

# Casterton Memorial Hospital



## 2018-2019 111<sup>th</sup> 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, 2019

PHYSICAL FACILITIES / ASSETS	GOVERNANCE CORPORATE & CLINICAL	QUALITY IMPROVEMENT RISK MANAGEMENT	HUMAN RESOURCES	SERVICES DEVELOPMENT
<ul style="list-style-type: none"> <li>Community room expansion &amp; upgrade to include Medical Clinic entry &amp; fascia work (15%)</li> <li>Nurse call system re-new &amp;/or upgrade for improved consumer/employee response &amp; communication (100%)</li> <li>5 year Fire Report matters addressed. (80%)</li> <li>Hospital Infrastructure Funding \$300k for fabric &amp; asset management plan (20%)</li> <li>E-Maintenance, decision to remain in-house on \$'s (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Safer Care Victoria &amp; Clinical Governance system embedding the 5 Domains. (80%)</li> <li>Increased use of and support of Sub-Regional personnel skills &amp; collaborative to enhance services.(90%)</li> <li>Continued Board Governance training &amp; recruitment of 2 new members. (100%)</li> <li>Financial sustainability maximized with improved use administrative resources organisation wide. (90%)</li> </ul>	<ul style="list-style-type: none"> <li>ACHS National Standards Accreditation, CHSP &amp; Aged Care Accreditation maintained. (100%)</li> <li>Risk management systems sophistication with VMIA review &amp; report. (40%)</li> <li>Targeting Zero report 178 recommendations. Actionable items to be achieved. (70%)</li> <li>Refresh "Person Centred Care" education organisation wide (40%)</li> </ul>	<ul style="list-style-type: none"> <li>Succession planning of CMH workforce needs &amp; assessment report / plan. (100%)</li> <li>Conduct annual organisation wide Employee Satisfaction Survey in addition to People Matter Survey outcomes. (40%)</li> <li>Total E-HR Personnel &amp; Payroll systems in place.(90%)</li> <li>Maximise staff training programs &amp; opportunities across organization. (90%)</li> </ul>	<ul style="list-style-type: none"> <li>Increase workforce for home based care (70%)</li> <li>Increase time frame of access to Community Taxi to 5 days (50%)</li> <li>Investigation of, &amp; establishment of Aged Care service Business Unit. (50%)</li> <li>Marketing plan for Glenelg House Client attraction &amp; facility review. (50%)</li> <li>Expansion &amp; development of CMH Consumer Participation Forum (60%)</li> </ul>

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

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### 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 Directors 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



**Ms Merridy Rowe**  
**Board Chair**  
**22<sup>nd</sup> August, 2019**

## Responsible Ministers

### Commonwealth Government Australia

The Hon Greg Hunt MP, Minister for Health  
The Hon Ken Wyatt AM MP, Minister for Aged Care and Senior Australians (01/07/2018 – 29/05/2019)  
Senator the Hon Richard Colbeck, Minister for Aged Care and Senior Australians (29/05/2019 – 30/06/2019)

### State Government Victoria

The Hon Jill Hennessy, MP, Minister for Health, Minister for Ambulance Services (01/07/2018 – 29/11/2018)  
Jenny Mikakos, MP, Minister for Health, Minister for Ambulance Services (29/11/2018 – 30/06/2019)  
Martin Foley, MP, Minister for Housing, Disability and Ageing (01/07/2018 – 29/11/2018) Minister for Mental Health  
The Hon Luke Donellan, MP, Minister Child Protection, Minister Disability, Ageing and Carers (29/11/2018 – 30/06/2019)

## Casterton Memorial Hospital

ABN 62 051 291 134

## Hospital Board of Directors

### President

M. Rowe

### Vice President

G. Smith

### Members

P. Green

J. Kensen

B. Roberts

J. Crowle

H. Moore

## Audit Committee

P. Green – Chair

B. Roberts – Independent Member

H. Moore – Independent Member

L. Hulm - 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. Y. Yu: M.B.B.S

Dr. K. Moussa: M.B.B.S.

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 Gerontology

S. Bryan: R.N. B.N. Grad Cert Ad Nsg (Emergency Nursing)

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: Cert IV Accounting

### Health Information / Quality Improvement

H. Rees: Clinical Coder

### Hotel Services Supervisor

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.

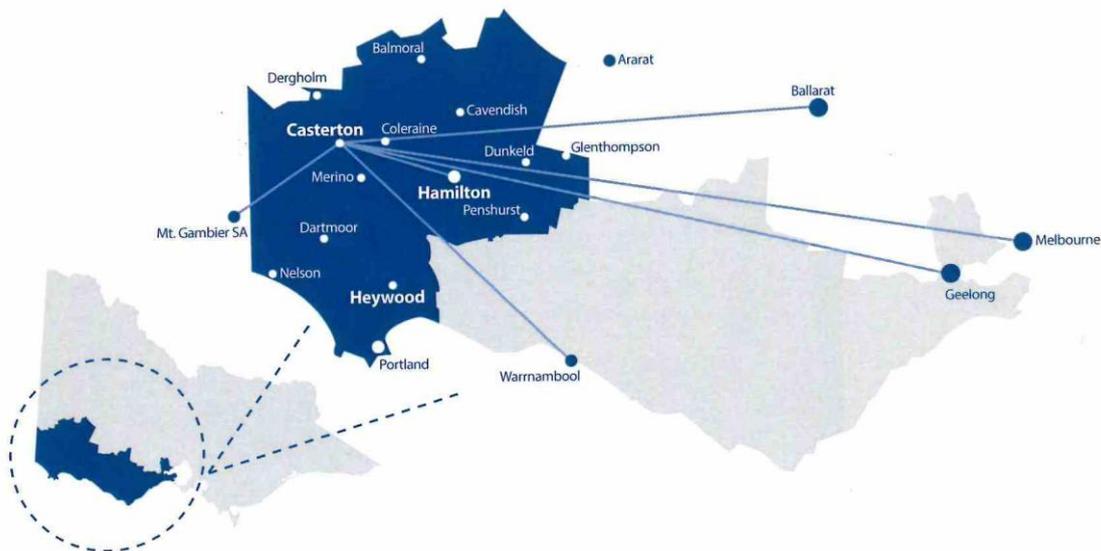
The Hospital provides a range of acute health, aged residential care and primary healthcare services incorporating 15 medical/surgical inpatient beds, operating theatre, 2 bay urgent care centre, 2 dialysis chairs and 30 bed residential care facility 'Glenelg House'. The Hospital also provides an extensive 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 Directors 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](http://www.castertonmemorialhospital.com.au)



## President & Executive's Report



*Ms Merridy Rowe  
Board Chair*

It is with great pleasure, on behalf of the Casterton Memorial Hospital Board of Directors, employees, volunteers and consumers that I present to you our 111<sup>th</sup> Annual Report.

2018-2019 continued on from previous years in striving to meet the Casterton community's needs with a diverse

range of services from community to urgent care, inpatients and aged residential care.

I therefore commend to you and invite you to read our 111<sup>th</sup> Annual Report 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 maintains systems and processes that ensure financial sustainability, accountability and responsibility for the delivery of safe, responsive patient centred care services.

This year we have produced an operating surplus prior to capital and specific items of \$102,221.57 whilst meeting service demands and our Model of Care for the Casterton community. This sound financial performance is a result of appropriate Government funding, good private patient revenue and ostensibly achieving Department of Veterans Affairs inpatient activity and other set targets for the year. Expenditure levels have been well controlled once again for the year and this together with sound revenue achievement has produced an operating surplus.

Glenelg House Residential Care's occupancy rate of 99.25% 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 1.42 indicating sufficient funds to meet current liabilities.

### Community Service Provision

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

Additional staffing resources across the Community Health program has proven successful in meeting required needs of 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 within the Statement of Priorities 2018/19 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 and establishment of certain targets for us to achieve from infection control to consumer satisfaction surveys.

Casterton Memorial Hospital now has in place a three year Strategic Plan 2017-2020 and this can be viewed at our Website. Key Performance Indicators are being steadily achieved with details of the current Strategic Plan to be found on the inside cover of this report.

The Board has also processed and governed the implementation of many changes and improvements during the 2018-2019 year including, but not limited to;

- **Strengthened partnerships** with Clinical Governance Collaborative within the Region
- **Regional Health Infrastructure funding \$105,000** gained for Acute ward fire sprinkler system.
- **99KW solar power** system installed and operational
- **Dr Floyd Community Room & Medical Precinct** up-grade planning on-going
- **Flu Vaccinations second in the State for take-up rate 97%**
- **Fun Run / Colour Walk** with 300 participants, young to aging.
- **Kelpie weekend dinner & auction for mental health support, sold out again.**

- **National Standards Accreditation achieved July 2018**
- **South West health services increased collaboration from clinical to corporate programs.**
- **Bendigo Bank account establishment.**
- **Victorian Central Banking Model changes.**
- **Aged Care Royal Commission submission**
- **Board and staff continued high levels of education resources**

### 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 111<sup>th</sup> Annual Report.

The continued successful outcomes for consumers are maintained through the support of contracts especially the Casterton Coleraine Medical Clinic Principal Partner Dr Brian Coulson, and Drs Khaled and Yu. 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 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 continued close working relationship

with external education providers to facilitate student placement, support the Post Graduate Nurse Entry to Practice program 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.

The service divisions of Catering and Environmental Services have worked through a major change this year with the two services being merged forming the Hotel Services Division. Headed up by Ms Jenelle East the team is working more efficiently and purposely toward consumer support and care.

Maintenance under Stephen Zippel and administrative employees under Corporate Services Officer Loren Hulm are continuing on with strong output in management and maintenance of CMH's assets and sustainability. 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 meals 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 for CMH needs.

These groups are the Murray to Moyne Cycle Relay Team, Casterton Memorial Hospital Ladies Auxiliary, Hospital Social Club, Friends of Glenelg House, staff, as well as the now annual events of the Colour Fun Run and Dog and Dinner Auction just before the June Kelpie weekend.

Volunteering for the hospital has many benefits, not only for the consumers who reap the reward of the additional equipment from funds raised 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 Stephens

and Mary-Anne Betson; 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 111<sup>th</sup> Annual Report to you the Community and seek your ongoing support of the Casterton Memorial Hospital and its hard working team.



**Ms Merridy Rowe**  
**Board Chair**  
**22<sup>nd</sup> August, 2019**

## 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 2018/2019 financial year, fundraising contributions and donations totalled \$48,729.97. 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 Directors sincerely thanks all Casterton Memorial Hospital supporters for their generous, tireless and invaluable support during 2018/2019 year.

### Acknowledging our Life Governors

*Recognised for Service and Dedication to Casterton Memorial Hospital*

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

### Acknowledging 2018/19 donations

#### Fundraising Committees

Casterton Memorial Hospital Staff	\$1,548.00
Casterton Memorial Hospital Ladies Auxiliary	\$823.00
Casterton Memorial Hospital Social Club	\$1,000.00
CMH Murray 2 Moyne Cycle Relay	\$13,278.54
Hospital Card Program	\$3,800.00

#### Community Member Support

Anonymous	\$66.00
Casterton Kelpie Association	\$500.00
Knit & Natter Group	\$1,384.75
Memory of Marjory Cathels	\$285.00
Memory of Ernest Dexter	\$65.00
Memory of Patrick McGuinness	\$70.00
Memory of Cliff Tischler	\$230.00
Memory of Len Baker	\$200.00
Memory of James Condon	\$30.00
Memory of John Egerton	\$20.00
Memory of Maisie Humphries	\$200.00
Dog & Dinner Fundraiser	\$5,245.00
Malcolm Ginn	\$2,995.00
Friends of Glenelg House	\$1,690.00
John & Maria Shanks	\$50.00
Casterton Sandford Football Netball Club	\$100.00
Phyllis Arnall	\$100.00
Jean McCallum	\$70.00
Sally Henty-Anderson	\$10.00
Joyce Edwards	\$310.00
Leon Jordan	\$57.65
Casterton CWA	\$8,000.00
Pamela McIntyre	\$10.00
Lenox Spears	\$50.00
Liela Dohle	\$100.00
Velda Cookson	\$10.00
Benjamin Mair	\$500.00
Expressoworx	\$1,000.00

#### Estates

Estate Louise Henty	\$745.28
Equity Trustees - Estate Stanley William Heath	\$400.00
Equity Trustees - Estate John Russell MacPherson	\$625.00
Estate Norma Gilbert	\$3,000.00
Estate Gwen Cameron	\$161.25

**Total Donations** **\$48,729.47**

## Casterton Memorial Hospital - Report of Operations – 2018-2019

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 Priorities (SoP) is the formal funding and monitoring agreements between 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 2018-2019 Casterton Memorial Hospital achieved the following outcomes of the Government’s strategic priorities:

#### BETTER HEALTH:

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<p>A system geared to prevention as much as treatment</p> <p>Everyone understands their own health and risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p>	<p>Reduce statewide risks</p> <p>Build healthy neighbourhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p>	<p>Deliver the “RUOK” mental health prevention and early intervention strategy as a collaborative program with the Casterton Secondary College wellbeing team.</p> <p>The strategy will target secondary students, teachers and community members with a whole of school breakfast and presentation of key messages and evidenced based resources.</p>	<p>Whole of school session on 13<sup>th</sup> September 2018. 140 High School kids attended the session with key message of RUOK. RUOK message was promoted through posters, resources including aprons, hot drink cups, cakes and cupcakes. “Live for Life” kids also attended as mentors and wore shirts identifying themselves. Verbal feedback from teachers and students very positive on the day.</p> <p>Kelpie Festival in June 18 also had RUOK theme with the addition of “Dog &amp; Dinner” funds raised to be used for Mental Health programs for CMH. 2019 Dinner successful with guest speakers on mental health support and funds raised to CMH Mental health program support.</p>
		<p>Develop and implement an additional mid-range exercise class filling the void between low level exercise strength and balance and advanced cardiovascular group.</p>	<p>Class up and running and working on feedback and baseline measurements to be finalised. Brochure completion and feedback from consumer groups.</p>

**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 care and support they need  There is equal access to care	Plan and invest  Unlock innovation  Provide easier access  Ensure fair access	Work collaboratively, as part of the regional telehealth committee, to establish a telehealth clinic for mental health consumers with specialist clinicians at South West Healthcare and Barwon Health  Undertake a campaign to improve the level of participation in the Victorian Health Experience Survey.	Model for CMH presentations up and running with training provided to senior clinicians who will be involved in this process.  Notices are displayed in all acute wards re; VHES survey. Coding of episodes is prioritized for the beginning of the month i.e. Procedural/Same days and others where possible to increase the total numbers reported. Have noted a small increase in surveys returned as noted on the portal. CMH now only needs 10 replies to get a quarterly report however, continuous survey results are now also an option if minimum replies are not achieved. CMH received a report for Jul-Sept with 19 replies.

**SPECIFIC 2018-19 PRIORITIES**

STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<b>Disability Action Plans</b> Draft disability action plans are completed in 2018-2019	Submit a Disability Action Plan to the department by 30 June 2019 and outline the approach to fully implement the plan within the health service by 30 June 2020.	Draft plan completed and validated. In process of Board sign off and submission to DHHS.
<b>Volunteer Engagement</b> Ensure that the Health service executives have appropriate measures to engage and recognise volunteers.	Review and amend volunteer guidelines to ensure measures for engagement and recognition of volunteers is appropriate and embedded.	Volunteer engagement and recognition policies reviewed.

STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<p><b>Bullying and harassment</b> Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p>	<p>Review position descriptions to ensure positive workplace behaviours are reflected in all roles.</p>	<p>All clinical position descriptions reflect above and below behaviours</p>
	<p>Develop a regular reporting mechanism to the Board of Directors regarding incidents of bullying and harassment.</p>	<p>Formal complaints of bullying/harassment data now included in monthly Board Traffic light report. Zero formal reports received. Staff conduct incidents continue to be reported through VHIMS and are included in Quality Committee reports.</p>
<p><b>Occupational violence</b> Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>Initiate annual mandatory occupational violence training for all employees who have contact with consumers.</p>	<p>Currently all employees undertake this initially and now working on best model for all employees to do this annually.</p> <p>New Government, Union &amp; Worksafe competency to be introduced next year.</p>
<p><b>Environmental Sustainability</b> Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.</p>	<p>Implement 99 kilowatt solar power project across the organisation delivering energy savings.</p>	<p>Works completed with start date of May, 2019.</p>

STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<b>LGBTI</b> Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and secularity in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.	Evaluate the inclusive practice initiatives implemented in 2016-2017; develop and implement an action plan for addressing gaps in achieving Rainbow Tick Accreditation.	Well on the way and most of the background work has been done.  Data collection forms are a work in progress.  Accreditation now to be completed.

## Statement of Priorities – Part B (Performance Priorities)

### HIGH QUALITY & SAFE CARE

KEY PERFORMANCE INDICATOR	TARGET	2018/19 RESULT
<b>Accreditation</b>		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	80%	86.84%
Percentage of healthcare workers immunised for influenza	80%	97%
<b>Patient Experience</b>		
Victoria Healthcare Experience Survey – Data Submission	Full Compliance	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	Full Compliance *
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	Full Compliance*
* Less than 30 responses were received for the period due to the relative size of the Health Service		

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KEY PERFORMANCE INDICATOR	TARGET	2018/19 RESULT
<b>Adverse Events</b>		
Sentinel Events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Full Compliance

**STRONG GOVERNANCE , LEADERSHIP & CULTURE**

KEY PERFORMANCE INDICATOR	TARGET	2018/19 RESULT
<b>Organisational Culture</b>		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	93%
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%	94%
People Matter Survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”.	80%	91%
People Matter Survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”.	80%	89%
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%	96%
People Matter Survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	96%
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%	93%
People Matter Survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	91%
People Matter Survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	98%

**EFFECTIVE FINANCIAL MANAGEMENT**

KEY PERFORMANCE INDICATOR	TARGET	2018/19 RESULT
<b>Finance</b>		
Operating Result (\$m)	0.00	0.10
Average number of days to paying trade creditors	60 days	40 days
Average number of days to receiving patient fee debtors	60 days	36 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.71
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	161.5 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤\$250,000	-0.07

## Statement of Priorities – Part C (Activity & Funding)

FUNDING TYPE	2018/19 ACTIVITY ACHIEVEMENT
<b>Small Rural</b>	
Small Rural Acute	341
<b>Small Rural Primary Health &amp; HACC</b>	
• Primary Health	310 hours
• Nursing	413 hours
• Dietetics	9 hours
• Physiotherapy	59 hours
• Podiatry	3 hours
• Planned Activity Group – Core	365 hours
Small Rural Residential Care	10,868 bed days
Health Workforce	48 students

## Services to our Community

HOSPITAL	2017/18	2018/19
Total Multistay Inpatient Separations*	264	235
Total Same Day Separations*	235	255
Bed Days*	2512	2346
Total WIES	382.77	369.29
% Occupancy Rate Staffed Beds	46%	43%
Average Length of Stay**	4.15	4.32
% Public Bed Days	94%	81%
% Private Bed Days	6%	19%
Obstetrics / Gynaecology	14	8
Operations / Procedures	100	82
Urgent Care Presentations	1192	1141
<b>Glenelg House Residential Care</b>		
Residents Accommodated	38	46
Bed Days	10909	10868
Average Daily Occupancy	29.89	29.78
% Occupancy Rate Full Year	99.63%	99.25%
<b>Planned Activity Group</b>		
Attendances	1164	1416
<b>Community Home Nursing</b>		
Home Visits	4955	5237
Kilometres Travelled	19981	22753
<b>Community Health</b>		
Attendance (contacts)	244	281
<b>Allied Health</b>		
Physiotherapy Attendance ***	1145	841
Speech Therapy Attendance ***	0	0
Dietetics ***	61	75
<b>Meals Produced</b>		
Hospital / Residential Care / Other	64876	65597
Meals on Wheels	6681	5039
<b>Home Maintenance Program (HACC Service)</b>		
Number of Clients	101	112
Number of Visits	1216	1209
Number of Hours	1242	1212

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

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

\* Does not include Newborn transfers  
 \*\* Excludes Nursing Home Type  
 \*\*\* Includes inpatients

## 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 2018/19 year Casterton Memorial Hospital employed a total of 124 staff, 33 full-time and 91 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		Average Monthly FTE	
	2018	2019	2018	2019
Nursing	40.74	36.62	41.79	37.78
Administration & Clerical	9.42	8.72	9.95	8.86
Hotel & Allied Services	23.19	30.25	23.75	30.73

### 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		2018-19
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

### 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	2018-19
Number of reported hazards / incidents for the year per 100 FTE	22.72	21.19	12.92
Number of 'lost time' standard claims for the year per 100 FTE	68.15	5.3	80.12
Average cost per claim	\$490.17	\$96.76	\$447.02

### Industrial Relations

Casterton Memorial Hospital reports no lost days in 2018/2019 through industrial accidents or disputes.

### **Equal Employment Opportunity – Merit & Equity**

The Board of Directors 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

### **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, staff 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 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.

### **Local Jobs First Act 2003**

There were no contracts commenced or completed during this reporting period to which the *Local Jobs First Act 2003* applied.

### **Details of consultancies**

In 2018-2019 Casterton Memorial Hospital did not engage the services of a consultant.

**Information & Communication Technology ICT Expenditure**

ICT expenditure incurred during 2018-19 is \$354,409 (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		
Total (exc. GST)	Total = Operational Expenditure and Capital Expenditure (exc. GST)	Operational Expenditure (exc. GST)	Capital Expenditure (exc. GST)
\$354,409	\$444,998	\$377,846	\$67,152

**Environmental Management**

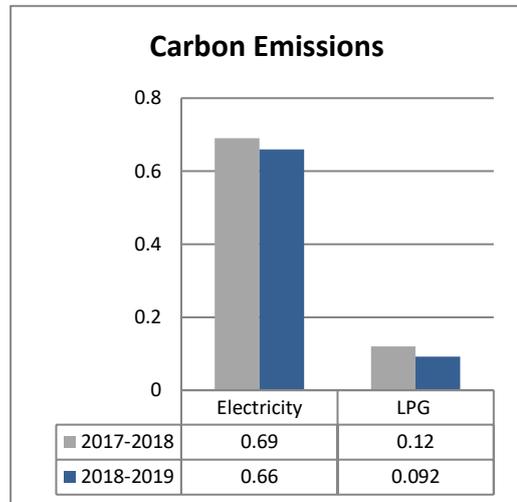
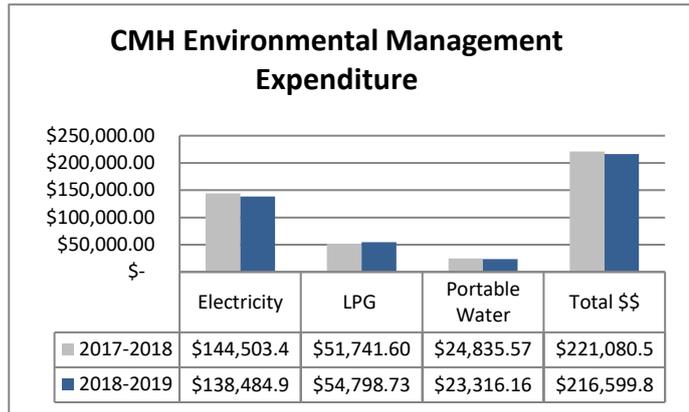
Casterton Memorial Hospital’s Environmental Management Committee formulates, in consultation with employees and consumers, strategies to implement projects, monitor usage and reduce the environmental impact of the facility.

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 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 Directors.

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 5.19) the report of operations confirms 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. Casterton Memorial Hospital has critically reviewed these controls and processes during the year.



Owen P Stephens  
Chief Executive Officer  
Casterton  
22<sup>nd</sup> August 2019

### 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  
22<sup>nd</sup> August, 2019

### 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; except for the following material non-compliance issues that have been reported to HPV.

Casterton Memorial Hospital reports the following material non-compliance issues:

There were no issues identified relating to HPV Collective Agreements

There were 5 issues identified relating to the HPV Health Purchasing Policies.



Owen P Stephens  
Chief Executive Officer  
Casterton  
22<sup>nd</sup> August, 2019

### 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 directors 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  
22<sup>nd</sup> August, 2019

### Financial Management Compliance Attestation

I, Merridy Rowe, on behalf of the Responsible Body, certify that Casterton Memorial Hospital has complied with the applicable Standing Directions 2018 under the Financial Management Act 1994 and Instructions.



Merridy Rowe  
Board Chair  
Casterton  
22<sup>nd</sup> August, 2019

### Integrity, fraud and corruption

I, Owen Stephens, certify that Casterton Memorial Hospital has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Casterton Memorial Hospital during the year.



Owen P Stephens  
Chief Executive Officer  
Casterton  
22<sup>nd</sup> August, 2019

## Finance & Activity Overview

The financial statements of account for the year ended 30 June, 2019 have been completed in accordance with the *Standing Direction 4.2* of the *Financial Management Act 1994*, applicable *Financial Reporting Directions* and *Australian Accounting and Audit Standards*.

The accepted performance indicator from the Department of Health and Human Service's is the net operating result as outlined in the Statement of Priorities. Casterton Memorial Hospital's net operating result reports a surplus of \$102,221. This result is reconciled to the net result from transactions in the table below and excludes capital purpose income, depreciation and finance costs.

Total income from transactions of \$9,362,237 represents a 3.43% increase on previous year and can be attributed to increases in both government grants and patient resident fees (Note 2.1). Total expenses from transactions represents an increase of 2.81% on previous year and main factors include increased salary and wages costs of EBA's and higher depreciation. On a positive note was the decrease of other operating expenses by 24.84% underlying the responsible maintenance of operating expenditure (Note 3.1).

### Five Year Financial Comparative Statement

	2019	2018	2017	2016	2015
	\$000	\$000	\$000	\$000	\$000
<b>OPERATING RESULT</b>	<b>102</b>	<b>(41)</b>	<b>281</b>	<b>76</b>	<b>161</b>
- Total Revenue	9,362	9,052	9,637	9,135	8,927
- Total Expenses	10,229	9,949	10,062	9,867	9,428
<b>- Net result from transactions</b>	<b>(867)</b>	<b>(897)</b>	<b>(426)</b>	<b>(732)</b>	<b>(528)</b>
- Total other economic flows	(65)	(4)	15	(30)	0
<b>- Net result</b>	<b>(932)</b>	<b>(901)</b>	<b>(410)</b>	<b>(762)</b>	<b>(528)</b>
- Total Assets	26,693	29,434	28,621	28,658	28,465
- Total Liabilities	3,993	4,816	5,110	4,736	3,782
<b>- Net assets/Total equity</b>	<b>22,700</b>	<b>24,618</b>	<b>23,511</b>	<b>23,922</b>	<b>24,683</b>

### Reconciliation between the Net result from transactions reported in the Comprehensive Operating Statement to the Operating result as agreed in the Statement of Priorities

	2019
	\$000
<b>Net operating result*</b>	<b>102</b>
<b>Capital &amp; Specific Items</b>	
Capital purpose income	212
Specific income	
Assets provided free of charge	
Assets received free of charge	
Expenditure for capital purpose	
Depreciation & amortisation	1,156
Impairment of non-financial assets	
Finance costs (other)	25
<b>Net result from transactions</b>	<b>(867)</b>

\* The Net Operating result is the result which Casterton Memorial Hospital is monitored against in its Statement of Priorities

### Comprehensive Result

Entity Comprehensive Result of (\$1,916,697) is a decrease of \$3,017,471 on the prior year result and is largely due to revaluation of land and buildings from the Victoria Valuer General.

### Liquidity

Casterton Memorial Hospital financial position is stable with current assets exceeding current liabilities by \$1,567,234 as at 30 June 2019.

Casterton Memorial Hospital current asset ratio stands at 1.44. This remains considerably higher than the DHHS benchmark of 0.7 and has been the case over the past 5 years.

### Cash Flow

Casterton Memorial Hospital has generated a positive net cashflow from operating activities of \$60,265 for the financial year. Casterton Memorial Hospital remains in a secure position with cash and cash equivalents totalling \$4,288,731 as at 30 June 2019. This amount includes \$2,041,572 in accommodation bonds.

### Summary of Significant Changes

Summary of Changes	2018	2018	% Variance
Cash & Cash Equivalents	4288731	5156908	-16.8
Assets	26693191	29433598	-9.3
Liabilities	3993110	4815705	-17.1

Cash & Cash Equivalents and Liabilities decrease due to the repayment of accommodation bonds. Asset value decrease to Valuer General revaluation of buildings/land.



**M. Betinsky**  
Finance Officer  
22<sup>nd</sup> August 2019

### 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 2019.



**Ms Merridy Rowe**  
Board Chair  
22<sup>nd</sup> August, 2019

# Casterton Memorial Hospital



## Financial Report 2018 - 2019

### 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 Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Casterton Memorial Hospital at 30 June 2019.

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

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

**Ms. M. Rowe**  
Board President

Casterton  
9<sup>th</sup> September 2019

**Mr O.P. Stephens**  
Chief Executive Officer

Casterton  
9<sup>th</sup> September 2019

**Mr. M. Betinsky**  
Chief Finance &  
Accounting Officer

Casterton  
9<sup>th</sup> September 2019



## Independent Auditor's Report

### To the Board of Casterton Memorial Hospital

<b>Opinion</b>	<p>I have audited the financial report of Casterton Memorial Hospital (the health service) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2019</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>APES 110 Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other Information</b>	<p>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 2019, but does not include the financial report and my auditor's report thereon.</p> <p>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.</p>

<b>Board's responsibilities for the financial report</b>	<p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p>
<b>Auditor's responsibilities for the audit of the financial report</b>	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"><li>• 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.</li><li>• 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</li><li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board</li><li>• 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.</li><li>• 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.</li></ul>

**Auditor's responsibilities for the audit of the financial report (continued)** 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  
11 September 2019



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

**Casterton Memorial Hospital  
Comprehensive Operating Statement  
For the Financial Year Ended 30 June 2019**

	Note	Total 2019 \$	Total 2018 \$
<b>Income from Transactions</b>			
Operating Activities	2.1	9,243,869	8,920,469
Non-operating Activities	2.1	118,368	131,336
<b>Total Income from Transactions</b>		<b>9,362,237</b>	<b>9,051,805</b>
<b>Expenses from Transactions</b>			
Employee Expenses	3.1	(7,524,846)	(7,067,754)
Supplies & Consumables	3.1	(590,409)	(570,333)
Finance Costs	3.1	(24,747)	(16,167)
Depreciation and Amortisation	4.3	(1,156,466)	(1,053,827)
Other Operating Expenses	3.1	(932,702)	(1,240,929)
<b>Total Expenses from Transactions</b>		<b>(10,229,170)</b>	<b>(9,949,010)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(866,933)</b>	<b>(897,205)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non financial assets	3.2	3,039	(356)
Share of Other economic flows from Joint Operation	3.2	1,284	6,024
Other Gain/(Loss) from Other Economic Flows	3.2	(69,086)	(1,375)
<b>Total Other economic flows included in net result</b>		<b>(64,763)</b>	<b>4,293</b>
<b>NET RESULT FOR THE YEAR</b>		<b>(931,696)</b>	<b>(892,912)</b>
<b>Other Comprehensive Income Items that</b>			
Changes in Physical Asset revaluation surplus		(986,116)	1,999,710
<b>Total Other Comprehensive Income</b>		<b>(986,116)</b>	<b>1,999,710</b>
<b>Comprehensive Result for the Year</b>		<b>(1,917,812)</b>	<b>1,106,798</b>

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

**Casterton Memorial Hospital  
Balance Sheet  
As at 30 June 2019**

	Note	Total 2019 \$	Total 2018 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	4,288,731	5,156,908
Receivables	5.1	324,455	258,947
Investments and Other Financial Assets	4.1	450,000	700,000
Inventories		-	46,597
Other Current Assets		93,081	88,440
<b>Total Current Assets</b>		<b>5,156,267</b>	<b>6,250,892</b>
<b>Non-Current Assets</b>			
Receivables	5.1	552,587	408,353
Investments and Other Financial Assets	8.10	35,420	34,136
Property, Plant & Equipment	4.2	20,908,917	22,690,217
Investment Properties	4.4	40,000	50,000
<b>Total Non-Current Assets</b>		<b>21,536,924</b>	<b>23,182,706</b>
<b>TOTAL ASSETS</b>		<b>26,693,191</b>	<b>29,433,598</b>
<b>Current Liabilities</b>			
Payables	5.3	572,474	772,704
Employee benefits	3.4	1,853,574	1,676,647
Borrowings	6.1	57,625	72,659
Other Liabilities	5.2	1,105,360	2,043,806
<b>Total Current Liabilities</b>		<b>3,589,033</b>	<b>4,565,816</b>
<b>Non-Current Liabilities</b>			
Employee benefits	3.4	303,386	249,889
Borrowings	6.1	100,691	-
<b>Total Non-Current Liabilities</b>		<b>404,077</b>	<b>249,889</b>
<b>TOTAL LIABILITIES</b>		<b>3,993,110</b>	<b>4,815,705</b>
<b>NET ASSETS</b>		<b>22,700,081</b>	<b>24,617,893</b>
<b>EQUITY</b>			
Property, Plant & Equipment Revaluation Surplus		20,810,464	21,796,580
Contributed Capital		2,293,608	2,293,608
Accumulated Surpluses		(403,991)	527,705
<b>TOTAL EQUITY</b>		<b>22,700,081</b>	<b>24,617,893</b>

*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 2019**

Note	Property, Plant & Equipment Revaluation Surplus \$	Contributed Capital \$	Accumulated Surpluses \$	Total \$
<b>Balance at 30 June 2017</b>	<b>19,796,870</b>	<b>2,293,608</b>	<b>1,420,617</b>	<b>23,511,095</b>
Net result for the year			(892,912)	(892,912)
Other comprehensive Income for the year	1,999,710	-	-	1,999,710
<b>Balance at 30 June 2018</b>	<b>21,796,580</b>	<b>2,293,608</b>	<b>527,705</b>	<b>24,617,893</b>
Net result for the year		-	(931,696)	(931,696)
Other comprehensive Income for the year	(986,116)	-		(986,116)
<b>Balance at 30 June 2019</b>	<b>20,810,464</b>	<b>2,293,608</b>	<b>(403,991)</b>	<b>22,700,081</b>

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

**Casterton Memorial Hospital  
Cash Flow Statement  
For the Year Ended 30 June 2019**

	Note	Total 2019 \$	Total 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		7,308,433	6,967,509
Capital Grants from Government		86,399	27,000
Patient and Resident Fees Received		1,108,615	1,110,036
Donations and Bequests Received		49,044	32,974
GST Received from/(paid to) ATO		7,623	(11,189)
Interest Received		118,369	131,336
Other Receipts		786,847	1,465,868
<b>Total Receipts</b>		<b>9,465,330</b>	<b>9,723,534</b>
Employee Expenses Paid		(6,839,181)	(6,560,657)
Non Salary Labour Costs		(333,793)	(168,861)
Payments for Supplies & Consumables		(408,580)	(858,598)
Fee for Service Medical Officers		(201,497)	(217,908)
Other Payments		(1,622,014)	(1,602,409)
<b>Total Payments</b>		<b>(9,405,065)</b>	<b>(9,408,433)</b>
<b>NET CASHFLOWS FROM/OPERATING ACTIVITIES</b>	8.1	<b>60,265</b>	<b>315,101</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Payments for)/Proceeds from Financial Assets		250,000	(700,000)
Payments for Non-Financial Assets		(381,423)	(175,311)
Proceeds from sale of Non-Financial Assets		23,182	15,094
<b>NET CASHFLOWS USED IN INVESTING ACTIVITIES</b>		<b>(108,241)</b>	<b>(860,217)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of Borrowings		116,012	-
Receipt of Accommodation Deposits		175,000	209,565
Repayment of Accommodation Deposits		(1,111,213)	-
<b>NET CASHFLOWS FROM/OPERATING ACTIVITIES</b>		<b>(820,201)</b>	<b>209,565</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>			
		<b>(868,177)</b>	<b>(335,551)</b>
Cash and Cash Equivalents At Beginning Of Financial Year		<b>5,156,908</b>	<b>5,492,459</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	6.2	<b>4,288,731</b>	<b>5,156,908</b>

*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 2019**

***Basis of preparation***

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

*These financial statements are presented 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 hospital.*

**Note 1 – Summary of Significant Accounting Policies**

These annual financial statements represent the audited general purpose financial statements for the year ended 30 June 2019. The report provides users with information about Casterton Memorial Hospital's stewardship of resources entrusted to it.

These annual financial statements represent the audited general purpose financial statements for Casterton Memorial Hospital (ABN 62 051 291 134) Service (ABN 43 323 722 091) for the year ended 30 June 2019. The purpose of the report is to provide users with information about the Health Services' 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 Assistant Treasurer.

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.

**(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 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.9 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.

Casterton Memorial Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional 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 4.2 Property, Plant and Equipment);
- Defined benefit 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.

#### **(d) Principles of Consolidation**

##### **Intersegment Transactions**

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

**(e) Jointly Controlled Operation**

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In respect of any interest in joint operations, 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.

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 8.7 Jointly Controlled Operations)

**(e) Equity**

***Contributed Capital***

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

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

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

***(f) Comparatives***

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

**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's services is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

**Note 2.1: Income from Transactions**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
Government Grants - Operating	7,474,952	6,956,315
Government Grants - Capital	94,470	27,000
Other Capital Purpose Income	49,044	188,703
Patient & Resident Fees	1,117,567	951,755
Commercial Activities 1	219,196	241,400
Other Revenue from Operating Activities (including non-capital donations)	288,640	555,296
<b>Total Revenue from Operating Activities</b>	<b>9,243,869</b>	<b>8,920,469</b>
Interest	118,368	131,336
<b>Total Revenue from Non-Operating Activities</b>	<b>118,368</b>	<b>131,336</b>
<b>Total Revenue</b>	<b>9,362,237</b>	<b>9,051,805</b>

<sup>1</sup>: Commercial activities represent business activities which health service enter into to support their operations.

**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, 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 Casterton Memorial Hospital gains control of the underlying assets irrespective of whether conditions are imposed on Casterton Memorial Hospital's use of the contributions.

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

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

**Non-cash contributions from the Department of Health and Human Services**

The Department of Health and Human Services makes some payments on behalf of health services as follows:

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

**Patient and Resident Fees**

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

**Revenue from Commercial Activities**

Revenue from commercial activities such as catering and property rental income are recognised on an accrual basis.

**Other Income**

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

**Interest Revenue**

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

**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 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis for expenses and revenue internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

**Note 3.1: Expenses from Transactions**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
Salaries & Wages	6,289,248	6,028,619
On-Costs	599,096	573,272
Agency Expenses	333,793	168,861
Fee for Service Medical Officer Expenses	201,497	217,909
WorkCover Premium	101,212	79,093
<b>Total Employee Expenses</b>	<b>7,524,846</b>	<b>7,067,754</b>
Drug Supplies	84,267	53,987
Medical and Surgical Supplies	148,651	158,584
Diagnostic and Radiology Supplies	17,070	20,270
Other Supplies and Consumables	340,421	337,492
<b>Total Supplies and Consumables</b>	<b>590,409</b>	<b>570,333</b>
Finance Costs	24,747	16,167
<b>Total Finance Costs</b>	<b>24,747</b>	<b>16,167</b>
Fuel, Light, Power and Water	258,098	255,479
Repairs and Maintenance	73,119	272,459
Maintenance Contracts	54,495	55,159
Medical Indemnity Insurance	43,167	50,204
Other Administrative Expenses	503,823	607,628
<b>Total Other Operating Expenses</b>	<b>932,702</b>	<b>1,240,929</b>
Depreciation and Amortisation (refer note 4.3)	1,156,466	1,053,827
<b>Total Other Non-Operating Expenses</b>	<b>1,156,466</b>	<b>1,053,827</b>
<b>Total Expenses from Transactions</b>	<b>10,229,170</b>	<b>9,949,010</b>

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

**Employee Expenses**

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses;
- Work cover premium.

**Supplies and consumables**

Supplies and consumables - Supplies and services costs which are recognised as an expense in the reporting period in

**Finance costs**

Finance costs include:

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

**Other Operating Expenses**

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

**Non-operating expenses**

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation

**Note 3.2: Other Economic Flows**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<u>Net gain/(loss) on sale of non-financial assets</u>		
Net gain/(loss) on disposal of property plant and equipment	3,039	(356)
<b>Total gain/(loss) on sale of non-financial assets</b>	<b>3,039</b>	<b>(356)</b>
<u>Share of other economic flows from Joint Operations</u>		
Share of net profits/(losses) of joint entities	1,284	-
<b>Total Share of other economic flows from Joint Operations</b>	<b>1,284</b>	<b>-</b>
<u>Other gains/(losses) from other economic flows</u>		
Net gains/(losses) from revaluation of long service leave liability	(69,086)	(1,375)
<b>Total other gains/(losses) from other economic</b>	<b>(69,086)</b>	<b>(1,375)</b>
<b>Total gains/(losses ) from other economic flows</b>	<b>(64,763)</b>	<b>(1,731)</b>

**Net gain/ (loss) on non-financial assets**

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

**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,
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

**Note 3.3: Analysis of expenses and revenue by internally managed and restricted specific purpose funds**

	Expense		Revenue	
	Total 2019 \$	Total 2018 \$	Total 2019 \$	Total 2018 \$
<b>Commercial Activities</b>				
Catering	75,000	91,010	107,142	130,014
Laundry	3,669	3,244	1,321	1,168
Property Income	1,247	1,193	49,873	47,723
Property Maintenance	17,041	17,499	60,860	62,495
<b>Total</b>	<b>96,957</b>	<b>112,946</b>	<b>219,196</b>	<b>241,400</b>

**Note 3.4: Employee benefits in the balance sheet**

	Total 2019 \$	Total 2018 \$
<b>Current Provisions</b>		
<b>Employee Benefits (i)</b>		
Annual Leave		
- Unconditional and expected to be settled within 12 months (ii)	530,880	410,981
- Unconditional and expected to be settled after 12 months (iii)	52,728	157,506
Long Service Leave		
- Unconditional and expected to be settled within 12 months (ii)	189,761	206,540
- Unconditional and expected to be settled after 12 months (iii)	785,475	629,200
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (ii)	41,696	32,067
	<b>1,600,540</b>	<b>1,436,294</b>
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	155,962	128,799
- Unconditional and expected to be settled after 12 months (iii)	97,072	111,554
	<b>253,034</b>	<b>240,353</b>
<b>Total Current Provisions</b>	<b>1,853,574</b>	<b>1,676,647</b>
<b>Non-Current Provisions</b>		
Employee Benefits (iii)	274,788	226,491
Provisions related to Employee Benefit On-Costs (iii)	28,598	23,398
<b>Total Non-Current Provisions</b>	<b>303,386</b>	<b>249,889</b>
<b>Total Provisions</b>	<b>2,156,960</b>	<b>1,926,536</b>
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and related on-costs</b>		
Annual Leave Entitlements	736,910	721,789
Accrued Days Off	41,696	32,067
Unconditional Long Service Leave Entitlements	1,074,968	922,791
<b>Non-Current Employee Benefits and related on-costs</b>		
Conditional Long Service Leave Entitlements	303,386	249,889
<b>Total Employee Benefits and Related On-Costs</b>	<b>2,156,960</b>	<b>1,926,536</b>

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

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

**(b) Movements in On-Costs Provisions**

**Balance at start of year**

Provision made during the year

Additional provisions recognised

Effect of changes in the discount rate

Reduction due to transfer out

**Balance at end of year**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
	<b>263,751</b>	<b>160,922</b>
	130,621	223,126
	900	220
	(113,640)	(120,517)
	<b>281,632</b>	<b>263,751</b>

**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 Hospitals has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

**Annual Leave and Accrued Days Off**

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Casterton Memorial Hospital does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if Casterton Memorial Hospital expects to wholly settle within 12 months; or
- Present value – if Casterton Memorial Hospital does not expect to wholly settle within 12 months.

**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:

- Nominal – 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 separately from provisions for employee benefits.

**Note 3.5: Superannuation**

	<b>Paid contribution for the Year 2019</b>	<b>Paid contribution for the Year 2018</b>	<b>Contribution outstanding at Year End 2019</b>	<b>Contribution outstanding at Year End 2018</b>
	\$	\$	\$	\$
<b>Defined benefit plans: <sup>(i)</sup></b>				
First State Super (Health Super)	35,658	34,054	-	-
<b>Defined Contribution plans:</b>				
First State Super (Health Super)	469,869	453,636	-	-
HESTA	70,781	77,274	-	-
Other	22,788	-	-	-
<b>Total</b>	<b>599,096</b>	<b>564,964</b>	<b>-</b>	<b>-</b>

(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 Benefit Superannuation Plans**

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Casterton Memorial Hospital to the superannuation plans in respect of the services of current Casterton Memorial Hospital's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

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.

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

**Defined Contribution Superannuation Plans**

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

**Note 4: Key assets to support service delivery**

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 Property, plant and equipment
- 4.3 Depreciation and amortisation
- 4.4 Investment Properties

**Note 4.1: Investments and Other Financial Assets**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<b>CURRENT</b>		
<b>Financial Assets at Amortised Cost</b>		
Term Deposits		
Australian Dollar Term Deposits > 3 Months	450,000	700,000
<b>TOTAL CURRENT</b>	<b>450,000</b>	<b>700,000</b>
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>450,000</b>	<b>700,000</b>
<b>Represented by:</b>		
Health Service investment	450,000	700,000
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>450,000</b>	<b>700,000</b>

**Investment Recognition**

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

Investments are classified as financial assets at amortised cost.

The Casterton Memorial Hospital classifies its other financial assets between current and non-current assets based on the Board'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.

Casterton Memorial Hospitals's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

**Derecognition of Financial Assets**

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

- The rights to receive cash flows from the asset have expired; or
- Casterton Memorial Hospital retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Casterton Memorial Hospital has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

**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 Operating Statement, are subject to annual review for impairment.

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**Note 4.2: Property, plant and equipment**

***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.

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

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

***Revaluations of Non-Current Physical Assets***

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

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

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

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

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

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

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***Fair value measurement***

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

For the purpose of fair value disclosures, Casterton Memorial Hospital has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, 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.

***Valuation hierarchy***

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

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

***Identifying unobservable inputs (level 3) fair value measurements***

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

Unobservable inputs are 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.

***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, Casterton Memorial Hospital has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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***Specialised Land and Specialised Buildings***

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

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

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

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

For 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 2019.

***Vehicles***

The Casterton Memorial Hospital 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 2019.

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

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**Note 4.2: Property, plant and equipment**

(a) Gross carrying amount and accumulated depreciation

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<b>Land</b>		
Land at Fair Value	330,000	260,000
<b>Total Land</b>	<b>330,000</b>	<b>260,000</b>
<b>Land Improvement</b>		
Land Improvements at Fair Value	374,113	506,044
Less Acc'd Depreciation	-	48,756
<b>Total Land Improvements</b>	<b>374,113</b>	<b>457,288</b>
<b>Buildings</b>		
Buildings at Fair Value	19,515,201	21,458,565
Assets Under Construction	4,688	99,469
<b>Total Buildings</b>	<b>19,519,889</b>	<b>21,558,034</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	817,010	667,149
Less Acc'd Depreciation	568,707	565,231
<b>Total Plant and Equipment</b>	<b>248,303</b>	<b>101,918</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	525,521	527,649
Less Acc'd Depreciation	503,024	479,927
<b>Total Medical Equipment</b>	<b>22,497</b>	<b>47,722</b>
<b>Computers and Communication</b>		
Computers and Communication at Fair Value	107,237	24,909
Less Acc'd Depreciation	13,569	13,904
<b>Total Computers and Communication</b>	<b>93,668</b>	<b>11,005</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	676,058	659,249
Less Acc'd Depreciation	553,647	529,897
<b>Total Furniture and Fittings</b>	<b>122,411</b>	<b>129,352</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Fair Value	307,535	291,526
Less Acc'd Depreciation	227,002	232,923
<b>Total Motor Vehicles</b>	<b>80,533</b>	<b>58,603</b>
<b>Leased Assets</b>		
Computers and Communication	563,351	457,930
Less Acc'd Depreciation	445,848	391,635
<b>Total Leased Assets</b>	<b>117,503</b>	<b>66,295</b>
<b>TOTAL</b>	<b>20,908,917</b>	<b>22,690,217</b>

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**Note 4.2: Property, Plant & Equipment (Continued)**

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

	Land & Land Improvements	Buildings	Plant & Equipment	Medical Equipment	Computers & Comm Equipment	Furniture & Fittings	Motor Vehicles	Lease Assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>730,384</b>	<b>20,201,661</b>	<b>121,234</b>	<b>79,213</b>	<b>105,456</b>	<b>156,516</b>	<b>77,314</b>	<b>118,719</b>	<b>21,590,497</b>
Additions	-	229,008	20,256	1,039	-	11,465	-	-	261,768
Disposals	-	-	(7,285)	-	(92,837)	(7,809)	-	-	(107,931)
Revaluation	-	1,999,710	-	-	-	-	-	-	1,999,710
Depreciation (note 4.3)	(13,096)	(872,345)	(32,287)	(32,530)	(1,614)	(30,820)	(18,711)	(52,424)	(1,053,827)
<b>Balance at 1 July 2018</b>	<b>717,288</b>	<b>21,558,034</b>	<b>101,918</b>	<b>47,722</b>	<b>11,005</b>	<b>129,352</b>	<b>58,603</b>	<b>66,295</b>	<b>22,690,217</b>
Transfers	-	(254,844)	154,508	-	100,336	-	-	-	-
Additions	-	165,429	23,306	2,801	-	21,185	59,162	118,360	390,243
Disposals	-	-	-	-	(10,598)	-	(18,364)	-	(28,962)
Revaluation	(9,349)	(976,767)	-	-	-	-	-	-	(986,116)
Depreciation (note 4.3)	(3,826)	(971,963)	(31,429)	(28,026)	(7,076)	(28,126)	(18,868)	(67,152)	(1,156,466)
<b>Balance at 30 June 2019</b>	<b>704,113</b>	<b>19,519,889</b>	<b>248,303</b>	<b>22,497</b>	<b>93,668</b>	<b>122,411</b>	<b>80,533</b>	<b>117,503</b>	<b>20,908,917</b>

**Land and buildings carried at valuation**

The Valuer-General Victoria undertook to re-value all of Casterton Memorial Hospital's owned 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 2019.

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**Note 4.2: Property, Plant & Equipment (Continued)**

(c) Fair value measurement hierarchy for assets as at 30 June 2019

	Carrying Amount as at 30 June 2019 \$	Fair value measurement at end of reporting period using:		
		Level 1(i) \$	Level 2(i) \$	Level 3(i) \$
<b>Land at Fair Value</b>				
Specialised land	330,000	-	-	330,000
Land Improvements	374,113	-	-	374,113
<b>Total of Land at Fair Value</b>	<b>704,113</b>	-	-	<b>704,113</b>
<b>Buildings at Fair Value</b>				
Specialised Buildings	19,515,201	-	-	19,515,201
<b>Total of Building at Fair Value</b>	<b>19,515,201</b>	-	-	<b>19,515,201</b>
Plant, Equipment and Vehicles at fair value	248,303	-	-	248,303
Medical Equipment at Fair Value	22,497	-	-	22,497
Computers and Communication at Fair Value	93,668	-	-	93,668
Furniture and Fittings at Fair Value	122,411	-	-	122,411
Motor Vehicles at Fair Value	80,533	-	80,533	-
<b>Total Property, Plant &amp; Equipment</b>	<b>20,786,726</b>	-	<b>80,533</b>	<b>20,706,193</b>

(i) Classified in accordance with the fair value hierarchy

(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 \$
<b>Land at Fair Value</b>				
Specialised land	260,000	-	-	260,000
Land Improvements	457,288	-	-	457,288
<b>Total of Land at Fair Value</b>	<b>717,288</b>	-	-	<b>717,288</b>
<b>Buildings at Fair Value</b>				
Specialised Buildings	21,458,565	-	-	21,458,565
<b>Total of Building at Fair Value</b>	<b>21,458,565</b>	-	-	<b>21,458,565</b>
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	-
<b>Total Property, Plant &amp; Equipment</b>	<b>22,590,748</b>	-	<b>58,603</b>	<b>22,532,145</b>

(i) Classified in accordance with the fair value hierarchy

**Note 4.2: Property, Plant & Equipment (Continued)**

(d) Reconciliation of level 3 Fair Value measurement

	Land	Buildings	Plant & Equipments	Medical Equipment	Computers & Comm Equipment	Furniture & Fittings Equipment
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>730,384</b>	<b>20,201,661</b>	<b>121,234</b>	<b>79,213</b>	<b>105,456</b>	<b>156,516</b>
Additions	-	129,539	20,256	1,039		11,465
Disposals	-	-	(7,285)		(92,837)	(7,809)
Revaluation	-	1,999,710				
Depreciation (note 4.3)	(13,096)	(872,345)	(32,287)	(32,530)	(1,614)	(30,820)
<b>Balance at 1 July 2018</b>	<b>717,288</b>	<b>21,458,565</b>	<b>101,918</b>	<b>47,722</b>	<b>11,005</b>	<b>129,352</b>
Additions	-	5,366	177,814	2,801	100,337	21,185
Disposals	-				(10,598)	
Revaluation	(9,349)	(976,767)				
Depreciation (note 4.3)	(3,826)	(971,963)	(31,429)	(28,026)	(7,076)	(28,126)
<b>Balance at 30 June 2019</b>	<b>704,113</b>	<b>19,515,201</b>	<b>248,303</b>	<b>22,497</b>	<b>93,668</b>	<b>122,411</b>

(e) Fair Value Determination

Asset Class	Examples of types assets	Expected fair value level	Likely valuation approach	Significant inputs
Specialised land (Crown/Freehold)	- Land subject to restriction as to use and/or sale - Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligation Adjustments 20%
Specialised Buildings	Specialised buildings with limited alternative uses and/or substantial customisation eg. Hospitals	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	If there is an active resale market available	Level 2	Market approach	n.a.
Plant and equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life

(f) Property, Plant and Equipment Revaluation Surplus as at 30 June 2019

	Total 2019 \$	Total 2018 \$
<b>Property, Plant and Equipment Revaluation Surplus</b>		
Balance at the beginning of the reporting period	21,796,580	19,796,870
- Land	(9,349)	-
- Buildings	(976,767)	1,999,710
<b>Balance at the end of the reporting period</b>	<b>20,810,464</b>	<b>21,796,580</b>
Represented by		
- Land	399,943	409,292
- Buildings	20,410,521	21,387,288
<b>Total</b>	<b>20,810,464</b>	<b>21,796,580</b>

**Note 4.3: Depreciation and amortisation**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<b>Depreciation</b>		
Buildings	971,963	872,345
Plant & Equipment	31,429	32,287
Medical Equipment	28,026	32,530
Computers and Communication	7,076	1,614
Furniture and Fittings	28,126	30,820
Motor Vehicles	18,868	18,711
Landscaping and Paving	3,826	13,096
Leased Assets - South West Alliance of Rural Health	67,152	52,424
<b>Total Depreciation</b>	<b>1,156,466</b>	<b>1,053,827</b>

**Depreciation**

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

**Amortisation**

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

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

	2019	2018
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 Plant		
- 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	2 to 4 years	1 to 4 years
Furniture and Fittings	8 to 10 years	8 to 10 years
Motor Vehicles	2 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 4.4: Investment properties**

(a) Movements in carrying value for investment properties as at 30 June 2019

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<b>Balance at Beginning of Year</b>	50,000	50,000
Net Gain/(Loss) from Fair Value Revaluation	(10,000)	-
<b>Balance at End of Year</b>	<b>40,000</b>	<b>50,000</b>

(b) Fair value measurement hierarchy for investment properties as at 30 June 2019

	<b>Carry amount as at 30 June 2019</b>	<b>Fair value measurement at end of reporting period using:</b>		
		Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
<b>Investment Properties</b>	40,000		40,000	
	40,000		40,000	

	<b>Carry amount as at 30 June</b>	<b>Fair value measurement at end of reporting period using:</b>		
		Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
<b>Investment Properties</b>	50,000		50,000	
	50,000		50,000	

**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.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of the Health Service's investment properties at 30 June 2019 have been arrived on the basis of an independent valuation carried out by independent valuers Victorian Valuer General. The valuation was 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.

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.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2019.

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**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**

**CURRENT**

**Contractual**

Trade Debtors

Patient Fees

Accrued Revenue - Interest

Receivables - SWARH

**Statutory**

DHHS Receivables

GST Receivable

**TOTAL CURRENT RECEIVABLES**

**NON CURRENT**

**Statutory**

Long Service Leave - Department of Health and Human Services

**TOTAL NON-CURRENT RECEIVABLES**

**TOTAL RECEIVABLES**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
	124,878	127,899
	12,286	16,674
	25,604	21,273
	123,980	38,157
	<b>286,748</b>	<b>204,003</b>
	-	7,871
	37,707	47,073
	<b>324,455</b>	<b>258,947</b>
	552,587	408,353
	<b>552,587</b>	<b>408,353</b>
	<b>877,042</b>	<b>667,300</b>

**Receivables Recognition**

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Casterton Memorial Hospital holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Casterton Memorial Hospital applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Casterton Memorial Hospital is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, Casterton Memorial Hospital is expected to have a credit loss of \$0.

**Impairment losses of contractual receivables**

Refer to Note 7.1 (c) Contractual receivables at amortised costs for Casterton Memorial Hospital's contractual impairment losses.

Notes To and Forming Part of the Financial Statements  
Casterton Memorial Hospital Annual Report 2018/2019

**Note 5.2: Other liabilities**

**CURRENT**

Income received in Advance - Patient fees  
Monies Held in Trust  
- Accommodation Bonds (Refundable Entrance Fees)

**Total Current**

**Total Other Liabilities**

**Total Monies Held in Trust  
Represented by the following  
assets:**

Cash Assets (refer to Note 6.2)

**TOTAL**

<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
-	2,233
1,105,360	2,041,573
<b>1,105,360</b>	<b>2,043,806</b>
<b>1,105,360</b>	<b>2,043,806</b>
1,105,360	2,041,573
<b>1,105,360</b>	<b>2,041,573</b>

**Note 5.3: Payables**

**CURRENT**

**Contractual**

Trade Creditors  
Accrued Salaries and Wages  
Accrued Expenses  
SWARH - Payables

**Statutory**

GST Payable  
DHHS Payables  
PAYG Withholding

**TOTAL CURRENT**

<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
165,261	245,483
108,851	109,878
65,066	21,053
101,001	116,791
<b>440,179</b>	<b>493,205</b>
14,770	16,513
23,147	175,396
94,378	87,590
<b>132,295</b>	<b>279,499</b>
<b>572,474</b>	<b>772,704</b>

***Payables Recognition***

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Casterton Memorial Hospital 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.

The normal credit terms for accounts payable are usually Nett 60 days.

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**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**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<b>CURRENT</b>		
Australian Dollar Borrowings		
– Finance Lease Liability - SWARH	27,270	72,659
– DHHS solar loan	30,355	
<b>Total Current</b>	<b>57,625</b>	<b>72,659</b>
<b>NON CURRENT</b>		
Australian Dollar Borrowings		
– Finance Lease Liability - SWARH	41,476	-
– DHHS solar loan	59,215	
<b>Total Non-Current</b>	<b>100,691</b>	<b>-</b>
<b>Total Borrowings</b>	<b>158,316</b>	<b>72,659</b>

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.

**Maturity analysis of borrowings**

Please refer to note 7.1 (b) for the maturity analysis of borrowings.

**Defaults and breaches**

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

**Note 6.1: Borrowings (cont.)  
Borrowings Recognition**

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

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease 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.

**Borrowings**

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Casterton Memorial Hospital has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

**Note 6.2 Cash and cash equivalents**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
Cash on Hand	400	400
Cash at Bank	79,228	580,528
SWARH - Cash at Bank	28,496	142,822
Deposits at Call	3,075,247	2,391,585
Cash at Bank (monies held in trust)	1,105,360	2,041,573
<b>Total Cash and Cash Equivalents</b>	<b>4,288,731</b>	<b>5,156,908</b>

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

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

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**Note 6.3: Commitments for Expenditure**

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<b>Non-cancellable Operating Lease Commitments</b>		
Less than 1 year	9,468	13,332
Longer than 1 year but not longer than 5 years	4,982	14,450
<b>Total Non-cancellable Operating Lease</b>	<b>14,450</b>	<b>27,782</b>
<b>Total Commitments for Expenditure (inclusive of GST)</b>	<b>14,450</b>	<b>27,782</b>
Less GST recoverable from the ATO	<b>(1,313)</b>	<b>(2,525)</b>
<b>TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)</b>	<b>13,137</b>	<b>25,257</b>

**Finance Leases**

	<b>2019 \$</b>	<b>2018 \$</b>
Commitments in relation to leases contracted for at the reporting date:		
Finance Leases (South West Alliance of Rural Health)	68,746	72,659
<b>Total Lease Commitments</b>	<b>68,746</b>	<b>72,659</b>
Commitments in relation to finance leases are payable as follows:		
Current	30,260	79,259
Non-Current	44,450	-
<b>Minimum Lease Payments</b>	<b>74,710</b>	<b>79,259</b>
Less future finance charges	5,964	6,600
<b>Total Lease Commitments</b>	<b>68,746</b>	<b>72,659</b>

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 stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Notes To and Forming Part of the Financial Statements  
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**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 asset 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**

	<b>Financial Assets at Amortised Cost</b>	<b>Financial Liabilities at Amortised Cost</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2019</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	4,288,731	-	4,288,731
Receivables			
- Trade Debtors	124,878	-	124,878
- Other Receivables	161,870	-	161,870
<b>Total Financial Assets <sup>(i)</sup></b>	<b>4,575,479</b>	<b>-</b>	<b>4,575,479</b>
<b>Financial Liabilities</b>			
Payables	-	440,179	440,179
Borrowings	-	68,746	68,746
Monies Held inTrust	-	1,105,360	1,105,360
<b>Total Financial Liabilities <sup>(ii)</sup></b>	<b>-</b>	<b>1,614,285</b>	<b>1,614,285</b>
	<b>Contractual financial assets - loans and receivables</b>	<b>Contractual financial liabilities at amortised cost</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2018</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	5,156,908	-	5,156,908
Receivables			
- Trade Debtors	127,899	-	127,899
- Other Receivables	76,104	-	76,104
<b>Total Financial Assets <sup>(i)</sup></b>	<b>5,360,911</b>	<b>-</b>	<b>5,360,911</b>
<b>Financial Liabilities</b>			
Payables	-	493,205	493,205
Borrowings	-	72,659	72,659
Monies Held inTrust	-	2,041,573	2,041,573
<b>Total Financial Liabilities <sup>(i)</sup></b>	<b>-</b>	<b>2,607,437</b>	<b>2,607,437</b>

(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)

From 1 July 2018, Casterton Memorial Hospital applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms

#### **Financial assets at amortised cost**

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

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

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Casterton Memorial Hospital recognises the following assets in this category:

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

#### **Categories of financial assets previously under AASB 139**

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

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

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

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

**Note 7.1: Financial instruments (Continued)**

**(b) 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 Asset as at 30 June**

	Carrying Amount	Nominal Amount	Maturity Dates			
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
	\$	\$	\$	\$	\$	\$
<b>2019</b>						
<b>Financial Liabilities</b>						
At Amortised Cost						
Payables (5.3)	440,179	440,179	339,178	-	101,001	
Borrowings (6.1)	158,316	158,316	-	-	57,625	100,691
Other Financial Liabilities						
- Accommodation Deposits						
(5.2)	1,105,360	1,105,360	-	-	176,858	928,502
<b>Total Financial Assets</b>	<b>1,703,855</b>	<b>1,703,855</b>	<b>339,178</b>	<b>-</b>	<b>335,484</b>	<b>1,029,193</b>
<b>2018</b>						
<b>Financial Liabilities</b>						
At Amortised Cost						
Payables (5.3)	493,205	493,205	376,414		116,791	
Borrowings (6.1)	72,659	72,659			72,659	
Other Financial Liabilities						
- Accommodation Deposits						
(5.2)	2,041,573	2,041,573			326,652	1,714,921
- Other	2,233	2,233	2,233			
<b>Total Financial Assets</b>	<b>2,609,670</b>	<b>2,609,670</b>	<b>378,647</b>	<b>-</b>	<b>516,102</b>	<b>1,714,921</b>

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

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**Note 7.1: Financial instruments (Continued)**

**(c) Contractual receivables at amortised cost**

**Impairment of financial assets under AASB 9 – applicable from 1 July 2018**

From 1 July 2018, the Casterton Memorial Hospital has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Casterton Memorial Hospital's contractual receivables, statutory receivables.

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

**Contractual receivables at amortised cost**

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

On this basis, the Casterton Memorial Hospital determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

As disclosed in Note 5.1 Casterton Memorial Hospital has an expected credit loss of \$0.

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

**Statutory receivables and debt investments at amortised cost [AASB2016-8.4]**

The Casterton Memorial Hospital's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The Casterton Memorial Hospital also has investments in:

- Term Deposits in Australian approved deposit institutions

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

**Note 8: Other disclosures**

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

**Structure**

- 8.1 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
- 8.2 Responsible Person Disclosures
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events occurring after Balance Sheet date
- 8.7 Jointly Controlled Operations
- 8.8 Investments accounted for using the Equity Method
- 8.9 Economic Dependency
- 8.10 AASB's Issued that are not yet effective

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

	<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
<b>Net Result for the Year</b>	(931,696)	(892,912)
Depreciation	1,156,466	1,053,827
Net (Gain)/Loss from Sale of Plant and Equipment	(3,039)	356
Share of Other Economic flows from Joint Operation	(1,284)	-
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	(260,275)	746,514
(Increase)/Decrease in Inventories	45,248	(876)
(Increase)/Decrease in Other Assets	48,532	(79,560)
Increase/(Decrease) in Payables	(224,110)	(633,950)
Increase/(Decrease) in Provisions	230,423	121,702
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>60,265</b>	<b>315,101</b>

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**Note 8.2: Responsible Persons Disclosures**

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

**Responsible Ministers:**

The Honourable Jill Hennessy, MLA, Minister for Health, Minister for Ambulance Services  
 The Honourable Martin Foley, MLA, Minister for Mental Health  
 The Honourable Martin Foley, MLA, Minister for Housing, Disability and Ageing.  
 The Honourable Jenny Mikakos, MP, Minister for Health, Minister for Ambulance Services  
 The Hon Luke Donnellan, MP, Minister Child Protection, Minister Disability, Ageing and Carers  
 Ms Merridy Rowe  
 Mr Gerald Smith  
 Mr Peter Green  
 Ms Harpreet Moore  
 Mrs Julie Kenson  
 Ms Bronwyn Roberts  
 Mrs Julie Crowle

Period
01/07/2018 - 29/11/2018
01/07/2018 - 30/06/2019
01/07/2018 - 29/11/2018
29/11/2018 - 30/06/2019
29/11/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019
01/07/2018 - 30/06/2019

**Accountable Officers**

Mr Owen Stephens (Chief Executive Officer)

01/07/2018 - 30/06/2019

**Remuneration of Responsible Persons**

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

Income Band	Total Remuneration	
	2019 No.	2018 No.
\$0 - \$9,999	8	8
\$220,000 - \$229,999	0	1
\$230,000 - \$239,999	1	0
<b>Total Numbers</b>	<b>9</b>	<b>9</b>
<b>Total remuneration received or due and receivable by Responsible</b>	<b>\$251,515</b>	<b>\$229,288</b>

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

**Note 8.3: Remuneration of Executives**

The number of executive officers, other than Responsible Persons, 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

**Remuneration of executive officers**

	<b>Total Remuneration</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	142,518	136,340
Post-employment benefits	22,787	22,787
Other long-term benefits	4,420	3,671
Termination benefits	0	0
<b>Total Remuneration <sup>(i)</sup></b>	<b>169,725</b>	<b>162,798</b>
Total Number of executives	1	1
Total annualised employee equivalent <sup>(ii)</sup>	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 8.4 Related Parties.

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

**NOTE 8.4: 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 South West Alliance of Rural Health; 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, directly or indirectly.

The Board of Directors, Accountable Officer and the Executive Directors of the Casterton Memorial Hospital are deemed to be KMPs.

Entity	KMP	Position Title
Casterton Memorial Hospital	Ms Merridy Rowe	Chair of the Board
Casterton Memorial Hospital	Mr Gerald Smith	Board Member & Deputy Chair
Casterton Memorial Hospital	Mr Peter Green	Board Member
Casterton Memorial Hospital	Ms Harpreet Moore	Board Member
Casterton Memorial Hospital	Mrs Julie Kenson	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	2019	2018
	\$	\$
Short term employee benefits <sup>(i)</sup>	353,569	325,284
Post-employment benefits	57,132	57,132
Other long-term benefits	10,540	9,671
Termination benefits	0	0
<b>TOTAL <sup>(ii)</sup></b>	<b>421,241</b>	<b>392,087</b>

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**NOTE 8.4: Related Parties (Continued)**

Significant Transactions with Government Related Entities

The Casterton Memorial Hospital received funding from the Department of Health and Human Services of \$5.06 m (2018: \$5.04 m) and indirect contributions of \$0.01m (2018: \$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 2019. There were no related party transactions required to be disclosed for the Casterton Memorial Hospital Board of Directors and Executive Directors in 2019.

**Note 8.5: Remuneration of Auditors**

Victorian Auditor-General's Office - Audit of financial statement

<b>Total 2019 \$</b>	<b>Total 2018 \$</b>
9,850	9,500
<b>9,850</b>	<b>9,500</b>

Notes To and Forming Part of the Financial Statements  
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**NOTE 8.6: Events occurring after balance sheet date**

There have been no events subsequent to the reporting date which require further disclosure.

**Note 8.7: Jointly Controlled Operations**

Name of Entity	Principal Activity	Ownership Interest	
		2019 %	2018 %
South West Alliance of Rural Health	Information Systems	1.98	1.94

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

	2019 \$	2018 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	28,496	142,822
Receivables	123,981	
Other Current Assets	10,648	41,375
<b>Total Current Assets</b>	<b>163,125</b>	<b>184,197</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	117,690	76,229
<b>Total Non Current Assets</b>	<b>117,690</b>	<b>76,229</b>
<b>Total Assets</b>	<b>280,815</b>	<b>260,426</b>
<b>Current Liabilities</b>		
Payables	100,812	116,791
Employee Benefits	33,927	30,585
Borrowings	27,269	72,659
<b>Total Current Liabilities</b>	<b>162,008</b>	<b>220,035</b>
<b>Non Current Liabilities</b>		
Employee Benefits	4,871	5,649
Borrowings	41,476	-
<b>Total Non Current Liabilities</b>	<b>46,347</b>	<b>5,649</b>
<b>Total Liabilities</b>	<b>208,355</b>	<b>225,684</b>

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**Note 8.7: Jointly Controlled Operations (cont.)**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
Operating	458,866	455,145
Non operating activities	34,768	14,666
<b>Total Revenue</b>	<b>493,634</b>	<b>469,811</b>
<b>Expenses</b>		
Employee costs	165,173	153,129
Maintenance Contracts and IT Support	192,581	193,999
Operating Lease Costs and Licensing Costs	-	-
Other Expenses	20,092	48,199
<b>Total Expenses</b>	<b>377,846</b>	<b>395,327</b>
Finance charges	(10,988)	(17,729)
Depreciation	(56,164)	(52,424)
<b>Total Capital and Specific Items</b>	<b>(67,152)</b>	<b>(70,153)</b>
<b>Other Economic Flows Included in the Result</b>		
Revaluation of Long Service Leave	<b>1,253</b>	<b>104</b>
<b>Net Result</b>	<b>49,889</b>	<b>4,435</b>

**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.

Notes To and Forming Part of the Financial Statements  
Casterton Memorial Hospital Annual Report 2018/2019

**Note 8.8: Investments accounted for using the equity method**

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Published Fair Value	
			2019 %	2018 %	2019 \$	2018 \$
<b>Jointly Controlled Entities</b>						
<i>Southern Grampians / Glenelg Shire PCP</i>	Primary Health	Australia	13	13	35,420	34,136

**Investments accounted for using the equity method**

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.

**NOTE 8.9: 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 8.10: AASBs ISSUED THAT ARE NOT YET EFFECTIVE**

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

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

Topic	Key Requirements	Effective date	Impact on financial statements
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-19	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. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects are commenced.
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1-Jan-19	AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: <ul style="list-style-type: none"> <li>• Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058;</li> <li>• IP licenses to be accounted for under AASB 15; and</li> <li>• Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.</li> </ul> There is no material financial impact expected.

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**NOTE 8.10: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (cont.)**

Topic	Key Requirements	Effective date	Impact on financial statements
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 <ul style="list-style-type: none"> <li>• Statutory receivables are recognised and measured similarly to financial assets.</li> </ul> AASB 15 <ul style="list-style-type: none"> <li>• The ‘customer’ does not need to be the recipient of goods and/or services;</li> <li>• The “contract” could include an arrangement entered into under the direction of another party;</li> <li>• Contracts are enforceable if they are enforceable by legal or ‘equivalent means’;</li> <li>• Contracts do not have to have commercial substance, only economic substance; and</li> <li>• Performance obligations need to be ‘sufficiently specific’ to be able to apply AASB 15 to these transactions.</li> </ul> <p>The impact on reporting capital funding has potential to result in material change, however this is not able to be quantified prior to receipt of capital grants and commencement of projects.</p>
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	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.  The operating leases disclosed in Note 6.3 will be recognised on the balance sheet as a result of the introduction of this standard.

Notes To and Forming Part of the Financial Statements  
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**NOTE 8.10: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (cont.)**

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1-Jan-19	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed. No material impact during the period applicable under the election.
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 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	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. Impact is not able to be quantified until such time as capital grants are received and projects commence.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	The standard is not expected to have a significant impact on the public sector. No material impact is expected.

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The following accounting pronouncements are also issued but not effective for the 2018-18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- 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 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements

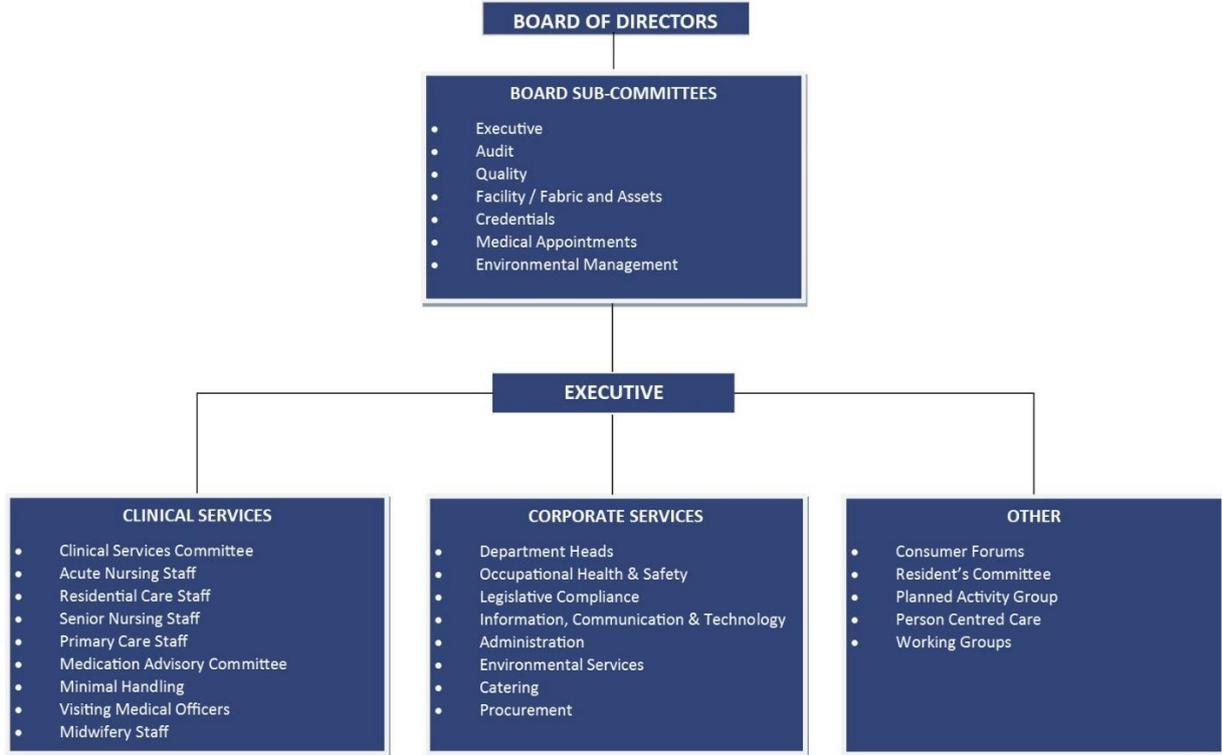
## Disclosure Index

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.

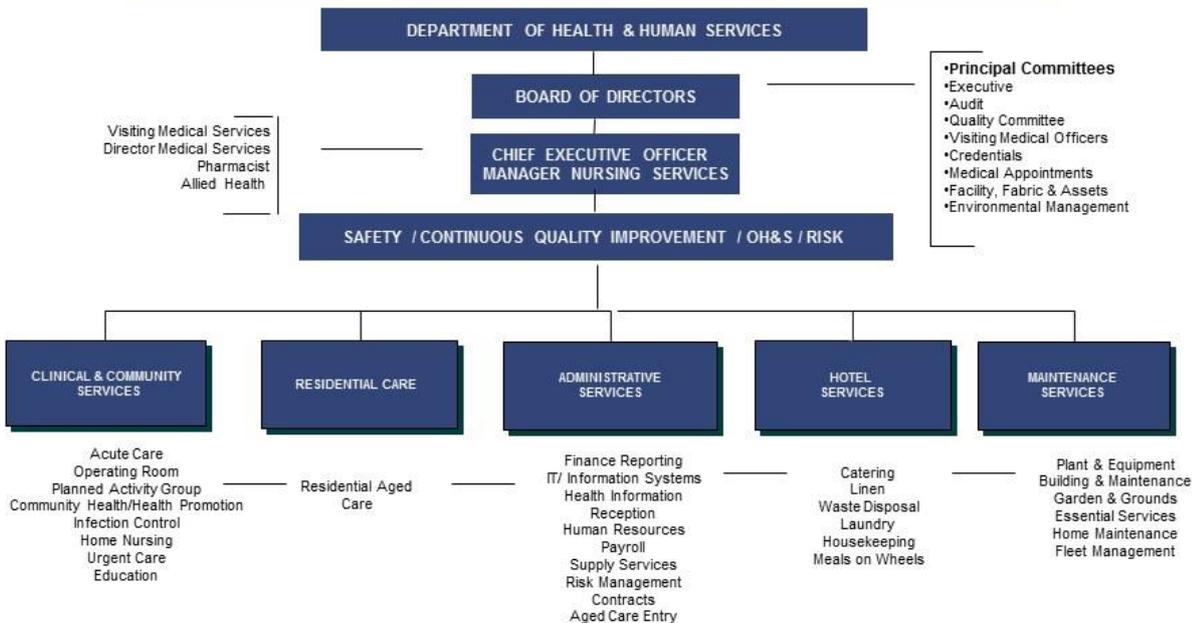
LEGISLATION	REQUIREMENT	PAGE REFERENCE
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## CASTERTON MEMORIAL HOSPITAL - COMMITTEE COMPOSITION



## CASTERTON MEMORIAL HOSPITAL - FUNCTIONAL ORGANISATIONAL CHART





## **Casterton Memorial Hospital**

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