

MALDON HOSPITAL ANNUAL REPORT

2019/20



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:

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(F) 03 5475 2029

(W) www.maldhosp.vic.gov.au/contact-us/send-feedback

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Maldon Hospital acknowledges the support of the Victorian Government

YEAR IN REVIEW

It is with great pleasure on behalf of the Maldon Hospital, Board of Directors, employees, volunteers, and consumers that we present to you our 2019–20 annual report.

Maldon Hospital in 2019–20 has continued on from the previous years in striving to meet the Maldon community's needs with a diverse range of services from community-based services to urgent care, inpatients and aged residential care. Here at Maldon Hospital we are committed to managing the affairs of the Maldon Hospital effectively and most importantly, meeting the health needs of our community.

We have accomplished a number of board priorities this year, such as focusing on the objectives of our Strategic Plan. 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 our community. The plan sets out five key areas:

1. OUR PEOPLE

Our hospital has passed a number of accreditations demonstrating continued excellence in the provision of quality care. The visiting reviewers also provided glowing feedback to staff about the provision of quality services which was very reassuring for our Board to hear. A particular area of comment was around the fantastic work our senior management team have undertaken in continuing to lead our staff to ensure the provision of high-level individualised care of all our residents and patients as well as creating an aligned workplace culture that is accountable to achieving outcomes together.

We continued to strengthen our workforce and leadership capabilities in partnership with the Studer Group. Workforce development also continued with a number of training programs with a focus on Family Violence training, improving awareness of Occupational Violence and Aggression prevention and ongoing opportunities for clinical staff to maintain high standards of skill and knowledge.

We believe in our people and we would like to acknowledge them for their hard work and dedication to providing safe and quality health care for our residents and the community.

2. COMMUNITY ENGAGEMENT

We have really taken the time to listen to our community, to really understand your needs and what services you would like to see provided at a local level. We have continued to work closely with the State Government and our neighbouring Health Services to determine how we can partner better to support our community's overall health and wellbeing.

Maldon Hospital is well supported by its volunteers and the community. We offer our sincere thanks to our volunteers, Murray to Moyne Cycle Relay team and the Community Consultative Committee for their support and fundraising contributions. We also acknowledge the various businesses, community groups, estates, families and individuals who continue to support us financially and by way of in-kind donations.

During the 2019/2020 financial year, fundraising contributions and donations totalled \$42,584. These valuable funds assist with the upgrading of equipment and the maintenance and furnishing of our hospital, aged care facility and community health development.

Our many volunteers provide purposeful activities and roles, and as such are greatly appreciated by staff and the community we serve. We extend our sincere appreciation to the community volunteers who assist with bus driving, visiting, outings, entertainment, diversional and lifestyle activities.

Our volunteers assist us to meet the needs of our community and foster community connections for our residents and their families. This community spirit contributes to Maldon Hospital being a proud facility and also supports our continual effort to provide the best quality services to meet the changing needs of our community. We thank you for providing ongoing support to the health service through time and generosity.

3. HEALTH AND WELLBEING HUB

The completion of one of our major projects, Jesse Bowe Garden, has brought much delight to our residents and visitors alike. Our outdoor room is scheduled for completion in early 2021. The room will offer another flexible social interaction space for everyone to enjoy and we can't wait to share it with you all.

4. LEADING FOR OUR COMMUNITY

Leadership in our hospital, in small rural health service delivery and in our local community, is critical to our sustainable future. This year due to the COVID-19 pandemic and extreme hot summer weather conditions we have faced extreme challenges to sustain our services. While we are still operating under the threat of a COVID-19 outbreak it has been to the credit of the Department of Health and Human Services and leadership of Maldon Hospital that to date the potential of devastating outcomes for our residents, patients and staff has been avoided.

The Maldon Hospital Board are committed to their ongoing professional development and encourage their Executives and staff to continue to develop and demonstrate the leadership to ensure we remain a well-led, thriving service.

5. MAINTAINING OUR INDEPENDENCE IN PARTNERSHIP

The health and wellbeing of Maldon is bigger than Maldon Hospital. As leaders in this area, we will continue to build connection and partnerships that balance independence with collective action and provide personalised services to our community.

Our hospital has been an active contributor to the Mount Alexander Strategic Health and Wellbeing Partnership which has representation from Mount Alexander Shire, Castlemaine Health, Castlemaine District Community Health and Bendigo Health. Collaboration with these agencies is important to ensure that we all continue to deliver great health care services to our community.

We have continued to work with the Department of Health and Human Services and other health agencies within the region to ensure standards of clinical care and maintained and improved. We look forward to progressing the newly established Loddon Mallee Health Network and using the strength of the network to develop and implement strategies that will improve our capacity to deliver sustainable, safe, effective and efficient services.

Community Health Programs have been delivered to the community in conjunction with Castlemaine District Community Health. These health prevention programs are so important for our overall health and wellbeing.

We continue to strengthen partnerships, building on the previous year and appreciate the funding contributions to continue providing health care in our local community.

ACKNOWLEDGMENTS

We are grateful to many individuals who contribute to the successful operation of the hospital and express our appreciation to the following:

- Our executive staff and their leadership and management in Ian Fisher, CEO, Jason Stevens, Director Corporate Services and Kerry Healy, Executive Director Finance & Business Improvement, including the loyalty and dedication of Executive Director of Nursing Katrina Sparrow and her management team.
- Dr Chris Fowler for ongoing provision of medical services and his assistance in meeting the increasing necessities of accreditation standards.
- Board Directors for working together cohesively throughout the year to drive positive outcomes for the community. The Board Directors dedicate a large amount of their time not only for board matters but also across the Risk and Audit, Clinical Governance, and Quality and Community

Consultative Committee. This year we have two exceptional board directors finishing their terms with us, Mr Colin Thornton (nine years) and Mr Dallas Coghill (three years). Both directors have contributed a large amount of expertise and support to Maldon Hospital.

- We will be welcoming new board members Dr Sundeep Saraf, Linda McNeill and Neil Pharaoh. Combined, these new members bring skill sets from areas such as Mental Health, Risk Management, Law and Commerce. We look forward to their contribution over the next few years.
- Thanks to our independent Risk and Audit Chair Mr Michael McCarthy for his continued commitment and contribution to governance.
- Thanks to our dedicated staff and volunteers for their hard work and dedication.

LOOKING FORWARD

Our Strategic Plan sets the priorities for our organisation to navigate through the constant changing landscape in healthcare. Our primary focus is on those in our care, our staff and our community. Maldon Hospital is a safe, trusted and inclusive provider of a significant range of health and wellbeing services. The future is bright for Maldon Hospital. We are confident that with our skilled and enthusiastic Board, committed Executive and staff we will continue to meet the current and future health and wellbeing needs of our local community.



Vanessa Healy
Chair

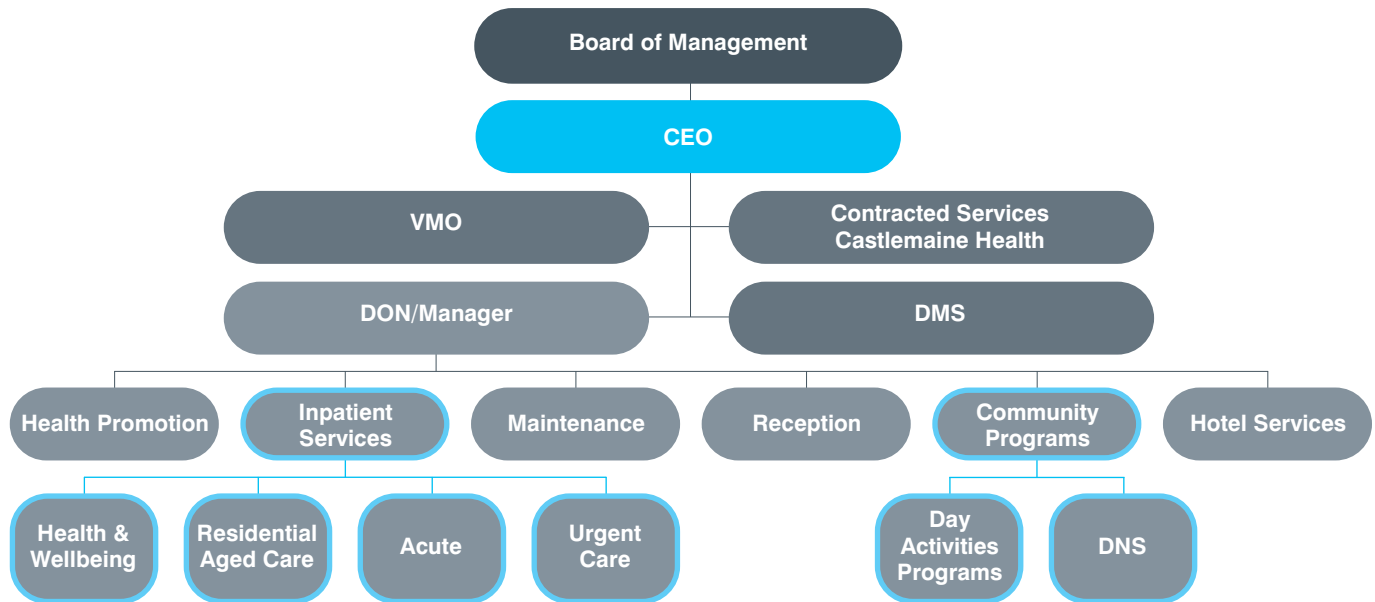


Ian Fisher
CEO

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 2020.



Vanessa Healy, Chair
30 October 2020, 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 2019–20 are the Hon. Jenny Mikakos, Minister for Health and Minister for Ambulance Services; the Hon. Martin Foley MP, Minister for Mental Health; and the Hon. Luke Donnellan, Minister for Disability, Ageing and Carers.

BOARD DIRECTORS

Vanessa Healy, Chair
(Appointed 1 July 2014)

Julie Green, 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)

Shan Welham, 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

Shan Welham, Board Director

Dallas Coghill, Board Director

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 Chair

Peta Ballinger, Community
Representative-Chair

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

IMPROVED LIVING ENVIRONMENT – JESSIE BOWE HOUSE

This year we have focused on improving the internal and external environment for those living in Jessie Bowe House. We have redesigned the laundry space to provide a smaller European laundry, thus ensuring a lovely light filled atrium space leading to a new garden. The garden design is based on dementia principles with raised garden beds, sitting spaces, potting station, a BBQ area and space for residents to walk on a flat even surface whilst they enjoy the spectacular views of the distant mountains.

COMMUNITY CAR

We are very appreciative of a grant from the Foundation for Rural & Regional Renewal allowing a purchase of a new community car driven by volunteers. This transport aims to meet the needs of the people in Maldon who otherwise would not be able to attend important medical appointments and treatments that improve their health outcomes by providing volunteer-based, on-demand transport. This service will support the people of Maldon and surroundings to improve access to timely medical appointments and reduce the likelihood of developing more complex health problems.

REGIONAL AWARDS SEMI-FINALIST – AGED CARE

Maldon Hospital was a semi-finalist in the Regional Achievement and Community Awards for Excellence in Aged Care. Maldon Hospital was recognised for its contribution to building community health and wellbeing through training, social activities and health options for staff and residents. This award acknowledges facilities that make a positive difference to an industry and are an excellent employer by providing services for staff such as flexible work options, wellness support and training opportunities.

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 a physiotherapist, podiatrist, speech pathologist, dietician, 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.

HUMAN RESOURCES

Our staff continue to be a pivotal aspect of the organisation. Annual performance reviews, goal setting and education opportunities are some of the ways staff are provided with feedback and assisted to meet their potential. Every month managers meet staff one-to-one in a casual environment to seek feedback on how we can do better as an organisation, suggestions for improvements and any staff member they recognise for excellence. All staff recognised are provided with a thank you and the comments shared highlighting their positive actions or attitude. Our calendar of wellness events also highlights Maldon Hospital's appreciation of the staff with celebration days, charity fundraisers and guest speakers on topics to support work life balance.

WORKFORCE DATA¹

Hospitals labour category	June current month FTE		June YTD FTE	
	2019	2020	2019	2020
Nursing	24.56	23.48	24.33	24.17
Administration and Clerical	1.31	1.56	1.42	1.4
Medical Support	0	0	0	0
Hotel Services	10.15	11.77	10.46	11.47
Ancillary Support (Allied Health)	0	0	0	0
Total	36.02	36.82	36.21	37.04

OCCUPATIONAL HEALTH AND SAFETY

This year Maldon Hospital implemented a new system to review different areas in the hospital for any safety issues related to the environment. These audits are conducted by staff who do not work in the area as a pair of "fresh eyes". This process ensures staff are reminded to always observe for safety issues and assists them to understand their roles in providing a safe environment. Reports are tracked and reported to the Occupational Health and Safety Committee and the Clinical Governance and Quality Committee.

Occupational violence statistics		2019-20
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		4
Number of occupational violence incidents reported per 100 FTE		10.86
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	2017-18	2018-19	2019-20
Total number incident reports (including hazard and near miss) for the year per 100EFT staff members	212	80	43
Number 'lost time' standard claims for year per 100EFT staff members	3.16	5.61	5.43
Average cost per claim for year	\$1,890	\$108,935	\$62,316

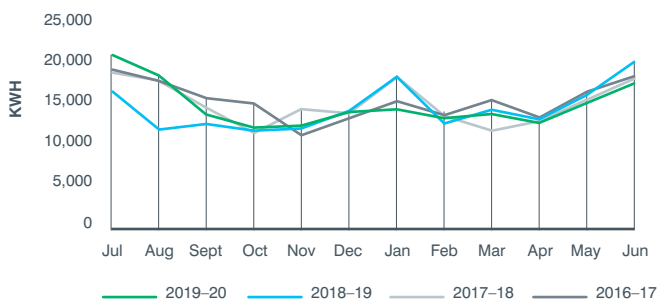
¹ The labour categories were updated and changed in this financial year therefore the data is not always comparable to the previous financial year. For example, more classifications were put in to Administration and Clerical and taken out of Medical Support and Sessional Clinicians were merged in to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

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:

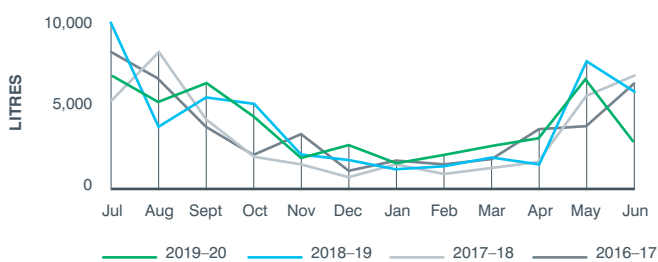
- purchase of new generator
- joining the Castlemaine Health Environmental Sustainability Committee to contribute to, and act on, opportunities for improvements in environmental sustainability.

Electricity Consumption



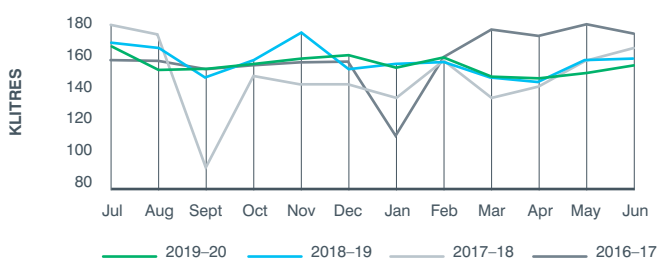
Consumption is down 3% following the installation of Solar panels in 2017/18

LPG Consumption



Consumption is down 4% compared to 2018-19

Water Consumption



Consumption is down 2% following the installation of Solar panels in 2017/18

INFORMATION TECHNOLOGY

Thanks to the Castlemaine Health IT department the following IT projects were completed over the past 12 months:

- all PCs, laptops and tablet devices were upgraded at Maldon Hospital to ensure all devices are compliant with Loddon Mallee Shared Services requirements
- new server infrastructure installed and commissioned, which upgraded all servers to newer versions of operating systems to ensure redundant servers were removed prior to end of life in January 2020
- additional remote devices were also sourced in June/ July 2020 to ensure the Maldon Hospital workforce had improved remote connectivity.

STATEMENT OF PRIORITIES REPORT

PART A: STRATEGIC PRIORITIES

Goals	Strategies	Health Service Deliverables	Status
Better Health			
A system geared to prevention as much as treatment	Reduce Statewide Risks	Collaborate with Maldon community groups and CHIRP Community Health to explore health and wellbeing activities, particularly targeting the older community members to encourage healthier lifestyles.	Achieved and ongoing
Everyone understands their own health and risks	Build Healthy Neighbourhoods		Shirewide collaborative grant to increase older people's health in the local community.
Illness is detected and managed early	Help people to stay healthy		Training and support to run Nordic pole walking groups at Maldon. Commenced within COVID guidelines however on hold due to current community restrictions.
Healthy neighbourhoods and communities encourage healthy lifestyles	Target health gaps		QUIT campaign advertised and encouraged. Minimal staff smokers, minimal interest with current smokers.
Better Access			
Care is always there when people need it	Plan and invest	Review and implement strategies that will provide easier access to community health and wellbeing services, particularly for people with disabilities and Aboriginal and Torres Strait Islander People as identified in the Maldon Hospital's access and inclusion plan.	Achieved and ongoing
More access to care in the home and community	Unlock innovation		Quotes for new reception area sought for disability access. Capital expense to be considered
People are connected to the full range of care and support they need	Provide easier access		The Loddon Mallee Telehealth Plan was replaced by a Loddon Mallee Virtual Care Strategic Plan. Development work paused during 2020 due to Covid-19
There is equal access to care	Ensure fair access		The Loddon Mallee Virtual Care three-year plan will incorporate governance, sustainability, operating models, new technology enablers, patient experience, clinical outcomes and business challenges. Leveraging the royal commission into aged care findings, the focus will be keeping consumers in their home for longer but with equity of care and service.
Better Care			
Target zero avoidable harm	Put Quality First	Partner with patients and carers to provide better care by working within the Safer Care Victoria Partnering in Healthcare framework with a priority focus on Equity and Inclusion and Working together.	Achieved and ongoing
Healthcare that focusses on outcomes	Join up care		Staff cultural awareness and inclusion training by 95% of permanent staff
Patients and carers are active partners in care	Partner with patients		Consumer posters, newsletter articles and web site design encouraging consumer participation and explaining healthcare rights
Care fits together around people's needs	Strengthen the workforce		The first Loddon Mallee Health (LMH) Volunteer Project Advisory Committee Meeting was held in February 2020. Prior to Covid-19, strategy development was in early stages with preliminary research into the role of volunteers across the nine LMH services that form the partnership.
	Embed evidence	Participate in the development of a regional volunteering strategy to increase volunteer numbers and the quality and safety of support they provide to patients and residents,	Volunteer engagement survey completed, benchmark of volunteer programs completed and presented to network CEO's.
	Ensure equal care		

PART A: STRATEGIC PRIORITIES

Goals	Strategies	Health Service Deliverables	Status
Specific 2019–20 Priorities (mandatory)			
Addressing Occupational Violence	<p>Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.</p> <p>Implement the department's security training principles to address identified security risks.</p>	Improve the health and safety of health service staff and volunteers by implementing and evaluating site specific Occupational Violence action plans.	<p>Achieved and ongoing</p> <p>2019 Internal Auditor review of OH&S – minimal recommendations.</p> <p>OHS management plan completed.</p> <p>Commenced implementation of Know Better, Be Better framework</p>
Supporting the Mental Health System	Improve service access to mental health treatment to address the physical and mental health needs of consumers.	Contribute to the development of a Regional Mental Health Plan for the Loddon Mallee in collaboration with the Primary Health Network.	<p>Achieved and ongoing</p> <p>The Loddon Mallee Health Network (LMHN) agencies and the Murray Primary Health Network (PHN) are collaborating on the development of the Regional Mental Health and Suicide Prevention Plan. A CEO lead was appointed however work suspended due to COVID-19</p>
Addressing bullying and harassment	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.	Undertake a gap analysis and implement required actions to meet the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination	<p>Achieved and ongoing</p> <p>Gap analysis completed and staff training booked however postponed due to COVID-19.</p> <p>Commenced Know Better Be Better framework including Board statement.</p>
Supporting Vulnerable Patients	Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.	Establish a local Dementia Alliance with community groups to develop strategies, such as a dementia awareness campaign, to support people with dementia living in the community	<p>Achieved and ongoing</p> <p>Maldon Dementia Alliance commenced with Maldon Hospital in partnership with Maldon Neighbourhood House. Project meeting key deliverables and has continued during COVID-19</p>
Supporting Aboriginal Cultural Safety	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.	Participate in the development of a regional plan for improved Aboriginal cultural safety and implement consistent local strategies to improve health outcomes of Aboriginal and Torres Strait Islander people	<p>Achieved and ongoing</p> <p>Staff training commenced and engagement with local Aboriginal and Torres Strait Islander groups to explore planning and design of a safe, outdoor dedicated space. Work suspended due to COVID 19 restrictions.</p>
Implementing Disability Action Plans	Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.	Improve the quality of care and employment opportunities for people with a disability by finalising and commencing site specific Disability Action Plans.	<p>Achieved and ongoing</p> <p>Disability action plan in place.</p> <p>Review of recruitment documents to support disability in progress.</p>

PART A: STRATEGIC PRIORITIES

Goals	Strategies	Health Service Deliverables	Status
Specific 2019–20 Priorities (mandatory)			
Supporting Environmental Sustainability	Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions,	Improve our environmental sustainability by participating in the development of a hospital waste management strategy across the Loddon Mallee region.	<p>Achieved and ongoing</p> <p>Maldon Hospital represented on the Castlemaine Health Environmental Sustainability committee. Environmental sustainability committee focusing on improved waste management strategies</p> <p>Regional waste strategies for the LMHN have been defined for development. An initial waste group report was to be tabled at a meeting in March 2020. This meeting was cancelled with activity suspended due to a need to redirect priorities to preparedness for COVID-19.</p> <p>Priorities which will be a focus of the future strategy include:</p> <ul style="list-style-type: none"> identifying and categorising existing contractors identifying waste streams being under-utilised commencement and promotion of region wide Kinguard recycling, organic waste collection and soft plastics recycling, increased staff education on recycling practices, and working with procurement to identify eco-friendly alternative products.
Addressing Family Violence	Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.	Improve our health service response to family violence by undertaking a census of our workforce capabilities and aligning health service activities to be consistent with the Multiagency Risk Assessment and Risk Management Framework.	<p>Achieved and ongoing</p> <p>Training of all staff and additional training of senior nursing staff completed.</p>

PART B: PERFORMANCE PRIORITIES

High quality and safe care

Key Performance Indicator	Target	2019–20 Result
Accreditation		
Residential Aged Care compliance	Full	Full
Infection Prevention and Control		
Healthcare worker immunisation	84%	86%
Hand hygiene	83.0%	94.1%
Adverse events		
Sentinel events reported within 30 business days	100%	100%
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	2019–20 Result
Organisational Culture		
People Matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	TBA%
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%	83%
People Matter survey – percentage of staff with a positive response to the question “Patient care errors are handled appropriately in my work area”	80%	67%
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%	85%
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%	72%
People Matter survey – percentage of staff with a positive response to the question “Management is driving us to be a safety-centred organisation”	80%	70%
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%	65%
People Matter survey – percentage of staff with a positive response to the question “Trainees in my discipline are adequately supervised”	80%	61%
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%	70%

Effective financial management

Key Performance Indicator	Target	2019–20 Result
Finance		
Operating result (\$m)	-0.15	0.00
Average number of days to paying trade creditors	60 days	47
Average number of days to receiving patient fee debtors	60 days	57
Public and Private WIES ² activity performance to target	100%	n/a
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.4
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	170.3
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤\$250,000	-0.1%

Consultancies

Details of consultancies (under \$10,000)

In 2019-20, there was one consultancy where the total fees payable to the consultant was less than \$10,000. The total expenditure incurred during 2018-19 in relation to this consultancy was \$3,000 (excl. GST).

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

In 2019-20, there were no 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.

ICT Expenditure

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non-BAU) ICT Expenditure		
Total (excluding GST)	Total Expenditure (excluding GST) (a) + (b)	Operating Expenditure (excluding GST) (a)	Capital Expenditure (excluding GST) (b)
\$142,836	\$3,175	\$0	\$3,175

PART C: ACTIVITY AND FUNDING

Service	2019–20 Activity Achievement
Small Rural Acute	6
Small Rural Residential Aged Care	10,190
HACC	308

² WIES is a Weighted Inlier Equivalent Separation

STATUTORY COMPLIANCE

ATTESTATIONS

Financial Management Compliance:

I, Vanessa Healy, on behalf of the Maldon Hospital Board of Management, certify that Maldon Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Vanessa Healy, Responsible Officer
Maldon Hospital, 30 October 2020

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.

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.

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.



Ian Fisher, Responsible Officer
Maldon Hospital, 30 October 2020

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 <http://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. No applications were received under Freedom of Information in 2019-20. These requests were all valid and processed within the required timeframes. 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 National Competition Policy and comply with requirements of 'Competitive Neutrality Policy' Victoria.

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 2019-20.

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 that required 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.

SUMMARY OF FINANCIAL RESULTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Operating Result*	(3,117)	(190,031)	279,238	21,484	45,699
Total revenue	5,788,733	5,411,536	5,323,340	4,912,772	4,568,865
Total expenses	6,166,328	5,928,059	5,348,307	4,890,407	4,588,707
Net result from transactions	(377,595)	(516,523)	(24,967)	22,365	(19,842)
Total other economic flows	(173,808)	107,532	10,672	31,199	0
Net result	(551,403)	(408,991)	(14,295)	53,564	(19,842)
Total assets	14,082,936	14,083,874	16,491,515	16,557,728	16,209,160
Total liabilities	5,081,631	4,258,021	4,436,541	4,488,459	4,242,065
Net assets/Total equity	9,001,305	9,825,853	12,054,974	12,069,269	11,967,095

* The Operating result is the result for which the health service is monitored in its Statement of Priorities.

RECONCILIATION BETWEEN NET RESULT FROM TRANSACTIONS AND OPERATING RESULT

	2020
	\$
Net Operating Result*	(3,117)
Capital purpose income	63,843
Expenditure for capital purpose	(13,665)
Depreciation and amortisation	(459,735)
Impairment of non-financial assets	35,079
Net result from transactions	(377,595)

* The Operating result is the result for which the health service is monitored in its Statement of Priorities.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

The Cash and Cash Equivalent/Investments balances held by Maldon Hospital increased during the year by

\$296,209. This increase was largely due a \$470,427 increase 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.

Due to a change in accounting standards, Maldon Hospital has deferred recognition of \$273,145 of the grant consideration received as a liability for the outstanding obligations with regard to the construction of the Jessie Bowe Outdoor living area which is due to be completed in early 2021.

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.

This year has been impacted by Covid-19 which has affected the operations of the health service and its ability to meet the Statement of Priorities target agreed to at the beginning of the 2019/20 financial year.

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 \$150k deficit result before capital items and depreciation in the Statement of Priorities for the 2019/20 financial year and ended the year with a break-even result largely due to higher than budgeted residential aged care revenue and an expected increase in expenditure that did not eventuate.

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

Key Performance Indicator	Target	Actual
Finance		
Operating result (\$m)	-0.15	0.00
Average number of days to paying trade creditors	60 days	47 days
Average number of days to receiving patient fee debtors	60 days	57 days
Adjusted current asset ratio	0.70 or 3% improvement from health service base target	1.4
Number of days available cash	14 days	170.3 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



Independent Auditor's Report

To the Board of Maldon Hospital

Opinion I have audited the financial report of Maldon Hospital (the health service) which comprises the:

- balance sheet as at 30 June 2020
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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
9 October 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

BOARD MEMBER'S, ACCOUNTABLE OFFICER'S, AND CHIEF FINANCE AND 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 2020 and the financial position of Maldon Hospital at 30 June 2020.

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

We authorise the attached financial statements for issue on 7 October 2020



Vanessa Healy
Chair

Maldon Hospital
7 October 2020



Ian Fisher
Chief Executive Officer

Maldon Hospital
7 October 2020



Kerryn Healy
Chief Finance & Accounting Officer

Maldon Hospital
7 October 2020

Maldon Hospital
Comprehensive Operating Statement
30 June 2020

	Note	2020 \$	2019 \$
Income from Transactions			
Operating Activities	2.1	5,723,573	5,281,876
Non-operating Activities	2.1	65,160	129,659
Total Income from Transactions		5,788,733	5,411,536
Expenses from Transactions			
Employee Expenses	3.1	(4,107,183)	(4,061,615)
Supplies and consumables	3.1	(469,595)	(459,494)
Finance Costs	3.1	(15,631)	(17,920)
Depreciation	4.3	(459,735)	(349,492)
Other Operating Expenses	3.1	(1,114,184)	(1,039,538)
Total Expenses from Transactions		(6,166,328)	(5,928,059)
Net Result from Transactions - Net operating Balance		(377,595)	(516,523)
Other Economic Flows included in Net Result			
Other Gain/(Loss) from Other Economic Flows	3.2	(173,808)	107,532
Total Other Economic Flows included in Net Result		(173,808)	107,532
Net Result for the year		(551,403)	(408,991)
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		(551,403)	(2,229,121)

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

Maldon Hospital
Balance Sheet
As at 30 June 2020

	Note	2020 \$	2019 \$
Current Assets			
Cash and Cash Equivalents	6.1	6,082,056	5,360,995
Receivables	5.1	217,936	308,235
Investments and Other Financial Assets	4.1	-	424,852
Inventories		19,971	-
Prepayments and Other assets		39,737	58,794
Total Current Assets		6,359,700	6,152,876
Non-Current Assets			
Receivables	5.1	345,413	339,178
Property, Plant & Equipment	4.2 (a)	7,377,823	7,591,820
Total Non-Current Assets		7,723,236	7,930,998
TOTAL ASSETS		14,082,936	14,083,874
Current Liabilities			
Payables	5.2	721,494	490,227
Provisions	3.3	703,648	614,923
Other current liabilities	5.3	3,594,122	3,064,549
Total Current Liabilities		5,019,264	4,169,699
Non-Current Liabilities			
Provisions	3.3	62,367	88,322
Total Non-Current Liabilities		62,367	88,322
TOTAL LIABILITIES		5,081,631	4,258,021
NET ASSETS		9,001,305	9,825,853
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2 (f)	6,304,120	6,304,120
Contributed capital	SCE	3,890,579	3,890,579
Accumulated deficits	SCE	(1,193,394)	(368,846)
TOTAL EQUITY		9,001,305	9,825,853

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

Maldon Hospital
Statement of Changes in Equity
For the Year Ended 30 June 2020

		Property, Plant & Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses / (Deficits)	Total
	Note	\$	\$	\$	\$
Balance at 1 July 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	4.2 (b)	(1,820,130)	-	-	(1,820,130)
Balance at 30 June 2019	4.2 (f)	6,304,120	3,890,579	(368,846)	9,825,853
Effect of adoption of AASB 1058	8.9	-	-	(273,145)	(273,145)
Restated balance as at 30 June 2019		6,304,120	3,890,579	(641,991)	9,552,708
Net result for the year		-	-	(551,403)	(551,403)
Other comprehensive income for the year		-	-	-	-
Balance at 30 June 2020	4.2 (f)	6,304,120	3,890,579	(1,193,394)	9,001,305

This Statement should be read in conjunction with the accompanying notes

Maldon Hospital
Cash Flow Statement
30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government - State		2,472,277	2,453,933
Operating Grants from Government - Commonwealth		1,917,601	1,703,675
Capital Grants from Government - State		10,634	21,678
Patient and Resident Fees Received		990,628	923,849
Donations and Bequests Received		42,584	16,564
Interest Received		65,160	177,042
Other Receipts		296,903	130,380
Total Receipts		5,795,787	5,427,121
Employee Expenses Paid		(3,950,432)	(3,842,182)
Non salary labour costs		(165,350)	(177,909)
Payments for Supplies & Consumables		(487,722)	(457,839)
Interest Paid		(13,429)	(17,920)
GST paid to ATO		(2,678)	(21,265)
Other Payments		(1,164,147)	(849,317)
Total Payments		(5,783,758)	(5,366,432)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8.1	12,029	60,689
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(245,613)	(451,439)
Proceeds from sale of non-financial assets		220	-
Proceeds from disposal of Investments		424,852	4,709,570
NET CASH FLOWS FROM INVESTING ACTIVITIES		179,459	4,258,131
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Accommodation Deposits		1,190,653	2,182,336
Repayment of Accommodation Deposits		(661,080)	(2,599,782)
NET CASH FLOWS FROM/(USED IN) FINANCIAL ACTIVITIES		529,573	(417,446)
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		721,061	3,901,374
Cash and Cash Equivalents at Beginning of Year		5,360,995	1,459,621
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	6,082,056	5,360,995

This Statement should be read in conjunction with the accompanying notes

Basis of preparation

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

The accrual basis of accounting has been applied in 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 2020. 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 standards of the Australian Accounting Standards Board (AASB), which includes interpretations issued by the 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 Australian Accounting Standards (AAS's).

(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 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

The financial statements are prepared on a going concern basis (refer to Note 8.8 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 two 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 AAS's 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);
- 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)

COVID-19 Pandemic

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Maldon Hospital.

In response, Maldon Hospital placed restrictions on non-essential visitors, implemented reduced visitor hours, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 (a) Funding delivery of our services, Note 3.1: Expenses from Transactions and Note 4.2 Property, plant and equipment.

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 has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations).

(e) Equity

Contributed Capital

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

Note 2.1 (a): Revenue and Income that funds the delivery of our services

(a) Income from Transactions

	Total 2020 \$	Total 2019 \$
Government Grant (State) - Operating ¹	2,506,939	2,348,242
Government Grants (Commonwealth) - Operating	1,930,851	1,703,027
Government Grants (State) - Capital	10,634	21,678
Other Capital Purpose Income	10,625	3,439
Assets received free of charge or for nominal consideration	52,231	80,742
Patient & Resident Fees	986,307	962,975
Other Revenue from Operating Activities	225,986	161,773
Total Income from Operating Activities	5,723,573	5,281,876
Other Interest	65,160	129,659
Total Income from Non-Operating Activities	65,160	129,659
Total Income from Transactions	5,788,733	5,411,536

¹ Government Grant (State) - Operating includes funding of \$20,000 which was spent due to the impacts of COVID-19.

Impact of COVID-19 on revenue and income

As indicated at Note 1, Maldon Hospitals response to the pandemic included placing restrictions on non-essential visitors, reducing visitor hours, performing COVID-testing and implementing work from home arrangements where appropriate. This resulted in Maldon Hospital incurring direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on Maldon Hospital. Maldon Hospital also received essential personal protective equipment free of charge under the state supply arrangement.

Accounting Policies

Government Grants

Income from grants to construct the Jessie Bowe outdoor living area is recognised when Maldon Hospital satisfies its obligations under the transfer. This aligns with Maldon Hospitals obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Note 2.1 Revenue and income that funds the delivery of our services (continued)

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

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

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

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

Performance obligations

The types of government grants recognised under AASB 15 Revenue from Contracts with Customers includes:

- Commonwealth Aged Care Funding
- other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

For Commonwealth Aged Care Funding, revenue is recognised monthly based on the actual number of bed days provided and assessed ACFI rates for each resident. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the Commonwealth.

For other grants with performance obligations, Maldon Hospital exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Maldon Hospital without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Maldon Hospital recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Maldon Hospital recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

The following are transactions that Maldon Hospital has determined to be classified as revenue from contracts with customers in accordance with AASB 15. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

Patient Fees and Resident Fees

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

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

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

	Total 2020 \$	Total 2019 \$
Cash donations and gifts	42,584	13,125
Indirect contributions by Department of Health and Human Services:		
Non Cash Grant - Insurance	3,412	4,067
Non Cash Grant - Long Service Leave	6,235	63,550
Total fair value of assets and services received free of charge or for nominal consideration	52,231	80,742

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery, and distributed the products to health services as resources provided free of charge. Maldon Hospital obtained its supply of these products from Castlemaine Health at no cost.

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

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

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.

Voluntary Services

Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. The volunteer services provided to Maldon Hospital do not meet this criteria.

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

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

Note 2.1 Revenue and income that funds the delivery of our services (continued)

Performance obligations and revenue recognition policies

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

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

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability. Where the performance obligations is satisfied but not yet billed, a contract asset is recorded.

Note: 2.1 (c) Other income

	Total 2020 \$	Total 2019 \$
Other Interest	65,160	129,659
	65,160	129,659

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

Interest Income

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

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In 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 2020 \$	Total 2019 \$
Salaries and Wages	3,208,548	3,009,512
On-costs	668,793	724,804
Agency Expenses	77,604	92,034
Fee for Service Medical Officer Expenses	87,746	85,875
Workcover Premium	64,492	149,390
Total Employee Expenses	4,107,183	4,061,615
Drug Supplies	13,434	17,074
Medical And Surgical Supplies (including Prostheses)	59,751	63,071
Diagnostic and Radiology Supplies	480	540
Other Supplies and Consumables	395,930	378,809
Total Supplies and Consumables	469,595	459,494
Finance Costs	15,631	17,920
Total Finance Costs	15,631	17,920
Fuel, Light, Power and Water	98,735	87,156
Repairs and Maintenance	82,432	89,898
Maintenance Contracts	17,325	7,297
Medical Indemnity Insurance	7,059	7,338
Other Expenses	908,633	847,849
Total Other Operating Expenses	1,114,184	1,039,538
Depreciation (refer note 4.3)	459,735	349,492
Total Other Non-Operating Expenses	459,735	349,492
Total Expenses from Transactions	6,166,328	5,928,059

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

Impact of COVID-19 on expenses

As indicated at Note 1, Maldon Hospital's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional salaries and wages, related on-costs, additional supplies and consumables, and various other related expenses.

Note 3.1: Expenses from Transactions (continued)

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.

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

	2020 \$	2019 \$
Net gain on disposal of property plant and equipment	220	-
Total net gain/(loss) on non-financial assets	220	-
Allowance for impairment losses of contractual receivables	(35,079)	-
Total net gain/(loss) on financial instruments at fair value	(35,079)	-
Net gain/(loss) arising from revaluation of long service liability	(138,949)	107,532
Total other gains/(losses) from other economic flows	(138,949)	107,532
Total other gains/(losses) from economic flows	(173,808)	107,532

Note 3.2: Other Economic Flows (continued)

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

- The revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Net gain/(loss) on non-financial assets

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

- Net gain/(loss) on disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movement, inflation rate movements and the impact of changes in probability factors.

Note 3.3: Employee benefits in the balance sheet

	2020 \$	2019 \$
Current Provisions		
Employee Benefits (i)		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	250,837	183,047
- Unconditional and expected to be settled wholly after 12 months (iii)	42,746	154,049
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	57,195	39,527
- Unconditional and expected to be settled wholly after 12 months (iii)	278,184	166,352
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (ii)	3,542	3,204
	632,504	546,179
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	33,558	27,032
- Unconditional and expected to be settled after 12 months (iii)	37,586	41,712
	71,144	68,744
Total Current Provisions	703,648	614,923
Non-Current Provisions		
Long Service Leave (iii)	55,736	77,307
Provisions related to Employee Benefit On-Costs (iii)	6,631	11,015
Total Non-Current Provisions	62,367	88,322
Total Provisions	766,015	703,245

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

	2020 \$	2019 \$
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	375,283	235,214
Annual Leave Entitlements	324,409	376,505
Accrued Days Off	3,956	3,204
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	62,367	88,322
Total Employee Benefits and Related On-Costs	766,015	703,245

(b) Movement in On-Costs Provision

	2020 \$	2019 \$
Balance at start of year	79,759	79,759
Provision made during the year		
- Unwinding of discount and effect of changes in the discount rate	(37)	(15,054)
- Expense recognising Employee Service	32,551	16,611
- Settlement made during the year	(34,498)	(9,884)
Balance at end of year	77,775	79,759

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)

The 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. 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.

Termination benefits

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

On-costs related to employee expense

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2020 \$	2019 \$	2020 \$	2019 \$
Defined contribution plans:				
First State Super	157,097	161,622	21,781	1,730
HESTA	83,040	90,024	11,513	3,105
Other	72,308	43,992	10,025	845
Total	312,445	295,638	43,319	5,680

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	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Amortised Cost				
Term Deposits				
Aust. Dollar Term Deposits > 3 months	-	424,852	-	424,852
Total Current	-	424,852	-	424,852
TOTAL	-	424,852	-	424,852
Represented by:				
Health Service Investments	-	424,852	-	424,852
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	-	424,852	-	424,852

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

Where 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 2020 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 2020 \$	Total 2019 \$
Land at Fair Value		
- Crown Land	317,000	317,000
Total Land	317,000	317,000
Buildings		
Buildings Under Construction at cost	430,719	416,647
Buildings at Fair Value	6,519,100	6,518,000
Less Accumulated Depreciation	(374,019)	-
Total Buildings	6,575,800	6,934,647
Plant and Equipment at Fair Value		
Plant and Equipment	1,144,895	1,040,562
Less Accumulated Depreciation	(804,121)	(735,587)
LMRHA Joint Operation Plant and Equipment	15,815	9,553
Total Plant and Equipment	356,589	314,528
Motor Vehicles		
Motor Vehicles at Fair Value	258,438	140,282
Less Accumulated Depreciation	(130,004)	(114,637)
Total Motor Vehicles	128,434	25,645
TOTAL	7,377,823	7,591,820

(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 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 1 July 2019	317,000	6,518,000	314,528	25,645	416,647	7,591,820
Additions	-	1,100	104,335	118,156	14,072	237,663
LMRHA Joint Operation Plant and Equipment	-	-	8,075	-	-	8,075
Depreciation (note 4.3)	-	(374,019)	(70,349)	(15,367)	-	(459,735)
Revaluation increments/(decrements)	-	-	-	-	-	-
Balance at 30 June 2020	317,000	6,145,081	356,589	128,434	430,719	7,377,823

Land and buildings carried at valuation

The Valuer-General Victoria (VGV) 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)

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

The VGV indices, which are based on data to March 2020, indicate no change across all of Maldon Hospital's land and buildings.

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

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land indice of 10% and a decrease in the building indice of 10% would be required.

The fair value of the land and buildings had been adjusted by an independent assessment in 2019. The latest indices did not require a further managerial revaluation in 2020. There was no material financial impact on change in fair value of land or buildings.

Note 4.2: Property, Plant and Equipment (continued)

(c) Fair value measurement hierarchy for assets

30 June 2020	Carrying amount as at 30 June 2020	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	6,145,081	-	-	6,145,081
Total Building at Fair Value	6,145,081	-	-	6,145,081
Plant and Equipment at Fair Value	356,589	-	-	356,589
Motor Vehicles at Fair Value	128,434	-	-	128,434
Total of plant, equipment and vehicles at fair value	485,023	-	-	485,023
Total Property, Plant and Equipment	6,947,104	-	-	6,947,104

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

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 2020	Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2019	317,000	6,518,000	314,528	25,645	7,175,173
Additions/(Disposals)	-	1,100	112,410	118,156	231,666
Gains or losses recognised in net result					
- Depreciation	-	(374,019)	(70,349)	(15,367)	(459,735)
Balance at 30 June 2020	317,000	6,145,081	356,589	128,434	6,947,104

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

Note 4.2: Property, Plant and Equipment (continued)

(e) Fair value determination

Asset Class	Likely Valuation technique	Significant inputs
Specialised land (Crown/Freehold)	Market approach	Community Service Obligation (CSO) adjustment (a)
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

(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 2020.

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.

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

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 AASB 13 Fair Value Measurement, paragraph 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.

Note 4.2: Property, plant & equipment (continued)

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

For 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 Maldon Hospital's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

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 2020.

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

(f) Property, Plant and Equipment Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Revaluation Increment (refer Note 4.2(b))

- Land

- Buildings

Balance at the end of the reporting period*

Total 2020 \$	Total 2019 \$
6,304,120	8,124,250
-	(57,610)
-	(1,762,520)
6,304,120	6,304,120

*** Represented by:**

- Land

- Buildings

193,000	193,000
6,111,120	6,111,120
6,304,120	6,304,120

Note 4.3: Depreciation

	2020	2019
	\$	\$
Depreciation		
Buildings	374,019	278,217
Plant & Equipment	68,534	61,428
Motor Vehicles	15,367	7,894
LMRHA Joint Operation Depreciation	1,815	1,953
TOTAL DEPRECIATION	459,735	349,492

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.

	2020	2019
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 (a): Receivables

	2020 \$	2019 \$
CURRENT		
Contractual		
Trade Debtors	7,180	13,560
Patient and Resident Fees	164,367	168,688
Accrued Investment Income	-	7,927
Accrued Revenue - Other	18,574	50,191
LMRHA Joint Operation Receivables	1,272	8,413
Less Allowance for Impairment losses of contractual receivables		
- Patient Fees	(34,056)	-
- Trade Debtors	(1,023)	-
	156,314	248,779
Statutory		
GST Receivable	54,916	58,166
LMRHA Joint Operation GST Receivable	6,706	1,290
	61,622	59,456
TOTAL CURRENT RECEIVABLES	217,936	308,235
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	345,413	339,178
	345,413	339,178
TOTAL NON-CURRENT RECEIVABLES	345,413	339,178
TOTAL RECEIVABLES	563,349	647,413

Note 5.1 (b) Movement in the Allowance for impairment losses of contractual receivables

	2020 \$	2019 \$
Balance at beginning of year	-	-
Increase/(decrease) in allowance recognised in net result	(35,079)	-
Balance at end of year	(35,079)	-

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.

Note 5.1: Receivables (continued)

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.

Impairment losses of contractual receivables

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

Note 5.2: Payables

	Notes	2020 \$	2019 \$
CURRENT			
Contractual			
Trade Creditors		5,785	40,704
Accrued Salaries and Wages		132,012	64,432
LMRHA Joint Operation Payables		68,394	2,469
Inter-hospital Creditors		23,809	1,211
Accrued Expenses		142,084	248,521
LMRHA Accrued Expenses		9,937	23,797
LMRHA- Income in Advance		7,227	-
Deferred grant revenue	5.2 (a)	273,145	-
Department of Health and Human Services Grant Recall		-	38,074
		662,393	419,208
Statutory			
GST Payable		1,817	2,329
FBT Payable		1,885	1,886
PAYG Tax		55,399	53,554
Commonwealth Medicare advance		-	13,250
		59,101	71,019
TOTAL CURRENT PAYABLES		721,494	490,227
TOTAL PAYABLES		721,494	490,227

Payables recognition

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.

Note 5.2: Payables (continued)

Note 5.2 (a) Deferred capital grant revenue

	2020 \$
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year (note 8.9)	273,145
Grant consideration for capital works received during the year	-
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	-
Closing balance of deferred grant consideration received for capital works	273,145

Grant consideration was received from the DHHS for the construction of the Jessie Bowe outdoor living area. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Maldon Hospital satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. As a result, Maldon Hospital has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Maturity analysis of payables

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

Note 5.3: Other Liabilities

	2020 \$	2019 \$
CURRENT		
Monies Held in Trust		
- Patient Monies Held in Trust	2,013	11,360
- Refundable Accommodation Deposits	3,592,109	3,053,189
Total Other Liabilities	3,594,122	3,064,549
Represented by the following assets:		
Cash and Cash Equivalents (refer to Note 6.1)	3,594,122	3,064,549
TOTAL	3,594,122	3,064,549

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

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

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

Note 6: How we finance our operations

This 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.

This section includes disclosures of balances that are financial instruments. Note 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Cash and Cash Equivalents

6.2 Commitments for expenditure

Note 6.1: Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand (excluding Monies held in trust)	1,800	1,800
Cash at bank (excluding Monies held in trust)	201,752	228,230
Deposits at Call - CBS (excluding Monies held in trust)	2,184,182	1,994,977
Cash at bank (LMRHA Joint Venture)	61,894	17,703
Cash at bank - CBS (LMRHA Joint Venture)	38,306	53,736
Cash at bank (Monies held in trust)	2,013	11,360
Deposits at Call (Monies held in trust)		
- Central Banking System	3,579,661	3,053,189
- Other	12,448	-
Total Cash and Cash Equivalents	6,082,056	5,360,995

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

	2020	2019
	\$	\$
Capital Expenditure Commitments		
Less than 1 year	300,885	-
Total Capital Expenditure Commitments	300,885	-
Total Commitments for Expenditure (inclusive of GST)	300,885	-
Less GST recoverable from the Australian Tax Office	(27,353)	-
Total Commitments for Expenditure (exclusive of GST)	273,532	-

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, or non capital commitments as at 30 June 2020 and 2019.

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.

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Maldon Hospitals 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

2020

Contractual Financial Assets

Cash and cash equivalents

Receivables

- Trade Debtors

- Other Receivables

Total Financial Assets ⁽ⁱ⁾

Financial Liabilities

Payables

Other Financial Liabilities

- Accommodation bonds

- Other

Total Financial Liabilities ⁽ⁱ⁾

Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
\$	\$	\$
6,082,056	-	6,082,056
6,157	-	6,157
150,157	-	150,157
6,238,370	-	6,238,370
-	389,248	389,248
-	3,592,109	3,592,109
-	2,013	2,013
-	3,983,370	3,983,370

2019

Contractual Financial Assets

Cash and cash equivalents

Receivables

- Trade Debtors

- Other Receivables

Investments and Other Financial Assets

- Term Deposits

Total Financial Assets ⁽ⁱ⁾

Financial Liabilities

Payables

Other Financial Liabilities

- Accommodation bonds

- Other

Total Financial Liabilities ⁽ⁱ⁾

Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
\$	\$	\$
5,360,995	-	5,360,995
13,560	-	13,560
235,219	-	235,219
424,852	-	424,852
6,034,626	-	6,034,626
-	419,208	419,208
-	3,053,189	3,053,189
-	11,360	11,360
-	3,483,757	3,483,757

(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)

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

Financial assets at amortised cost

Maldon Hospital has determined that all financial assets held are categorised 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 liabilities

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)
- other liabilities

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

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

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

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

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

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 2020

		Maturity Dates					
	Note	Carrying Amount \$	Nominal Amount \$	Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
2020							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	662,393	662,393	662,393	-	-	-
Other Financial Liabilities (i)							
- Accommodation Deposits (ii)	5.3	3,592,109	3,592,109	1,796,055	898,027	898,027	-
- Other	5.3	2,013	2,013	2,013	-	-	-
Total Financial Liabilities		4,256,515	4,256,515	2,460,461	898,027	898,027	-
2019							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	419,208	419,208	381,134	38,074	-	-
Other Financial Liabilities (i)							
- Accommodation Bonds (ii)	5.3	3,053,189	3,053,189	763,297	1,908,243	381,649	-
- Other	5.3	11,360	11,360	11,360	-	-	-
Total Financial Liabilities		3,483,757	3,483,757	1,155,791	1,946,317	381,649	-

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

(ii) Based on previous history, there is an expectation these funds will be repaid over a period of time, in line with resident movements.

Note 7.1 (c): Contractual receivables at amortised cost

	Note	1-Jul-19	Current	Less than 1	1-3 months	3 months - 5 years	Total
			\$	\$	\$	\$	\$
Expected loss rate			0%	0%	0%	0%	
Gross carrying amount of contractual receivables	5.1		117,132	19,863	25,333	86,451	248,779
Loss allowance			-	-	-	-	-
	Note	30-Jun-20	Current	Less than 1	1-3 months	3 months - 5 years	Total
			\$	\$	\$	\$	\$
Expected loss rate			0%	0%	0%	43%	
Gross carrying amount of contractual receivables	5.1		72,989	19,160	17,034	82,210	191,393
Loss allowance			-	-	-	(35,079)	(35,079)

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

Impairment of financial assets under AASB 9 - Financial Instruments

Maldon Hospital records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial instruments, impairment assessment includes 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 Financial instruments. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 Financial instruments, 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.

Reconciliation of the movement in the loss allowance for contractual receivables

Balance at the beginning of the year

Opening retained earnings adjustment on adoption of AASB 9

Opening Loss Allowance

Increase in provision of receivables written off during the year as uncollectable

Balance at end of the year

2020	2019
\$	\$
-	-
-	-
-	-
(35,079)	-
(35,079)	-

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

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

Statutory receivables and debt investments at amortised cost

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 previously also had 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 the result, the loss allowance recognised for this financial asset during the period was limited to 12 months expected losses.

Note 7.2: Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively. There are no contingent assets or contingent liabilities to disclose for Maldon Hospital.

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 Disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet date
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 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 Flow from Operating Activities

	2020	2019
	\$	\$
Net result for the period	(551,403)	(408,991)
Non-cash movements:		
Depreciation	459,735	349,492
Allowance for impairment losses of contractual receivables	35,079	-
Revaluation of long service leave liability	138,949	(107,532)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	48,985	(103,619)
(Increase)/decrease in inventory	(19,971)	1,655
(Increase)/decrease in prepayments	19,057	(16,773)
Increase/(decrease) in payables	(42,223)	245,916
Increase/(decrease) in provisions	(76,179)	100,541
NET CASH INFLOW FROM OPERATING ACTIVITIES	12,029	60,689

Note 8.2: Responsible Persons Disclosure

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 Jenny Mikakos, Minister for Health, Minister for Ambulance Services, Minister for the Coordination of Health and Human Services: COVID-19

The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

Governing Boards

Mrs Vanessa Healy

Ms Cindy Schultz-Ferguson

Mr Stephen Gardner

Mrs Julie Green

Mrs Pam Millwood

Mr Colin Thornton

Mr James Downing

Mr Dallas Coghill

Ms Shan Welham

Accountable Officers

Mr Ian Fisher

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

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

Total Numbers

2020 No.	2019 No.
10	9
10	9
\$27,257	\$23,478

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

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: Remuneration of Executive Officers

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

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

Post-employment benefits include superannuation entitlements.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

In determining the remuneration of executive officers, Maldon Hospital has reassessed the definition of an Executive Officer, under FRD 21C. Accordingly, the table below includes the relevant comparative information from 2019. Several factors affected the total remuneration of executive officers over the year, including long service leave taken during the year at an accelerated pay rate.

Remuneration of executive officers

	Total Remuneration	
	2020	2019
	\$	\$
Short-term employee benefits	143,648	127,398
Post-employment benefits	12,815	11,214
Other long-term benefits	4,438	3,919
Total Remuneration (i)	160,901	142,531
Total Number of executives	1	1
Total Annualised Employee Equivalent (ii)	1	1

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Maldon Hospital under AASB 124 *Related Party Disclosures* and are also reported within Note 8.4 *Relates Parties*.

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

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 of Maldon Hospital	Position Title
Mrs Vanessa Healy	Chair of the Board
Ms Cindy Schultz-Ferguson	Vice Chair of the Board
Mr Stephen Gardner	Board Member
Mrs Julie Green	Board Member
Mrs Pam Millwood	Board Member
Mr Colin Thornton	Board Member
Mr James Downing	Board Member
Mr Dallas Coghill	Board Member
Ms Shan Welham	Board Member
Mr Ian Fisher	Chief Executive Officer
Mrs Katrina Sparrow	Director of Nursing

Key management personnel (KMP) of the hospital include the Portfolio Ministers, all Board Members and Executives of Maldon Hospital. 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.

Remuneration represents the expenses incurred by the entity in the current reporting period for the employee, in accordance with AASB 119 *Employee benefits*.

Remuneration of Key Management Personnel (KMP)

	2020	2019
	\$	\$
Short-term Employee Benefits	170,905	150,876
Post-employment benefits	12,815	11,214
Other long-term benefits	4,438	3,919
Total (ii)	188,158	166,009

(ii) KMPs are also reported in Note 8.2 Responsible Persons and Note 8.3 Remuneration of Executive Officers.

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 2019-20 was \$332,600. Other non-contracted services occur as required. The value of net transactions for the 2019-20 financial year between Maldon Hospital and Castlemaine Health are \$1,190,944. 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.

Note 8.4: Related Parties (continued)

Significant Transactions with Government Related Entities

Maldon Hospital received funding from the Department of Health and Human Services of \$2.518 million (2019: \$2.370 million) and indirect contributions of \$0.010 million (2019: \$0.068 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 requirements.

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 2020.

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of financial statements

2020 \$	2019 \$
15,400	15,000
15,400	15,000

Note 8.6: Events Occurring after the Balance Sheet Date

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

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

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest	
			2020 %	2019 %
Joint Operations				
Loddon Mallee Rural Health Alliance	Information Systems	Australia	1.80	1.71

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:

	2020 \$	2019 \$
Summarised balance sheet:		
Current Assets		
Cash and Cash Equivalents	61,894	17,703
Investments and other financial assets	38,306	53,736
Receivables	1,272	8,413
Other	49,943	22,434
Total Current Assets	151,415	102,286
Non-Current Assets		
Property, Plant and Equipment	15,815	9,553
Total Non-Current Assets	15,815	9,553
Total Assets	167,230	111,839
Current Liabilities		
Payables	85,559	26,266
Total Current Liabilities	85,559	26,266
Total Liabilities	85,559	26,266
Share of Joint Operation's Net Assets	81,671	85,573
Summarised operating statement		
Revenues		
Operating Activities	183,496	132,232
Non-Operating Activities	10,415	3,479
Total Revenue	193,911	135,711
Expenses		
Information Technology and Administration Expenses	(196,207)	(131,017)
Non-Operating Activities	(1,606)	(1,992)
Total Expenses	(197,813)	(133,009)
Net Result	(3,902)	2,702
Movements in carrying amount of interests in the Joint Venture		
	2020 \$	2019 \$
Carrying amount at the beginning of the year	85,573	82,871
Share of the Joint Operation's net result	(3,902)	2,702
Change in Membership	-	-
	81,671	85,573
Contingent Liabilities and Capital Commitments		

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

Note 8.8: 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 8.9: Changes in Accounting Policy

Changes in accounting policy

Leases

This note explains the impact of the adoption of AASB 16 Leases on Maldon Hospital's financial statements.

Maldon Hospital has applied AASB 16 with a date of initial application of 1 July 2019. Maldon Hospital has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Maldon Hospital determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'. Under AASB 16, Maldon Hospital assesses whether a contract is or contains a lease based on the definition of a lease as a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

On transition to AASB 16, Maldon Hospital has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, Maldon Hospital previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Maldon Hospital. Under AASB 16, Maldon Hospital recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, lease liabilities which had previously been classified as operating leases under the principles of AASB 117 Leases are measured at the present value of the remaining lease payments, discounted using Maldon Hospital's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Maldon Hospital has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Impacts on financial statements

There is no transition impact to report in relation to first time adoption of AASB 16 on the comprehensive operating statement or balance sheet.

Revenue from Contracts with Customers

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

Comparative information has not been restated.

Note 2.1: (a) Income from Transactions - includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Transition Impact

There is no transition impact to report in relation to first time adoption of AASB 15 on the comprehensive operating statement or balance sheet.

Income of Not-for-Profit Entities

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

Comparative information has not been restated.

Note 2.1: (a) Income from Transactions - includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

Note 8.9: Changes in Accounting Policy (continued)

Transition Impact

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

- AASB 1058 Income of Not-for-Profit Entities.

Impact on Balance Sheet due to the adoption of AASB 1058 Income of Not-for-Profit Entities is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standard at 1 July 2019.

	Before new accounting standards Opening 1 July 2019	Impact of new accounting standards - AASB 1058	After new accounting standards Opening 1 July 2019
	\$	\$	\$
Payables and Contract Liabilities	490,227	273,145	763,372
Total Liabilities	4,258,021	273,145	4,531,166
Accumulated surplus/(deficit)	(368,846)	(273,145)	(641,991)
Total Equity	9,825,853	(273,145)	9,552,708

Note 8.10: AASB Standards issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. 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 17 Insurance Contracts	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.
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 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

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.

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