hospital Card Program. This community spirit contributes to Casterton Memorial Hospital being a proud facility and also supports our continual effort to provide the best quality services to meet the changing needs of our community.

The Board of Management sincerely thanks all Casterton Memorial Hospital supporters for their generous, tireless and invaluable support during 2017/2018 year.

Acknowledging our Life Governors

Recognised for Service and Dedication to Casterton Memorial Hospital

Baker, Mr. T.	Collins, Mrs. B.
Cowland, Mr. R.	Edge, Mr. E.
Flanders, Mrs. E.	Floyd, Dr. A. F.
Halloran, Dr. T.	McKinnon, Mrs. C.
Moffatt, Mrs. M.	Nicol, Mr. R.
Ross, Mrs. J.	Sandow, Mr. P.L.
Simson, Mr. C. R.	Simson, Mrs. K. L.

Acknowledging 2017/18 donations

Fundraisng Committees		
Casterton Memorial Hospital Staff		1473.65
Casterton Memorial Hospital Ladies Auxiliary		1759.90
Casterton Memorial Hospital Social Club		1000.00
CMH Murray 2 Moyne Cycle Relay		17004.63
Hospital Card Program		3950.00
Community Member Support		
Annonymous		598.80
Casterton Kelpie Association		847.00
Casterton Safety House Committee		405.10
Ex Casterton Residents Picnic Day		150.00
Knit and Natter Group		666.00
Memory of Alex Boyd		40.00
Memory of Mark Newton		80.00
Memory of Merrilyn Wombwell		430.00
Memory of Mr R A Coulson		100.00
Memory of Maisie Humphries		35.00
Carol McKinnon-Ward		50.00
Jeffrey Arnall		100.00
Elise Louden		10.00
Helen Powell		50.00
Jeffrey & Phyllis Arnall		100.00
Betty Martin		20.00
Cliff & Jan Tischler		50.00
Gail Kelly		10.00
R & B Harnetty		30.00
I D Issell		100.00
Estates		
Equity Trustees - Estate Louise Henty		789.21
Equity Trustees - Estate William Heath		1125.00
Equity Trustees - Estate John Russell MacPherson		2,000.00
Total Donations	***$***	***32,974.29***
Gifts in Kind		
Foster Family - Bariatric Bed		

Casterton Memorial Hospital - Report of Operations – 2017-2018

The Casterton Memorial Hospital conducts its activities with compliance to many Government Acts, Regulations and Standards. It is a legislative requirement that we provide, where applicable, specific information in support of our compliance.

Statement of Priorities – Part A (Strategic Overview)

Statements of Priority (SoP) are the formal funding and monitoring agreements between the Victorian Small Rural Health Services and the Secretary for Health & Human Services. Agreements are in accordance with section 26 of the *Health Services Act 1988.*

In 2017-2018 Casterton Memorial Hospital achieved the following outcomes of the Government's strategic priorities:

BETTER HEALTH:

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Work with consumer representatives and groups to develop strategies to support health literacy in our community and access to services.	CMH Consumer Group made aware of the issues in preparation for local strategy development.
		Increase access to the National Bowel Screening Program through colonoscopy and gastroscopy clinics to support early detection and screening for cancer.	Documentation updated to improve identification of Nation screening consumers. Newspaper promotion of screening programs and importance of bowel screening.
		Work collaboratively with Southern Grampians Glenelg Primary Care Partnership and Glenelg Shire to develop and implement health lifestyle programmes with a particular focus on exercise programmes and reduction in sugary drinks.	Shire Wellbeing programs / reports reviewed to identify health gaps to address.
		Undertake annual walk for dementia public awareness campaign and CMH driven fun run / walk to support carers and consumers.	Colour Fun Run / Walk conducted 6th May with over 250 participants and raising $1,700.00 for CMH palliative care chair.

BETTER ACCESS:

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Care is always there when people need it More access to care in the home and community People are connected to the full range of are and support they need There is equal access to care	Plan and invest Unlock innovation Provide easier access Ensure fair access	Increase the RIPERN nurse workforce to improve support to medical professionals which will enhance timely patient care and reduce pressure on other external resources.	Additional employee undergoing RIPERN training during 2018. Will make a total of 3 employees trained when completed.
		Increase access to telehealth models of care for rural consumers through the Barwon South Western Telehealth Group.	Ongoing collaboration with Barwon South West Telehealth group with ongoing assistance to improve Telehealth options for the community.
		Redesign and extend the Community Home Nursing programme service hours to 8.00am – 6.00pm, which will assist in enhancing access for the community.	Expansion of service availability hours implemented in January 2018. Now have capacity for multiple visits per day to improve service access to those with increased acuity – including Palliative consumers. Awaiting final evaluation.
		Review and implement options to facilitate access and assist an increasingly aging population that has limited or no access to public or other transport.	Ongoing support endorsed by the Board of Management. Data collection methods implemented. Over 500 trips for the six month period to end of December recorded. Increasing demand experienced due to lack of any public transport options within Casterton. Next phase to consider viability of 5 day service.

BETTER CARE:

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Review and amend the goal-directed care plan template for community and allied health to ensure planned services meet consumer need. Review and amend clinical care escalation systems and resources to support patient, family and carers to recognise and initiate an escalation of care response to their care.	Goal directed care plans reviewed and revised according to best practice models 2017 for Community Health. Review of Allied Health practices to commence.
			Clinical Deterioration Policy reviewed and revised Dec 2017. With consumer engagement, resources were erected in ward areas to alert consumers, family and carers how to advise nurses of an escalation of care response to their care. Consumers and family / visitors have confirmed they are aware of the resources and understand them through follow up surveys.
			Ongoing response to Clinical Deterioration audits as identified. Final audit to be conducted July 2018.
	Mandatory actions against the 'Target zero avoidable harm' goal		
	Develop and implement a plan to educate staff about obligations to report patient safety concerns	Deliver organisation wide education to improve staff understanding of their obligations to report patient safety concerns and provide support for escalation of consumer and employee safety concerns as reflected in hospital guidelines.	Quality Committee discussions as to best practice implementation to staff groups. Staff surveys have been conducted on staff / consumer safety systems and guidelines.
	Establish agreements to involve external specialists in clinical governance processes for each major area of acvitity (including mortality and morbidity review).	Embed and operationalise external clinical governance processes through participation in the Outer Barwon South West Healthshare Clinical Council collaborative.	Memorandum of Understanding in place for CMH membership of Outer Barwon South West Healthshare Clinical Council collaborative. Terms of Reference of the Group agreed.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
	Mandatory actions against the 'Target zero avoidable harm' goal		
	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. Thses should be reviewed every six months to reflect new areas for improvement in patient experience.	Using Victorian Healthcare Experience Survey data improve consumer experience by: Undertaking communication education with consumers to encourage and increase their engagement with their health care and the health service. Reviewing documentation and processes to ensure that consumers give consent to care provided by students. Reviewing discharge protocols to ensure patients receive a copy of the discharge correspondence sent to GPs.	Take these to next Consumer Participation Forum for discussion and input. Consumer representative orientation. Guidelines update – Dec 2017 VHES data demonstrates improvement has been achieved. Through the Clinical Committee, review of consumer discharge information is to commence.

Statement of Priorities – Part B (Performance Priorities)

QUALITY & SAFETY

KEY PERFORMANCE INDICATOR	TARGET	2017/18 RESULT
Accreditation		
Compliance with NSQHS Standards accreditation	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	86.7%
Percentage of healthcare workers immunised for influenza	75%	98%
Patient Experience		
Victorian Healthcare Experience Survey – data submission	Full Compliance	Achieved
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75% very positive experience	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness	70%	Full Compliance*
** Less than 42 responses were received for the priod due to the relative size of the Health Service*		
Adverse Events		
Number of sentinel events	Nil	Nil
Mortality – number of deaths in low mortality DRGs	Nil	N/A*
** This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information*		

GOVERNANCE & LEADERSHIP

KEY PERFORMANCE INDICATOR	TARGET	2017/18 RESULT
Organisational Culture		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	82%
People Matter Survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	85%
People Matter Survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area".	80%	79%
People Matter Survey – percentage of staff with a a postiive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager".	80%	75%
People Matter Survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others".	80%	85%
People Matter Survey – percentage of staff with a positive response to the question, "Management is diring us to be a safety-centred organisation"	80%	88%
People Matter Survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	79%
People Matter Survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	77%
People Matter Survey – percentage of staff with a positive response to the question, "I would recommend a friend of relative to e treated as a patient here"	80%	88%

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE INDICATOR	TARGET	2017/18 RESULT
Finance		
Operating Result ($m)	0.00	-0.04
Average number of dates to paying trade creditors	60 days	41 days
Average number of dates to receiving patient fee debtors	60 days	35 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.60
Number of days of available cash	14 days	79.5 days

Statement of Priorities – Part C (Activity & Funding)

FUNDING TYPE	2017/18 ACTIVITY ACHIEVEMENT
Small Rural	
Small Rural Primary Health (service hours)	259
Small Rural Residential Care (bed days)	10,580
Small Rural HACC (service hours)	863

Services to our Community

HOSPITAL	2016/17	2017/18
Total Multistay Inpatient Separations*	232	264
Total Same Day Separations*	245	235
Bed Days*	2548	2512
Total WIES	413.06	382.77
% Occupancy Rate Staffed Beds	47%	46%
Average Length of Stay**	5.0	4.15
% Public Bed Days	74%	94%
% Private Bed Days	26%	6%
Obstetrics / Gynaecology	12	14
Operations / Procedures	70	100
Urgent Care Presentations	1190	1192
Glenelg House Residential Care		
Residents Accommodated	42	38
Bed Days	10898	10909
Average Daily Occupancy	29.86	29.89
% Occupancy Rate Full Year	99.53%	99.63%
Planned Activity Group		
Attendances	829	1164
Community Home Nursing		
Home Visits	5660	4955
Kilometres Travelled	23751	19981
Community Health		
Attendance (contacts)	374	244
Allied Health		
Physiotherapy Attendance ***	1159	1145
Speech Therapy Attendance ***	0	0
Dietetics ***	74	61
Meals Produced		
Hospital / Residential Care / Other	66231	64876
Meals on Wheels (HACC Assessed)	6161	6681
Home Maintenance Program (HACC Service)		
Number of Clients	99	101
Number of Visits	1081	1216
Number of Hours	1154	1242
** Does not include Newborn transfers* *** Excludes Nursing Home Type* **** Includes inpatients*		

Other Service facilitated from Casterton Memorial Hospital through private practitioners include:

~ Audiology
~ Visiting Medical Specialists
~ Radiology Services
~ Psychology Services
~ Podiatry Services
~ Occupational Therapy
~ Drug & Alcohol
~ Physiotherapy
~ Speech Therapy

Workforce Information

Casterton Memorial Hospital is committed to the provision of a safe and healthy work environment for all employees, contractors and visitors.

Workforce data

During the 2017/18 year Casterton Memorial Hospital employed a total of 114 staff, 37 full-time and 77 part time / casual across the labour categories as detailed in the following table. Statistics provided are consistent with information provided in the entity's MDS/F1 datasets which are reported on a monthly basis to the DHHS. Condition of employment is that Casterton Memorial Hospital employees will adhere to the values as outline in the *Code of Conduct for Victorian Public Sector Employees 2015* and *CMH Code of Conduct Policy*

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2017	2018	2017	2018
Nursing	39.56	40.74	44.28	41.79
Administration & Clerical	10.02	9.42	9.23	9.95
Hotel & Allied Services	23.15	23.19	23.32	23.75

Occupational Violence

CMH actively supports zero tolerance towards aggression and violence in the workplace and will achieve this by establishing an environment that promotes identification of hazards, assessment and control of risks, preventative training and education, reporting and effective management of all incidents, as well as the adoption of harm minimising practices.

OCCUPATIONAL VIOLENCE STATISTICS	2017-18
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
3. Number of occupational violence incidents reported	0
4. Number of occupational violence incidents reported per 100 FTE	0
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Industrial Relations

Casterton Memorial Hospital reports no lost days in 2017/2018 through industrial accidents or disputes.

Equal Employment Opportunity – Merit & Equity

The Board of Management at Casterton Memorial Hospital has a firm commitment to ensure equity principles in the workforce are maintained. Human Resource policies and practices give due consideration to public authorities 'Code of Conduct' and the Equal Employment Opportunity (EEO) Act, 1995. The facility provides extensive opportunities for employee professional development.

Carers Recognition Act 2012

The *Act* recognises, promotes and values the role of people in care relationships. Casterton Memorial Hospital understands the different needs of persons in care relationships and that care relationships bring benefits to the patients, their carers and to the community. Casterton Memorial Hospital takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient and family centred care and to involving carers in the development and delivery of our services

Occupational Health & Safety

Occupational Health & Safety forms an integral part of the day to day operation of Casterton Memorial Hospital. The Safe Environment / OH&S Committee consist of representatives from each of the designated work group areas as well as management representatives. This committee meets quarterly to discuss and address any concerns or issues that may arise and undertake regular inspections of the workplace. All Designated Work Group Representatives undergo the initial 5 Day Course for OH&S Representatives along with regular refresher courses. Staff are encouraged to act and work in a safe manner and to report any incidents or near misses. Through the operation of the Safe Environment/OH&S Committee, Minimal Handling Committee, staff education and incident reporting, through VHIMS, Casterton Memorial Hospital is continuing to ensure the safety of employees, consumers and visitors.

Occupational Health & Safety Data	2016-17	2017-18
Number of reported hazards / incidents for the year per 100 FTE	22.72	21.19
Number of 'lost time' standard claims for the year per 100 FTE	68.15	5.3
Average cost per claim	490.17	96.76

Building Act 1993

Casterton Memorial Hospital complies with the building and maintenance provisions of the *Building Act 1993* in accordance with the *Minister for Finance Guidelines Building Act 1993/Standards for Publicly Owned Buildings/November, 1994.*

Freedom of Information

The Victorian Freedom of Information Act 1982 (FOI Act) provides the right for members of the public to obtain information held by the Casterton Memorial Hospital and consumers are entitled to access their medical record through the Freedom of Information process. Two (2) Freedom of Information requests were processed this Financial Year. Applications are to be directed to the nominated Officer, Mr Owen Stephens. A fee, plus charges for associated costs may apply in accordance with the Act.

Protected Disclosure Act 2012 (the Act)

The Casterton Memorial Hospital has policies and procedures in place to enable total compliance with the *Act*, and provides a safe environment in which disclosures can be made, people are protected from reprisal and the investigation process is clear and provides a fair outcome. The privacy of all individuals involved in a disclosure is assured of protection at all times. Casterton Memorial Hospital is committed to the principals of *the Act* and at no time will improper conduct by the Casterton Memorial Hospital or any of its employees be condoned.

National Competition Policy

Casterton Memorial Hospital has implemented competitive neutral pricing principles to all contracts for services provided, to ensure a level playing field is maintained in accordance with National Competition Policy including the requirements of the Government policy statement, *Competitive Neutrality Policy,* Victoria; and subsequent reforms.

Victorian Industry Participation Policy Act 2003

There were no contracts commenced or completed during this reporting period to which the *Victorian Industry Participation Policy (VIPP) Act 2003 applied*.

Details of consultancies (under $10,000)

In 2017-2018 there was one consultancy where the total fees payable to the consultants was less than $10,000. The total expenditure incurred during 2016-2017 in relation to this consultancy was $9,500.00 (excl. GST).

Information & Communication Technology ICT Expenditure

ICT expenditure incurred during 2017-18 is $347,587 (ex GST) as detailed below.

Amounts shown below do not include shared assets as reported in Note 8.9 of Financial Notes

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure (ex gst)	Capital expenditure (ex gst)
Totals (ex gst) ($'000)	(Total=Operational expenditure and Capital Expenditure) ($'000)		
348	0	348	0

Environmental Management

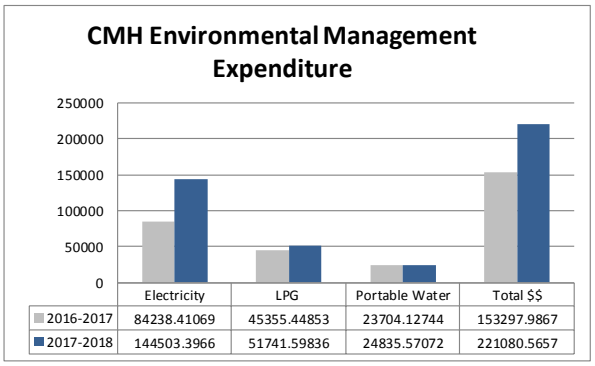
Casterton Memorial Hospital's Environmental Management Committee formulates, in consultation with employees and consumers, strategies to implement projects, monitor usage and reduce the environmental impact of the facility.

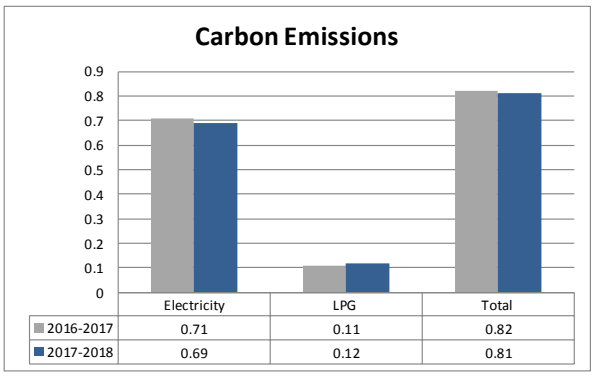
The Hospital is committed to implementing sound environmental practices in all areas of its operations and recognises it is essential that all energy/water users and producers of waste, manage these aspects to minimise both the impact on the environment and cost.

The Hospital also recognises it has a responsibility to develop with employee attitude and skills that will result in a long-term commitment to the nurturing and ongoing sustainability of environmental strategies.

The Committee meets bi-monthly and reports directly to the Board of Management.

As a result of the Environmental Committees strategies and practices, this has produced a positive impact on all energy budget line items.





Additional Information Available on Request

Consistent with FRD 22H (Section 6.19) the report of operations should confirm that details in respect of the items listed below have been retained by Casterton Memorial Hospital and are available to the relevant Ministers, Member of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

a) Declarations of pecuniary interests have been duly completed by all relevant officers.
b) Details of shares held by senior officers as nominee or held beneficially;
c) Details of publications produced by the entity about itself, and how these can be obtained;
d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
e) Details of any major external reviews carried out on the Health Service;
f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statement and report of operations;
g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;

i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;
j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
l) Details of all consultancies and contractors including consultants / contractors engaged, services provided, and expenditure committed for each engagement.

Data Integrity

I, Owen Stephens, certify that Casterton Memorial Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Casterton Memorial Hospital has critically reviewed these controls and processes during the year.

Owen P Stephens
Chief Executive Officer
Casterton
23rd August 2018

Safe Patient Care Act 2015

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

Owen P Stephens
Chief Executive Officer
Casterton
23rd August, 2018

HPV Attestation

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

Owen P Stephens
Chief Executive Officer
Casterton
23rd August, 2018

Conflict of Interest

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

Owen P Stephens
Chief Executive Officer
Casterton
23rd August, 2018

Financial Management Compliance Attestation

I, Peter Green, on behalf of the Responsible Body, certify that Casterton Memorial Hospital has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Peter Green
Board Chair
Casterton
23rd August, 2018

Finance & Activity Overview

The financial statements of account for the year ended 30 June, 2018 have been completed in accordance with the *Australian Audit and Accounting Standards* and the *Financial Management Act 1994*

Net Result Operating Result

This year Casterton Memorial Hospital's Comprehensive Operating Statement reports a deficit before capital and specific purposes items of ($41,352). This result is can be attributed to an overall revenue decrease of 6% due to a 40% down turn of admitted patient fees, a recall amount of $175,396 for under achieving activity targets, a decrease in DHHS LSL debtor of $11,194 and a revaluation of LSL liabilities of $14,120. On a more positive note, responsible maintenance of operating expenditure to budget across all levels has produced a decrease of 1.13% on previous year, while salaries and wages were kept in line with budget expectations.

Revenue by Source	2018	2017	$ Variance	% Variance
Operating Grants	6922826	6936619	-13793	-0.2
Patient and Resident Fees	951755	872243	79512	9.1
Donations and Bequests	32974	37151	-4177	-11.2
Interest	131336	83507	47829	57.3
Other Receipts	830185	1278208	-448023	-35.1
Capital Purpose Income	182729	426735	-244006.29	-57.2
Share Joint Venture	6024	1217	4807	395.0
Total	**9057829**	**9635680**	**-577851**	**-6.0**

Total salaries & wages have been contained as per budget expectations.

Employee Expenditure	2018	2017	$ Variance	% Variance
Salaries & Wages	6028619	5692096	336523	5.9
Superannuation	573272	558527	14745	2.6
Workcover	79093	64194	14899	23.2
Total	**6680984**	**6314817**	**366166.85**	**5.8**

Other non-employee operating expenses have decreased over previous year.

Entity/Comprehensive Result

Entity Comprehensive Result of $1,106,798 is an increase $1,517,241 on the prior year result ($410,443). This result is impacted by building revaluation of $1,999,710 and unfunded depreciaton expense of ($1,053,827).

Liquidity

Casterton Memorial Hospital financial postion is stable with current assets exceeding current liabilities by $1,685,076 as at 30 June 2018.

Our current asset ratio stands at 1.37. Casterton Memorial Hospital has consistently over the past 5 years recorded an asset ratio well above DHHS benchmark of 0.7.

Cash Flow

Casterton Memorial Hospital has generated a positive operating cash flow of $315,101 for the financial year. Net cash flow was $(545,116) due to transfer of $700,000 to TCV investment. Casterton Memorial Hospital remains in a secure postion with cash and cash equivalents totalling $5,156,908 as at 30 June 2018. This amount includes $2,041,572 in accommodation bonds.

Significant Changes

Summary of Changes	2018	2017	% Variance
Cash & Cash Equivalents	5156908	5492459	-6.1
Revenue	9057829	9635680	-6.0
Expenses	9949010	10062443	-1.1
Assets	29433598	28620775	2.8
Liabilities	4815705	5109680	-5.8

Cash & Cash Equivalents movement due to $700,000 transfer to TCV investment.
Revenue decrease due to dowturn in admitted patient fees and under achieveing activity targets.
Asset value increase directly due to revaluation if buildings.
Liability decrease due to decrease SWARH liabilty provisions.

M. Betinsky
Finance Officer
23rd August 2018

5 Year Comparative Report

Five Year Financial Comparative Statement	2018	2017	2016	2015	2014
Total Revenue	8,836,102	9,171,794	8,829,428	8,483,467	8,677,638
Total Expenditure	8,877,454	8,891,525	8,752,953	8,344,052	8,658,469
Share of Comprehensive Income Joint Venture	6,024	1,217	925	6,560	2,978
Operating Result	**-41,352**	**281,486**	**75,550**	**132,855**	**16,191**
Total Assets	29,433,598	28,620,775	28,657,681	28,465,333	27,469,692
Total Liabilities	4,815,705	5,109,680	4,736,143	3,782,067	2,257,529
Net Assets	24,617,893	23,511,095	23,921,538	24,683,266	25,212,163
Total Equity	**24,617,893**	**23,511,095**	**23,921,538**	**24,683,266**	**25,212,163**

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994,* I am pleased to present the report of operations for Casterton Memorial Hospital for the year ending 30 June 2018.

Mr Peter Green
Board Chair
23rd August, 2018

Casterton Memorial Hospital

Financial Report
2017 - 2018

Casterton Memorial Hospital

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Casterton Memorial Hospital at 30 June 2018.

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

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

Mr. P. Green
Board President

Casterton
23rd August, 2018

Mr O.P. Stephens
Chief Executive Officer

Casterton
23rd August, 2018

Mr. M. Betinsky
Chief Finance & Accounting Officer

Casterton
23rd August, 2018

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Casterton Memorial Hospital

Opinion

I have audited the financial report of Casterton Memorial Hospital (the health service) which comprises the:

- balance sheet as at 30 June 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

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

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

Other Information

The Board of the health service are responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

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

Board's responsibilities for the financial report

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

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
29 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

2

Casterton Memorial Hospital
Comprehensive Operating Statement
For the Year Ended 30 June 2018

	Note	Total 2018 $	Total 2017 $
Revenue from Operating Activities	2.1	8,704,766	9,088,287
Revenue from Non-operating Activities	2.1	131,336	83,507
Employee Expenses	3.1	(6,680,984)	(6,314,819)
Non Salary Labour Costs	3.1	(386,770)	(422,168)
Supplies & Consumables	3.1	(857,721)	(600,326)
Joint Venture Expenses	3.1	(256,798)	(697,932)
Administrative Expenses	3.1	(164,475)	(162,810)
Other Expenses	3.1	(530,706)	(693,470)
Net Result Before Capital & Specific Items		**(41,352)**	**280,269**
Capital Purpose Income	2.1	215,703	453,886
Depreciation	4.4	(1,053,827)	(1,152,864)
Finance Costs	3.3	(17,729)	(18,054)
Assets provided free of charge	2.2	-	10,000
Share of net result of associates and joint ventures accounted for using the equity method	4.2	6,024	1,217
Net Result After Capital & Specific Items		**(891,181)**	**(425,546)**
Other economic flows included in net result			
Revaluation of Long Service Leave	3.4	(1,375)	11,975
Net gain/(loss) on non financial assets		(356)	3,128
Total Other economic flows included in net result		(1,731)	15,103
NET RESULT FOR THE YEAR		**(892,912)**	**(410,443)**
Other Comprehensive Income Items that will not be reclassified to Net Result			
Changes in Physical Asset revaluation surlpus	8.1	1,999,710	-
Total Other Comprehensive Income		**1,999,710**	**-**
COMPREHENSIVE RESULT FOR THE YEAR		**1,106,798**	**(410,443)**

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

Casterton Memorial Hospital
Balance Sheet
As at 30 June 2018

	Note	Total 2018 $	Total 2017 $
Current Assets			
Cash and Cash Equivalents	6.2	5,156,908	5,492,459
Receivables	5.1	258,947	994,439
Investments and Other Financial Assets	4.1	700,000	
Inventories		46,597	45,721
Prepayments		88,440	-
Total Current Assets		**6,250,892**	**6,532,619**
Non-Current Assets			
Receivables	5.1	408,353	419,547
Investments and Other Financial Assets	4.2	34,136	28,112
Property, Plant & Equipment	4.2	22,690,217	21,590,497
Investment Properties	4.5	50,000	50,000
Total Non-Current Assets		**23,182,706**	**22,088,156**
TOTAL ASSETS		**29,433,598**	**28,620,775**
Current Liabilities			
Payables	5.3	662,826	1,132,766
Employee benefits	3.4	1,786,525	1,612,081
Borrowings	6.1	72,659	104,022
Other Liabilities	5.2	2,043,806	1,832,008
Total Current Liabilities		**4,565,816**	**4,680,877**
Non-Current Liabilities			
Employee benefits	3.4	249,889	302,631
Borrowings	6.1	-	126,172
Total Non-Current Liabilities		**249,889**	**428,803**
TOTAL LIABILITIES		**4,815,705**	**5,109,680**
NET ASSETS		**24,617,893**	**23,511,095**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	8.1	21,796,580	19,796,870
Contributed Capital	8.1	2,293,608	2,293,608
Accumulated Surpluses	8.1	527,705	1,420,617
TOTAL EQUITY	8.1	**24,617,893**	**23,511,095**
Commitments	6.3		
Contingent Assets and Capital Liabilities	7.2		

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

Casterton Memorial Hospital
Statement of Changes in Equity
For the Year Ended 30 June 2018

	Note	Property, Plant & Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses	Total
		$	$	$	$
Balance at 30 June 2016		**19,796,870**	**2,293,608**	**1,831,060**	**23,921,538**
Net result for the year	8.1	-	-	(410,443)	(410,443)
Other comprehensive Income for the year					-
Balance at 30 June 2017		**19,796,870**	**2,293,608**	**1,420,617**	**23,511,095**
Net result for the year	8.1	-	-	(892,912)	(892,912)
Other comprehensive Income for the year		1,999,710	-	-	1,999,710
Balance at 30 June 2018		**21,796,580**	**2,293,608**	**527,705**	**24,617,893**

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

Casterton Memorial Hospital
Cash Flow Statement
For the Year Ended 30 June 2018

	Note	Total 2018 $	Total 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		6,967,509	7,012,370
Capital Grants from Government		27,000	143,131
Patient and Resident Fees Received		1,110,036	1,160,313
Donations and Bequests Received		32,974	30,279
GST Received from/(paid to) ATO		(11,189)	4,482
Interest Received		131,336	83,507
Other Receipts		1,465,868	1,058,725
Total Receipts		9,723,534	9,492,807
Employee Expenses Paid		(6,560,657)	(6,587,416)
Non Salary Labour Costs		(168,861)	(231,451)
Payments for Supplies & Consumables		(858,598)	(764,796)
Fee for Service Medical Officers		(217,908)	(190,717)
Other Payments		(1,602,409)	(1,015,838)
Total Payments		(9,408,433)	(8,790,218)
NET CASHFLOWS FROM/OPERATING ACTIVITIES	8.2	**315,101**	**702,589**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Financial Assets		(700,000)	-
Payments for Non-Financial Assets		(175,311)	(282,664)
Proceeds from sale of Non-Financial Assets		15,094	29,927
NET CASHFLOWS USED IN INVESTING ACTIVITIES		**(860,217)**	**(252,737)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(545,116)**	**449,852**
Cash and Cash Equivalents At Beginning Of Financial Year		**3,660,451**	**3,210,599**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**3,115,335**	**3,660,451**

This Statement should be read in conjunction with the accompanying notes

Notes to Financial Statements

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Casterton Memorial Hospital
Note to the Financial Statements
For the Financial Year Ended 30 June 2018

Basis of preparation

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

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

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

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

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Casterton Memorial Hospitals and its controlled entities for the year ended 30 June 2018. The report provides users with information about Casterton Memorial Hospital's stewardship of resources entrusted to it.

(a) Statement of Compliance

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

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

Casterton Memorial Hospital is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

The annual financial statements were authorised for issue by the Board of Casterton Memorial Hospitals on 23 August 2018.

(b) Reporting Entity
The financial statements include all the controlled activities of Casterton Memorial Hospitals.

Its principal address is:
63-69 Russell St
Casterton, Victoria 3311

A description of the nature of Casterton Memorial Hospital's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis (refer to Note 8.10 Economic Dependency).

These financial statements are presented in Australian dollars, the functional and presentation currency of Casterton Memorial Hospitals.

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AABSs that have significant effects on the financial statements and estimates relate to:
• The fair value of land, buildings and plant and equipment (refer to Note 4.3 Property, Plant and Equipment);
• Superannuation expense (refer to Note 3.5 Superannuation);
• Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

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

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

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

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

Intersegment Transactions
Transactions between segments within Casterton Memorial Hospitals have been eliminated to reflect the extent of Casterton Memorial Hospital's operations as a group.

(d) Jointly Controlled Operation
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
• In respect of any interest in joint operations, Casterton Memorial Hospitals recognises in the financial statements: its assets, including its share of any assets held jointly;
• any liabilities including its share of liabilities that it had incurred;
• its revenue from the sale of its share of the output from the joint operation;
• its share of the revenue from the sale of the output by the operation; and • its expenses, including its share of any expenses incurred jointly.

Casterton Memorial Hospitals is a Member of the SWARH Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.9 Jointly Controlled Operations)

Note 2: Funding delivery of our services

Casterton Memorial Hospital's overall objective is to provide quality health services that support and enhance the wellbeing of its consumers.

Casterton Memorial Hospital services is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure

2.1 Analysis of revenue by source
2.2 Assets received free of charge or for nominal consideration

Note 2.1: Analysis of revenue by source

	Admitted Patients 2018 $	RAC 2018 $	Primary Health 2018 $	Other 2018 $	Total 2018 $
Government Grants	3,742,685	2,845,695	334,446	-	6,922,826
Indirect contributions by Department of Health and Human Services	17,415	14,065	2,009	-	33,489
Patient & Resident Fees	63,784	778,484	109,487	-	951,755
Commercial Activities	-	-	-	241,400	241,400
Other Revenue from Operating Activities	50,593	40,864	5,838	458,001	555,296
Total Revenue from Operating Activities	**3,874,477**	**3,679,108**	**451,780**	**699,401**	**8,704,766**
Interest	10,507	28,894	1,313	90,622	131,336
Total Revenue from Non-Operating Activities	**10,507**	**28,894**	**1,313**	**90,622**	**131,336**
Assets provided free of charge (note 2.2)	-	-	-	-	-
Capital Purpose Income	27,000	155,729	-	32,974	215,703
Total Capital Purpose Income	**27,000**	**155,729**	**-**	**32,974**	**215,703**
Share of Net Result of Joint Venture	-	-	6,024	-	6,024
Total Revenue	**3,911,984**	**3,863,731**	**459,117**	**822,997**	**9,057,829**

	Admitted Patients 2017 $	RAC 2017 $	Primary Health 2017 $	Other 2017 $	Total 2017 $
Government Grants	3,754,168	2,802,168	380,283	-	6,936,619
Indirect contributions by Department of Health and Human Services	17,297	13,971	1,996	-	33,264
Patient & Resident Fees	107,449	658,430	106,364	-	872,243
Commercial Activities	-	-	-	242,224	242,224
Other Revenue from Operating Activities	518,433	418,734	66,770	-	1,002,720
Total Revenue from Operating Activities	**4,397,347**	**3,893,303**	**555,413**	**242,224**	**9,087,070**
Interest	6,574	18,932	789	57,212	83,507
Total Revenue from Non-Operating Activities	**6,574**	**18,932**	**789**	**57,212**	**83,507**
Assets provided free of charge (note 2.2)	10,000				10,000
Capital Purpose Income	133,131	283,604	-	37,151	453,886
Total Capital Purpose Income	**143,131**	**283,604**	**-**	**37,151**	**463,886**
Share of Net Result of Joint Venture	-	-	1,217	-	1,217
Total Revenue	**4,547,052**	**4,195,839**	**557,419**	**336,587**	**9,635,680**

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

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

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

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

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

Patient and Resident Fees
Patient fees are recognised as revenue at the time invoices are raised.
Revenue from commercial activities
Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised.
Donations and Other Bequests
Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.
Interest Revenue
Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset, which allocates interest over the relevant period.
Other Income
Other income includes recoveries for salaries and wages and external services provided.

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

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

Category groups

The *Casterton Memorial Hospital* has used the following category groups for reporting purposes for the current and previous financial years.

- Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.
- Primary and Community Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services
- Residential Aged Care , comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the department under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units and secure extended care units.
- Other Services not reported elsewhere - (Other) comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Note 2.2: Assets received free of charge or for nominal consideration

	Total 2018 $	Total 2017 $
During the reporting period, the fair value of assets received free of charge was as follows:		
Furniture and Fittings	-	10,000
Total	**-**	**10,000**

Note 3: The cost of delivering our services

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

Structure

3.1 Analysis of expense by source
3.2 Analysis of expenses and revenue by internally managed specific purpose funds
3.3 Finance costs
3.4 Employee benefits
3.5 Superannuation

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2017/2018

Note 3.1: Analysis of expenses by source

	Admitted Patients 2018 $	RAC 2018 $	Primary Health 2018 $	Other 2018 $	Total 2018 $
Employee Expenses	2,415,306	3,459,763	652,786	153,129	6,680,984
Non Salary Labour Costs	201,120	88,957	96,693	-	386,770
Supplies & Consumables	446,016	343,088	51,463	17,154	857,721
Joint Venture Expenses	-	-	-	256,798	256,798
Administrative Expenses	85,526	69,080	9,869	-	164,475
Other Expenses	275,967	222,897	31,842	-	530,706
Total Expenditure from Operating Activities	**3,423,935**	**4,183,785**	**842,653**	**427,081**	**8,877,454**
Depreciation (refer note 4.4)	520,730	420,589	60,084	52,424	1,053,827
Finance Costs (Refer note 3.3)	-	-	-	17,729	17,729
Total Other Expenses	**520,730**	**420,589**	**60,084**	**70,153**	**1,071,556**
Total Expenses	**3,944,665**	**4,604,374**	**902,737**	**497,234**	**9,949,010**

	Admitted Patients 2017 $	RAC 2017 $	Primary Health 2017 $	Other 2017 $	Total 2017 $
Employee Expenses	2,294,764	3,312,606	612,566	94,883	6,314,819
Non Salary Labour Costs	217,489	98,229	106,450	-	422,168
Supplies & Consumables	312,169	241,594	36,020	10,543	600,326
Joint Venture Expenses	-	-	-	697,932	697,932
Administrative Expenses	84,661	68,380	9,769	-	162,810
Other Expenses	360,605	291,257	41,608	-	693,470
Total Expenditure from Operating Activities	**3,269,688**	**4,012,066**	**806,413**	**803,358**	**8,891,525**
Depreciation (refer note 4.4)	599,489	484,203	69,172	-	1,152,864
Finance Costs (Refer note 3.3)	-	-	-	18,054	18,054
Total Other Expenses	**599,489**	**484,203**	**69,172**	**18,054**	**1,170,918**
Total Expenses	**3,869,177**	**4,496,269**	**875,585**	**821,412**	**10,062,443**

Note 3.1 Expense Recognition
Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses
Employee expenses include:
- Salaries and Wages;
- Fringe benefits tax;
- Leave entitlements;
- Termination payments;
- Workcover payments; and
- Superannuation expenses

Grants and other transfers

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

Other operating expenses

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

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

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

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

Net gain/ (loss) on non-financial assets

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:
• Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.4 Property plant and equipment.)
• Net gain/ (loss) on disposal of non-financial assets
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/ (loss) on non-financial assets

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

Amortisation of non-produced intangible assets

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

Other gains/ (losses) from other economic flows

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

Derecognition of financial liabilities

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

Note 3.2: Analysis of expenses and revenue by internally managed and restricted specific purpose funds for service supported by hospital and community initiatives

	Expense		Revenue	
	Total 2018 $	**Total 2017 $**	**Total 2018 $**	**Total 2017 $**
Commercial Activities				
Catering	91,010	86,309	130,014	123,299
Laundry	3,244	282	1,168	783
Property Income	1,193	1,397	47,723	55,865
Property Maintenance	17,499	17,438	62,495	62,277
Total	**112,946**	**105,426**	**241,400**	**242,224**

Notes To and Forming Part of the Financial Statements
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Note 3.3: Finance costs

	Total 2018 $	Total 2017 $
Finance Charges on Financial Leases	17,719	18,054
Total Finance Costs	**17,719**	**18,054**

Finance costs are recognised as expenses in the period in which they are incurred.
Finance costs include:
– finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases* .

Note 3.4: Employee benefits in the balance sheet

	Total 2018 $	Total 2017 $
Employee Benefits (i)		
Annual Leave		
- Unconditional and expected to be settled within 12 months (ii)	410,981	453,890
- Unconditional and expected to be settled after 12 months (iii)	157,506	195,344
Long Service Leave		
- Unconditional and expected to be settled within 12 months (ii)	206,540	110,200
- Unconditional and expected to be settled after 12 months (iii)	629,200	622,012
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (ii)	32,067	33,184
Accrued Salaries and Wages		
- Unconditional and expected to be settled within 12 months (ii)	109,878	68,078
	1,546,172	1,482,708
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	128,799	63,471
- Unconditional and expected to be settled after 12 months (iii)	111,554	65,902
	240,353	129,373
Total Current Provisions	**1,786,525**	**1,612,081**
Non-Current Provisions		
Employee Benefits (i)	226,491	271,082
Provisions related to Employee Benefit On-Costs	23,398	31,549
Total Non-Current Provisions	**249,889**	**302,631**
Total Provisions	**2,036,414**	**1,914,712**

Note 3.4: Employee benefits in the balance sheet (cont.)

(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Annual Leave Entitlements	721,789	701,029
Accrued Wages and Salaries	109,878	68,078
Accrued Days Off	32,067	33,184
Unconditional Long Service Leave Entitlements	922,791	809,790
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	249,889	302,631
Total Employee Benefits and Related On-Costs	**2,036,414**	**1,914,712**

Notes:
(i) Provision for employee benefits consists of amounts for annual leave and long service leave accrued by employees, not including on-costs
(ii) The amounts disclosed are nominal amounts
(iii) The amounts disclosed are discounted to present values

(b) Movements in Long Service Leave	**Total 2018 $**	**Total 2017 $**
Balance at start of year	**1,112,421**	**1,177,206**
Provision made during the year		
- Revaluations	1,375	(11,975)
- Expense recognising Employee Service	129,592	123,878
Settlement made during the year	(75,025)	(176,688)
Balance at end of year	**1,168,363**	**1,112,421**

Employee Benefit Recognition

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

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

Employee benefits

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

Salaries and Wages, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

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

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

Note 3.4: Employee benefits in the balance sheet (cont.)

Long service leave

Liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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

Termination Benefits

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

On-Costs Related to Employee Expense

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

Note 3.5: Superannuation

	Paid contribution for the Year 2018 $	Paid contribution for the Year 2017 $	Contribution outstanding at Year End 2018 $	Contribution outstanding at Year End 2017 $
Defined benefit plans: [(i)]				
First State Super (Health Super)	34,054	33,041	-	-
Defined Contribution plans:				
First State Super (Health Super)	453,636	460,747	-	-
HESTA	77,274	67,612	-	-
Total	**564,964**	**561,400**	**-**	**-**

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

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

Defined contribution superannuation plans

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

Note 3.5: Superannuation (cont.)

Defined benefit superannuation plans

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

The Health Services does not recognise any unfunded defined benefit liability in respect of the plans because the hospital has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.
However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Health Service.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Casterton Memorial Hospital.

Note 4: Key assets to support service delivery

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

Structure

4.1 Investments and Other Financial Assets
4.2 Investments accounted for using the equity method
4.3 Property, plant and equipment
4.4 Depreciation and amortisation
4.5 Investment Properties

Notes To and Forming Part of the Financial Statements
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Note 4.1: Investments and Other Financial Assets

	Total 2018 $	Total 2017 $
CURRENT		
Loans and Receivables		
Term Deposits		
Australian Dollar Term Deposits > 3 Months	700,000	-
TOTAL CURRENT	**700,000**	**-**
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**700,000**	**-**
Represented by:		
Health Service investment	700,000	-
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**700,000**	**-**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.
Investments are classified as loan and receivable financial assets.
The Casterton Memorial Hospital classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. Casterton Memorial Hospitals assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

Impairment of Financial Assets
At the end of each reporting period, Casterton Memorial Hospital assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.
Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.
In order to determine an appropriate fair value as at 30 June 2018 for its portfolio of financial assets, Casterton Memorial Hospital and its controlled entities used the market value of investments held provided by the portfolio managers.
The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Note 4.2: Investments accounted for using the equity method

			Ownership Interest		Published Fair Value	
Name of Entity	**Principal Activity**	**Country of Incorporation**	**2018 %**	**2017 %**	**2018 $**	**2017 $**
Jointly Controlled Entities						
Southern Grampians/Glenelg Shire PCP	Primary Health	Australia	13	13	34,136	28,112

An associate is an entity over which Casterton Memorial Hospital exercises significant influence, but not control.

The investment in the associate is accounted for using the equity method of accounting. Under the equity method for accounting, the investment in the associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased in subsequent years to recognise Casterton Memorial Hospital's share of the profits or losses of the associates after the date of acquisition. Casterton Memorial Hospital's share of the associate's profit or loss is recognised in Casterton Memorial Hospital's net result as 'other economic flows'. The share of post-acquisition changes in revaluation surpluses and any other reserves, are recognised in both the comprehensive operating statement and the statement of changes in equity.

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Note 4.3: Property, plant and equipment

(a) Gross carrying amount and accumulated depreciation

	Total 2018 $	Total 2017 $
Land		
Land at Fair Value	260,000	260,000
Total Land	**260,000**	**260,000**
Land Improvement		
Land Improvements at Fair Value	506,044	506,044
Less Acc'd Depreciation	48,756	35,660
Total Land Improvements	**457,288**	**470,384**
Buildings		
Buildings at Fair Value	21,458,565	22,808,032
Less Acc'd Depreciation	-	2,611,059
Assets Under Construction at Cost	99,469	4,688
Total Buildings	**21,558,034**	**20,201,661**
Plant and Equipment		
Plant and Equipment at Fair Value	667,149	654,902
Less Acc'd Depreciation	565,231	540,955
Total Plant and Equipment	**101,918**	**113,947**
Medical Equipment		
Medical Equipment at Fair Value	527,649	526,610
Less Acc'd Depreciation	479,927	447,396
Total Medical Equipment	**47,722**	**79,214**
Computers and Communication		
Computers and Communication at Fair Value	24,909	35,568
Less Acc'd Depreciation	13,904	12,290
Total Computers and Communication	**11,005**	**23,278**
Furniture and Fittings		
Furniture and Fittings at Fair Value	659,249	654,868
Less Acc'd Depreciation	529,897	505,805
Total Furniture and Fittings	**129,352**	**149,063**
Motor Vehicles		
Motor Vehicles at Fair Value	291,526	291,526
Less Acc'd Depreciation	232,923	214,212
Total Motor Vehicles	**58,603**	**77,314**
Leased Assets		
Computers and Communication at Fair Value	414,300	511,217
Less Acc'd Depreciation	348,005	295,581
Total Leased Assets	**66,295**	**215,636**
TOTAL	**22,690,217**	**21,590,497**

Note 4.3: Property, Plant & Equipment (Continued)

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

	Land & Land Improvements $	Buildings $	Plant & Equipment $	Total $
Balance at 1 July 2016	**743,479**	**21,061,144**	**674,088**	**22,478,711**
Additions	-	10,870	280,579	291,449
Disposals	-	-	(26,799)	(26,799)
Revaluation	-	-	-	-
Depreciation (note 4.4)	(13,095)	(870,353)	(269,416)	(1,152,864)
Balance at 1 July 2017	**730,384**	**20,201,661**	**658,452**	**21,590,497**
Additions / Transfers	-	229,008	32,760	261,768
Disposals	-	-	(107,931)	(107,931)
Revaluation	-	1,999,710	-	1,999,710
Depreciation (note 4.4)	(13,096)	(872,345)	(168,386)	(1,053,827)
Balance at 30 June 2018	**717,288**	**21,558,034**	**414,895**	**22,690,217**

Land and buildings carried at valuation

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

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

The latest indices required a managerial revaluation in 2018 for the building asset class. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the buildings asset class of $2m.
There was no material financial impact on change in fair value of land.

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Note 4.3: Property, Plant & Equipment (Continued)

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

	Carrying Amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1(i)	Level 2(ii)	Level 3
	$	$	$	$
Land at Fair Value				
Specialised land	260,000	-	-	260,000
Land Improvements	457,288	-	-	457,288
Total of Land at Fair Value	**717,288**	**-**	**-**	**717,288**
Buildings at Fair Value				
Specialised Buildings	21,458,565	-	-	21,458,565
Total of Building at Fair Value	**21,458,565**	**-**	**-**	**21,458,565**
Plant, Equipment and Vehicles at fair value	101,918	-	-	101,918
Medical Equipment at Fair Value	47,722	-	-	47,722
Computers and Communication at Fair Value	11,005	-	-	11,005
Furniture and Fittings at Fair Value	129,352	-	-	129,352
Motor Vehicles at Fair Value	58,603	-	58,603	-
Leased Assets				
Leased Assets at Fair Value	66,295	-	-	66,295
Total Leased Assets at Fair Value	**66,295**	**-**	**-**	**66,295**
Total Property, Plant & Equipment	**22,590,748**	**-**	**58,603**	**22,532,145**

(i) Classified in accordance with the fair value hierarchy

Note 4.3: Property, Plant & Equipment (Continued)

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

	Carrying Amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1(i)	Level 2(ii)	Level 3
	$	$	$	$
Land at Fair Value				
Specialised land	260,000	-	-	260,000
Land Improvements	470,384	-	-	470,384
Total of Land at Fair Value	**730,384**	**-**	**-**	**730,384**
Buildings at Fair Value				
Specialised Buildings	20,196,973	-	-	20,196,973
Total of Building at Fair Value	**20,196,973**	**-**	**-**	**20,196,973**
Plant, Equipment and Vehicles at fair value	113,947	-	-	113,947
Medical Equipment at Fair Value	79,214	-	-	79,214
Computers and Communication at Fair Value	23,278	-	-	23,278
Furniture and Fittings at Fair Value	149,063	-	-	149,063
Motor Vehicles at Fair Value	77,314	-	77,314	-
Leased Assets				
Leased Assets at Fair Value	215,636	-	-	215,636
Total Leased Assets at Fair Value	**215,636**	**-**	**-**	**215,636**
Total Property, Plant & Equipment	**21,585,809**	**-**	**77,314**	**21,508,495**

(i) Classified in accordance with the fair value hierarchy

Note 4.3: Property, Plant & Equipment (Continued)

(d) Reconciliation of Level 3 fair value as at 30 June 2018

	Land & Land Improvements $	Buildings $	Plant & Equipment $	Medical Equipment $	Computers & Communication $	Furniture & Fittings $
Balance 1 July 2016	**743,479**	**21,061,144**	**118,507**	**110,367**	**13,093**	**159,117**
Purchases / (Sales)	-	6,182	28,634	4,151	11,799	23,352
- Depreciation	(13,095)	(870,353)	(33,194)	(35,304)	(1,614)	(33,406)
Balance 1 July 2017	**730,384**	**20,196,973**	**113,947**	**79,214**	**23,278**	**149,063**
Purchases / (Sales)	-	233,696	20,258	1,038	(10,659)	11,109
Revaluation		1,999,710				
- Depreciation	(13,096)	(872,345)	(32,287)	(32,530)	(1,614)	(30,820)
Balance 30 June 2018	**717,288**	**21,558,034**	**101,918**	**47,722**	**11,005**	**129,352**

There have been no transfers between levels during the period

(e) Fair Value Determination

Asset Class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (level 3 only)
Specialised land	Landsubject to restrictions as to use and/or sale Land in areas where there is not an active market	Level 3	Market approach	CSO adjustments
Specialised buildings [(a)]	Specialised buildings with limited alternative uses and/or substantial customisation eg. Prisopns, hospitals and schools	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Plant and equipment [(a)]	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per unit Useful life
Furniture & Fittings	Any type	Level 3	Depreciated replacement cost approach	Cost per unit
Medical Equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per unit
Computers	Any type	Level 3	Depreciated replacement cost approach	Cost per unit
Vehicles	If there is an active resale market available:	Level 2	Market approach	N/A

(a) Newly built/acquired assets could be categorised as Level 2 assets as depreciatrion would not be a significsant unobservable input (based on the 10% materiality threshold)

Note 4.3: Property, plant & equipment (cont.)

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.
The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.
The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.
Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.
Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Subsequent Measurement

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

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

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

The Valuer-General Victoria (VGV) is Casterton Memorial Hospital's independent valuation agency.

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

Fair value measurement

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

Consideration of highest and best use (HBU) for non-financial physical assets

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

In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Note 4.3: Property, plant & equipment (cont.)

These indicators, as a minimum, include:
External factors:

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

- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;

Internal factors:

- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;

- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

Note 4.3: Property, plant & equipment (cont.)

Specialised Land and Specialised Buildings

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

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

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

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

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

Vehicles

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2018. For all assets measured at fair value, the current use is considered the highest and best use.

Revaluations of Non-Current Physical Assets

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

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

Note 4.3: Property, plant & equipment (cont.)

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

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes. Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103F, Casterton Memorial Hospital's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required, as a result buildings were revalued as at 30 June 2018.

Note 4.4: Depreciation and amortisation

	Total 2018 $	Total 2017 $
Depreciation		
Buildings	872,345	870,353
Plant & Equipment	32,287	33,195
Medical Equipment	32,530	35,305
Computers and Communication	1,614	1,614
Furniture and Fittings	30,820	33,405
Motor Vehicles	18,711	18,553
Landscaping and Paving	13,096	13,095
Leased Assets - South West Alliance of Rural Health	52,424	147,344
Total Depreciation	**1,053,827**	**1,152,864**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties).

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	2 to 40 years	2 to 40 years
- Site Engineering Services and Central Plant	2 to 40 years	2 to 40 years
Central Plane		
- Fit Out	2 to 25 years	2 to 25 years
- Trunk Reticulated Building systems	2 to 30 years	2 to 30 years
Plant and Equipment	8 to 10 years	8 to 10 years
Medical Equipment	8 to 10 years	8 to 10 years
Computers and Communication	1 to 4 years	1 to 4 years
Furniture and Fittings	8 to 10 years	8 to 10 years
Motor Vehicles	1 to 5 years	1 to 5 years
Leasehold Improvements	2 to 10 years	2 to 10 years

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

Note 4.5: Investment properties

(a) Movements in carrying value for investment properties as at 30 June 2018

	Total 2018 $	Total 2017 $
Balance at Beginning of Year	50,000	50,000
Net Gain/(Loss) from Fair Value Adjustments	-	-
Balance at End of Year	**50,000**	**50,000**

(b) Fair value measurement hierarchy for investment properties as at 30 June 2018

	Carry amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Investment Properties	50,000		50,000	
	50,000		50,000	

	Carry amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Investment Properties	50,000		50,000	
	50,000		50,000	

The fair value of the Health Service's investment properties at 30 June 2018 have been arrived on the basis of an independent valuation carried out by VRC Property Pty Ltd, Certified Practising Valuers recognised by the Australian Property Institute and are the State Government's independent valuation agency. The Valuation is in accordance with instructions from the Valuer-General Victoria and determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the health services.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Health Service.

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight line basis over the lease term.

Note 5: Other assets and liabilities

This sections sets out those assets and liabilities that arose from the hospital's operations

Structure
5.1 Receivables
5.2 Other liabilities
5.3 Payables

Note 5.1: Receivables

	Total 2018 $	Total 2017 $
CURRENT		
Contractual		
Trade Debtors	127,899	86,678
Patient Fees	16,674	107,667
Accrued Revenue - Interest	21,273	15,462
Receivables - SWARH	38,157	727,606
	204,003	**937,413**
Statutory		
DHHS Receivables	7,871	19,894
GST Receivable	47,073	37,132
TOTAL CURRENT RECEIVABLES	**258,947**	**994,439**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health/Department of Health and Human Services	408,353	419,547
TOTAL NON-CURRENT RECEIVABLES	**408,353**	**419,547**
TOTAL RECEIVABLES	**667,300**	**1,413,986**

Receivables consist of:
- contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.
Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

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

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Note 5.2: Other liabilities

	Total 2018 $	Total 2017 $
CURRENT		
Income received in Advance - Patient fees	2,233	-
Monies Held in Trust		
- Accommodation Bonds (Refundable Entrance Fees)	2,041,573	1,832,008
Total Current	**2,043,806**	**1,832,008**
Total Other Liabilities	**2,043,806**	**1,832,008**
Total Monies Held in Trust		
Represented by the following assets:		
Cash Assets (refer to Note 6.2)	2,041,573	1,832,008
TOTAL	**2,041,573**	**1,832,008**

Note 5.3: Payables

	Total 2018 $	Total 2017 $
CURRENT		
Contractual		
Trade Creditors	245,483	163,220
Accrued Expenses	21,053	46,449
SWARH - Payables	116,791	831,209
	383,327	**1,040,878**
Statutory		
GST Payable	16,513	17,762
DHHS Payables	175,396	-
PAYG Withholding	87,590	74,126
	279,499	**91,888**
TOTAL CURRENT	**662,826**	**1,132,766**

Payables consist of:

• contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and

• statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Note 5.3 (a): Maturity analysis of Financial Liabilities as at 30 June

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

Maturity analysis of Financial Liabilities as at 30 June

			Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
2018	**$**	**$**	**$**	**$**	**$**	**$**
Financial Liabilities						
Payables	383,327	383,327	383,327	-	-	-
Monies Held in Trust	2,043,806	2,043,806	2,043,806	-	-	-
Borrowings	72,659	72,659	-	-	72,659	-
Total Financial Liabilities	**2,499,792**	**2,499,792**	**2,427,133**	**-**	**72,659**	**-**
2017						
Financial Liabilities						
Payables	1,040,878	1,040,878	1,040,878	-	-	-
Monies Held in Trust	1,832,008	1,832,008	1,832,008	-	-	-
Borrowings	230,194	230,194	-	-	104,022	126,172
Total Financial Liabilities	**3,103,080**	**3,103,080**	**2,872,886**	**-**	**104,022**	**126,172**

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

Note 6: How we finance our operations

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

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

Structure
6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Note 6.1: Borrowings

	Total 2018 $	Total 2017 $
CURRENT		
Australian Dollar Borrowings		
– Finance Lease Liability - SWARH	72,659	104,022
Total Current	**72,659**	**104,022**
NON CURRENT		
Australian Dollar Borrowings		
– Finance Lease Liability - SWARH	-	126,172
Total Non-Current	**-**	**126,172**
Total Borrowings	**72,659**	**230,194**

Finance leases are held by SWARH and are secured by the rights to the leased assets reverting to the lessor in the event of default.

(a) Maturity analysis of borrowings
Please refer to note 5.3 (a) for the ageing analysis of borrowings.

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

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.
Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases, in the manner described in Note 6.3 Commitments.

Entity as Lessee
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Note 6.2 Cash and cash equivalents

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	Total 2018 $	Total 2017 $
Cash on Hand	400	400
Cash at Bank	580,528	817,252
Deposits at Call	4,575,980	4,674,807
Total Cash and Cash Equivalents	**5,156,908**	**5,492,459**
Represented by:		
Cash for Health Service Operations	2,972,513	3,454,041
SWARH - Cash at Bank	142,822	206,410
Sub-Total	3,115,335	3,660,451
Cash for Monies Held in Trust		
- Cash at Bank	2,041,573	1,832,008
Total Cash and Cash Equivalents	**5,156,908**	**5,492,459**

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

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

Note 6.3: Commitments for Expenditure

	Total 2018 $	Total 2017 $
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	27,782	32,687
Total lease commitments	**27,782**	**32,687**
Operating Leases		
Non-cancellable		
Not later than one year	13,332	16,187
Later than 1 year and not later than 5 years	14,450	16,500
Sub Total	**27,782**	**32,687**
TOTAL	**27,782**	**32,687**
Total Commitments for Expenditure (inclusive of GST)	**27,782**	**32,687**
less GST recoverable from the Australian Tax Office	(2,525)	(2,971)
Total Commitments for Expenditure (exclusive of GST)	**25,257**	**29,716**

Finance Leases

Commitments in relation to leases contracted for at the reporting date:	2018 $	2017 $
Finance Leases (South West Alliance of Rural Health)	72,659	230,194
Total Lease Commitments	**72,659**	**230,194**
Commitments in relation to finance leases are payable as follows:		
Current	72,659	104,022
Non-Current	-	126,172
Minimum Lease Payments	**72,659**	**230,194**
Less future finance charges	6,600	24,855
Total Lease Commitments	**66,059**	**205,339**

All amounts shown in the commitments note are nominal amounts inclusive of GST

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

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure
7.1 Financial Instruments
7.2 Contingent assest and contingent liabilities

Note 7.1: Financial instruments

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

(a) Financial instruments categorisation

2018	Contractual financial assets - loans and receivables $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	5,156,908	-	5,156,908
Receivables			
- Trade Debtors	127,899	-	127,899
- Other Receivables	76,104	-	76,104
Total Financial Assets [(i)]	**5,360,911**	**-**	**5,360,911**
Financial Liabilities			
Payables	-	383,327	383,327
Borrowings	-	72,659	72,659
Monies Held inTrust	-	2,041,573	2,041,573
Total Financial Liabilities [(ii)]	**-**	**2,497,559**	**2,497,559**

2017	Contractual financial assets - loans and receivables $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	5,492,459	-	5,492,459
Receivables			
- Trade Debtors	86,678	-	86,678
- Other Receivables	850,735	-	850,735
Total Financial Assets [(i)]	**6,429,872**	**-**	**6,429,872**
Financial Liabilities			
Payables	-	1,040,878	1,040,878
Borrowings	-	230,194	230,194
Monies Held inTrust	-	1,832,008	1,832,008
Total Financial Liabilities [(i)]	**-**	**3,103,080**	**3,103,080**

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

Note 7.1: Financial instruments (Continued)

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

	Net holding gain/(loss) 2018 $	Net holding gain/(loss) 2017 $
Financial Assets		
Cash & Cash Equivalent [(i)]	131,336	83,507
Total Financial Assets	**131,336**	**83,507**
Financial Liabilities		
At Amortised Cost [(ii)]	**17,719**	18,054
Total Financial Liabilities	**17,719**	**18,054**

(i) For cash and term depsoits and cash equivalents, loans or receivables, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense.

Categories of financial instruments
Loans and receivables
Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.
Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost
Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.
Financial instrument liabilities measured at amortised cost include all of the Health Service's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Note 7.2: Contingent assets and contingent liabilities

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

There are no known contingent assets or liabilities (2017 nil).

Note 8: Other disclosures

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

Structure

Note 8.1: Equity

	Total 2018 $	Total 2017 $
(a) Reserves		
Property, Plant & Equipment Revaluation Surplus [1]		
Balance at the beginning of the reporting period	19,796,870	19,796,870
Revaluation undertaken during the year	1,999,710	-
Balance at the end of the reporting period	**21,796,580**	**19,796,870**
Represented by:		
- Land	409,292	409,292
- Buildings	21,387,288	19,387,578
	21,796,580	**19,796,870**
(b) Contributed Capital		
Balance at the beginning of the reporting period	2,293,608	2,293,608
Balance at the end of the reporting	**2,293,608**	**2,293,608**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	1,420,617	1,831,060
Net Result for the Year	(892,912)	(410,443)
Balance at the end of the reporting	**527,705**	**1,420,617**
(d) Total Equity at end of financial year	**24,617,893**	**23,511,095**

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

Note 8.1: Equity (Continued)

Contributed capital

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

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

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

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

	Total 2018 $	Total 2017 $
Net Result for the Year	(892,912)	(410,443)
Depreciation	1,053,827	1,152,864
Net (Gain)/Loss from Sale of Plant and Equipment	356	(3,129)
Asset Received free of Charge	-	(10,000)
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	746,514	(160,446)
(Increase)/Decrease in Inventories	(876)	5,726
(Increase)/Decrease in Other Assets	(79,560)	17,558
Increase/(Decrease) in Payables	(633,950)	138,758
Increase/(Decrease) in Provisions	121,702	(28,299)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**315,101**	**702,589**

Note 8.3: Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, MLA, Minister for Health, Minister for Ambulance Services	01/07/2017 - 30/06/2018
The Honourable Martin Foley, MLA, Minister for Housing, Disability and Ageing. Minister for Mental Health	01/07/2017 - 30/06/2018
Governing Boards	
Mr P Green	01/07/2017 - 30/06/2018
Mr Gerald Smith	01/07/2017 - 30/06/2018
Mr G Sheppard	01/07/2017 - 30/06/2018
Dr T Halloran	01/07/2017 - 30/06/2018
Mrs J Kensen	01/07/2017 - 30/06/2018
Ms Merridy Rowe	01/07/2017 - 30/06/2018
Ms Bronwyn Roberts	01/07/2017 - 30/06/2018
Mrs Julie Crowle	01/07/2017 - 30/06/2018
Accountable Officers	
Mr O Stephens (Chief Executive Officer)	01/07/2017 - 30/06/2018

Remuneration of Responsible Persons

The number of Responsible Person are shown in their relevant income bands:

	Total Remuneration	
	2018	**2017**
Income Band	**No.**	**No.**
$0 - $9,999	8	8
$200,000 - $209,999	-	1
$220,000 - $229,999	1	-
Total Numbers	**8**	**9**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$229,288**	**$202,960**

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Casterton Memorial Hospital's controlled entities financial statements.
Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.5 Related Parties.

Note 8.4: Renumeration of Executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period. Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

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

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

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

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

Remuneration of executive officers

	Total Remuneration	
	2018	**2017**
	$	**$**
Short-term employee benefits	136,340	130,173
Post-employment benefits	22,787	22,128
Other long-term benefits	3,671	5,807
Termination benefits	0	0
Total Remuneration (i)	**162,798**	**158,108**
Total Number of executives	1	1
Total annualised employee equivalent (ii)	1	1

Notes:
(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Casterton Memorial Hospital under AASB 124 Related Party Disclosures and are also reported within Note 8.5 Relates Parties.

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

NOTE 8.5: Related Parties

The Casterton Memorial Hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:
• All key management personnel (KMP) and their close family members;
• Cabinet ministers (where applicable) and their close family members;
• Jointly Controlled Operation - A member of the Victorian Joint Venture Alliance; and
• All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Casterton Memorial Hospital and its controlled entities, directly or indirectly.

The Board of Directors and the Executive Directors of the Casterton Memorial Hospital and it's controlled entities are deemed to be KMPs.

Entity	KMP	Postion Title
Casterton Memorial Hospital	Mr P Green	Chair of the Board
Casterton Memorial Hospital	Mr Gerald Smith	Board Member & Deputy Chair
Casterton Memorial Hospital	Mr G Sheppard	Board Member
Casterton Memorial Hospital	Dr T Halloran	Board Member
Casterton Memorial Hospital	Mrs J Kenson	Board Member
Casterton Memorial Hospital	Ms Merridy Rowe	Board Member
Casterton Memorial Hospital	Ms Bronwyn Roberts	Board Member
Casterton Memorial Hospital	Mrs Julie Crowle	Board Member
Casterton Memorial Hospital	Mr Owen Stephens	Chief Executive Officer
Casterton Memorial Hospital	Ms Mary-Anne Betson	Manager Nursing Services

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

Compensation - KMP's	**2018 $**	**2017 $**
Short term employee benefits [(i)]	325,284	312,473
Post-employment benefits	57,132	55,730
Other long-term benefits	9,671	7,288
Termination benefits	0	0
TOTAL '"'	**392,087**	**375,491**

NOTE 8.5: Related Parties (Continued)

Significant Transactions with Government Related Entities
The Casterton Memorial Hospital received funding from the Department of Health and Human Services of $5.04 m (2017: $4.78 m) and indirect contributions of $0.01m (2017: $0.01 m).

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

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

Treasury Risk Management Directions require the Casterton Memorial Hospital to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

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

Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of share resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.
There were no related party transactions required to be disclosed for the Casterton Memorial Hospital Board of Directors and Executive Directors in 2018.

Note 8.6: Remuneration of Auditors

	Total 2018 $	Total 2017 $
Victorian Auditor-General's Office - Audit of financial statement	9,500	9,500
	9,500	**9,500**

Note 8.7: AASB'S issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Casterton Memorial Hospitals of their applicability and early adoption where applicable.

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

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AAS's to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18	The assessment has indicated there will be no significant impact for the public sector.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 *Amendments to Australian Accounting Standards - Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications.

Note 8.7: AASB'S issued that are not yet effective (Continued)

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends as follows: - Trade receivables that do not have a significant financing component, are to be measured at their transaction price at initial recognition. - Dividends are recognised in the profit and loss only when: * the entity's right to receive payment of the dividend is established; * it is probable the economic benefits associated with the dividend will flow to the entity; and * the amount can be measured reliably.	01/01/2018 except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated there will be no significant impact for the public sector.
AASB 2015-8 *Amendments to Australian Accounting Standards - Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2108	1-Jan-18	The amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 *Amendments to Australian Accounting Standards - Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: - A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; - For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and - For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1-Jan-18	The assessment has indicated there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit-Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit-entities from 1 January 2018 to 1 January 2109.	1-Jan-19	The amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit-Entities*	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 - Statutory receivables are recognised and measured similarly to financial assets. AASB 15 - The "customer" does not need to be the recipient of goods and/or services; - The "contract" could include an arrangement entered into under the direction of another party; - Contracts are enforceable if they are enforceable by legal or "equivalent means"; - Contracts do not have to have commercial substance, only economic substance; and - Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.

Note 8.7: AASB'S issued that are not yet effective (Continued)

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.
AASB 1058 *Income of Not-for-Profit-Entities*	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1-Jan-19	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

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

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

NOTE 8.8: Events occurring after balance sheet date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Casterton Memorial Hospital and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There have been no events subsequent to balance which require further disclosure.

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2017/2018

Note 8.9: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %
South West Alliance of Rural Health	Information Systems	1.94	3.94

Casterton Memorial Hospital's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2018 $	2017 $
Current Assets		
Cash and Cash Equivalents	142,822	206,410
Other Current Assets	41,375	728,339
Total Current Assets	**184,197**	**934,749**
Non Current Assets		
Property, Plant and Equipment	76,229	236,229
Total Non Current Assets	**76,229**	**236,229**
Total Assets	**260,426**	**1,170,978**
Current Liabilities		
Payables	116,791	831,209
Employee Benefits	30,585	67,538
Borrowings	72,659	104,022
Total Current Liabilities	**220,035**	**1,002,769**
Non Current Liabilities		
Employee Benefits	5,649	11,730
Borrowings	-	126,172
Total Non Current Liabilities	**5,649**	**137,902**
Total Liabilities	**225,684**	**1,140,671**

Note 8.9: Jointly Controlled Operations and Assets (cont.)

Casterton Memorial Hospital's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2018 $	2017 $
Revenues		
Operating	455,145	888,586
Non operating activities	2,856	2,538
Total Revenue	**458,001**	**891,124**
Expenses		
Employee costs	153,129	256,272
Maintenance Contracts and IT Support	193,999	310,228
Operating Lease Costs and Licensing Costs	-	153,654
Other Expenses	48,199	17,375
Total Expenses	**395,327**	**737,529**
Capital Purpose Income	11,810	19,563
Finance charges	(17,729)	(18,054)
Depreciation	(52,424)	(147,344)
Total Capital and Specific Items	**(58,343)**	**(145,835)**
Other Economic Flows Included in the Result		
Revalaution of Long Service Leave	**104**	**1,516**
Net Result	**4,435**	**9,276**

Contingent Liabilities
There are no known contingent liabilities for SWARH as at the date of this report.

The financial results included for SWARH are unaudited at the date of signing the financial statements.

Investments in joint operations
In respect of any interest in joint operations, Casterton Memorial Hospital recognises in the financial statements
its assets, including its share of any assets held jointly;
any liabilities including its share of liabilities that it had incurred;
its revenue from the sale of its share of the output from the joint operation;
its share of the revenue from the sale of the output by the operation; and
its expenses, including its share of any expenses incurred jointly.

NOTE 8.10: Economic Dependency

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

Note 8.11: Alternate Presentation of Comprehensive operating statement

	2018 $	2017 $
Interest	131,336	83,507
Sales of goods and services	1,193,155	1,114,467
Grants	6,956,315	6,969,883
Other Income	770,999	1,467,823
Total revenue	**9,051,805**	**9,635,680**
Employee expenses	6,680,984	6,314,819
Depreciation	1,053,827	1,152,864
Other operating expenses	2,214,199	2,594,760
Total expenses	**9,949,010**	**10,062,443**
Net result from transactions - Net operating balance	**(897,205)**	**(426,763)**
Net gain/ (loss) on sale of non-financial assets	(356)	3,128
Share of net profit/(loss) from associates/ joint venture entities excluding dividends	6,024	1,217
Other gains / (losses) from other economic flows	(1,375)	11,975
Total other economic flows included in net result	**4,293**	16,320
Net result	**(892,912)**	**(410,443)**

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Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	2,3 & 61
FRD 22H	Purpose, functions, powers and duties	Inside Front Cover
FRD 22H	Initiatives and key achievements	4 - 6
FRD 22H	Nature and range of services provided	3 & 13
Management and structure		
FRD 22H	Organisational structure	Inside Back Cover
Financial and other information		
FRD 10A	Disclosure index	71 & 72
FRD 11A	Disclosure of ex-gratia expenses	
FRD 21C	Responsible person and executive officer disclosures	61
FRD 22H	Application and operation of *Protected Disclosure 2012*	15
FRD 22H	Application and operation of *Carers Recognition Act 2012*	14
FRD 22H	Application and operation of *Freedom of Information Act 1982*	15
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	15
FRD 22H	Details of consultancies over $10,000	15
FRD 22H	Details of consultancies under $10,000	15
FRD 22H	Employment and conduct principles	14
FRD 22H	Information and Communication Technology Expenditure	16
FRD 22H	Major changes or factors affecting performance	19
FRD 22H	Occupational violence	14
FRD 22H	Operational and budgetary objectives and performance against objectives	18 & 19
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FRD 22H	Summary of the financial results for the year	18 & 19
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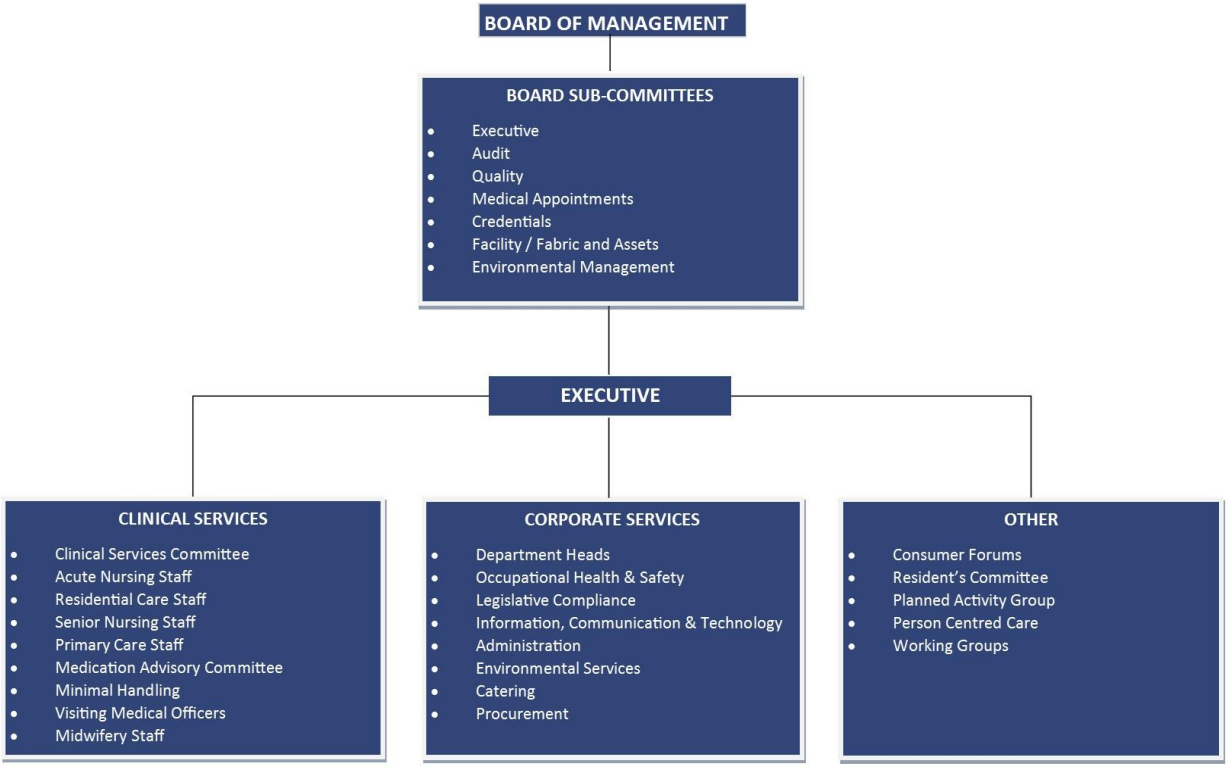
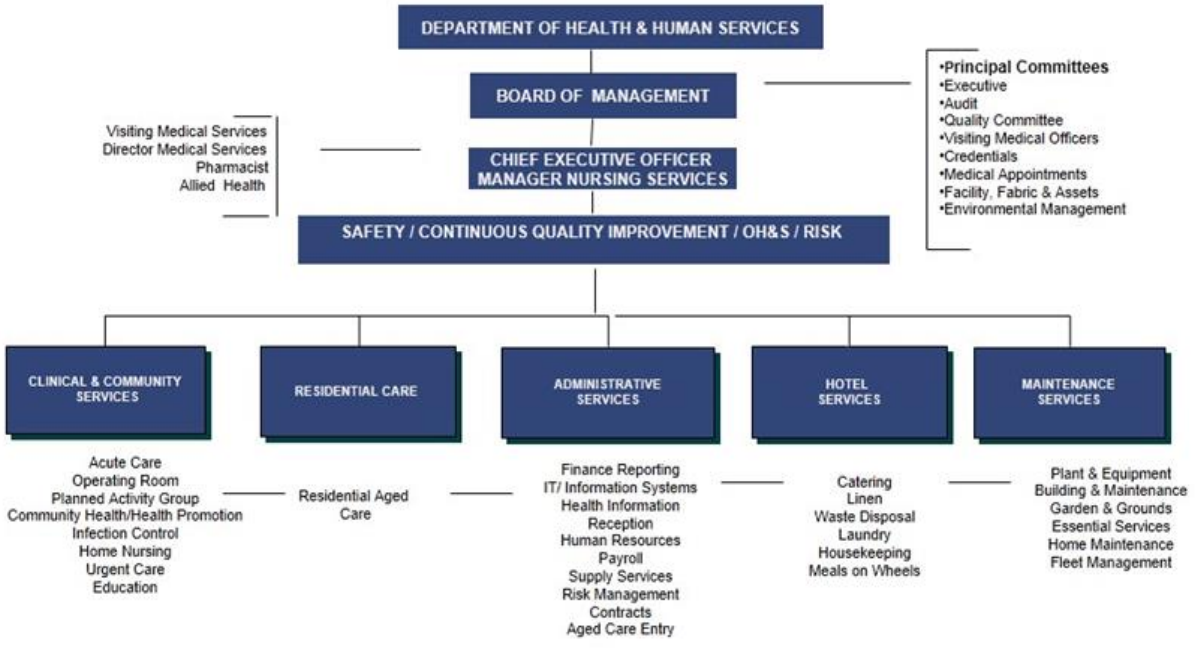
CASTERTON MEMORIAL HOSPITAL - COMMITTEE COMPOSITION



CentralAccess/CMHFlowCharts/CommitteeCompositionChart.pub *Revised 2016*

CASTERTON MEMORIAL HOSPITAL - FUNCTIONAL ORGANISATIONAL CHART



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