

# Casterton Memorial Hospital



## 2019-2020 112<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 June, 2020

PHYSICAL FACILITIES / ASSETS	GOVERNANCE CORPORATE & CLINICAL	QUALITY IMPROVEMENT RISK MANAGEMENT	HUMAN RESOURCES	SERVICES DEVELOPMENT
<ul style="list-style-type: none"> <li>Community room upgrade core project with possible stage 2 Ramp. entry &amp; fascia work (30%)</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. (85%)</li> <li>Hospital Infrastructure Funding \$300k for fabric &amp; asset management plan IT refresh &amp; Aircon. (40%)</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. (100%)</li> <li>Continued Board Governance training &amp; recruitment of 2 new members &amp; another 3 2020. (100%)</li> <li>Financial sustainability maximized with improved use administrative resources organization-wide. (100%)</li> </ul>	<ul style="list-style-type: none"> <li>ACHS National Standards Accreditation, CHSP &amp; Aged Care Accreditation maintained with COVID interruption (100%)</li> <li>Risk management systems sophistication with VMIA/VGRMF review &amp; report. (70%)</li> <li>Targeting Zero report 178 recommendations. Actionable items to be achieved. (100%)</li> <li>Refresh "Person Centred Care" education organization - wide (70%)</li> </ul>	<ul style="list-style-type: none"> <li>Succession planning of CMH workforce needs &amp; assessment report / plan. (100%)</li> <li>Conduct annual organization-wide Employee Satisfaction Survey in addition to People Matter Survey outcomes. (60%)</li> <li>Total E-HR Personnel &amp; Payroll systems in place.(100%)</li> <li>Maximise staff training programs &amp; opportunities across organization. (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Increase workforce for home based care (100%)</li> <li>Increase time frame of access to Community Taxi to 5 days (100%)</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 (80%)</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 VISION

To meet the health and aged care needs of the Casterton community.

### OUR MISSION

To provide services that promotes an individual's life to the fullest.

#### **W**ith Open Arms

- To welcome and include all persons equally.

#### **E**xcellence

- To provide the optimum standard of care and service within available resources.

#### **A**ccountability

- To be accountable and transparent for all our actions.

#### **R**espect

- To demonstrate dignity, privacy and honesty towards all clients.

#### **E**mpathy and Compassion

- To understand and respond to people's needs and feelings.

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> October 2020**

## Responsible Ministers

### Commonwealth Government Australia

The Hon Greg Hunt MP, Minister for Health  
Senator the Hon Richard Colbeck, Minister for Aged Care and Senior Australians

### State Government Victoria

Jenny Mikakos, MP, Minister for Health, Minister for Ambulance Services  
Martin Foley, MP, Minister for Mental Health

## 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

G. Hart

K. Forbes

## Audit & Risk Committee

P. Green – Chair

B. Roberts – Independent Member

H. Moore – Independent Member

G. Hart – Independent Member

L. Hulm – Independent Member

H. Rees – 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. K. Moussa: M.B.B.S.

Dr. G. Ekanayake: M.B.B.S.

Dr. M. Abody: M.B.B.S.

Dr. Y. Yu: 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. U. Naidoo: M.B.C.H.B., F.C.S.(SA), F.R.A.C.S.

Dr. C. de Kievit: 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

### Community Health / Education Officer

P. Layley-Doyle: R.N., R.M., Cert IV Training & Assessment, MACN

### 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)

### Programmed Activity Group Co-ordinator

B. Bryan: E.N., Cert IV in Leisure & Lifestyle

### Corporate Services Officer / HR

L. Hulm

### Finance Officer

M. Betinsky: Diploma of 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 19,777 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.

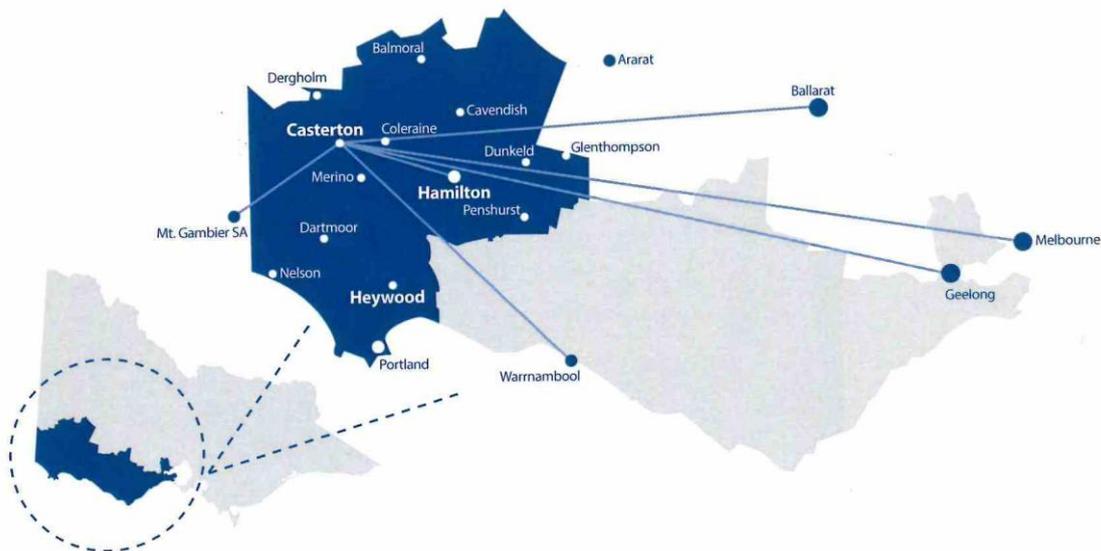
The Hospital provides a range of acute health, aged residential care and primary healthcare services incorporating 15 medical / surgical inpatient beds, operating theatre, 2 bay urgent care centre, 2 dialysis chairs and 30 bed residential care facility 'Glenelg House'. The Hospital also provides an extensive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





*Ms Merridy Rowe  
Board Chair*

## President & Executive's Report

On behalf of the Casterton Memorial Hospital Board of Directors, employees, volunteers and consumers; I present to you the 112<sup>th</sup> Annual Report.

2019-2020 has been a challenging year because of the COVID-19 pandemic, internationally, nationally and for our States health services. It has followed a major ransomware cyber- attack on our information technology systems. The cyber-attack we have overcome, COVID-19 control is on-going.

Despite these challenges Casterton Memorial Hospital has completed another successful year, both in maintaining services to the community, and in a financially sustainable manner. We acknowledge the support from our health service partners and the Department of Health and Human Services.

I therefore commend to you and invite you to read our 112<sup>th</sup> Annual Report that demonstrates a strong commitment to managing the affairs of Casterton Memorial Hospital effectively, efficiently and most importantly for 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 \$102,841.07 all 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 achievement of Department of Veterans Affairs inpatient activity and other set targets for the year. Glenelg House Residential Care's occupancy rate of 99.8% has continued to be a positive contributor to the entity, comprehensively demonstrating the need for this quality residential care service for the community.

Expenditure levels have been well maintained again for the year and this together with sound revenue achievement has produced this operating surplus and a current asset ratio of 1.38 indicating more than sufficient funds to meet current liabilities.

### Community Service Provision

The home and community services of the Casterton Memorial Hospital have continued to provide services through Community Home Nursing, Health Promotion, Home Maintenance, Meals on Wheels and the Community Transport program, all whilst maintaining safe service delivery protocols to address the challenges of COVID-19.

We thank all of the specialist visiting services and allied health professionals, including physiotherapists, dental clinicians, surgeons and podiatrists who have continued to provide a strong level of service and commitment to our community.

The Casterton Memorial Hospital has been alert to the impact the threat that Covid 19 has presented to the physical and mental wellbeing of our significantly elderly population and other community members. Efforts have been made to make personal contact with community members despite the limitations that the social distancing protocols have presented. Another strategy has been the appropriate updating of information, protocols and procedures in the Casterton News.

### Governance

Casterton Memorial Hospital has met its obligations within the Statement of Priorities 2019/2020 with the Department of Health and Human Services. This contract is negotiated annually between the Casterton Memorial Hospital Board of Directors and the Department of Health and Human Services and results in funding for service delivery and establishment of targets for us to achieve from infection control to consumer satisfaction.

Casterton Memorial Hospital now has completed the 2017-2020 Strategic Plan and is working on establishing its next 4 year plan.

The Board of Directors have also processed and governed over the management and implementation of many changes and improvements within our Pandemic “footing” during the 2019-2020 year including, but not limited to:

- *Establishment of Integrity in Governance Framework providing extra checks and balances.*
- *Conducting Victorian Managed Insurance Authority Risk Profile Audit setting us at “optimising”.*
- *Flu vaccinations take-up rate of 98%.*
- *Successful Board Retreat on Risk Management and Strategic Planning.*
- *Board and staff continued high levels of education resources*
- *Participative member of the South West Clinical Health Accord Group.*
- *Floyd room up-grade planning for works late 2020 early 2021.*
- *Navigating COVID-19 Changed Organisational Service Requirements and Models of Care.*
- *Community Transport / Taxi Service reviewed and Board agreed to continue operation of.*
- *Acceptance and Funding by DHHS of 4<sup>th</sup> Graduate Nurse training position at CMH.*
- *Outstanding staff compliance, behaviour and management in this COVID-19 Environment.*

There were two new members to the Board of Directors during 2019, Mr Greg Hart, with skills to assist the board in the oversight of financial audit and risk, and Mr Kane Forbes, with skills relating to clinical governance and community liaison. Their contribution has been welcomed. The Board has worked to address the continual challenges of using technology to maintain good working relationships with the hospital executive and committee members.

#### **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 (Hotel 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 services provided by employees and volunteers in this the 112<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 Gaya. We thank the CC Medical Practice team for their 24 hour coverage for all of the Casterton community, it is a wonderful service and the support shown to Casterton Memorial Hospital through their attendance, tele-health support 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’s 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 Hotel Services (Catering and Environmental Services), under Jenelle East has once again maintained a high standard of cleaning and food services to all consumers and are to be congratulated on their consistent and quality services.

Maintenance Services under Stephen Zippel and Administrative Services under Corporate Services Officer Loren Hulm are continuing on with strong output in management practices and

maintenance of CMH's assets and service contracts to the community. Patients praise the nutritious and appealing cooked and served daily. This is particularly important for those who are unwell. The community is appreciative of the neat and relaxing surroundings of the hospital grounds.

Casterton Memorial Hospital continues to have an interactive relationship, and strong support from the community. The community continues to support fund raising efforts, participate in voluntary group. Fundraising groups include the Murray to Moyne Cycle Relay Team, Casterton Memorial Hospital Ladies Auxiliary, Hospital Social Club, Friends of Glenelg House, staff, as well as annual events such as the Colour Fun Run and Dog and Dinner Auction just before the June Kelpie weekend.

I extend to my fellow Board Directors and the Executive Management team of Mr Owen Stephens and Ms Mary-Anne Betson appreciation for your input, vision and support of Casterton Memorial Hospital and community. Despite the practical challenges that this pandemic has presented us with the focus has and will remain on working together in collaboration with our partners across the Barwon South West Region for the future of Casterton Memorial Hospital.

In conclusion and in accordance with the Financial Management Act 1994 I commend the 112<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> October 2020**

## 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.

## 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 and Friends of Glenelg House 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 2019/2020 financial year, fundraising contributions and donations totalled \$31,715.00. 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 2019/2020 year.

### Acknowledging 2019/20 Donations

#### 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

\*Vale

#### *Fundraising Committees*

Casterton Memorial Hospital Employees	\$925.00
Casterton Memorial Hospital Ladies Auxiliary	\$631.55
Casterton Memorial Hospital Social Club	\$1,000.00
CMH Murray to Moyne Cycle Relay Team	\$12,064.06
Hospital Card Program	\$3,350.00

#### *Community Member Support*

Heather Rae	\$900.00
Pat Beuglehall & Leon Jordon	\$31.00
Knit & Natter	\$413.10
Olive (Jean) McCallum	\$20.00
Friends of Glenelg House	\$310.00
Memory of Ken Davis	\$50.00
Widdicombe Family	\$2,100.00
Anonymous	\$36.10
Graeme Smith	\$65.00
Fox & Lillie Rural P/L (Casterton Sec College)	\$150.00
Keatley Livestock P/L - Dog & Dinner Auction	\$5,310.00
Memory of Richard Vise	\$350.00
Valmai Bateman	\$500.00
David Gill	\$20.00
Casterton Sandford Football Netball Club	\$250.00
Phyllis Arnall	\$100.00

#### *Estates*

Estate Louisa Henty	\$1,013.71
Stanley Heath Fund	\$750.00
John Russell McPherson Fund	\$1,375.00

**Total Donations** **\$31,714.52**

## Casterton Memorial Hospital - Report of Operations – 2019-2020

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 The Department of Health & Human Services. Agreements are in accordance with section 26 of the *Health Services Act 1988*.

In 2019-2020 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>In collaboration with exercise class consumers, review the effectiveness of the increased level of classes on participant's health goal attainment.</p>	<p><b>ACHIEVED</b></p> <p>Feedback obtained from exercise class participants in November 2019. Comments very complimentary of the programs:</p> <ul style="list-style-type: none"> <li>• "Improved strength &amp; muscle"</li> <li>• "Given me better balance"</li> <li>• "I feel vibrant again"</li> <li>• "I am more mentally alert"</li> <li>• "I can get out of the chair without using the arms"</li> <li>• "I don't stumble anymore"</li> <li>• "My neck doesn't crunch anymore"</li> <li>• "My arms are definitely stronger"</li> <li>• "It has helped me with reversing my car"</li> <li>• "I enjoy the company"</li> <li>• "Exercise is now achievable"</li> </ul>
		<p>In collaboration with Southern Grampians Glenelg Primary Care Partnership (SGGPCP) and Global Obesity Centre at Deakin University, develop community engagement strategies to create a positive impact on children's health, education and employment prospects as well as social and mental wellbeing.</p>	<p><b>ACHIEVED</b></p> <p>Progressive ongoing collaborations between stakeholders.</p> <ul style="list-style-type: none"> <li>• Workshops undertaken</li> <li>• Systems map exploring influencing factors developed.</li> <li>• Development of "Hands Up Casterton" Facebook page.</li> <li>• Community Action workshops x 2 (102 participants)</li> <li>• Engagement strategies supported and promoted.</li> <li>• CMH initiated: Community walk, Smoothie bike health, ongoing representation on the working group.</li> <li>• Ongoing 2<sup>nd</sup> yearly data collection monitoring outcomes for Glenelg region by Deakin University (due 2021) through school based child health behaviours study.</li> </ul>

**BETTER ACCESS:**

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<p>Care is always there when people need it</p> <p>Better access to care in the home and community</p> <p>People are connected to the full range of care and support they need</p> <p>Equal access to care</p>	<p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>Work collaboratively with consumers / partners to identify and document home and community service gaps and implement required actions.</p>	<p><b>ACHIEVED</b></p> <p>Victorian Healthcare Experience Survey for Community 2019 did identify:</p> <ul style="list-style-type: none"> <li>• 98% satisfaction overall with services. Community suggestions for improvement:</li> <li>• Doctor coverage / permanent doctors</li> <li>• Make more people aware of services.</li> <li>• Greater depth and range of services but no suggestions as to what.</li> <li>• Access to surgeons.</li> <li>• Another community car.</li> </ul>
		<p>Survey “community taxi” consumers, partners and health professionals to evaluate the effectiveness of the program in meeting community need.</p>	<p><b>ACHIEVED</b></p> <p>Survey completed in August 2019 with excellent satisfaction results achieved.</p> <ul style="list-style-type: none"> <li>• Main use with appointments and shopping within Casterton. All happy with waiting times, driver courtesy and helpfulness and car environment. Additional privately run community transport options now available within the area as well.</li> </ul>

**BETTER CARE:**

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<p>Targeting zero avoidable harm</p> <p>Healthcare that focusses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people’s needs</p>	<p>Put quality First</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p>	<p>In partnership with Glenelg House residents and resident representatives review organisational health literacy and the effectiveness / appropriateness of quality activities.</p>	<p><b>ACHIEVED</b></p> <p>Health Literacy work group in operation with first meeting in December 2019. Terms of Reference in place.</p> <p>Objectives agreed, working plan developed along with scorecard. Terms of Reference for Consumer Participation Forum updated to include work plan for the year on advice from Health Issues Centre.</p> <p>New member of Health Literacy group to come on board to represent Glenelg House when meetings resume.</p> <p>Raised at Resident Committee and resources distributed. One resident agreed to participate. Process established to ask for participation when first entering Glenelg House.</p> <p>Two residents / family of Glenelg House now on list to be a resource when reviewing literature material.</p>

**BETTER CARE cont.**

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
		Implement goal directed planning within Community Home Nursing. Raise numbers of consumers with care plans by 20%.	<p><b>ACHIEVED</b></p> <p>2019 care plan audits indicate well embedded practices with individual goals identified, consumer involvement identified, plans signed and plans reviewed.</p> <p>Evaluation of the Goal Orientation Assessment tool undertaken 2019/2020 with minor adjustments identified.</p> <p>Consumer feedback (2019) confirms that nurses work with them to set goals of care and wellbeing.</p>

**SPECIFIC 2019-20 PRIORITIES**

STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<p><b>Supporting the Mental Health System</b> Improve service access to mental health treatment to address the physical and mental health needs of consumers.</p>	Develop clear referral pathways for consumers with mental health needs in partnership with South West Healthcare Area Mental Health Service.	<p><b>ACHIEVED</b></p> <p>Psychiatric Presentation guidelines in place with both Telehealth and telephone referral and triage services established.</p>
<p><b>Addressing Occupational Violence</b> Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.</p> <p>Implement the department's security training principles to address identified security risks.</p>	<p>Develop and implement the Security Action Plan to support the prevention and management of Occupational Violence and Aggression across the workplace.</p> <p>Address identified security risks by including DHHS Occupational Violence and Aggression e-learning modules in OH&amp;S training program.</p>	<p><b>ACHIEVED</b></p> <ul style="list-style-type: none"> <li>• Lockdown of all doors.</li> <li>• Training completed by nurses.</li> <li>• Minimal incidents.</li> <li>• Expansion of lockdown in March 2020 during COVID.</li> </ul> <p><b>ACHIEVED</b></p> <p>Occupational Violence now within employee LMS training.</p>
<p><b>Addressing Bullying and Harassment</b> Actively promote positive workplace behaviours, encourage reporting and action on all reports.</p> <p>Implement the department's <i>Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination</i> and <i>Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services</i>.</p>	Complete a gap analysis of the Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination, prioritise the actions and implement by November 2019.	<p><b>ACHIEVED</b></p> <p>"Know Better, Be Better" campaign introduced in 2019 with ongoing employee education in line with the Framework.</p> <p>Gap analysis has yet to be completed.</p>

STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<p><b>Supporting Vulnerable Patients</b> Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.</p>	<p>Audit waiting areas within the health service against the “Rainbow Tick guide to inclusive practice” to ensure physical spaces are inclusive for LGBTIQ consumers.</p>	<p><b>ACHIEVED</b> Training completed this year with Transgender Victoria and audited with good results.  Waiting area all passed audits. All signage is gender neutral.</p>
<p><b>Supporting Aboriginal Cultural Safety</b> Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.</p>	<p>In partnership with our Aboriginal community, develop and implement culturally sensitive strategies which improve access to health care for Aboriginal and Torres Strait Islander people.</p>	<p><b>ACHIEVED</b> Aboriginal Torres Strait Islander guidelines developed and awaiting sign off. To be reviewed by Aboriginal Torres Strait Islander representative. Referral pathway established within guidelines along with measurement plan. Nurse interview process regarding asking “Are you of Aboriginal Torres Strait Islander origin?” – followed up with provision of additional resources 2020.  Aboriginal Torres Strait Islander Acknowledgement added to employee emails signature line along with CMH Values Statement.  Additional resources and website links for clinicians added to CMH Intranet site.  Further electronic training re: “asking the question” to be sent out once Guidelines finalised to support ongoing LMS Aboriginal Torres Strait Islander and Cultural training.</p>

STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
<p><b>Addressing Family Violence</b> Strengthen responses to family violence in line with the <i>Multiagency Risk Assessment and Risk Management Framework</i> (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.</p>	<p>Provide training opportunity to clinical employees to become an organisation and community support resource for the prevention of family violence, aiming to train 30% of clinical staff.</p>	<p><b>ACHIEVED</b> 88% of clinical and non-clinical employees trained face to face.</p> <ul style="list-style-type: none"> <li>• “Workplace Support” manager training.</li> <li>• “A shared understanding” non-clinical training.</li> <li>• “Identify and respond” clinical training.</li> </ul>
	<p>Review CMH response to family violence in line with Multiagency Risk Assessment and Risk Management Framework and implement any necessary changes.</p>	<p><b>ACHIEVED</b> CMH response to family violence reviewed in line with Multi-Agency Risk Assessment and Management Framework (MARAM).</p>
<p><b>Implementing Disability Action Plans</b> Continue to build upon last year’s action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with a disability.</p>	<p>Finalise the CMH Disability Action Plan and develop a timeframe for implementation aiming to implement 50% of actions.</p>	<p><b>NOT ACHIEVED</b> Plan completed now working on specific actions required.  Action plan completed.</p>
<p><b>Supporting Environmental Sustainability</b> Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and / or processes to reduce carbon emissions.</p>	<p>Evaluate the impact of the installation of solar panels.</p>	<p><b>ACHIEVED</b> Data now available for review. Initial review shows expected savings being achieved.</p>
	<p>Implement the light bulb replacement program.</p>	<p><b>NOT ACHIEVED</b> Final LED change-over approved and installation July.</p>

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

### HIGH QUALITY & SAFE CARE

KEY PERFORMANCE MEASURE	TARGET	2019-20 RESULT
<b>Accreditation</b>		
Compliance with the Aged Care Standards	Full compliance	Full compliance
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	83%	87.7%**
<i>*Quarter 4 data is not available due to COVID-19. Result is based on available data Q1 and Q2.</i>		
Percentage of healthcare workers immunised for influenza	84%	98%
<b>Patient Experience</b>		
Victorian 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 – patient’s perception of cleanliness – Quarter 1	70%	Full compliance*
Victorian Healthcare Experience Survey – patient’s perception of cleanliness – Quarter 2	70%	Full compliance*
Victorian Healthcare Experience Survey – patient’s perception of cleanliness – Quarter 3	70%	Full compliance*
<i>** Hand hygiene – Quarter 4 data is not available due to COVID-19. Result is based on available data.</i>		
<i>* Less than 42 responses were received for the period due to the relative size of the Health Service</i>		
KEY PERFORMANCE MEASURE	TARGET	2019-20 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 MEASURE	TARGET	2019-20 RESULT
<b>Organisational Culture</b>		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	95%
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%	98%
People Matter Survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”.	80%	98%
People Matter Survey – percentage of staff with a a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”.	80%	92%
People Matter Survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”.	80%	94%
People Matter Survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	92%
People Matter Survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	96%
People Matter Survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	90%
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 MEASURE	TARGET	2019-20 RESULT
<b>Finance</b>		
Operating Result (\$m)	0.04	0.06
Average number of days to paying trade creditors	60 days	40 days
Average number of days to receiving patient fee debtors	60 days	40 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.77
Forecast number of days available cash (based on end of year forecast)	14 days	154.3 days
Actual number of days available cash, measured on the last day of each month.	14 days	Met

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

FUNDING TYPE	2019-20 ACTIVITY ACHIEVEMENT
<b>Small Rural</b>	
Small Rural Acute	311
<b>Small Rural Primary Health &amp; HACC</b>	
• Initial Needs Identification	3 hours
• Nursing	243 hours
Small Rural Residential Care	10964 days
Health Workforce	48 students

## Services to our Community

HOSPITAL	2018/19	2019/20
Total Multistay Inpatient Separations*	235	169
Total Same Day Separations*	255	191
Bed Days*	2346	2574
Total WIES	369.29	310
% Occupancy Rate Staffed Beds	43%	47%
Average Length of Stay**	4.32	5
% Public Bed Days	81%	76%
% Private Bed Days	19%	24%
Obstetrics / Gynaecology	8	6
Operations / Procedures	82	77
Urgent Care Presentations	1141	1101
<b>Glenelg House Residential Care</b>		
Residents Accommodated	46	38
Bed Days	10868	10964
Average Daily Occupancy	29.78	29.96
% Occupancy Rate Full Year	99.25%	99.85%
<b>Planned Activity Group</b>		
Attendances	1416	1271
<b>Community Home Nursing</b>		
Home Visits	5237	5435
Kilometres Travelled	22753	20998
<b>Community Health</b>		
Attendance (contacts)	281	418
<b>Allied Health</b>		
Physiotherapy Attendance ***	841	573
Speech Therapy Attendance ***	0	0
Dietetics ***	75	52
<b>Meals Produced</b>		
Hospital / Residential Care / Other	65597	63158
Meals on Wheels	5039	4505
<b>Home Maintenance Program (HACC Service)</b>		
Number of Clients	112	105
Number of Visits	1209	1204
Number of Hours	1212	1197.5

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 2019/20 year Casterton Memorial Hospital employed a total of 112 staff, 32 full-time and 80 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	
	2019	2020	2019	2020
Nursing	36.62	40.76	37.78	40.29
Administration & Clerical	8.72	8.73	8.86	9.22
Hotel & Allied Services	30.25	25.44	30.73	26.79

### 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		2019-20
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	7
4.	Number of occupational violence incidents reported per 100 FTE	9.17
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	2017-18	2018-19	2019-20
Number of reported hazards / incidents for the year per 100 FTE	21.19	12.92	32.76
Number of 'lost time' standard claims for the year per 100 FTE	5.3	2.64	5.24
Average cost per claim	\$96.76	\$447.02	\$219.10

### Industrial Relations

Casterton Memorial Hospital reports no lost days in 2019/2020 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. Three (3) 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.

### **Public Interest Disclosures 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 2019-2020 Casterton Memorial Hospital did not engage the services of a consultant.

### Information & Communication Technology ICT Expenditure

ICT expenditure incurred during 2019-20 is \$760,051 (ex GST) as detailed below.

Amounts shown below do not include shared assets as reported in Note 8.7 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)
\$343,227	\$416,824	\$376,982	\$39,842

### Environmental Management

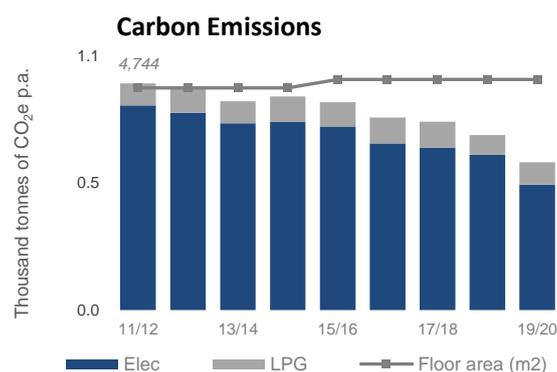
Casterton Memorial Hospital’s Environmental Management Committee formulates, in consultation with employees and consumers, strategies to implement projects, monitor usage and reduce the environmental impact of the facility.

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.

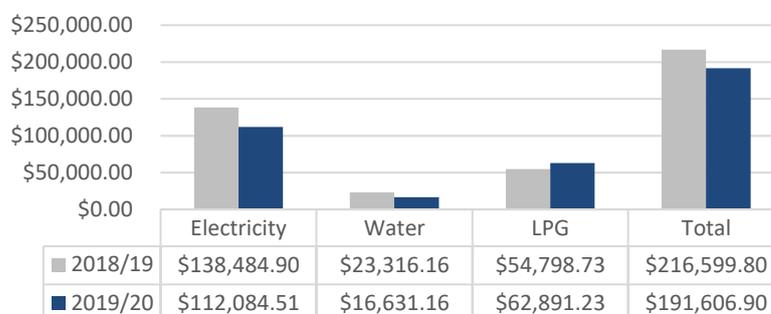
The Hospital also recognises it has a responsibility to develop employee attitude and skills that will result in a long-term commitment to the nurturing and ongoing sustainability of environmental strategies.

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.



### CMH Environmental Management Expenditure



### Additional Information Available on Request

Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statement and report of operations;
- 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> October 2020

### 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> October 2020

### HPV Attestation

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



Owen P Stephens  
Chief Executive Officer  
Casterton  
22<sup>nd</sup> October 2020

### Conflict of Interest

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



Owen P Stephens  
Chief Executive Officer  
Casterton  
22<sup>nd</sup> October 2020

### 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 of the Minister for Finance under the Financial Management Act 1994 and Instructions.



Merridy Rowe  
Board Chair  
Casterton  
22<sup>nd</sup> October 2020

### 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> October 2020

## Finance & Activity Overview

The financial statements of account for the year ended 30 June, 2020 have been completed 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.

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 \$102,841. This result is reconciled to the net result from transactions in the table below and excludes capital purpose income, depreciation and finance costs.

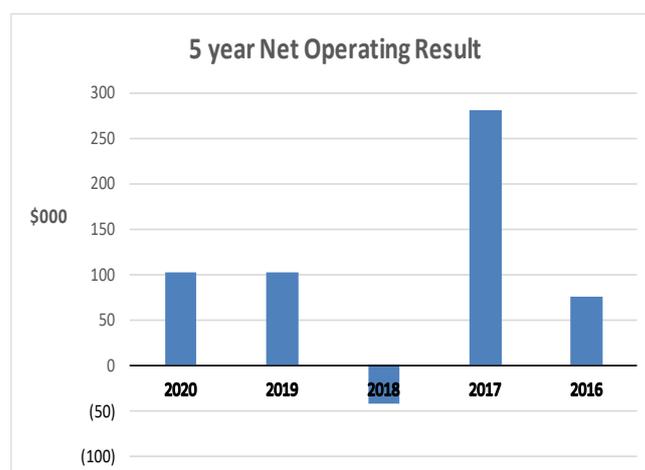
Total income from transactions of \$9,908,693 represents a 2.04% increase on previous year and can be attributed to increases in government grants (Note 2.1). Total expenses from transactions represents an increase of 2.42% on previous year and main factors include increased salary and wages costs of EBA's and higher depreciation (Note 3.1).

## Five Year Financial Comparative Statement

	2020	2019	2018	2017	2016
	\$000	\$000	\$000	\$000	\$000
<b>OPERATING RESULT</b>	<b>103</b>	<b>102</b>	<b>(41)</b>	<b>281</b>	<b>76</b>
- Total Revenue	9,909	9,710	9,052	9,637	9,135
- Total Expenses	10,833	10,577	9,949	10,062	9,867
<b>- Net result from transactions</b>	<b>(925)</b>	<b>(867)</b>	<b>(897)</b>	<b>(426)</b>	<b>(759)</b>
- Total other economic flows	(50)	(65)	(4)	15	(30)
<b>- Net result</b>	<b>(974)</b>	<b>(932)</b>	<b>(901)</b>	<b>(410)</b>	<b>(789)</b>
- Total Assets	26,771	26,678	29,434	28,621	28,658
- Total Liabilities	5,065	3,978	4,816	5,110	4,736
<b>- Net assets/Total equity</b>	<b>21,706</b>	<b>22,700</b>	<b>24,618</b>	<b>23,511</b>	<b>23,922</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

	2020
	\$000
<b>Net operating result*</b>	<b>103</b>
<u>Capital &amp; Specific Items</u>	
Capital purpose income	(295)
Depreciation & amortisation	1,321
Finance costs (other)	2
<b>Net result from transactions</b>	<b>(925)</b>



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

### Net Result

Net Result of (\$974,398) is an increase of \$943,414 on the prior year result and is due largely to changes in physical asset 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 \$1,673,149 as at 30 June 2020.

Casterton Memorial Hospital current asset ratio stands at 1.35. 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 \$415,805 for the financial year. Casterton Memorial Hospital remains in a secure position with cash and cash equivalents totalling \$5,408,213 as at 30 June 2020, an increase of \$1,119,482 on previous year. Casterton Memorial Hospital held \$2,013,453 in accommodation bonds as at June 30 2020.

### Summary of Significant Changes

Summary of Changes	2020	2019	% Variance
Cash & Cash Equivalents	5,408,213	4,228,731	27.89
Current Assets	6,377,138	5,141,497	24.03
Current Liabilities	4,703,989	3,574,263	31.61

Increases in all these classes are due to the increase of accommodation bond holdings by Casterton Memorial Hospital.



**M. Betinsky**  
Finance Officer  
22<sup>nd</sup> October 2020

### 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 2020.



**Ms Merridy Rowe**  
Board Chair  
22<sup>nd</sup> October 2020

# Casterton Memorial Hospital



## Financial Report 2019 - 2020

### 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 2020 and the financial position of Casterton Memorial Hospital at 30 June 2020.

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  
22<sup>nd</sup> October 2020

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

Casterton  
22<sup>nd</sup> October 2020

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

Casterton  
22<sup>nd</sup> October 2020



## 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 2020</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 2020 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 APES 110 <i>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>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>

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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



Travis Derricott

as delegate for the Auditor-General of Victoria

MELBOURNE  
29 October 2020

**Casterton Memorial Hospital  
Comprehensive Operating Statement  
For the Financial Year Ended 30 June 2020**

	Note	Total 2020 \$	Total 2019 \$
<b>Income from Transactions</b>			
Operating Activities	2.1	9,770,899	9,542,205
Non-operating Activities	2.1	137,794	168,240
<b>Total Income from Transactions</b>		<b>9,908,693</b>	<b>9,710,445</b>
<b>Expenses from Transactions</b>			
Employee Expenses	3.1	(7,769,254)	(7,587,932)
Supplies & Consumables	3.1	(524,683)	(597,723)
Finance Costs	3.1	(2,088)	(24,747)
Depreciation and Amortisation	4.3	(1,321,011)	(1,156,466)
Other Administrative Expenses	3.1	(841,401)	(829,418)
Other Operating Expenses	3.1	(374,948)	(381,092)
<b>Total Expenses from Transactions</b>		<b>(10,833,385)</b>	<b>(10,577,378)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(924,692)</b>	<b>(866,933)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non financial assets	3.2	2,561	3,039
Net Gain/(Loss) on Financial Instruments	3.2	(5,040)	-
Share of Other economic flows from Joint Operation	3.2	558	1,284
Other Gain/(Loss) from Other Economic Flows	3.2	(47,786)	(69,086)
<b>Total Other economic flows included in net result</b>		<b>(49,707)</b>	<b>(64,763)</b>
<b>NET RESULT FOR THE YEAR</b>		<b>(974,398)</b>	<b>(931,696)</b>
<b>Other Comprehensive Income Items that</b>			
Changes in Physical Asset revaluation surplus		-	(986,116)
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>(986,116)</b>
<b>Comprehensive Result for the Year</b>		<b>(974,398)</b>	<b>(1,917,812)</b>

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

**Casterton Memorial Hospital  
Balance Sheet  
As at 30 June 2020**

	Note	Total 2020 \$	Total 2019 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	5,408,213	4,288,731
Receivables	5.1	385,418	309,685
Investments and Other Financial Assets	4.1	509,493	450,000
Other Current Assets		74,014	93,081
<b>Total Current Assets</b>		<b>6,377,138</b>	<b>5,141,497</b>
<b>Non-Current Assets</b>			
Receivables	5.1	593,823	552,587
Investments and Other Financial Assets	8.8	35,978	35,420
Property, Plant & Equipment	4.2	19,724,503	20,908,917
Investment Properties	4.4	40,000	40,000
<b>Total Non-Current Assets</b>		<b>20,394,304</b>	<b>21,536,924</b>
<b>TOTAL ASSETS</b>		<b>26,771,442</b>	<b>26,678,421</b>
<b>Current Liabilities</b>			
Payables	5.3	709,460	557,704
Employee benefits	3.4	1,923,423	1,853,574
Borrowings	6.1	57,653	57,625
Other Liabilities	5.2	2,013,453	1,105,360
<b>Total Current Liabilities</b>		<b>4,703,989</b>	<b>3,574,263</b>
<b>Non-Current Liabilities</b>			
Employee benefits	3.4	266,682	303,386
Borrowings	6.1	94,463	100,691
<b>Total Non-Current Liabilities</b>		<b>361,145</b>	<b>404,077</b>
<b>TOTAL LIABILITIES</b>		<b>5,065,134</b>	<b>3,978,340</b>
<b>NET ASSETS</b>		<b>21,706,308</b>	<b>22,700,081</b>
<b>EQUITY</b>			
Property, Plant & Equipment Revaluation Surplus		20,810,464	20,810,464
Contributed Capital		2,293,608	2,293,608
Accumulated (Deficits)		(1,397,764)	(403,991)
<b>TOTAL EQUITY</b>		<b>21,706,308</b>	<b>22,700,081</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 2020**

	Note	Property, Plant & Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses/ (deficits)	Total
		\$	\$	\$	\$
<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>
Effect of adoption of AASB 15,16 and 1058	8.10			(19,375)	(19,375)
<b>Restated balance at June 30 2019</b>		<b>20,810,464</b>	<b>2,293,608</b>	<b>(423,366)</b>	<b>22,680,706</b>
Net result for the year			-	(974,398)	(974,398)
Other comprehensive Income for the year		-	-		-
<b>Balance at 30 June 2020</b>		<b>20,810,464</b>	<b>2,293,608</b>	<b>(1,397,764)</b>	<b>21,706,308</b>

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

**Casterton Memorial Hospital  
Cash Flow Statement  
For the Year Ended 30 June 2020**

	Note	Total 2020 \$	Total 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		7,723,401	7,308,433
Capital Grants from Government		30,522	86,399
Patient and Resident Fees Received		1,133,332	1,108,615
Donations and Bequests Received		31,715	49,044
GST Received from/(paid to) ATO		71	7,623
Interest Received		97,088	118,369
Other Receipts		740,250	786,847
<b>Total Receipts</b>		<b>9,756,379</b>	<b>9,465,330</b>
Employee Expenses Paid		(6,435,504)	(6,839,181)
Non Salary Labour Costs		(1,085,641)	(333,793)
Payments for Supplies & Consumables		(370,104)	(408,580)
Fee for Service Medical Officers		(183,018)	(201,497)
Other Payments		(1,266,307)	(1,622,014)
<b>Total Payments</b>		<b>(9,340,574)</b>	<b>(9,405,065)</b>
<b>NET CASHFLOWS FROM/OPERATING ACTIVITIES</b>	8.1	<b>415,805</b>	<b>60,265</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Payments for)/Proceeds from Financial Assets		(59,493)	250,000
Payments for Non-Financial Assets		(152,996)	(381,423)
Proceeds from sale of Non-Financial Assets		14,273	23,182
<b>NET CASHFLOWS USED IN INVESTING ACTIVITIES</b>		<b>(198,216)</b>	<b>(108,241)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayment) of Borrowings		(6,200)	116,012
Receipt of Accommodation Deposits		1,024,280	175,000
Repayment of Accommodation Deposits		(116,187)	(1,111,213)
<b>NET CASHFLOWS FROM/OPERATING ACTIVITIES</b>		<b>901,893</b>	<b>(820,201)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>1,119,482</b>	<b>(868,177)</b>
Cash and Cash Equivalents At Beginning Of Financial Year		<b>4,288,731</b>	<b>5,156,908</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	6.2	<b>5,408,213</b>	<b>4,288,731</b>

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

**Casterton Memorial Hospital**  
***Note to the Financial Statements***  
**For the Financial Year Ended 30 June 2020**

***Basis of preparation***

*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.*

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

These annual financial statements represent the audited general purpose financial statements for Casterton Memorial Hospital (ABN 62 051 291 134) for the year ended 30 June 2020. The report provides users with information about Casterton Memorial Hospital's stewardship of resources entrusted to it.

**(a) Statement of Compliance**

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

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions 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 Service 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 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019. 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 7.1.

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 Hospital.

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); and
- 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).

#### **COVID - 19**

The global health pandemic Covid-19, has impacted Australia and the World in a significant manner. Victoria was originally declared a State of Emergency and subsequently moved to a State of Disaster prior to signing these financial statements. The impact on communities and businesses has been varied, with Government policies put in place to provide support to those who are most in need. State Government entities have also been instructed to provide 100% rent relief to tenants and to ensure trade creditor payments are made more regularly, with a target of net 5 days from invoice.

Regional areas have generally been less impacted by the pandemic, however the changed conditions continue to provide uncertainty and a reluctance from the community to engage as regularly with the Health Sector. The State Government have recognised the importance of a strong public health system and are providing ongoing support to ensure we remain financially viable and we can continue to support our staff who are at the front line of defence should the pandemic impact our community even more directly going forward.

From a financial perspective, the Health Service expects there will be a negative impact in the following areas:

- Private Patient Revenue due to restrictions on surgical activity.
- Recoveries from clinicians for use of hospital facilities as they have not been able to provide them.
- Recoveries from clients for services normally provided directly, but are no longer able to be provided.
- Activity based funding areas where there is no dispensation or reduced dispensation made available by the provider.
- Specific costs incurred in the prevention and/or treatment of Covid-19.

For further details refer to Note 2.1 Funding delivery of our services

#### **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.

**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 2020 \$</b>	<b>Total 2019 \$</b>
Government Grants (State) - Operating <sup>1</sup>	5,503,406	5,268,268
Government Grants (Commonwealth) - Operating	2,315,334	2,206,684
Government Grants (State) - Capital	30,522	94,470
Patient & Resident Fees	1,155,227	1,117,567
Commercial Activities <sup>2</sup>	152,116	168,002
Assets received free of charge or for nominal consideration	31,715	49,044
Other Revenue from Operating Activities (including non-capital donations)	582,579	638,170
<b>Total Income from Operating Activities</b>	<b>9,770,899</b>	<b>9,542,205</b>
Other Interest	75,492	118,368
Other revenue from non-operating activities	62,302	49,872
<b>Total Income from Non-Operating Activities</b>	<b>137,794</b>	<b>168,240</b>
<b>Total Income from Transactions</b>	<b>9,908,693</b>	<b>9,710,445</b>

<sup>1</sup> Government Grant (State) – Operating includes funding of \$0.06m which was spent due to the impacts of COVID-19

<sup>2</sup> Commercial activities represent business activities which health service enter into to support their operations.

**Revenue Recognition**

**Impact of COVID-19 on revenue and income**

As indicated at Note 1, Casterton Memorial Hospital's response to the pandemic included introduction of restrictions for entry and reduced activity. This resulted in CMH incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to impacts on the Casterton Memorial Hospital. Casterton Memorial Hospital also received essential personal protective equipment free of charge under the state supply arrangement.

**Government Grants**

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met. Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Casterton Memorial Hospital has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Casterton Memorial Hospital, recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2)

***Performance obligations***

The types of government grants recognised under AASB15 Revenue from Contracts with Customers includes:

- Activity based funding (ABF) with identifiable targets,
- Grants requiring acquittal of services and/or expenditure

For activity based funding, revenue is recognised as target levels are met. These performance obligations have been selected as they are agreed with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SOP). For this type of funding, there is minimal judgement required, as performance is measured in accordance with DHHS Policy and Funding Guidelines.

For grants requiring acquittal of services and/or expenditure, revenue is recognised in accordance with the funding agreement Casterton Memorial Hospital exercises judgement over whether performance obligations are met, which includes assessment of total expenditure incurred and whether key performance indicators have been met.

***Previous accounting policy for 30 June 2019***

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Casterton Memorial Hospital without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence. Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Casterton Memorial Hospital recognises income when it has satisfied its performance obligations under the terms of the grant. For non-reciprocal grants, Casterton Memorial Hospital recognises revenue when the grant is received. Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

***Patient and Resident Fees***

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Casterton Memorial Hospital provides accommodation. This is calculated on a daily basis and invoiced monthly.

***Revenue from Commercial Activities***

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities.

**Note 2.1 (a) Fair value of assets and services received free of charge or for nominal consideration**

	2020 \$'000	2019 \$'000
Cash donations and gifts	31,715	49,044
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>31,715</b>	<b>49,044</b>

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

**Voluntary Services:** Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Casterton Memorial Hospital operates with minimal volunteer services and does not consider a reliable fair value can be determined.

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

**Performance obligations and revenue recognition policies**

Revenue is measured based on the consideration specified in the contract with the customer. Casterton Memorial Hospital recognises revenue when ii transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

**Note 2.1 (b) Other income**

	2020 \$'000	2019 \$'000
Other interest	75,492	118,368
Rental Income	62,302	49,872
<b>Total other income</b>	<b>137,794</b>	<b>168,240</b>

**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.

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.

**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 section 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 on the balance sheet
- 3.5 Superannuation

**Note 3.1: Expenses from Transactions**

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
Salaries & Wages	5,924,063	5,541,580
On-Costs	1,388,936	1,575,023
Agency Expenses	133,523	147,742
Fee for Service Medical Officer Expenses	230,118	222,375
WorkCover Premium	92,614	101,212
<b>Total Employee Expenses</b>	<b>7,769,254</b>	<b>7,587,932</b>
Drug Supplies	46,836	98,320
Medical and Surgical Supplies	89,943	126,688
Diagnostic and Radiology Supplies	7,331	16,354
Other Supplies and Consumables	380,573	356,361
<b>Total Supplies and Consumables</b>	<b>524,683</b>	<b>597,723</b>
Finance Costs	2,088	24,747
<b>Total Finance Costs</b>	<b>2,088</b>	<b>24,747</b>
Other Administrative Expenses	841,401	829,418
<b>Total Other Administrative Expenses</b>	<b>841,401</b>	<b>829,418</b>
Fuel, Light, Power and Water	203,338	226,629
Repairs and Maintenance	79,386	56,801
Maintenance Contracts	49,336	54,495
Medical Indemnity Insurance	42,888	43,167
<b>Total Other Operating Expenses</b>	<b>374,948</b>	<b>381,092</b>
<b>Total Operating Expense</b>	<b>9,512,374</b>	<b>9,420,912</b>
Depreciation and Amortisation (refer note 4.3)	1,321,011	1,156,466
<b>Total Depreciation and Amortisation</b>	<b>1,321,011</b>	<b>1,156,466</b>
<b>Total Non-Operating Expense</b>	<b>1,321,011</b>	<b>1,156,466</b>
<b>Total Expenses from Transactions</b>	<b>10,833,385</b>	<b>10,577,378</b>

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

**Impact of COVID-19 on expenses**

As indicated at Note 1, Casterton Memorial Hospital's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional medical supplies, maintenance of salary levels for casual and part-time employees, acquisition of minor equipment for testing purposes and redeployment of staff where activities have been impacted by shutdowns.

Casterton Memorial Hospital has had no patient admissions relating directly to Covid-19, therefore the impact on the Health Service has been in preventative and preparatory costs only.

**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 which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

**Finance costs**

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and

**Other Operating Expenses**

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

- 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 of \$1000).

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 and amortisation, and assets and services provided free of charge or for nominal consideration.

**Operating lease payments**

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

**Note 3.2: Other economic flows included in net result**

	Total 2020 \$	Total 2019 \$
<i>Net gain/(loss) on financial instruments</i>		
Allowance for impairment losses of contractual receivables	(5,040)	3,039
<b>Total Net Gain/(Loss) on Financial Instruments</b>	<b>(5,040)</b>	<b>3,039</b>
<i>Net gain/(loss) on non-financial assets</i>		
Net gain/(loss) on disposal of property plant and equipment	2,561	3,039
<b>Total gain/(loss) on non-financial assets</b>	<b>2,561</b>	<b>3,039</b>
<i>Share of other economic flows from Joint Operations</i>		
Share of net profits/(losses) of joint entities	558	1,284
<b>Total Share of other economic flows from Joint Operations</b>	<b>558</b>	<b>1,284</b>
<i>Other gains/(losses) from other economic flows</i>		
Net gains/(losses) from revaluation of long service leave	(47,786)	(69,086)
<b>Total other gains/(losses) from other economic flows</b>	<b>(47,786)</b>	<b>(69,086)</b>
<b>Total gains/(losses) from other economic flows</b>	<b>(49,707)</b>	<b>(64,763)</b>

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

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

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

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

- 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.

**Net gain/ (loss) on financial instruments**

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 7.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities

**Other gains/ (losses) from other economic flows**

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

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

	Expense		Revenue	
	Total 2020 \$	Total 2019 \$	Total 2020 \$	Total 2019 \$
<b>Commercial Activities</b>				
Catering	63,992	75,000	91,417	107,142
Property Maintenance	16,996	17,041	60,699	60,860
<b>Total</b>	<b>80,988</b>	<b>92,041</b>	<b>152,116</b>	<b>168,002</b>

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

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>CURRENT PROVISIONS</b>		
<b>Employee Benefits (i)</b>		
Annual Leave		
- Unconditional and expected to be settled within 12 months (ii)	569,017	530,880
- Unconditional and expected to be settled after 12 months (iii)	51,324	52,728
Long Service Leave		
- Unconditional and expected to be settled within 12 months (ii)	154,534	189,761
- Unconditional and expected to be settled after 12 months (iii)	844,109	785,475
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (ii)	45,331	41,696
	<b>1,664,315</b>	<b>1,600,540</b>
<b>Provisions related to Employee Benefit On-Costs</b>		
- Unconditional and expected to be settled within 12 months (ii)	165,526	155,962
- Unconditional and expected to be settled after 12 months (iii)	93,582	97,072
	259,108	253,034
	<b>1,923,423</b>	<b>1,853,574</b>
<b>NON-CURRENT PROVISIONS</b>		
Conditional Employee Benefits (iii)	241,775	274,788
Provisions related to Employee Benefit On-Costs (iii)	24,907	28,598
<b>Total Non-Current Provisions</b>	<b>266,682</b>	<b>303,386</b>
<b>Total Provisions</b>	<b>2,190,105</b>	<b>2,156,960</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		
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and related on-costs</b>		
Annual Leave Entitlements	775,081	736,910
Accrued Days Off	45,331	41,696
Unconditional Long Service Leave Entitlements	1,103,011	1,074,968
<b>Non-Current Employee Benefits and related on-costs</b>		
Conditional Long Service Leave Entitlements	266,682	303,386
<b>Total Employee Benefits and Related On-Costs</b>	<b>2,190,105</b>	<b>2,156,960</b>

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

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>(b) Movements in On-Costs Provisions</b>		
<b>Balance at start of year</b>	<b>281,632</b>	<b>263,751</b>
Provision made during the year		
Additional provisions recognised	151,399	130,621
Effect of changes in the discount rate	(47,786)	900
Reduction due to transfer out	(101,230)	(113,640)
<b>Balance at end of year</b>	<b>284,015</b>	<b>281,632</b>

#### **Employee Benefit Recognition**

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

#### **Provisions**

Provisions are recognised when 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 2020 \$</b>	<b>Paid contribution for the Year 2019 \$</b>
<b>Defined benefit plans:</b> <sup>(i)</sup>		
First State Super (Health Super)	37,924	35,658
<b>Defined Contribution plans:</b>		
First State Super (Health Super)	511,894	469,869
HESTA	65,706	70,781
Other	28,536	22,788
<b>Total</b>	<b>644,060</b>	<b>599,096</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 & Other Financial Assets

	Total 2020 \$	Total 2019 \$
<b>CURRENT</b>		
<b>Financial Assets at Amortised Cost</b>		
Term Deposits		
Australian Dollar Term Deposits > 3 Months	509,493	450,000
<b>TOTAL CURRENT</b>	<b>509,493</b>	<b>450,000</b>
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>509,493</b>	<b>450,000</b>
<b>Represented by:</b>		
Health Service investment	509,493	450,000
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>509,493</b>	<b>450,000</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 Hospital's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

### 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.

## **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.

### **Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement**

Casterton Memorial Hospital recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

**Subsequent measurement:** Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

### **Right-of-use asset – Subsequent measurement**

Casterton Memorial Hospital depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I [pending] however as at 30 June 2020 right-of-use assets have not been revalued. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

### **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.

### **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.

### **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 2020.  
For all assets measured at fair value, the current use is considered the highest and best use.

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

(a) Gross carrying amount and accumulated depreciation

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>Land</b>		
Land - Crown	330,000	330,000
<b>TOTAL LAND AT FAIR VALUE</b>	<b>330,000</b>	<b>330,000</b>
<b>Land Improvement</b>		
Land Improvements at Fair Value	374,113	374,113
Less Acc'd Depreciation	(11,642)	-
<b>TOTAL LAND IMPROVEMENTS</b>	<b>362,471</b>	<b>374,113</b>
<b>Buildings</b>		
Buildings at Fair Value	19,515,201	19,515,201
Less Acc'd Depreciation	(1,159,129)	-
Assets Under Construction	-	4,688
<b>TOTAL BUILDINGS</b>	<b>18,356,072</b>	<b>19,519,889</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	832,774	817,010
Less Acc'd Depreciation	(597,817)	(568,707)
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>234,957</b>	<b>248,303</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	519,097	525,521
Less Acc'd Depreciation	(505,469)	(503,024)
<b>TOTAL MEDICAL EQUIPMENT</b>	<b>13,628</b>	<b>22,497</b>
<b>Computers and Communication</b>		
Computers and Communication at Fair Value	128,479	107,237
Less Acc'd Depreciation	(25,651)	(13,569)
<b>TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT</b>	<b>102,828</b>	<b>93,668</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	686,882	676,058
Less Acc'd Depreciation	(576,599)	(553,647)
<b>TOTAL FURNITURE AND FITTINGS</b>	<b>110,283</b>	<b>122,411</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Fair Value	325,500	307,535
Less Acc'd Depreciation	(230,986)	(227,002)
<b>TOTAL MOTOR VEHICLES</b>	<b>94,514</b>	<b>80,533</b>
<b>Right of use equipment</b>		
Right of use - ICT equipment	603,352	563,351
Less Acc'd Depreciation	(483,602)	(445,848)
<b>TOTAL RIGHT OF USE EQUIPMENT</b>	<b>119,750</b>	<b>117,503</b>
<b>TOTAL</b>	<b>19,724,503</b>	<b>20,908,917</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	Right of Use Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<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)	<b>(1,156,466)</b>
<b>Balance at 1 July 2019</b>	<b>704,113</b>	<b>19,519,889</b>	<b>248,303</b>	<b>22,497</b>	<b>93,667</b>	<b>122,411</b>	<b>80,533</b>	<b>117,503</b>	<b>20,908,916</b>
Additions			27,742	3,166	21,241	12,250	48,596	40,001	152,996
Disposals		(4,688)	-	-	-	-	(11,712)	-	(16,400)
Depreciation (note 4.3)	(11,642)	(1,159,129)	(41,088)	(12,035)	(12,081)	(24,378)	(22,903)	(37,755)	(1,321,011)
<b>Balance at 30 June 2020</b>	<b>692,471</b>	<b>18,356,072</b>	<b>234,957</b>	<b>13,628</b>	<b>102,828</b>	<b>110,283</b>	<b>94,514</b>	<b>119,749</b>	<b>19,724,502</b>

**Land and buildings carried at valuation**

The Valuer-General Victoria undertook to re-value all of Casterton Memorial Hospitals 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 was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, Casterton Memorial Hospital's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate nil movement across all land parcels and a 3% increase in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of Covid-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings, no managerial revaluation was required.

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

**(c) Fair value measurement hierarchy for assets as at June 30 2020**

Note	Consolidated Carrying Amount \$	Fair value measurement at end of reporting period using:		
		Level 1(i) \$	Level 2(i) \$	Level 3(i) \$
<b>Balance at 30 June 2020</b>				
<b>Land at Fair Value</b>				
	Specialised land	330,000	-	330,000
	Land Improvements	362,471	-	362,471
	<b>Total of Land at Fair Value</b>	<b>692,471</b>	<b>-</b>	<b>692,471</b>
4.2 (a)				
<b>Buildings at Fair Value</b>				
	Specialised Buildings	18,356,072	-	18,356,072
	<b>Total of Building at Fair Value</b>	<b>18,356,072</b>	<b>-</b>	<b>18,356,072</b>
4.2 (a)				
	Plant, Equipment and Vehicles at fair value	234,957	-	234,957
	Medical Equipment at Fair Value	13,628	-	13,628
	Computers and Communication at Fair Value	102,828	-	102,828
	Furniture and Fittings at Fair Value	110,283	-	110,283
	Motor Vehicles at Fair Value	94,514	94,514	-
	<b>Total Property, Plant &amp; Equipment</b>	<b>19,604,753</b>	<b>-</b>	<b>19,510,239</b>

(i) Classified in accordance with the fair value hierarchy

**(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(ii) \$	Level 3 \$
<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>-</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>-</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>-</b>	<b>20,706,193</b>

(i) Classified in accordance with the fair value hierarchy

(ii) There have been no transfers between levels during the period

**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 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 1 July 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>
Additions	-	-	27,742	3,166	21,241	12,250
Disposals	-	-	-	-	-	-
Depreciation (note 4.3)	(11,642)	(1,159,129)	(41,088)	(12,035)	(12,081)	(24,378)
<b>Balance at 30 June 2020</b>	<b>692,471</b>	<b>18,356,072</b>	<b>234,957</b>	<b>13,628</b>	<b>102,828</b>	<b>110,283</b>

(i) Classified in accordance with the fair value hierarchy

(e) Fair Value Determination

Asset Class	Examples of types assets	Expected fair value level	Likely valuation approach	Significant inputs (Level
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 <sup>(a)</sup>
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

(a) A community Service Obligation (CSO) of 20% was applied to the health services specialised land classified in accordance with the fair value hierarchy.

(f) Property, Plant and Equipment Revaluation Surplus

	Total 2020	Total 2019
	\$	\$
<b>Property, Plant and Equipment Revaluation Surplus</b>		
Balance at the beginning of the reporting period	20,810,464	21,796,580
- Land	-	(9,349)
- Buildings	-	(976,767)
<b>Balance at the end of the reporting period</b>	<b>20,810,464</b>	<b>20,810,464</b>
Represented by		
- Land	399,943	399,943
- Buildings	20,410,521	20,410,521
<b>Total</b>	<b>20,810,464</b>	<b>20,810,464</b>

**Note 4.3: Depreciation and amortisation**

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>Depreciation</b>		
Buildings	1,159,129	971,963
Plant & Equipment	41,088	31,429
Medical Equipment	12,035	28,026
Computers and Communication	12,081	7,076
Furniture and Fittings	24,378	28,126
Motor Vehicles	18,699	18,868
Land Improvements	11,642	3,826
Leased Assets - Vicfleet	4,204	-
Right of use Assets		
- Right of use equipment	37,755	67,152
<b>Total Depreciation</b>	<b>1,321,011</b>	<b>1,156,466</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.

	2020	2019
Buildings		
- Structure Shell Building Fabric	35 years	2 to 40 years
- Site Engineering Services and Central Plant	25 years	2 to 40 years
Central Plant		
- Fit Out	10 years	2 to 25 years
- Trunk Reticulated Building systems	15 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	2 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

The change in remaining useful life for Buildings and central plant, was a result of revaluation of land and buildings completed in 2019. The Valuer is required to reassess the estimated useful life based on the current building conditions. The change in remaining useful life has resulted in an increase of \$312,620 depreciation expense for buildings.

**Note 4.4: Investment properties**

(a) Movements in carrying value for investment properties as at 30 June 2020

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>Balance at Beginning of Year</b>	40,000	50,000
Net Gain/(Loss) from Fair Value Revaluation	-	(10,000)
<b>Balance at End of Year</b>	<b>40,000</b>	<b>40,000</b>

(b) Fair value measurement hierarchy for investment properties as at 30 June 2020

	<b>Carry amount as at 30 June 2020</b>	<b>Fair value measurement at end of reporting period using:</b>		
		Level 1	Level 2	Level 3
<b>Investment Properties</b>	40,000		40,000	
	40,000		40,000	

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

**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 2020.

## 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 Payables

5.3 Other liabilities

### Note 5.1: Receivables

	<b>Total 2020</b>	<b>Total 2019</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Debtors	131,962	124,878
Inter Hospital Debtors	20,130	-
Patient Fees	33,471	12,286
Accrued Revenue	5,357	25,604
Receivables - SWARH	133,852	123,980
Trade Debtors	(5,040)	-
	<b>319,732</b>	<b>286,748</b>
<b>Statutory</b>		
DHHS Receivables	42,819	-
GST Receivable	22,867	22,937
<b>TOTAL CURRENT RECEIVABLES</b>	<b>385,418</b>	<b>309,685</b>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Share of SWARH LSL debtor	11,863	-
Long Service Leave - Department of Health and Human Services	581,960	552,587
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>593,823</b>	<b>552,587</b>
<b>TOTAL RECEIVABLES</b>	<b>979,241</b>	<b>862,272</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*.

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, management considers the credit quality of trade receivables that are not past due date or impaired to be good.

#### Impairment losses of contractual receivables

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

**Note 5.2: Payables**

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	101,422	165,261
Accrued Salaries and Wages	167,866	108,851
Accrued Expenses	43,397	65,066
SWARH - Payables	195,905	101,001
Contract Liabilities - income received in advance	98,712	-
	<b>607,302</b>	<b>440,179</b>
<b>Statutory</b>		
DHHS Payables	-	23,147
PAYG Withholding	102,158	94,378
	<b>102,158</b>	<b>117,525</b>
<b>TOTAL CURRENT</b>	<b>709,460</b>	<b>557,704</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.

**Note 5.2(a): Contract liabilities**

	<b>2020 \$'000</b>
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	19,375
Add: Grant consideration for sufficiently specific performance obligations received during the year	79,337
<b>Total contract liabilities</b>	<b>98,712</b>
<b>Represented by</b>	
Current contract liabilities	98,712

Contract liabilities include consideration received in advance from customers in respect of specified targets and outcomes. Invoices are raised once the goods and services are delivered/provided.

**Maturity analysis of payables**

Please refer to Note 7.1(b) for the ageing analysis of payables.

**Note 5.3: Other liabilities**

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>CURRENT</b>		
Monies Held in Trust		
- Accommodation Bonds (Refundable Entrance Fees)	2,013,453	1,105,360
<b>Total Current</b>	<b>2,013,453</b>	<b>1,105,360</b>
<b>Total Other Liabilities</b>	<b>2,013,453</b>	<b>1,105,360</b>
<b>Total Monies Held in Trust</b>		
<b>Represented by the following assets:</b>		
Cash Assets (refer to Note 6.2)	2,013,453	1,105,360
<b>TOTAL</b>	<b>2,013,453</b>	<b>1,105,360</b>

**Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities**

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to the health service upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the Aged Care Act 1997.

**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 2020 \$</b>	<b>Total 2019 \$</b>
<b>CURRENT</b>		
Lease liability <sup>(i)</sup>	27,298	27,270
Advances from government <sup>(ii)</sup>	30,355	30,355
<b>Total Current</b>	<b>57,653</b>	<b>57,625</b>
<b>NON CURRENT</b>		
Lease liability <sup>(i)</sup>	64,254	41,476
Advances from government <sup>(ii)</sup>	30,209	59,215
<b>Total Non-Current</b>	<b>94,463</b>	<b>100,691</b>
<b>Total Borrowings</b>	<b>152,116</b>	<b>158,316</b>

(i) Secured by the assets. Assets reverting to the lessor in the event of default.

(ii) These are unsecured loans which bear no interest.

**(a) Maturity analysis of borrowings**

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

**(b) Defaults and breaches**

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

**(c) Lease Liabilities**

Repayments in relation to leases are payable as follows:

	<b>Minimum future lease payments</b>		<b>Present value of minimum future lease payments</b>	
	<b>2020 \$'000</b>	<b>2019 \$'000</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Not later than one year	27,298	27,270	27,298	27,270
Later than 1 year and not later than 5 years	67,096	41,476	64,254	41,476
Later than 5 years	-	-	-	-
Minimum lease payments	<b>94,394</b>	<b>68,746</b>	<b>91,552</b>	<b>68,746</b>
Less future finance charges	(2,842)	-	-	-
<b>TOTAL</b>	<b>91,552</b>	<b>68,746</b>	<b>91,552</b>	<b>68,746</b>
Included in the financial statements as:				
Current borrowings - lease liability			27,298	27,270
Non-current borrowings - lease liability			64,254	41,476
<b>TOTAL</b>			<b>91,552</b>	<b>68,746</b>

The weighted average interest rate implicit in the finance lease is 6% (2019: 6%).

## Note 6.1: Borrowings (cont.)

### Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

### Casterton Memorial Hospital's leasing activities

Casterton Memorial Hospital has entered into leases related to information technology equipment via the South West Alliance or Rural Health joint venture arrangement.

### Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

#### Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee

#### Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

#### Presentation of right-of-use assets and lease liabilities

Casterton Memorial Hospital presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

### Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. 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

	Total 2020 \$	Total 2019 \$
Cash on Hand (excluding monies held in trust)	400	400
Cash at Bank (excluding monies held in trust)	98,572	79,228
Cash at Bank (monies held in trust)	92,611	104,060
Cash at Bank - SWARH	180,620	28,496
Cash at Bank - CBS (excluding monies held in trust)	3,115,168	3,075,247
Cash at Bank - CBS (monies held in trust)	1,920,842	1,001,300
<b>Total Cash and Cash Equivalents</b>	<b>5,408,213</b>	<b>4,288,731</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.

**Note 6.3: Commitments for Expenditure**

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>Non-cancellable Short Term and low value lease commitments</b>		
Less than 1 year	8,033	9,468
Longer than 1 year but not longer than 5 years	5,744	4,982
<b>Total Non-cancellable Lease Commitments</b>	<b>13,777</b>	<b>14,450</b>
<b>Total Commitments for Expenditure (inclusive of GST)</b>	<b>13,777</b>	<b>14,450</b>
Less GST recoverable from the ATO	<b>(1,252)</b>	<b>(1,313)</b>
<b>TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)</b>	<b>12,525</b>	<b>13,137</b>

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings

**Commitments**

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

## Note 7: Risks, Contingencies and Valuation Uncertainties

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

### Structure

7.1 Financial Instruments

7.2 Contingent 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.

#### Note 7.1(a) Financial instruments: categorisation

2020		Financial Assets at Amortised Cost \$	Financial Liabilities at Amortised Cost \$	Total \$
	<b>Note</b>			
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	6.2	5,408,213	-	5,408,213
Receivables - Trade Debtors	5.1	147,052	-	147,052
Other Receivables	5.1	172,680	-	172,680
Investments and Other Financial Assets	4.1	509,493	-	509,493
<b>Total Financial Assets</b> <sup>(i)</sup>		<b>6,237,438</b>	<b>-</b>	<b>6,237,438</b>
<b>Financial Liabilities</b>				
Payables - excludes income in advance	5.2	-	508,590	508,590
Borrowings	6.1	-	152,116	152,116
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	2,013,453	2,013,453
<b>Total Financial Liabilities</b> <sup>(i)</sup>		<b>-</b>	<b>2,674,159</b>	<b>2,674,159</b>
<b>2019</b>				
		<b>Financial Assets at Amortised Cost \$</b>	<b>Financial Liabilities at Amortised Cost \$</b>	<b>Total \$</b>
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	6.2	4,288,731	-	4,288,731
Receivables - Trade Debtors	5.1	124,878	-	124,878
Other Receivables	5.1	161,870	-	161,870
Investments and Other Financial Assets	4.1	450,000	-	450,000
<b>Total Financial Assets</b> <sup>(i)</sup>		<b>5,025,479</b>	<b>-</b>	<b>5,025,479</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	440,179	440,179
Borrowings	6.1	-	158,316	158,316
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,105,360	1,105,360
<b>Total Financial Liabilities</b> <sup>(i)</sup>		<b>-</b>	<b>1,703,855</b>	<b>1,703,855</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)

### Categories of Non-Derivative Financial Instruments

#### 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); and
- term deposits.

#### Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Casterton Memorial Hospital's own credit risk. In this case, the portion of the change attributable to changes in Casterton Memorial Hospital's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Casterton Memorial Hospital recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

**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.

Casterton Memorial Hospital recognises the following liabilities in this category:

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

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

the rights to receive cash flows from the asset have expired; 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:

- has transferred substantially all the risks and rewards of the asset; or
- 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.

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

**Reclassification of financial instruments:** Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Casterton Memorial Hospital's business model for managing its financial assets has changes such that its previous model would no longer apply.

**Note 7.1 (b): Payables and Borrowings Maturity Analysis**

**(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**

	Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates			
				Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
<b>2020</b>							
<b>Financial Liabilities</b>							
At Amortised Cost							
Payables	5.2	508,590	508,590	217,520	291,070		
Borrowings	6.1	152,116	152,116	-	-	95,101	57,015
Other Financial Liabilities							
- Accommodation Deposits	5.2	2,013,453	2,013,453	-	-	322,152	1,691,301
<b>Total Financial Assets</b>		<b>2,674,159</b>	<b>2,674,159</b>	<b>217,520</b>	<b>291,070</b>	<b>417,253</b>	<b>1,748,316</b>
<b>2019</b>							
<b>Financial Liabilities</b>							
At Amortised Cost							
Payables	5.2	440,179	440,179	339,178		101,001	
Borrowings	6.1	158,316	158,316			57,625	100,691
Other Financial Liabilities							
- Accommodation Deposits	5.3	1,105,360	1,105,360			176,858	928,502
- Other		-	-				
<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>

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

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

**Note 7.1(c) Contractual receivables at amortised cost**

	1-Jul-19	Note	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>Expected loss rate</b>			0.0%	0.0%	0.0%	0.0%		
Gross carrying amount of contractual receivables		5.1	286,748	0	0	0	0	286,748
<b>Loss allowance</b>			-	-	-	-	-	-

	30-Jun-20		Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>Expected loss rate</b>			0.0%	0.0%	0.0%	48.06%	0.0%	
Gross carrying amount of contractual receivables		5.1	301,159	10,077	3,050	10,486	0	324,772
<b>Loss allowance</b>			-	-	-	(5,040)	-	(5,040)

**Impairment of financial assets under AASB 9 Financial Instruments**

Casterton Memorial Hospital records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the Casterton Memorial Hospital's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9 Financial Instruments. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 Financial Instruments. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 Financial Instruments, any identified impairment loss would be 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 \$5040.

Reconciliation of the movement in the loss allowance for contractual receivables

	Note	2020 \$	2019 \$
<b>Balance at beginning of the year (\$'000s)</b>		-	-
Increase in provision recognised in the net result	3.2	5,040	-
<b>Balance at end of the year</b>	5.1	5,040	-

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.

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.

**Note 7.2: Contingent assets and contingent liabilities**

There are no known contingent assets or contingent liabilities for Casterton Memorial Hospital at the date of this report (Nil 2019).

**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 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 Change in Accounting Policy and Revision of Estimates
- 8.11 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 2020 \$</b>	<b>Total 2019 \$</b>
<b>Net Result for the Year</b>	OS	(974,398)	(931,696)
<b>Non-Cash Movements:</b>			
Depreciation	4.3	1,321,011	1,156,466
Share of Other Economic flows from Joint Operation	8.8	(558)	(1,284)
Provision for Doubtful Debts	5.1	5,040	-
<b>Movements included in Investin and Financing Activities</b>			
Net (Gain)/Loss from Sale of Plant and Equipment	3.2	(2,561)	(3,039)
<b>Movements in Assets and Liabilities:</b>			
(Increase)/Decrease in Receivables	5.1	(136,697)	(260,275)
(Increase)/Decrease in Other Assets		19,067	93,780
Increase/(Decrease) in Payables		151,756	(224,110)
Increase/(Decrease) in Provisions		33,145	230,423
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		<b>415,805</b>	<b>60,265</b>

**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 Jenny Mikakos, MP, Minister for Health, Minister for Ambulance Services  
The Honourable Martin Foley, MP, Minister for Mental Health  
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  
Mr Gregory Hart  
Ms Bronwyn Roberts  
Mr Kane Forbes  
Mrs Julie Kensen

**Accountable Officers**

Mr Owen Stephens (Chief Executive Officer)

Period
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 31/07/2020
01/07/2019 - 30/06/2020

**Remuneration of Responsible Persons**

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

**Income Band**

\$0 - \$9,999  
\$220,000 - \$229,999  
\$230,000 - \$239,999

**Total Numbers**

Total Remuneration	
2020 No.	2019 No.
8	8
1	0
0	1
<b>9</b>	<b>9</b>
2020	2019
<b>\$250,241</b>	<b>\$251,515</b>

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

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Casterton Memorial Hospital’s financial statements.

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 and a number

#### Remuneration of executive officers

	Total Remuneration	
	2020	2019
	\$	\$
Short-term employee benefits	156,011	142,518
Post-employment benefits	29,692	22,787
Other long-term benefits	4,421	4,420
Termination benefits	0	0
<b>Total Remuneration</b>	<b>190,124</b>	<b>169,725</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.

<b>Entity</b>	<b>KMP</b>	<b>Position Title</b>
Casterton Memorial Hospital	Ms Merridy Rowe	Chair of the Board
Casterton Memorial Hospital	Mr Gerald Smith	Board Member
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	Mr Gregory Hart	Board Member
Casterton Memorial Hospital	Mr Kane Forbes	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.

<b>Compensation - KMP's</b>	<b>TOTAL 2020 \$</b>	<b>TOTAL 2019 \$</b>
Short term employee benefits	365,000	353,569
Post-employment benefits	64,702	57,132
Other long-term benefits	10,663	10,540
Termination benefits	0	0
<b>TOTAL <sup>(i)</sup></b>	<b>440,365</b>	<b>421,241</b>

(i) KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

**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 \$5.41 m (2019: \$5.06 m) and indirect contributions of \$0.01m (2019: \$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.

The Standing Directions of the Assistant Treasurer require Casterton Memorial Hospital to hold cash (in excess of working capital) in accordance with the State’s centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

**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 2020.  
There were no related party transactions required to be disclosed for the Casterton Memorial Hospital Board of Directors and Executive Directors in 2020.

**Note 8.5: Remuneration of Auditors**

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

<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
10,100	9,850
<b>10,100</b>	<b>9,850</b>

## NOTE 8.6: Events occurring after balance sheet date

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

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

The Covid-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Casterton Memorial Hospital at the reporting date. As responses by government continue to evolve, management recognises it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Casterton Memorial Hospital, its operations, its future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 11 October 2020 and the state of disaster remains in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Casterton Memorial Hospital, the results of the operations or the state of affairs of Casterton Memorial Hospital in the future financial years.

## Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2020 %	2019 %
South West Alliance of Rural Health	Information Systems	2.07	1.98

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:

	2020 \$ *	2019 \$ *
<b>Current Assets</b>		
Cash and Cash Equivalents	180,620	28,496
Receivables	133,852	123,981
Other Assets	12,160	10,648
<b>Total Current Assets</b>	<b>326,632</b>	<b>163,125</b>
<b>Non Current Assets</b>		
Receivables	11,863	117,690
Property, Plant and Equipment	119,750	117,690
<b>Total Non Current Assets</b>	<b>131,613</b>	<b>117,690</b>
<b>Total Assets</b>	<b>458,245</b>	<b>280,815</b>
<b>Current Liabilities</b>		
Payables	297,060	100,812
Employee Benefits	35,495	33,927
Borrowings	20,191	27,269
<b>Total Current Liabilities</b>	<b>352,746</b>	<b>162,008</b>
<b>Non Current Liabilities</b>		
Employee Benefits	6,697	4,871
Borrowings	26,806	41,476
<b>Total Non Current Liabilities</b>	<b>33,503</b>	<b>46,347</b>
<b>Total Liabilities</b>	<b>386,249</b>	<b>208,355</b>
<b>NET ASSETS</b>	<b>71,996</b>	<b>72,460</b>
<b>EQUITY</b>		
Accumulated Surpluses/(Deficits)	3,312	49,889
<b>TOTAL EQUITY</b>	<b>75,308</b>	<b>122,349</b>

**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>2020</b>	<b>2019</b>
	<b>\$ *</b>	<b>\$ *</b>
<b>Revenues</b>		
Operating	403,439	458,866
Non operating activities	20,051	34,768
<b>Total Revenue</b>	<b>423,490</b>	<b>493,634</b>
<b>Expenses</b>		
Employee costs	181,281	165,173
Maintenance Contracts and IT Support	195,701	192,581
Other Expenses	-	20,092
<b>Total Expenses</b>	<b>376,982</b>	<b>377,846</b>
Finance charges	2,088	10,988
Depreciation	37,754	56,164
<b>Total Capital and Specific Items</b>	<b>39,842</b>	<b>67,152</b>
<b>Other Economic Flows Included in the Result</b>		
Revaluation of Long Service Leave	<b>(3,354)</b>	<b>1,253</b>
<b>Net Result</b>	<b>3,312</b>	<b>49,889</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.

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

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Published Fair Value	
			2020 %	2019 %	2020 \$	2019 \$
<b>Jointly Controlled Entities</b>						
<i>Southern Grampians/Glenelg Shire PCP</i>	Primary Health	Australia	13	13	35,978	35,420

**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: Changes in accounting policy, revision of estimates and corrections of prior period errors**

**Changes in accounting policy**

**Leases**

The adoption of AASB16 Leases did not have any impact on Casterton Memorial Hospital financial statements.

The impact from adoption of AASB15 Revenue from Contracts with Customers and AASB 1058 Income of Non-for-profit Entities is described as follows.

**Revenue from Contracts with Customers**

In accordance with FRD 121 requirements, the Casterton Memorial Hospital has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Casterton Memorial Hospital applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. Casterton Memorial Hospital has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

**Income of Not-for-Profit Entities**

In accordance with FRD 122 requirements, Casterton Memorial Hospital has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Casterton Memorial Hospital applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

**Transition impact on financial statements.**

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

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

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

<i>Balance sheet</i>	<i>Before new accounting standards Opening 1 July 2019</i>	<i>Impact of new accounting standards - AASB 16, 15 &amp; 1058</i>	<i>After new accounting standards Opening 1 July 2019</i>
Property, Plant and Equipment	20,908,917	-	20,908,917
<b>Total Assets</b>	<b>26,678,421</b>	<b>-</b>	<b>26,678,421</b>
Payables and Contract Liabilities	557,704	19,375	577,079
Borrowings	158,316	-	158,316
<b>Total Liabilities</b>	<b>3,978,340</b>	<b>19,375</b>	<b>3,997,715</b>
Accumulated surplus/(deficit)	(403,991)	(19,375)	(423,366)
Physical Revaluation Surplus	20,810,464	-	20,810,464
Other items in equity	2,293,608	-	2,293,608
<b>Total Equity</b>	<b>22,700,081</b>	<b>(19,375)</b>	<b>22,680,706</b>

**Note 8.10: Changes in accounting policy, revision of estimates and corrections of prior period errors**

**Statement of changes in equity – changes for AASB 1058 and AASB 15 adoption**  
For the financial year ended 30 June 2020 (\$)

Notes	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus/(Deficit)	Total
Balance at 1 July 2018	21,796,580	2,293,608	527,705	24,617,893
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>
Change in accounting policy (due to AASB 15, 1058)	-	-	(19,375)	(19,375)
Restated balance at 1 July 2019	20,810,464	2,293,608	(423,366)	22,680,706
Net result for the year	-	-	(974,398)	(974,398)
<b>Balance at 30 June 2020</b>	<b>20,810,464</b>	<b>2,293,608</b>	<b>(1,397,764)</b>	<b>21,706,308</b>

**NOTE 8.11: AASBs ISSUED THAT ARE NOT YET EFFECTIVE**

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2020 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 2020, 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 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.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.
- AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- Conceptual Framework for Financial Reporting.

## 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
<b>Ministerial Directions</b>		
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	2
FRD 22H	Purpose, functions, powers and duties	Inside front cover
FRD 22H	Nature and range of services provided	3 & 15
FRD 22H	Activities, programs and achievements for the reporting period	8 – 15
FRD 22H	Significant changes in key initiatives and expectations for the future	4 - 6
<b>Management and structure</b>		
FRD 22H	Organisational structure	Inside back cover
FRD 22H	Workforce data / employment and conduct principles	16
FRD 22H	Occupational Health and Safety	16
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	20 & 21
FRD 22H	Significant changes in financial position during the year	21
FRD 22H	Operational and budgetary objectives and performance against objectives	20 & 21
FRD 22H	Subsequent events	64
FRD 22H	Details of consultancies under \$10,000	17
FRD 22H	Details of consultancies over \$10,000	17
FRD 22H	Disclosure of ICT Expenditure	18
<b>Legislation</b>		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	17
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FRD 22H	Application and operation of <i>Public Interest Disclosures Act 2012</i>	17
FRD 22H	Statement on National Competition Policy	17
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	17
FRD 22H	Summary of the entity's environmental performance	18
FRD 22H	Additional information available on request	18 - 19
<b>Other relevant reporting directives</b>		
FRD 25D	Local Jobs First Act disclosures	17
SD 5.1.4	Financial Management Compliance Attestation	19
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LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Attestations</b>		
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<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2019-20	8 – 14
	Occupational Violence reporting	16
	Reporting of compliance Health Purchasing Victoria policy	19
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## CASTERTON MEMORIAL HOSPITAL - COMMITTEE COMPOSITION

### BOARD OF DIRECTORS

#### BOARD SUB-COMMITTEES

- Executive
- Audit
- Quality
- Facility / Fabric and Assets
- Credentials
- Medical Appointments
- Environmental Management

### EXECUTIVE

#### CLINICAL SERVICES

- Clinical Services Committee
- Acute Nursing Staff
- Residential Care Staff
- Senior Nursing Staff
- Primary Care Staff
- Medication Advisory Committee
- Minimal Handling
- Visiting Medical Officers
- Midwifery Staff

#### CORPORATE SERVICES

- Department Heads
- Occupational Health & Safety
- Legislative Compliance
- Information, Communication & Technology
- Administration
- Environmental Services
- Catering
- Procurement

#### OTHER

- Consumer Forums
- Resident's Committee
- Planned Activity Group
- Person Centred Care
- Working Groups

## CASTERTON MEMORIAL HOSPITAL - FUNCTIONAL ORGANISATIONAL CHART

### DEPARTMENT OF HEALTH & HUMAN SERVICES

#### BOARD OF DIRECTORS

#### CHIEF EXECUTIVE OFFICER MANAGER NURSING SERVICES

#### SAFETY / CONTINUOUS QUALITY IMPROVEMENT / OH&S / RISK

Visiting Medical Services  
Director Medical Services  
Pharmacist  
Allied Health

- Principal Committees**
- Executive
  - Audit
  - Quality Committee
  - Visiting Medical Officers
  - Credentials
  - Medical Appointments
  - Facility, Fabric & Assets
  - Environmental Management

#### CLINICAL & COMMUNITY SERVICES

Acute Care  
Operating Room  
Planned Activity Group  
Community Health/Health Promotion  
Infection Control  
Home Nursing  
Urgent Care  
Education

#### RESIDENTIAL CARE

Residential Aged Care

#### ADMINISTRATIVE SERVICES

Finance Reporting  
IT/ Information Systems  
Health Information  
Reception  
Human Resources  
Payroll  
Supply Services  
Risk Management  
Contracts  
Aged Care Entry

#### HOTEL SERVICES

Catering  
Linen  
Waste Disposal  
Laundry  
Housekeeping  
Meals on Wheels

#### MAINTENANCE SERVICES

Plant & Equipment  
Building & Maintenance  
Garden & Grounds  
Essential Services  
Home Maintenance  
Fleet Management



## **Casterton Memorial Hospital**

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