

MALDON HOSPITAL ANNUAL REPORT 2018·2019



Partnering with the Community



MALDON HOSPITAL

Partnering with the Community



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MISSION

Building community health and wellbeing.

VISION

Our vision is to be a thriving health service contributing to a happy and healthy community.

VALUES AND PRINCIPLES

Integrity

We strive for honesty, respect and compassion to reflect our sense of pride in our hospital.

Safety

Our aesthetic environment is secure and safe for both physical and emotional wellbeing. It is inclusive whilst being respectful of all people.

Positivity

Creating an environment that is supportive, joyous and welcoming.

Professional

We provide a high quality of care with qualified staff that are accountable for maintaining best practice in a confidential environment.

Service Driven

Our services are accessible and delivered in a timely, flexible and approachable manner to achieve common goals.

Acknowledgements and Feedback

We wish to thank everyone who contributed to this report – staff, members of the community, volunteers and clients. We value your comments and feedback, so please get in touch:

Ph: 03 5475 2000

Fax: 03 5475 2029

Web: www.maldhosp.vic.gov.au/contact-us/send-feedback

Print: Mulqueen Creative & Print

Graphic Design: Billington Prideaux Partnership

Bank: Bendigo Bank

External Auditor's agents:

Richmond Sinnott and Delahunty

Internal Auditor: AFS and Associates Pty Ltd



Maldon Hospital acknowledges the support of the Victorian Government

YEAR IN REVIEW

It is with pride and pleasure that we report on the Maldon Hospital's achievements and performance in 2018–19.

The wonderful care our patients and residents receive is thanks to the efforts of our Board, senior management, staff, volunteers and doctors. We are grateful for the support from our Community Consultative Committee and the community. We also acknowledge the many donations received from individuals, families and fundraising groups that help us to acquire equipment and to support the staff to deliver care.

This year we've focused on five significant projects. These are a community engagement project, new Strategic Plan, continued construction of the Jessie Bowe outdoor area, an external staff review, and the Mount Alexander Strategic Health and Wellbeing Partnership (MASHWP).

In recent years we have strengthened our community partnerships to ensure we continue delivering the safe and high quality acute and residential care services our community deserves. We take responsibility for the health of the communities we serve, which goes beyond the valued community services we currently provide to a much broader health promotion role. As part of this we are also working to ensure the Aboriginal and Torres Strait Islander people, as the traditional custodians and owners of the land, can access services at Maldon Hospital knowing their culture is very well recognised and respected.

We know that Maldon Hospital has a strong reputation in the community. Residential aged care services are very highly valued and the care delivered is highly praised. To sustain that reputation, Maldon Hospital engaged the community in 2018 as part of its strategic planning cycle. We consulted with residents of Maldon and surrounds to understand health services they want services delivered in the future, and how access to current services can be improved. In total, 195 people completed the survey and 20 people participated in community conversations – a total representing 13 percent of the local population.

The priorities identified were:

- improved access to general practice
- additional health support services in order of priority: dental services, physiotherapist, optometrist, podiatrist, psychological supports, including counselling, and drug and alcohol services
- a stronger focus on health promotion and preventative health care.

In relation to existing services, respondents highlighted the need for:

- better awareness about services, in particular the urgent care centre, health promotion and community services
- more clarity about eligibility for services, which includes patient bus service, urgent care and hospital admission.

In line with our Vision and Mission, Maldon Hospital wants to support a socially connected, happy, well and thriving population. To progress our Vision the Board has been developing a new strategic plan to direct our work for the period 2019–23. The plan calls for enhanced partnerships with key providers and other stakeholders, authentic community collaborations, safe services, developing and acknowledging the value of staff and embracing a focus on improving the health and wellbeing of people in the Maldon community.

The Board guaranteed the community engagement findings would be reflected in the Strategic Plan 2019–23. This was achieved by reference to the final community engagement report and conducting a strategic planning conference that was made up of representatives from local service agencies and businesses, community members, staff, Castlemaine Health and several Board members. The key strategic directions were identified in this forum, and the draft strategic plan was reviewed and agreed to by our Community Consultative Committee.

The new strategic plan clearly indicates that improving availability and access to a broader range of community services will best be achieved through partnerships. In the last 12 months Maldon Hospital and become a partner in MASHWP with Castlemaine Health, Castlemaine District Community Health, Mount Alexander Shire and Bendigo Health. This partnership is driving improvements in the health and wellbeing of the Shire's population.

We achieved exceptional positive clinical and patient satisfaction indicators for our care of patients, residents and clients. However, our People Matter survey results were poor compared to our peers, in particular for job and role factors relating to negative behaviours. To understand and address these results, the Board engaged external consultants to review staff culture. The review reinforced the absolute commitment staff have for the care of patients and residents and made a number of recommendations. Actions to address these recommendations are already well advanced.

We are very excited about the coming year. We anticipate completion of the Jesse Bowe outdoor area in Summer 2019, we will undertake National Standards accreditation for our acute services, further develop our staff culture and, most importantly, keep working with our community to meet their expectations of safe and accessible services.



Vanessa Healy,
Chair



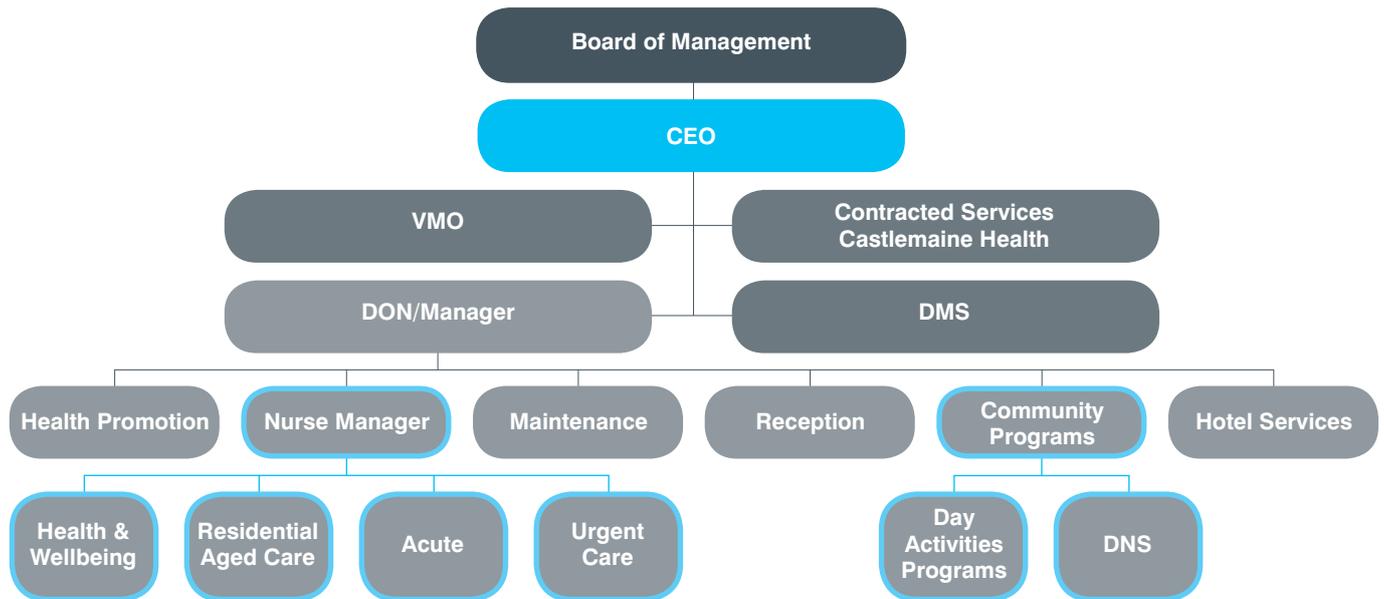
Ian Fisher,
Chief Executive Officer



CATCHMENT

Maldon Hospital offers a range of health-related services for residents of the Maldon township and surrounding areas. Maldon Hospital provides residential aged care facilities, acute care and community programs.

ORGANISATIONAL CHART



GOVERNANCE AND STRUCTURE

RESPONSIBLE BODIES DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Maldon Hospital for the year ending 30 June 2019.



Vanessa Healy, Chair
8 July 2019, Maldon

MANNER OF ESTABLISHMENT AND RELEVANT MINISTERS

Maldon Hospital is a public hospital incorporated under the *Health Services Act 1988*. It has a variety of programs and services funded by the State Government. Our ministers for 2018–19 are as follows: Hon. Jill Hennessy MP, Minister for Health and Ambulance Services (1 July 2018 to 29 November 2018); the Hon. Martin Foley MP, Minister for Mental Health, Housing, Disability and Ageing (1 July 2018 to 30 June 2019); the Hon. Luke Donnellan, Minister for Disability, Ageing and Carers (December 2018 – 30 June 2019); the Hon. Jenny Mikakos, Minister for Health and Ambulance Services (29 November 2018 to 30 June 2019).

BOARD MEMBERS

Vanessa Healy, Chair
(Appointed 1 July 2014)

Julie Green, Deputy Chair
(Appointed 1 July 2015)

James Downing, Treasurer
(Appointed 1 July 2017)

Colin Thornton, Board Member
(Appointed 1 July 2011)

Pam Millwood, Board Member
(Appointed 1 July 2015)

Cindy Schultz-Ferguson, Board Member
(Appointed 1 July 2016)

Stephen Gardner, Board Member
(Appointed 1 July 2016)

Dallas Coghill, Board Member
(Appointed 1 July 2017)

SUB-COMMITTEES

Audit and Risk Committee

Michael McCartney, Independent Chair

Colin Thornton, Independent Board Member

Stephen Gardner, Independent Board Member

James Downing, Independent Board Member

Vanessa Healy, Independent Board Member and Ex-officio

Clinical Governance and Quality Committee

Julie Green, Chair

Pam Millwood, Board Member

Helen McBurney, Consumer Representative

Dr. Peter Sloan, Director Medical Services

Katrina Sparrow, Executive Director Nursing

Jonathon Sparrow, Quality and Risk

Emma Comello, Nurse Unit Manager

Rebecca Matheson, Infection Control

Ian Fisher, Chief Executive Officer

Community Consultation Committee

Grant Hamilton, Chair

Pam Millwood, Board Member

Peta Ballinger, Community Representative

Marg Roche, Community Representative

Glynis Kinnear, Community Representative

Colin Lewis, Community Representative

Ian Fisher, Chief Executive Officer

Katrina Sparrow, Executive Director Nursing

Emma Comello, Nurse Unit Manager

Marjorie Smidt, Community Representative

Cindy Schultz-Ferguson, Board Member



ACHIEVEMENTS

OUTDOOR LIVING AREA – DEMENTIA-FRIENDLY

The ongoing work towards our new outdoor spaces has continued this year with the garden near complete. The garden includes a large flat landscape with even ground cover, raised garden beds, privacy garden beds, potting station, BBQ area and pergola. We have completed further internal work to ensure easy access to the new garden from indoors via a light filled atrium area. We look forward to completing this project, along with the undercover outdoor living space, which will be a lovely gathering space for all seasons. The project is funded by a \$341,431 grant through the Victorian Government’s Regional Health Infrastructure Fund.

YOUR COMMUNITY, YOUR HEALTH

Our community engagement efforts this year involved seeking information from the community to help us understand the health services local people would like delivered in the future and how access to current services can be improved. This involved over 200 people providing written and verbal feedback through different options such as social media, face-to-face gatherings and surveys. These findings were invaluable to lead our strategic planning processes.

STRATEGIC PLANNING

Driven by the Board the new strategic plan was developed with members from the Maldon community, local health services and hospital staff and volunteers. This plan reflects the community’s feedback and innovatively looks to our future in a changing environment, especially around technology, environment and the impact on health planning. It is a well consulted and considered plan that will provide guidance over the coming five years.

STAFF HEALTH AND WELLBEING

During the past year we have continued developing our support for staff and volunteers with some key initiatives. We have continued the Studer program “Living Values”, which supports regular and informal feedback from staff and provides a mechanism for acknowledging colleagues. Our Wellness Events occur at least twice each month. These provide information to staff in areas such as superannuation, dealing with stress and flexible work options, and mix in enjoyable events which often raise money for charities. We have focused on aligning performance reviews and position descriptions with the hospital values to ensure we are all working towards the same goals.

SERVICES

Maldon Hospital continues to operate under the Department of Health and Human Services’ Small Rural Health Services model. This model allows the hospital flexibility to tailor services to meet the changing needs of our community.

ACUTE CARE

Maldon Hospital provides a 24-hour nurse-led Urgent Care service, with a doctor on call to meet a range of presenting medical conditions. The Acute Care unit also caters for residents of Maldon and surrounding areas with low acuity medical conditions and palliative care.

RESIDENTIAL AGED CARE

Maldon Hospital offers 28-bed permanent residential care for the aged members of our community. Residents in our care can access allied health professionals such as physiotherapists, podiatrists, speech pathologists, dieticians, a visiting geriatrician and adult mental health services, as required.

COMMUNITY PROGRAMS

Our Community Programs consist of a District Nursing Service and Adult Day Service program funded under both Home and Community Care (HACC) and the Commonwealth Home Support Programme (CHSP). District Nursing delivers home-based nursing support, health education and promotion seven days a week throughout the year. The hospital nurses travel from Welshman’s Reef to Laanecoorie and Baringhup to Walmer. Adult Day Service program staff and volunteers assist Maldon residents to participate in a range of activities for frail older people and younger people with a disability. Most programs are of short duration, with an emphasis on physical activity, social connection and wellness.

HEALTH PROMOTION

Health promotion in Maldon is supported by a qualified staff member providing learning opportunities such as demonstrations, short courses and lectures.

ENVIRONMENTAL SERVICES

A small team of staff provide the Hotel Services to patients and residents at Maldon Hospital. This year our Environmental Services team provided cleaning and food preparation for the whole facility. Maldon Hospital continues to obtain very high cleaning standards in both internal and external audits.

FOOD SERVICES

Thirty-two meals are prepared for each meal service daily by Castlemaine Health and served by Maldon Hospital staff. The menu offers a range of choices for meals and snacks which are designed in consultation with a dietitian. Maldon Hospital continues to increase the variety of food choices that are sought by individual residents.

SERVICES (continued)

HUMAN RESOURCES

This year a major staff review was conducted to improve the feedback received through the People Matter survey. Maldon Hospital is committed to upholding the principles of merit and equity in all aspects of the employment relationship. To this end, we have policies and practices in place to ensure all employment-related decisions, including recruitment, promotion, training and retention, are based on merit. Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed. All staff are provided with education and training on their rights and responsibilities and are provided with the necessary resources to ensure equal opportunity principles are upheld.

WORKFORCE DATA¹

Hospitals labour category	June current month FTE		June YTD FTE	
	2018	2019	2018	2019
Nursing	22.39	24.56	23.27	24.33
Administration and Clerical	2.16	1.31	1.55	1.42
Medical Support	.61	–	.56	–
Hotel Services	10.88	10.15	9.95	10.46
Ancillary Support (Allied Health)	0.00	0.00	0.00	0.00
Total	36.04	36.02	35.33	36.21

OCCUPATIONAL HEALTH AND SAFETY

Compulsory education for all staff this year relating to staff safety featured General Evacuation Training, Fire Extinguisher Training, Bullying and Harassment for Employees and Manual Handling.

Health and Safety Representatives have played active roles by consulting on safety matters in their designated work areas and continuing with risk assessments, safety checks and equipment trials together with input at monthly OHS meetings.

This year Maldon Hospital arranged an external company to audit our systems and processes which highlighted a strong safety culture and commitment by the organisation to staff safety. All systems were in place and working well. Maldon Hospital has access to OHS resources and expertise by collaborating with Castlemaine Health.

Occupational violence statistics 2018–19

Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	0
Number of occupational violence incidents reported per 100 FTE	0
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

The following definitions apply:

- Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included.
- Accepted Workcover claims – Accepted Workcover claims that were lodged in 2017–18.
- Lost time – is defined as greater than one day.

Injury, illness or condition – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Occupational Health and Safety statistics 2016–17 2017–18 2018–19

Total number incident reports (including hazard and near miss) for the year per 100EFT staff members	136	212	80
Number 'lost time' standard claims for year per 100EFT staff members	0	3.16	5.61
Average cost per claim for year	0	\$1,890	\$108,935

¹ The labour categories were updated and changed in this financial year therefore the data is not always comparable to the previous financial year. For example, more classifications were put in to Administration and Clerical and taken out of Medical Support and Sessional Clinicians were merged in to Medical Officers.



SERVICES (continued)

ENVIRONMENTAL PERFORMANCE AND SUSTAINABILITY

Maldon Hospital has a strong commitment to improving the environment. The introduction of solar panels has significantly reduced electrical consumption since 2017.

Over the past year initiatives to reduce our impact on the environment have included:

- reduction in chemical use by changing to a steam cleaning process
- introduction of recycle bins beside every waste bin to reduce waste going to landfill
- use of glass medicine cups replacing plastic cups to reduce waste.

Electricity Consumption



Electricity consumption reduces by 4% compared to 2017-18

LPG Consumption



Gas consumption remains consistent taking into consideration delivery timing

Water Consumption



Water consumption increased by 6% compared to 2017-18

INFORMATION TECHNOLOGY

IT projects and activities over the past year included:

- New server infrastructure was installed, allowing us to upgrade all of our servers to newer versions of operating systems to ensure we have removed all Server 2008 installs prior to its end of life in January 2020. This work included upgrading the Maldon Hospital Intranet, SQL Server and the UNITI server used for District Nursing.
- A new backup storage device was installed to improve the speed and reliability of network data backups.
- Planning for the upgrade of all PCs, Laptops and Tablet devices to Windows 10 and Office 2019 prior to the January 2020 end of life for these products.

The total ICT expenditure incurred during 2018-19 is \$154,637 (excluding GST) with the details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
154,637	0	0	0

STATEMENT OF PRIORITIES

PART A: STRATEGIC PRIORITIES

Goals	Strategies	Health Service Deliverables	Status
Better Health			Achieved
A system geared to prevention as much as treatment	Reduce Statewide Risks	Identify and explore opportunities to work co-operatively through the Mt Alexander Strategic Health and Wellbeing Partnership (MASHWP) to address targeted health and wellbeing gaps in the Shire.	Maldon Hospital continues to be an active member of the MASHWP to further develop the availability of community services. Two additional health practitioners in private business are now working out of Maldon Hospital.
Everyone understands their own health and risks	Build Healthy Neighbourhoods		
Illness is detected and managed early	Help people to stay healthy		
Healthy neighbourhoods and communities encourage healthy lifestyles	Target health gaps		
Better Access			Continuing
Care is always there when people need it	Plan and invest	Further develop infrastructure plans for improving access to urgent care services and clustering of space to deliver primary and community-based services in accordance with the Maldon Hospital Blueprint.	Maldon Hospital Board continues to consider options for accommodating additional primary and community-based services.
More access to care in the home and community	Unlock innovation		
People are connected to the full range of care and support they need	Provide easier access		
There is equal access to care	Ensure fair access		
Better Care			Achieved
Target zero avoidable harm	Put Quality First	Progress development of reporting to the Clinical Governance and Quality Committee that aligns with the requirements of the Victorian Agency for Health Information, Aged Care and Community Services, Department of Health and Human Services (DHHS) and Safer Care Victoria.	Agenda and reporting is continuing to be refined based on VAHI and Safer Care Victoria reports and frameworks. New Quality Framework aligns to Safer Care Victoria pillars.
Healthcare that focusses on outcomes	Join up care		
Patients and carers are active partners in care	Partner with patients		
Care fits together around people's needs	Strengthen the workforce		
	Embed evidence		
	Ensure equal care		
Specific 2018–19 priorities (mandatory)			Achieved
	Disability Action Plans		
	Preparation for implementation of Disability Action Plans is completed in 2018–19.	Submit a Disability Action Plan to DHHS by 30 June 2019 that outlines the approach to implementation within three years of publication.	A disability action plan has been developed in conjunction with disability consumers for DHHS review.
	Volunteer engagement		Achieved
	Ensure that the health service arrangements for executives have appropriate measures to engage and recognise volunteers.	Review current recruitment and engagement arrangements for volunteers and implement any changes that will better support and recognise their value and contribution.	Feedback from volunteers has been used to improve support and recognition of their value to Maldon Hospital. One volunteer finalist in October 2018, Aged Care Awards. There are now 50 registered volunteers at Maldon Hospital.



STATEMENT OF PRIORITIES (continued)

PART A: STRATEGIC PRIORITIES

Goals	Strategies	Health Service Deliverables	Status
Specific 2018–19 priorities (mandatory)	Bullying and harassment		Achieved
	Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Review and improve on current processes regarding the education, investigating, feedback and reporting mechanisms related to bullying and harassment.	Significant staff review conducted by external consultant and recommendations are being implemented. Multiple health and wellbeing events held to support staff in stress, financial and mental health management. Monitoring continues at Board level.
	Occupational violence		Achieved
	Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Ensure the DHHS occupational violence and aggression training principles are being implemented and systems are in place to ensure all staff who have contact with patients and visitors receive core occupational violence training.	MOCA training for all staff occurred.
	Environmental Sustainability		Continuing
Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Review strategies and reset targets in Maldon Hospital's Environmental Sustainability Plan.	Current Environmental Sustainability Plan has been assessed by the DHHS.	
LGBTI		Achieved	
Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.	Continue to implement and monitor the LGBTI action plan to progress towards eligibility of a Rainbow Tick by June 2020.	Progress continues to be made to meet the June 2020 target. Training has occurred for staff and the Board.	

STATEMENT OF PRIORITIES (continued)

PART B: PERFORMANCE PRIORITIES

High quality and safe care

Key Performance Indicator	Target	2018–19 result
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Accredited – Full compliance achieved across all standards
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Accredited – Full compliance achieved across all standards
Infection Prevention and Control		
Percentage of healthcare workers immunised for influenza	80%	83%
Compliance with the Hand Hygiene Australia Program	80%	93%
Patient Experience		
VHES – percentage of positive patient experience responses – Quarter 1	95% positive experience	*
VHES – percentage of positive patient experience responses – Quarter 2	95% positive experience	*
VHES – percentage of positive patient experience responses – Quarter 3	95% positive experience	*
VHES – percentage of positive responses to questions on discharge care – Quarter 1	75% very positive experience	*
VHES – percentage of positive responses to questions on discharge care – Quarter 2	75% very positive experience	*
VHES – percentage of positive responses to questions on discharge care – Quarter 3	75% very positive experience	*
VHES – patient perception of cleanliness – Quarter 1	70%	*
VHES – patient perception of cleanliness – Quarter 2	70%	*
VHES – patient perception of cleanliness – Quarter 3	70%	*

* Less than 42 responses were received for the period due to relative size of the health service.

Strong governance, leadership and culture

Key Performance Indicator	Target	2018–19 result
Organisational culture		
People Matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	81%
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%	93%
People Matter survey – percentage of staff with a positive response to the question “Patient care errors are handled appropriately in my work area”	80%	83%
People Matter survey – percentage of staff with a positive response to the question “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	90%
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%	80%
People Matter survey – percentage of staff with a positive response to the question “Management is driving us to be a safety-centred organisation”	80%	90%
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%	59%
People Matter survey – percentage of staff with a positive response to the question “Trainees in my discipline are adequately supervised”*	80%	65%
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%	80%

* At Maldon Hospital trainees are employed within District Nursing only and ‘Not Applicable’ was not an option to answer this question, which is likely to have affected the result.



STATEMENT OF PRIORITIES (continued)

Effective financial management

Key Performance Indicator	Target	2018–19 result
Finance		
Operating result (\$m)	-0.30	Refer AFS
Average number of days to paying trade creditors	60 days	Refer AFS
Average number of days to receiving patient fee debtors	60 days	Refer AFS
Public and Private WIES ² activity performance to target	100%	Refer AFS
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	Refer AFS
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	Refer AFS
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	Refer AFS
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤\$250,000	Refer AFS

Consultancies

Details of consultancies (under \$10,000)

In 2018–19, there were no consultancies where the total fees payable to the consultants were less than \$10,000.

Details of consultancies (valued at \$10,000 or greater)

In 2018–19, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. Details of individual consultancies can be viewed at www.maldhosp.vic.gov.au.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl GST)	Expenditure 2018–19 (excl GST)	Future expenditure (excl GST)
Angela Ballard	Workplace Review	Oct 18	Dec 18	15,000	15,000	0
Conversant Asia Pacific	Strategic Plan	Oct 18	Dec 18	25,250	25,250	0
Larter	Community Engagement	May 18	Oct 18	15,000	13,185	0

PART C: ACTIVITY AND FUNDING

Service	2018–19 activity achievement
Small Rural Acute	3.67
Small Rural Residential Aged Care	10,071
HACC	306

² WIES is a Weighted Inlier Equivalent Separation

STATUTORY COMPLIANCE

Attestations

Conflict of Interest: I, Ian Fisher, certify that Maldon 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 Maldon 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.

Data Integrity: I, Ian Fisher, certify that Maldon Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Maldon Hospital has critically reviewed these controls and processes during the year.

Integrity, fraud and corruption: I, Ian Fisher, certify that Maldon Hospital has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Maldon Hospital during the year.

Financial Management Compliance: I, Ian Fisher, on behalf of the Responsible Body, certify that Maldon Hospital has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.

Health Purchasing Victoria (HPV)

Health Purchasing policies: I, Ian Fisher, certify that Maldon Hospital has put in place appropriate internal controls and processes to ensure that it has complied with all requirements 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.



**Ian Fisher, Accountable Officer
Maldon Hospital, 8 July 2019**



STATUTORY COMPLIANCE (continued)

Disclosures

Building Act 1993: All building works have been undertaken in accordance with the Department of Health and Human Services Guidelines and comply with the *Building Act 1993* and the Building Code of Australia 1996.

Carers Recognition Act 2012: Maldon Hospital has taken all practical measures to comply with its obligations under the Act.

DataVic Access Policy: Consistent with the DataVic access policy issued by the Victorian Government in 2012, the information contained in all data tables in this Annual Report will be available at www.data.vic.gov.au in machine readable format.

Freedom of Information Act 1982: All applications were processed in accordance with the provision of the *Freedom of Information Act 1982*, which provides a legally enforceable right of access of information held by Government agencies. A report on these requests was provided to the Department of Justice. Freedom of Information requests can be submitted in writing to the Chief Executive Officer, Castlemaine Health, PO Box 50, Castlemaine, 3450. Application forms are available at www.castlemainehealth.org.au or by phoning 5471 3555. Application charges and fees apply. In 2018–19, one request was received under Freedom of Information in 2018–19. It was processed within the required timeframes without any exemptions. More information about Freedom of Information can be found at www.foi.vic.gov.au.

National Competition Policy: Maldon Hospital applies competitive neutral costing and pricing arrangements to significant business units within its operations. These arrangements are in line with Government policy and the model principles applicable to the health sector.

Protected Disclosure Act 2012: This Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. The procedures established by Maldon Hospital under Part 9 are available in the Protected Disclosure Policy. There were no disclosures notified to the IBAC under section 21(2) in 2018–19.

Safe Patient Care Act 2015: Maldon Hospital has nil matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.

Local Jobs First Act 2003: During the year there were no contracts requiring disclosure under the Local Jobs First Policy.

Additional information available on request: The items listed below have been retained by Maldon Hospital and are available to the relevant Ministers, Members of Parliament and the public on request (subject to 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 Maldon Hospital about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by Maldon Hospital

- details of major external reviews carried out on Maldon Hospital
- details of major research and development activities undertaken by Maldon Hospital that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken to develop community awareness of Maldon Hospital and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within Maldon Hospital and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations
- a list of major committees sponsored by Maldon Hospital, the purposes of each committee and the extent to which those purposes have been achieved
- details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Disclosure Index

The annual report of Maldon 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
Ministerial Directions Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	03
FRD 22H	Purpose, functions, power and duties	03
FRD 22H	Nature and range of services provided	04–05
FRD 22H	Activities, programs and achievements for the reporting period	05–06
FRD 22H	Significant changes in key initiatives and expectations for the future	05–06
Management and structure		
FRD 22H	Organisational structure	02
FRD 22H	Workforce data/employment and conduct principles	05
FRD 22H	Occupational Health and Safety	05
Financial information		
FRD 22H	Summary of the financial results for the year	Refer to AFS*
FRD 22H	Significant changes in financial position during the year	Refer to AFS*
FRD 22H	Operational and budgetary objectives and performance against objectives	Refer to AFS*
FRD 22H	Subsequent events	Refer to AFS*
FRD 22H	Details of consultancies under \$10,000	10
FRD 22H	Details of consultancies over \$10,000	10
FRD 22H	Disclosure of ICT expenditure	06
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	12
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	12
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	12
FRD 22H	Statement on National Competition Policy	12
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FRD 22H	Additional information available on request	12
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	12
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SD 5.2.3	Declaration in report of operations	03
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Attestation on Data Integrity		11
Attestation on managing Conflicts of Interest		11
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Other reporting requirements		
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Reporting of compliance Health Purchasing Victoria policy		11
Reporting obligations under the <i>Safe Patient Care Act 2015</i>		12

* AFS – Attached Financial Statement. If the statement is not attached to this report, please call 03 5475 2000.



MALDON HOSPITAL

Partnering with the Community

Chapel Street, Maldon,
Victoria 3463
P. (03) 5475 2000
F. (03) 5475 2029
E. admin@maldhosp.vic.gov.au
www.maldhosp.vic.gov.au

MALDON HOSPITAL FINANCE REPORT 2018·2019



Partnering with the Community



MALDON HOSPITAL

Partnering with the Community



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Independent Auditor’s Report	03

MISSION

Building community health and wellbeing.

VISION

Our vision is to be a thriving health service contributing to a happy and healthy community.

VALUES AND PRINCIPLES

Integrity

We strive for honesty, respect and compassion to reflect our sense of pride in our hospital.

Safety

Our aesthetic environment is secure and safe for both physical and emotional wellbeing. It is inclusive whilst being respectful of all people.

Positivity

Creating an environment that is supportive, joyous and welcoming.

Professional

We provide a high quality of care with qualified staff that are accountable for maintaining best practice in a confidential environment.

Service Driven

Our services are accessible and delivered in a timely, flexible and approachable manner to achieve

Acknowledgements and Feedback

We wish to thank everyone who contributed to this report – staff, members of the community, volunteers and clients. We value your comments and feedback, so please get in touch:

Ph: 03 5475 2000

Fax: 03 5475 2029

Web: www.maldhosp.vic.gov.au/contact-us/send-feedback

Print: Mulqueen Creative & Print

Graphic Design: Billington Prideaux Partnership

Bank: Bendigo Bank

External Auditor’s agents:

Richmond Sinnott and Delahunty

Internal Auditor: AFS and Associates Pty Ltd



Maldon Hospital acknowledges the support of the Victorian Government

Report of Operations - Financial

Summary of Financial Results

For the Financial Year ended 30 June 2019

	2019 \$	2018 \$	2017 \$	2016 \$	2015 \$
Total Revenue	5,411,536	5,322,340	4,912,772	4,568,865	4,613,971
Total Expenses	5,928,059	5,347,307	4,890,407	4,588,707	4,910,710
Net Result from Transactions	(516,523)	(24,967)	22,365	(19,842)	(296,739)
Total Other Operating Flows	107,532	10,672	31,199	0	0
Net Result	(408,991)	(14,295)	53,564	(19,842)	(296,739)
Total Assets	14,083,874	16,491,515	16,557,728	16,209,160	16,014,851
Total Liabilities	4,258,021	4,436,541	4,488,459	4,242,065	4,027,914
Net Assets/Total Equity	9,825,853	12,054,974	12,069,269	11,967,095	11,986,937

Reconciliation between Net Result from Transactions and the Operating Result

	2019 \$	2018 \$	2017 \$	2016 \$	2015 \$
Net Operating Result*	(190,031)	279,238	21,484	45,699	45,787
Capital and Specific Items					
Capital Purpose Income	38,242	48,600	348,928	284,705	141,434
Expenditure for Capital Purpose	(15,242)	(9,385)	(10,259)	(22,113)	(62,943)
Depreciation	(349,492)	(343,420)	(337,788)	(328,133)	(421,017)
Net Result from transactions	(516,523)	(24,967)	22,365	(19,842)	(296,739)

* The Net Operating Result is the result for which the hospital is monitored in its Statement of Priorities.

Significant Changes in Financial Position

The Cash and Cash Equivalent/Investments balances held by Maldon Hospital decreased during the year by \$808,196. This decrease was largely due to the deficit result for 2018/19 and a \$416,687 reduction in Residential Aged Care Refundable Accommodation Deposits which is offset by an equivalent decrease in the Other Current Liabilities balance reported in the Balance Sheet.

A revaluation of Land and Property, scheduled every five years, was undertaken in June 2019. The resulting adjustment to the value of Property held by Maldon Hospital was a decrease of \$1,820,130 which is reflected in Non-Current Assets and Equity in the Balance Sheet.

Operational and Budgetary Objectives and Factors Affecting Performance

Like all Health Services, Maldon Hospital is required to negotiate a Statement of Priorities with the Department of Health & Human Services each year. This document is a key accountability agreement between Maldon Hospital and the Minister for Health & Human Services. It recognises that resources are limited and that the allocation of these scarce resources needs to be prioritised. The Statement incorporates both system-wide priorities set by the Government and locally generated agency-specific priorities.

Maldon Hospital is striving to achieve operating surpluses on an ongoing basis to ensure the organisation can generate the cash needed to meet operating and capital investment requirements into the future. The Board aimed for a breakeven result before capital items and depreciation in the Statement of Priorities for the 2018/19 financial year and ended the year with a deficit result of \$0.190m largely due to the variation between the increase in revenue (1.7%) and the increase in costs (10.8%).

Both the organisation and the Department of Health and Human Services focus on the Net Operating Result (ie the result before capital and depreciation), as depreciation is not a funded item. Funding for capital redevelopment and major equipment purchases are sourced from the Government; such funding is allocated according to need and after consideration of a supporting submission.

Effective Financial Management

Statement of Priorities Measure	Target	Actual
Finance		
Operating result (\$m)	\$0	\$(0.190)
Average number of days to paying trade creditors	<60 days	44 days
Average number of days to receiving patient fee debtors	<60 days	57 days
Adjusted current asset ratio	0.70	1.55
Number of days available cash	14 days	189.2 days

Events Subsequent to Balance Date

There have been no events subsequent to balance date that will have a significant effect on the operations of the of the health service in subsequent years.

Independent Auditor's Report

To the Board of Maldon Hospital

Opinion	<p>I have audited the financial report of Maldon Hospital (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration.
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In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion	<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>
--------------------------	--

Board's responsibilities for the financial report	<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>
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Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
10 September 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

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

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

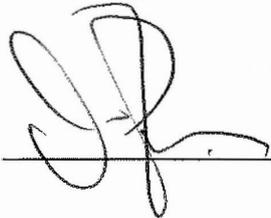
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position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

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

We authorise the attached financial statements for issue on 6/9/19.



Vanessa Healy
Chair



Ian Fisher
Chief Executive Officer



Kerryn Healy
Chief Finance & Accounting Officer

Maldon Hospital
Date: 6/9/19

Maldon Hospital
Date: 6/9/19

Maldon Hospital
Date: 6/9/19

Maldon Hospital
Comprehensive Operating Statement
30 June 2019

	Note	2019 \$	2018 \$
Income from Transactions			
Operating Activities	2.1	5,281,876	5,173,557
Non-operating Activities	2.1	129,659	148,783
Total Income from Transactions		5,411,536	5,322,340
Expenses from Transactions			
Employee Expenses	3.1	(4,061,615)	(3,620,401)
Supplies and consumables	3.1	(459,494)	(442,685)
Finance Costs	3.1	(17,920)	(11,116)
Depreciation	4.3	(349,492)	(343,420)
Other Operating Expenses	3.1	(1,039,538)	(929,685)
Total Expenses from Transactions		(5,928,059)	(5,347,307)
Net Result from Transactions - Net operating Balance		(516,523)	(24,967)
Other Economic Flows included in Net Result			
Other Gain/(Loss) from Other Economic Flows	3.2	107,532	10,672
Total Other Economic Flows included in Net Result		107,532	10,672
Net Result for the year		(408,991)	(14,295)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(f)	(1,820,130)	-
Comprehensive result for the year		(2,229,121)	(14,295)

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

**Maldon Hospital
Balance Sheet
As at 30 June 2019**

	Note	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	6.1	5,360,995	1,459,621
Receivables	5.1	308,235	268,166
Investments and Other Financial Assets	4.1	424,852	5,134,422
Inventories		-	1,655
Prepayments and Other assets		58,794	42,021
Total Current Assets		6,152,876	6,905,885
Non-Current Assets			
Receivables	5.1	339,178	275,628
Property, Plant & Equipment	4.2 (a)	7,591,820	9,310,002
Total Non-Current Assets		7,930,998	9,585,630
TOTAL ASSETS		14,083,874	16,491,515
Current Liabilities			
Payables	5.2	490,227	244,311
Provisions	3.3	614,923	650,566
Other current liabilities	5.3	3,064,549	3,481,995
Total Current Liabilities		4,169,699	4,376,872
Non-Current Liabilities			
Provisions	3.3	88,322	59,669
Total Non-Current Liabilities		88,322	59,669
TOTAL LIABILITIES		4,258,021	4,436,541
NET ASSETS		9,825,853	12,054,974
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2 (f)	6,304,120	8,124,250
Contributed capital		3,890,579	3,890,579
Accumulated deficits		(368,846)	40,145
TOTAL EQUITY		9,825,853	12,054,974

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

Maldon Hospital
Statement of Changes in Equity
For the Year Ended 30 June 2019

	Property, Plant & Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses	Total
	\$	\$	\$	\$
Balance at 1 July 2017	8,124,250	3,890,579	54,440	12,069,269
Net result for the year	-	-	(14,295)	(14,295)
Balance at 30 June 2018	8,124,250	3,890,579	40,145	12,054,974
Net result for the year	-	-	(408,991)	(408,991)
Other comprehensive income for the year	(1,820,130)	-	-	(1,820,130)
Balance at 30 June 2019	6,304,120	3,890,579	(368,846)	9,825,853

This Statement should be read in conjunction with the accompanying notes

**Maldon Hospital
Cash Flow Statement
30 June 2019**

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		4,144,358	3,903,134
Capital Grants from Government		21,678	10,302
Patient and Resident Fees Received		931,592	973,910
Donations and Bequests Received		16,564	13,906
Interest Received		177,042	148,783
GST Received from/(paid to) ATO		(21,265)	5,016
Other Receipts		135,887	156,970
Total Receipts		5,405,856	5,212,021
Employee Expenses Paid		(3,842,182)	(3,576,212)
Non salary labour costs		(177,909)	(198,450)
Payments for Supplies & Consumables		(457,839)	(344,909)
Interest Paid		(17,920)	(9,367)
Other Payments		(849,317)	(686,278)
Total Payments		(5,345,167)	(4,815,216)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.1	60,689	396,805
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption/(Purchase) of Investments		4,709,570	1,040,469
Payments for Non-Financial Assets		(451,439)	(183,080)
Proceeds from Sale of Non-Financial assets		-	50
NET CASH FLOW USED IN INVESTING ACTIVITIES		4,258,131	857,439
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Receipt of Accommodation Deposits		2,182,336	5,245,588
Repayment of Accommodation Deposits		(2,599,782)	(5,194,756)
NET CASH FLOW USED IN FINANCIAL ACTIVITIES		(417,446)	50,832
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD			
		3,901,374	1,305,076
Cash and Cash Equivalents at Beginning of Year		1,459,621	154,545
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	5,360,995	1,459,621

This Statement should be read in conjunction with the accompanying notes

Basis of presentation

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 the preparation of 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 Maldon Hospital for the year ended 30 June 2019. The report provides users with information about Maldon 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 AASs, 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 & Finance, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

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

(b) Reporting entity

The financial statements represent the activities of Maldon Hospital as a single entity.

Its principal address is:

Chapel Street
Maldon
Victoria 3463

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

(c) Basis of accounting preparation and measurement

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.7 Economic Dependency).

These financial statements are presented in Australian dollars, the functional and presentation currency of Maldon Hospital.

Maldon Hospital operates on a fund accounting basis and maintains three funds: Operating 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 amounts of assets and liabilities that are not readily apparent from other sources. 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.

Note 1: Summary of significant accounting policies (continued)

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 AASBs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment, (refer to Note 4.2);
- Defined Superannuation Expense (refer to Note 3.4);
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3)

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) Jointly Controlled Assets or Operations

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, Maldon 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.

Maldon Hospital is a member of the Loddon Mallee Rural Health Alliance (the Alliance) and retains joint control over the arrangement, which is classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations and Assets).

(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 Maldon 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.

Note 2: Funding delivery of our services

Maldon Hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable the hospital to fulfil its objective it receives income based on parliamentary appropriations. The hospital also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

	Total 2019 \$	Total 2018 \$
Government Grants - Operating	4,118,886	4,013,587
Government Grants - Capital	21,678	10,302
Other Capital purpose income (including capital donations)	16,564	38,297
Patient & Resident Fees	962,975	973,911
Other Revenue from Operating Activities	161,773	137,460
Total Income from Operating Activities	5,281,876	5,173,557
Capital Interest	-	23,293
Other Interest	129,659	125,490
Total Income from Non-Operating Activities	129,659	148,783
Total Income from Transactions	5,411,536	5,322,340

Revenue Recognition

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

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

Government Grants and other transfers of income (other than contributions by owners)

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

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

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

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

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

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

Patient Fees and Resident Fees

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

Donations and Other Bequests

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

Note 2.1: Income from Transactions (continued)

Interest Revenue

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

Other income

Other income is recognised as revenue when received, and includes non-property rental,, forgiveness of liabilities, and bad debt reversals.

Assets received free of charge or for nominal consideration

The revenue and assets recognised as a result of such transactions shall be measured at the fair value of resources received.

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 structuring 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.

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 enable 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 Employee benefits in the Balance Sheet
- 3.4 Superannuation

Note 3.1: Expenses from Transactions

	Total 2019 \$	Total 2018 \$
Salaries and Wages	3,009,512	2,750,185
On-costs	724,804	606,793
Agency Expenses	92,034	91,187
Fee for Service Medical Officer Expenses	85,875	84,533
Workcover Premium	149,390	87,703
Total Employee Expenses	4,061,615	3,620,401
Drug Supplies	17,074	17,506
Medical And Surgical Supplies (including Prostheses)	63,071	54,608
Diagnostic and Radiology Supplies	540	515
Other Supplies and Consumables	378,809	370,056
Total Supplies and Consumables	459,494	442,685
Finance Costs	17,920	11,116
Total Finance Costs	17,920	11,116
Fuel, Light, Power and Water	87,156	77,048
Repairs and Maintenance	89,898	108,535
Maintenance Contracts	7,297	2,486
Medical Indemnity Insurance	7,338	6,672
Other Expenses	847,849	734,944
Total Other Operating Expenses	1,039,538	929,685
Depreciation (refer note 4.3)	349,492	343,420
Total Other Non-Operating Expenses	349,492	343,420
Total Expenses from Transactions	5,928,059	5,347,307

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

Employee Expenses

Employee expenses include:

- Salaries and Wages (including fringe benefits tax, leave entitlements, termination payments)
- On-Costs
- Agency expenses
- Fee for service medical officer expenses
- Workcover 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 expenses when distributed.

Note 3.1: Expenses from Transactions (continued)

Finance costs

Finance costs include:

- Finance expense in relation to accommodation bonds refundable.

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).

The Department of Health and Human Services also makes certain payments on behalf of Maldon 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 assets and services provided free of charge or for nominal consideration.

Note 3.2: Other Economic Flows

Other gains/(losses) from other economic flows

Net gain/(loss) arising from revaluation of long service liability

Total other gains/(losses) from other economic flows

	2019	2018
	\$	\$
	107,532	10,672
	107,532	10,672

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:

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 movement, inflation rate movements and the impact of changes in probability factors.

Note 3.3: Employee benefits in the balance sheet

	2019 \$	2018 \$
Current Provisions		
Employee Benefits (i)		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	183,047	250,172
- Unconditional and expected to be settled wholly after 12 months (iii)	154,049	43,278
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	39,527	54,330
- Unconditional and expected to be settled wholly after 12 months (iii)	166,352	216,154
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (ii)	3,204	6,083
	546,179	570,017
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	27,032	43,311
- Unconditional and expected to be settled after 12 months (iii)	41,712	37,238
	68,744	80,549
Total Current Provisions	614,923	650,566
Non-Current Provisions		
Long Service Leave (iii)	77,307	52,132
Provisions related to Employee Benefit On-Costs (iii)	11,015	7,537
Total Non-Current Provisions	88,322	59,669
Total Provisions	703,245	710,235

Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees. On-costs such as worker's compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) The amounts disclosed are nominal amounts

(iii) The amounts disclosed are discounted to present values

(a) Employee Benefits and Related On-Costs

	2019 \$	2018 \$
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	235,214	309,589
Annual Leave Entitlements	376,505	334,052
Accrued Days Off	3,204	6,925
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	88,322	59,669
Total Employee Benefits and Related On-Costs	703,245	710,235

(b) Movement in On-Costs Provision

	2019 \$	2018 \$
Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	88,086	76,813
Provision made during the year		
- Revaluations	(15,054)	(1,281)
- Expense recognising Employee Service	16,611	24,067
- Settlement made during the year	(9,884)	(11,513)
Balance at end of year	79,759	88,086

Note 3.3: Employee benefits in the balance sheet (continued)

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of annual leave, accrued days off 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 the Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a 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 the Maldon 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 the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

Long service leave (LSL)

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 value – if the health service expects to wholly settle within 12 months; and
- Present value – where the entity does not expect to settle 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 flows.

On-costs related to employee expense

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2019 \$	2018 \$	2019 \$	2018 \$
Defined contribution plans:				
First State Super	161,622	173,691	1,730	2,948
HESTA	90,024	71,203	3,105	1,209
Other	43,992	27,639	845	469
Total	295,638	272,533	5,680	4,626

Employees of the Health Service are entitled to receive superannuation benefits and the Health Services contributes to only defined contribution plans.

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 & equipment
- 4.3 Depreciation

Note 4.1: Investments and other Financial Assets

	Capital Fund		Total	
	2019 \$	2018 \$	2019 \$	2018 \$
CURRENT				
Amortised Cost				
Term Deposits				
Aust. Dollar Term Deposits > 3 months	424,852	5,134,422	424,852	5,134,422
Total Current	424,852	5,134,422	424,852	5,134,422
TOTAL	424,852	5,134,422	424,852	5,134,422
Represented by:				
Health Service Investments	424,852	2,296,110	424,852	2,296,110
LMRHA Joint Operation Investments	-	62,411	-	62,411
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)	-	2,775,901	-	2,775,901
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	424,852	5,134,422	424,852	5,134,422

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.

Maldon 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. Maldon Hospital assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Maldon Hospital's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

All financial assets, except those measured at fair value through profit or loss 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
- the Health Service 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
- the Health Service 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 Maldon Hospital has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, Maldon Hospital management 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 profit or loss, are subject to annual review for impairment.

In order to determine an appropriate fair value as at 30 June 2019 for its portfolio of financial assets, Maldon Hospital used the market value of investments held provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Total 2019 \$	Total 2018 \$
Land at Fair Value		
- Crown Land	317,000	374,610
Total Land	317,000	374,610
Buildings		
Buildings Under Construction at cost	416,647	43,125
Buildings at Fair Value	6,518,000	9,631,157
Less Accumulated Depreciation	-	(1,114,496)
Total Buildings	6,934,647	8,559,786
Plant and Equipment at Fair Value		
Plant and Equipment	1,040,562	1,006,878
Less Accumulated Depreciation	(735,587)	(674,158)
LMRHA Joint Operation Plant and Equipment	9,553	9,347
Total Plant and Equipment	314,528	342,067
Motor Vehicles		
Motor Vehicles at Fair Value	140,282	140,282
Less Accumulated Depreciation	(114,637)	(106,743)
Total Motor Vehicles	25,645	33,539
TOTAL	7,591,820	9,310,002

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

	Land \$	Buildings \$	Plant & Equipment \$	Motor Vehicles \$	Assets Under Construction \$	Total \$
Balance at 1 July 2017	374,610	8,771,656	276,666	41,433	5,977	9,470,342
Additions	-	22,447	115,371	-	37,148	174,966
LMRHA Joint Operation Plant and Equipment	-	-	8,114	-	-	8,114
Depreciation (note 4.3)	-	(277,442)	(58,084)	(7,894)	-	(343,420)
Balance at 1 July 2018	374,610	8,516,661	342,067	33,539	43,125	9,310,002
Additions	-	42,076	33,683	-	373,522	449,281
LMRHA Joint Operation Plant and Equipment	-	-	2,159	-	-	2,159
Depreciation (note 4.3)	-	(278,217)	(63,381)	(7,894)	-	(349,492)
Revaluation increments/(decrements)	(57,610)	(1,762,520)	-	-	-	(1,820,130)
Balance at 30 June 2019	317,000	6,518,000	314,528	25,645	416,647	7,591,820

Land and buildings carried at valuation

The Valuer-General Victoria undertook to re-value all of Maldon Hospital's owned land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

Note 4.2: Property, Plant and Equipment (continued)

(c) Fair value measurement hierarchy for assets

30 June 2019	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
	\$	\$	\$	\$
Land at Fair Value				
Specialised Land	317,000			317,000
Total of Land at Fair Value	317,000	-	-	317,000
Buildings at Fair Value				
Specialised Buildings	6,518,000			6,518,000
Total Building at Fair Value	6,518,000	-	-	6,518,000
Plant and Equipment at Fair Value	314,528			314,528
Motor Vehicles at Fair Value	25,645			25,645
Total of plant, equipment and vehicles at fair value	340,173	-	-	340,173
Total Property, Plant and Equipment	7,175,173	-	-	7,175,173

30 June 2018	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
	\$	\$	\$	\$
Land at Fair Value				
Specialised Land	374,610	-	-	374,610
Total of Land at Fair Value	374,610	-	-	374,610
Buildings at Fair Value				
Specialised Buildings	8,516,661	-	-	8,516,661
Total Building at Fair Value	8,516,661	-	-	8,516,661
Plant and Equipment at Fair Value	342,067	-	-	342,067
Motor Vehicles at Fair Value	33,539	-	-	33,539
Total of plant, equipment and vehicles at fair value	375,606	-	-	375,606
Total Property, Plant and Equipment	9,266,877	-	-	9,266,877

Note

⁽¹⁾ Classified in accordance with the fair value hierarchy.

Note 4.2: Property, Plant and Equipment (continued)

(d) Reconciliation of Level 3 fair value

30 June 2019	Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2018	374,610	8,516,661	342,067	33,539	9,266,877
Additions/(Disposals)	-	42,076	35,842	-	77,918
Gains or losses recognised in net result					
- Depreciation	-	(278,217)	(63,381)	(7,894)	(349,492)
Items recognised in Other Comprehensive Income					
- VGV Revaluation	(57,610)	(1,762,520)	-	-	(1,820,130)
Balance at 30 June 2019	317,000	6,518,000	314,528	25,645	7,175,173

30 June 2018	Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2017	374,610	8,771,656	276,666	41,433	9,464,365
Additions/(Disposals)	-	22,447	123,485	-	145,932
Gains or losses recognised in net result					
- Depreciation	-	(277,442)	(58,084)	(7,894)	(343,420)
Balance at 30 June 2018	374,610	8,516,661	342,067	33,539	9,266,877

Note 4.2: Property, Plant and Equipment (continued)

(e) Fair value determination

Asset Class	Likely Valuation technique	Significant inputs
Specialised land (Crown/Freehold) ^(a)	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost approach	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated replacement cost approach	Cost per unit Useful life of vehicles
Vehicles	Depreciated replacement cost approach	Cost per unit Useful life of vehicles

There were no changes in valuation techniques throughout the period to 30th June 2019.

(a) CSO adjustment of 30% was applied to reduce the market approach value for Maldon Hospital's specialised land.

There were no changes in valuation techniques throughout the period to 30 June 2019.

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated 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 are transferred at their carrying amount.

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

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

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

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 at least 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 amount and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly in equity 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.

Note 4.2: Property, plant & equipment (continued)

In accordance with FRD 103H, Maldon 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, Maldon 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, Maldon 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 Maldon 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 and liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- 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, Maldon 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, Maldon 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 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. Under the market approach valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improved value. 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.

Note 4.2: Property, plant & equipment (continued)

For Maldon 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 the Health Service'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.

Motor Vehicles

Maldon 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 Maldon Hospital who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2019.

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

Note 4.2 (f): Property, Plant and Equipment Revaluation Surplus

(f) Property, Plant and Equipment Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Transfer to Accumulated Deficits

- Land

Revaluation Increment

- Land (refer Note 4.2(b))

- Buildings

Balance at the end of the reporting period*

* Represented by:

- Land

- Buildings

	Total 2019 \$	Total 2018 \$
	8,124,250	8,124,250
	(57,610)	-
	(1,762,520)	-
	6,304,120	8,124,250
	193,000	250,610
	6,111,120	7,873,640
	6,304,120	8,124,250

Note 4.3: Depreciation

	2019 \$	2018 \$
Depreciation		
Buildings	278,217	277,442
Plant & Equipment	61,428	57,020
Motor Vehicles	7,894	7,894
LMRHA Joint Operation Depreciation	1,953	1,064
TOTAL DEPRECIATION	349,492	343,420

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	45 to 50 years	45 to 50 years
- Site Engineering Services and Central Plant	30 to 40 years	30 to 40 years
- Fit Out	20 to 25 years	20 to 25 years
- Trunk Reticulated Building Systems	20 to 25 years	20 to 25 years
Plant & Equipment	10 years	10 years
Medical Equipment	10 years	10 years
Computers and Communication	3 years	3 years
Furniture and Fitting	10 years	10 years
Motor Vehicles	8 years	8 years

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

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the Maldon Hospital's operations.

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other liabilities

Note 5.1: Receivables

	2019 \$	2018 \$
CURRENT		
Contractual		
Trade Debtors	13,560	12,104
Patient and Resident Fees	168,688	129,562
Accrued Investment Income	7,927	55,310
Accrued Revenue - Other	50,191	27,151
LMRHA Joint Operation Receivables	8,413	7,022
	248,779	231,149
Statutory		
GST Receivable	58,166	34,315
LMRHA Joint Operation GST Receivable	1,290	2,702
	59,456	37,017
TOTAL CURRENT RECEIVABLES	308,235	268,166
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	339,178	275,628
	339,178	275,628
TOTAL NON-CURRENT RECEIVABLES	339,178	275,628
TOTAL RECEIVABLES	647,413	543,794

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. Maldon 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 includes predominately 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. Maldon 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 settlements 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*.

Maldon 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 consider the credit quality of trade receivables that are not past due or impaired to be good.

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

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result as an 'other economic flow'. However, when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as a transaction. Accordingly at the same time, the amount in the provision together with its related impairment expense initially recognised as an 'other economic flow' will need to be reversed.

Where the bad debt is written off following a unilateral decision, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as an 'other economic flow'. Accordingly at the same time, the amount in the provision together with its related impairment expense will need to be reversed.

Note 5.2: Payables

	2019 \$	2018 \$
CURRENT		
Contractual		
Trade Creditors	40,704	-
Accrued Salaries and Wages	64,432	59,900
LMRHA Joint Operation Payables	2,469	21,971
Inter-hospital Creditors	1,211	-
Accrued Expenses	248,521	84,882
LMRHA Accrued Expenses	23,797	3,526
	381,134	170,279
Statutory		
GST Payable	2,329	1,155
FBT Payable	1,886	2,589
PAYG Tax	53,554	52,179
Department of Health and Human Services Grant Recall	38,074	12,602
Commonwealth Medicare advance	13,250	5,507
	109,093	74,032
TOTAL CURRENT PAYABLES	490,227	244,311
TOTAL PAYABLES	490,227	244,311

Payables consist of:

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

(a) Maturity analysis of payables

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

Note 5.3: Other Liabilities

	2019 \$	2018 \$
CURRENT		
Monies Held in Trust		
- Patient Monies Held in Trust	11,360	12,119
- Accommodation Bonds (Refundable Entrance Fees)	3,053,189	3,469,876
Total Current	3,064,549	3,481,995
Total Monies Held in Trust		
Represented by the following assets:		
Cash and Cash Equivalents (refer to Note 6.1)	3,064,549	706,094
Investment and other Financial Assets (refer to Note 4.1)	-	2,775,901
TOTAL	3,064,549	3,481,995

Note 6: How we finance our operations

This section 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.

Structure

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

Note 6.1: Cash and Cash Equivalents

	2019 \$	2018 \$
Cash on hand (excluding Monies held in trust)	1,800	1,650
Cash at bank (excluding Monies held in trust)	228,230	735,617
Deposits at Call (excluding Monies held in trust)	1,994,977	-
Cash at bank (LMRHA Joint Venture)	71,439	16,260
Cash at bank (Monies held in trust)	11,360	183,289
Deposits at Call (Monies held in trust)		
- Central Banking System	3,053,189	-
- Other	-	522,805
Total Cash and Cash Equivalents	5,360,995	1,459,621

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.

The cash flow statement includes monies held in trust.

Note 6.2: Commitments for expenditure

Contracted capital commitment

Commitments for future expenditure include 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.

There are no commitments for operating leases, capital or non capital commitments as at 30 June 2019 and 2018.

Note 7: Risks, contingencies & valuation uncertainties

Maldon 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.

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 the Health Services's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

(a) Financial instruments: categorisation

	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	\$	\$	\$
2019			
Contractual Financial Assets			
Cash and cash equivalents	5,360,995	-	5,360,995
<i>Receivables</i>			
- Trade Debtors	13,560	-	13,560
- Other Receivables	235,219	-	235,219
<i>Investments and Other Financial Assets</i>			
- Term Deposits	424,852	-	424,852
Total Financial Assets ⁽ⁱ⁾	6,034,626	-	6,034,626
Financial Liabilities			
Payables	-	381,134	381,134
<i>Other Financial Liabilities</i>			
- Accommodation bonds	-	3,053,189	3,053,189
- Other	-	11,360	11,360
Total Financial Liabilities ⁽ⁱ⁾	-	3,445,683	3,445,683
	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
	\$	\$	\$
2018			
Contractual Financial Assets			
Cash and cash equivalents	1,459,621	-	1,459,621
<i>Receivables</i>			
- Trade Debtors	12,104	-	12,104
- Other Receivables	219,045	-	219,045
<i>Investments and Other Financial Assets</i>			
- Term Deposits	5,134,422	-	5,134,422
Total Financial Assets ⁽ⁱ⁾	6,825,192	-	6,825,192
Financial Liabilities			
Payables	-	170,279	170,279
<i>Other Financial Liabilities</i>			
- Accommodation bonds	-	3,469,876	3,469,876
- Other	-	12,119	12,119
Total Financial Liabilities ⁽ⁱ⁾	-	3,652,274	3,652,274

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credits received)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable)

Note 7.1: Financial Instruments (continued)

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

Categories of financial assets under AASB 9 include Financial assets at amortised cost. Maldon Hospital has determined that all financial assets held are categorised as such.

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 Maldon Hospital to collect the contractual cash flows, and
- the 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.

Maldon Hospital recognises the following assets in this category:

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

Categories of financial assets previously under AASB 139

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

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

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

- payables (excluding statutory payables)
- 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.

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

Impairment of financial assets: At the end of each reporting period, Maldon 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 profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. 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.

Note 7.1 (b): Maturity analysis of Financial Liabilities

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

Maturity analysis of Financial Liabilities as at 30 June 2019

	Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates			
				Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
2019							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	381,134	381,134	381,134	-	-	-
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	3,053,189	3,053,189	3,053,189	-	-	-
- Other	5.3	11,360	11,360	11,360	-	-	-
Total Financial Liabilities		3,445,683	3,445,683	3,445,683	-	-	-
2018							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	170,279	170,279	170,279	-	-	-
Other Financial Liabilities (i)							
- Accommodation Bonds	5.3	3,469,876	3,469,876	3,469,876	-	-	-
- Other	5.3	12,119	12,119	12,119	-	-	-
Total Financial Liabilities		3,652,274	3,652,274	3,652,274	-	-	-

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

Note 7.1 (c): Contractual receivables at amortised cost

	1-Jul-18	Current	Less than 1 month	1-3 months	3 months - 5 years	Total
Expected loss rate		0%	0%	0%	0%	
Gross carrying amount of contractual receivables		137,422	29,625	18,974	45,128	231,149
Loss allowance		0	0	0	0	0
	30-Jun-19	Current	Less than 1 month	1-3 months	3 months - 5 years	Total
Expected loss rate		0%	0%	0%	0%	
Gross carrying amount of contractual receivables		117,132	19,863	25,333	86,451	248,779
Loss allowance		0	0	0	0	0

Note 7.1 (c): Contractual receivables at amortised cost (continued)

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

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

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

Contractual receivables at amortised cost

Maldon 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. Maldon Hospital has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, Maldon 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.

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

Maldon 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.

Maldon Hospital also has investments in Term Deposits.

The statutory receivables 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 a result, the loss allowance recognised for this financial asset during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

Note 8: Other disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons
- 8.3 Executive Officer Disclosures
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet date
- 8.7 Economic Dependency
- 8.8 Jointly Controlled Operations
- 8.9 Changes in Accounting Policy
- 8.10 AASB Standards Issued that are not yet Effective

Note 8.1: Reconciliation of Net Result for the Year to Net Cash from Operating Activities

	2019	2018
	\$	\$
Net result for the period	(408,991)	(14,295)
Non-cash movements:		
Depreciation	349,492	343,420
Movements included in investing and financing activities:		
Discount on Net gain arising from revaluation of long service leave liability	(107,532)	-
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(103,619)	64,655
(Increase)/decrease in inventory	1,655	(990)
(Increase)/decrease in prepayments	(16,773)	(1,306)
Increase/(decrease) in payables	245,916	(38,868)
Increase/(decrease) in provisions	100,541	44,189
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	60,689	396,805

Note 8.2: Responsible Persons Disclosures

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

Responsible Ministers:

The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services
The Honourable Martin Foley, Minister for Mental Health
The Honourable Martin Foley, Minister for Housing, Disability and Ageing
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

Governing Boards

Mrs Vanessa Healy
Mr Stephen Gardner
Mrs Julie Green
Mrs Pam Millwood
Ms Cindy Schultz-Ferguson
Mr Colin Thornton
Mr James Downing
Mr Dallas Coghill

Accountable Officers

Mr Ian Fisher

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

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

Total Numbers

	2019 No.	2018 No.
	8	9
	8	9
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$23,478	\$4,000

The Accountable Officer is remunerated by Castlemaine Health and the contract details are reported in Note 8.4.

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Parliamentary Services.

Other Transactions of Responsible Persons and their Related Parties

There are no other transactions between the Health Service and responsible persons and their related parties to be reported.

Note 8.3: Executive Officer Disclosures

Executive Officers' Remuneration

There are no executive officers whose total remuneration exceeds \$100,000.

Note 8.4: Related Parties

Maldon Hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements; and
- jointly controlled operation - a member of the Loddon Mallee Rural Health Alliance (LMRHA)

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

Key management personnel (KMP) of the hospital include the Portfolio Ministers and all Board Members. The compensation 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.

During the year, Castlemaine Health, an Organisation of which Ian Fisher, Chief Executive Officer, is also the Chief Executive Officer, continued its extensive provision of contracted services. The contracted services involve the provision of extensive administration services such as Finance, IT, HR, and Food Services. The value of the contract during 2018-19 was \$240,451. Other non-contracted services occur as required. The value of net transactions for the 2018-19 financial year between Maldon Hospital and Castlemaine Health are \$803,825. All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources.

Significant Transactions with Government Related Entities

Maldon Hospital received funding from the Department of Health and Human Services of \$2.348 million (2018: \$2.052 million) and indirect contributions of \$0.068 million (2018: \$0.038 million)

Expenses incurred by Maldon 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 the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require Maldon 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 Victoria 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

Outside of normal citizen type transactions with Maldon Hospital there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of financial statements

	2019 \$	2018 \$
	15,000	14,500
	15,000	14,500

Note 8.6: Events Occurring after the Balance Sheet Date

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

Note 8.7: Economic Dependency

Maldon 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 Maldon Hospital.

Note 8.8: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest	
			2019 %	2018 %
Joint Operations				
Loddon Mallee Rural Health Alliance	Information Systems	Australia	1.71	1.66

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

	2019 \$	2018 \$
Summarised balance sheet:		
Current Assets		
Cash and Cash Equivalents	17,703	16,260
Investments and other financial assets	53,736	62,411
Receivables	8,413	6,853
Other	22,434	13,497
Total Current Assets	102,286	99,021
Non-Current Assets		
Property, Plant and Equipment	9,553	9,347
Total Non-Current Assets	9,553	9,347
Total Assets	111,839	108,368
Current Liabilities		
Payables	26,266	25,497
Total Current Liabilities	26,266	25,497
Total Liabilities	26,266	25,497
Share of Joint Operation's Net Assets	85,573	82,871
Summarised operating statement		
Revenues		
Operating Activities	132,232	123,454
Non-Operating Activities	3,479	-
Total Revenue	135,711	123,454
Expenses		
Information Technology and Administration Expenses	(131,017)	(125,847)
Non-Operating Activities	(1,992)	(5,007)
Total Expenses	(133,009)	(130,854)
Net Result	2,702	(7,400)
Movements in carrying amount of interests in the Joint Venture		
	2019 \$'000	2018 \$'000
Carrying amount at the beginning of the year	82,871	85,327
Share of the Joint Operation's net result	2,702	(7,400)
Change in Membership	-	4,944
	85,573	82,871
Contingent Liabilities and Capital Commitments		

There are no contingent liabilities or capital commitments arising from the interest in joint operations.

Note 8.9: Changes in Accounting Policy

Changes in accounting policy

Maldon Hospital has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- (a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference
- (b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

This note explains the impact of the adoption of AASB 9 Financial Instruments on the Department's financial statements.

Changes to the impairment of financial assets

Under AASB 9, all loans and receivables, as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, Maldon Hospital applies the AASB 9 simplified approach to measured expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method has had no impact. Refer to Note 7.1(c) for details about the calculation of the allowance.

Transition Impact

There is no transition impact to report in relation to first time adoption of AASB 9 on the comprehensive operating statement or balance sheet.

Note 8.10: AASBs issued that are not yet effective

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

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

Standard/ Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1 Jul 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. The impact to Maldon Hospital requires no adjustments in July 2019, but rather, will apply to future revenue recognition.

Note 8.10: AASBs issued that are not yet effective (continued)

Standard/ Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for- Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 • The ‘customer’ does not need to be the recipient of goods and/or services; • The “contract” could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or ‘equivalent means’; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be ‘sufficiently specific’ to be able to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. Maldon Hospital has no operating leases.
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for- Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 Jan 2019	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.

Note 8.10: AASBs issued that are not yet effective (continued)

Standard/ Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 Jan 2019	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. This is expected to affect future capital grants recognition, but will not have any impact on Maldon Hospital as at 1 July 2019.
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 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.



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