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Maldon Hospital Annual Report



MALDON HOSPITAL

Partnering with the Community

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

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:

(P) 03 5475 2000

(F) 03 5475 2029

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

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Richmond Sinnott and Delahunty

Internal Auditor: AFS and Associates Pty Ltd



Maldon Hospital acknowledges the support of the Victorian Government

**MALDON HOSPITAL**

Partnering with the Community

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Year in Review

It is with a great sense of pride that we reflect on the past year of health service delivery and community support at Maldon Hospital. Despite the incredible challenge COVID-19 placed on us, our team responded nimbly to the multitude of changes, remained committed to the quality and safety of our service delivery and proved enormously resilient during a rapidly changing and challenging environment.

During the past year our Board has remained committed to continual improvements in safe and quality care, maintaining high residential occupancy in a friendly environment and always considering local needs for community services.

Aged and Acute Care

Our health service was forced into lockdown due to COVID-19 which was for the protection of our residents, patients, staff and the community. Maldon Hospital acted quickly to upskill the team and residents to ensure the isolation did not leave our residents vulnerable.

Partnerships

We continue to strengthen partnerships, build connections, and balance independence with collective action to ensure good local health services are available. Our long-standing executive management arrangement with Castlemaine Health continues with a change in leadership occurring in January 2020. We acknowledge the outgoing Chief Executive Officer, Ian Fisher for his leadership over the past seven years. We have been working closely with Castlemaine Health to review our formal agreement and to identify further opportunities for service improvement and efficiencies to better meet the needs of our community.

Within the Mount Alexander region, this has involved working with Castlemaine Health, CHIRP Community Health, Windarring and the Mount Alexander Shire to review service availability and coverage, and ensure linkages with our community health programs and new Transition Care Program (TCP). The new TCP program supports local people transitioning from acute hospital or rehabilitation stays, to either home or an aged care facility. This program has had a very positive uptake and we hope to see it continue to grow into the future.

We continue to participate in regional projects with the Loddon Mallee Health Network and Department of Health. The current focus on clinical governance frameworks are building our monitoring and compliance capability and driving safe, quality services for our community. These networks also provide a platform for our staff to share aged care best practice expertise within the region.

Technology

Our hospital also expanded into the use of telehealth services. We were successful in receiving a grant of \$16,000 to support

this vital work, which helps remove travel barriers for rural and remote communities and help connect them with specialist health appointments. We expect telehealth to remain an important mechanism in health service delivery into the future.

Infrastructure improvements

Maldon Hospital is proud of our infrastructure. One of our major projects for the 2020-21 year, the Jesse Bowe Outdoor Room, is well underway and we are anticipating this addition will offer another flexible social interaction space for everyone to enjoy.

Our people

We offer our heartfelt thanks to our loyal and dedicated Maldon Hospital staff who have endured a year of change and challenge. All of our staff have played a role in supporting and nurturing our community through COVID-19. Many have gone beyond their everyday duties to do so or made personal sacrifices to care for patients or people in the community. We acknowledge and greatly appreciate the cooperative spirit of local hospitals and health services in developing a regional pandemic plan.

A special thanks go to our management team. Under the leadership of Katrina Sparrow, Executive Director of Nursing, the team has led our staff as they continue providing high-level individualised care to residents and patients, as well as creating an aligned workplace culture that is accountable to achieving outcomes together. Our leaders work extremely hard to implement governance systems to set, monitor and improve the performance of the organisation and communicate the importance of the patient experience and quality management to all members of the workforce.

We also acknowledge and thank Dr Chris Fowler for his ongoing provision of medical services and assistance in meeting the increasing demands of accreditation standards.

We also express our thanks to our independent Chair of the Audit and Risk Management Committee, Mr Michael McCartney, for his continued leadership and contribution to governance.

Our community

Once again, we would like to thank the community for their commitment to Maldon Hospital, particularly those who have participated in fundraising and our volunteers who give their time to directly assist residents or as community representatives on one of our committees. The Community Consultative Committee and Clinical Governance and Quality Committee benefit from the input of local community members. Their time helps enrich the lives of patients and residents.

The Board

Thank you to our Board Directors Ms Cindy Schultz-Ferguson, Ms Shan Welham, Mr Stephen Gardner, Mr James Downing, Ms Linda McNeill, Mr Neil Pharaoh and Dr Sudeep Saraf who contribute a significant amount of time, expertise and provide sound governance to ensure the successful operation of Maldon Hospital. To fulfil their obligations, they participate in ongoing professional development activities to enhance their skills and provide oversight across the Audit and Risk Management, Clinical Governance and Quality; and Community Consultative Committees. We work together cohesively throughout the year to drive positive outcomes for the community.

This year we said goodbye to two exceptional board directors finishing their terms with us, Ms Pam Milwood (6 years) and Ms Julie Green (6 years). We thank them both for their commitment, proficiency and passion for leading Maldon Hospital.

Finally, we would like to acknowledge the Department of Health, the Victorian Government and the Federal Government for supporting us in the delivery of health services to our community.

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 2021.



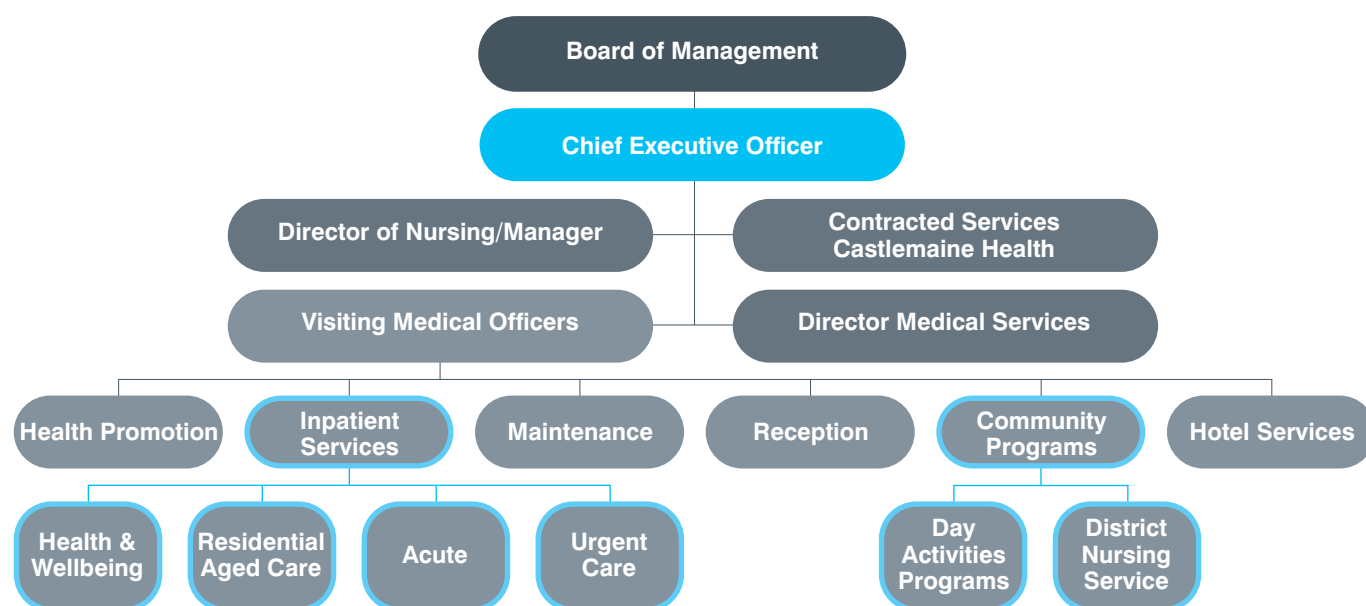
Vanessa Healy, Board Chair
Maldon Hospital, 28 September 2021

I recommend our Annual Report to you and am proud to share the wonderful achievements of our team during the 2020-21 year.



Sue Race, Chief Executive Officer
Maldon Hospital, 28 September 2021

Organisational Chart



Governance and Structure

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 2020-21 are Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services (1 July 2020-26 September 2020); the Hon. Martin Foley MP, Minister for Health, Minister for Ambulance Services and Minister for Equality (26 September 2020-30 June 2021); and the Hon. Luke Donnellan, Minister for Disability, Ageing and Carers (1 July 2020-30 June 2021).

Board directors

The Board of Directors meets on the last Thursday of each month (excluding January) to deal with a formal agenda and the Chief Executive Officer reports on the health service's performance. In 2020-21 the Board held 11 Board meetings and conducted a virtual Annual General Meeting.

Committees

Audit and Risk Management Committee

Michael McCartney, Independent Chair

Stephen Gardner, Independent Board Member

James Downing, Independent Board Member

Linda McNeil, Independent Board Member

Vanessa Healy, Independent Board Member and Ex-officio

Clinical Governance and Quality Committee

Julie Green, Chair, Board Member

Shan Welham, Board Member

Dr Sudeep Saraf, Board Member

Helen McBurney, Consumer Representative

Katrina Sparrow, Executive Director of Nursing

Sue Race, Chief Executive Officer

Dr Peter Sloan, Director Medical Services

Jonathan Sparrow, Quality & Risk Coordinator

Rebecca Matheson, Infection Prevention Lead

Community Consultation Committee

Peta Ballinger, Chair, Community Representative

Marjorie Smidt, Community Representative

Bernadette Pasco, Community Representative

Glynis Kinnear, Community Representative

Cindy Schultz-Ferguson, Board Member

Pam Millwood, Board Member

Neil Pharaoh, Board Member

Katrina Sparrow, Executive Director Nursing

Emma Comello, Nursing representative

Lisa Shaw, Health Promotion

Sue Race, Chief Executive Officer

Board member	Position	First Appointment	Appointment expires	2020-21 Attendance
Vanessa Healy	Board Chair	1 July 2014	30 June 2024	11
Cindy Schultz-Ferguson	Deputy Chair	1 July 2016	30 June 2022	11
Julie Green	Director	1 July 2015	30 June 2021	11
James Downing	Treasurer	1 July 2017	30 June 2023	10
Pam Millwood	Director	1 July 2015	30 June 2021	11
Stephen Gardner	Director	1 July 2016	30 June 2022	11
Shan Welham	Director	1 July 2018	30 June 2024	11
Dr Sudeep Saraf	Director	1 July 2020	30 June 2023	10
Linda McNeil	Director	1 July 2020	30 June 2023	10
Neil Pharaoh	Director	1 July 2020	30 June 2022	9

Services

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.

Maldon Hospital continues to operate under the Department of Health's 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.

Transition Care Program

Maldon Hospital provides access to Transition Care. The Transition Care Program (TCP) aims to minimise the number of older people experiencing inappropriate, extended lengths of stay in hospital or being prematurely admitted to residential care.

By offering case management, low-intensity therapy and personal support, TCP enables older people to have more time in a non-hospital environment to complete their restorative process. They can also finalise and access their long-term care arrangements.

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, dietitian, 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	
	2020	2021	2020	2021
Nursing	23.48	20.64	24.17	23.55
Administration and Clerical	1.56	1.28	1.4	1.42
Medical Support	0	0	0	0
Hotel Services	11.77	11.57	11.47	12.33
Ancillary Support (Allied Health)	0	0	0	0
Total	36.82	33.49	37.04	37.31

Occupational health and safety

This year Occupational Health and Safety has been heavily focused on sustaining a supportive and protected environment for staff during the global pandemic. We have implemented additional training of staff, multiple policies and procedures to support different scenarios, staff wellness program and additional cleaning. We acknowledge this has been a testing time for staff and have ensured open and frequent communication utilising multiple IT strategies.

Occupational Health and Safety statistics	2018-19	2019-20	2020-21
Total number incident reports (including hazard and near miss) for the year per 100 EFT staff members	80	43	18
Number 'lost time' standard claims for year per 100 EFT staff members	5.61	5.43	2.68
Average cost per claim for year	\$108,935	\$62,316	\$33,894

Occupational violence statistics	2020-21
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	1
Number of occupational violence incidents reported per 100 FTE	2.68
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 2020-21.

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.

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.

Our Sustainability

Maldon Hospital is committed to improving our environmental performance to ensure we manage our energy, materials and waste to help build a sustainable and thriving future. As a health service, we have a responsibility to contribute to a sustainable environment through planned and well managed policies and actions.

Energy consumption

Greenhouse gas emissions

The reduction in CO₂ for the 2020-21 year was 17%, which was above target set for the year because of the reduction in LPG and electricity use.

Greenhouse gas emissions	2020-21	2020-19	2019-18
CO ₂ (tonnes)	258.61	310.48	308.28

Energy and water

There has been a 29% reduction in LPG consumption in 2020-21. There was also an 11% reduction of electricity use.

Energy	2020-21	2020-19	2019-18
Gas LPG (kL)	42.84	59.95	73.04
Electricity (kWh)	153,164	170,554	180,785
Water (KL)	1,536	1,832	1,675

Waste

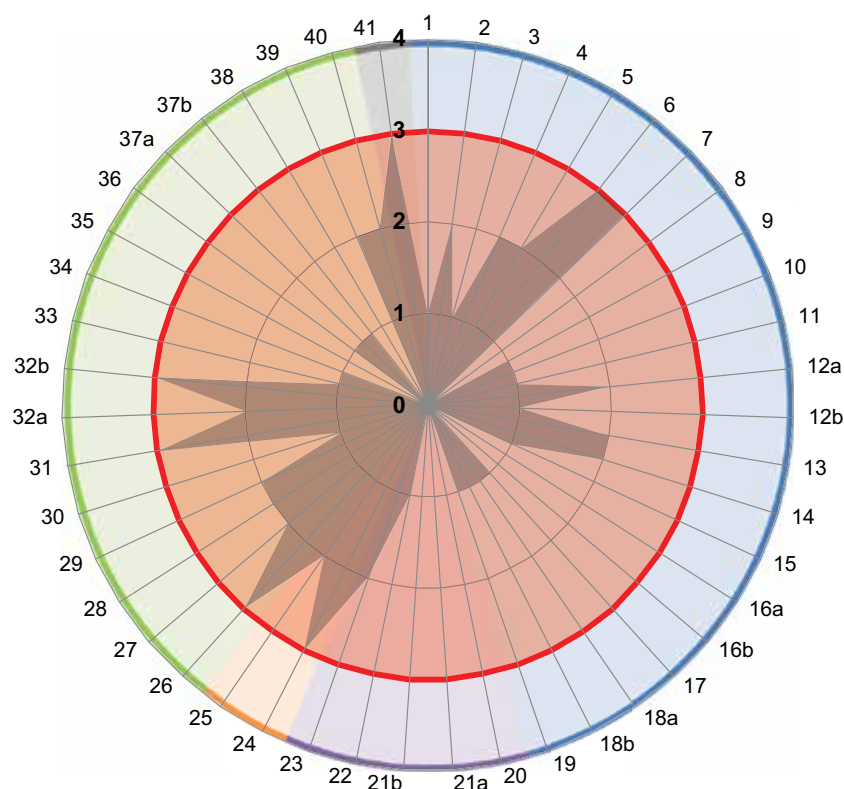
Energy	2020-21	2020-19	2019-18
Clinical Waste (KG)	363	239	256
General Waste (KG)	13,802	14,342	13,572
Recycling Cardboard (KG)	7,468	7,764	9,432

Asset Management Accountability Framework (AMAF) maturity assessment

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance website at www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework.

The Maldon Hospital target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Results:



Legend



Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

Leadership and Accountability (requirements 1-19)

Maldon Hospital has met its target maturity level for some of the requirements within this category.

Maldon Hospital did not comply with some requirements in the areas of allocating asset management responsibility and monitoring asset performance. There is no material non-compliance reported in this category. A plan for improvement including additional resources is in place to improve Maldon Hospital's maturity rating in these areas.

Planning (requirements 20-23)

Maldon Hospital has identified the requirement to improve its target maturity level in asset management strategy and risk management planning.

Acquisition (requirements 24 and 25)

Maldon Hospital has met its target maturity level for some of the requirements within this category. A plan is in place for Maldon Hospital to improve its procurement capability relating to the acquisition of assets and leverage the capacity of industry.

Operation (requirements 26-40)

Maldon Hospital has met or exceeded its target maturity level for some of the requirements within this category. Maldon Hospital did not comply with some requirements in the areas of monitoring and preventative action and information management. Maldon Hospital is developing a plan for improvement to record and maintain up to date asset information.

Disposal (requirement 41)

Maldon Hospital has met its target maturity level in this category.

Strategic Priorities

Part A: Strategic Priorities

This year has seen many changes required to adapt and respond to the health pandemic that has affected the world. Maldon Hospital quickly had everything in place to ensure our internal processes and staff were ready to respond to any potential COVID-19 positive cases. We developed communication strategies to communicate with the residents, families and staff when change occurred, processes and systems to ensure we had ample personal protective equipment, vaccinations onsite and staff understanding of the pandemic response.

We participated in the regional response and Jonathan Sparrow Quality and Risk Manager at Maldon Hospital was seconded for six months to be the Operational Lead of the Loddon Mallee Cluster Aged Care Residential COVID-19 Response. In this role Jonathan contributed to supporting both private and public Aged Care Services in preparation and prevention of COVID-19 in this sector.

Additional focus was on staff education and training with many staff completing additional online learning modules

and face-to-face practicing of infection control principles. Two staff completed two weeks' full-time training to be infection control COVID-19 Leads in our Aged Care area.

We supported the community by offering several sessions by a Nurse Immuniser on the importance of COVID-19 vaccination and to assist with decision-making for local people by providing up-to-date and relevant information. Our Community Programs team delivered care packs and ran phone sessions to support our more isolated and vulnerable community members during some of the lengthy lockdowns.

Maldon Hospital is planning the work to meet the recommendations in the Aged Care Royal Commission by completing a gap analysis and detailed plan on how to address any gaps identified. We will be working closely with residents, significant others and staff to ensure ongoing engagement when seeking solutions to any issues raised. This process will be monitored through our Clinical Governance and Quality meetings and at Board level.

Part B: Key 2020-21 Performance Priorities

Key Performance Indicator	Target	2020-21 Result
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	83%	91.6%
Percentage of healthcare workers immunised for influenza	90%	100%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No surveys conducted in 2020-21
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No surveys conducted in 2020-21

Part C: Activity and Funding

Effective Financial Management

Key Performance Indicator	Target	2020–21 Result
Finance		
Operating result (\$m)	0.00	0.00
Average number of days to paying trade creditors	60 days	33 days
Average number of days to receiving patient fee debtors	60 days	52 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.25
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	135.6 days

Service	2020–21 activity achievement
Small Rural Acute – WEIS	26.51
Small Rural Residential Aged Care – bed days	10,045
HACC – visits	419

WIES is a Weighted Inlier Equivalent Separation

Financial Information

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Operating Result*	0	(3,117)	(190,031)	(279,238)	21,484
Total revenue	6,279,930	5,788,733	5,411,536	5,323,340	4,912,772
Total expenses	6,599,676	6,166,328	5,928,059	5,348,307	4,890,407
Net result from transactions	(319,746)	(377,595)	(516,523)	(24,967)	22,365
Total other economic flows	36,733	(173,808)	107,532	10,672	31,199
Net result	(283,013)	(551,403)	(408,991)	(14,295)	53,564
Total assets	14,610,737	14,082,936	14,083,874	16,491,515	16,557,728
Total liabilities	5,844,895	5,081,631	4,258,021	4,436,541	4,488,459
Net assets/ Total equity	8,765,842	9,001,305	9,825,853	12,054,974	12,069,269

* 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 \$804,216. This increase was largely due to the increase in Residential Aged Care Refundable Accommodation Deposits held, which is offset by an equivalent increase in the Other Current Liabilities balance reported in the Balance Sheet.

An independent valuation of Maldon Hospital's property, plant and equipment was performed by the Valuer-General Victoria in 2019. The valuation, which complies with

Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall Increase in fair value of land of 15% (\$47,550). As the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021 and an increase of \$47,550 is reflected in Non-Current Assets and Equity in the Balance Sheet.

Operational and budgetary objectives and factors affecting performance

Like all health services, Maldon Hospital is required to negotiate a Statement of Priorities with the Department of Health each year. This document is a key accountability agreement between Maldon Hospital and the Minister for Health. 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.

The COVID-19 impact on the operations of Maldon Hospital were recognised by the Department of Health and additional funding support was provided to meet these additional costs.

Maldon Hospital is striving to achieve operating surpluses on an ongoing basis to ensure the organisation can generate the cash needed to meet operating and capital

investment requirements into the future. The Board aimed for a breakeven result before capital items and depreciation in the Statement of Priorities for the 2020-21 financial year. It ended the year with a breakeven result, with increases to both revenue and expenditure of 2% for the year.

Both the organisation and the Department of Health focus on the Net Operating Result (i.e. 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.

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 health service in subsequent years.

Reconciliation between Net Result from Transactions and the Operating Result

	2020-21 \$
Net Operating Result*	0
Capital Purpose Income	204,816
COVID-19 State Supply Arrangements	
– Assets received free of charge or for nil consideration under the State Supply	0
– State supply items consumed up to 30 June 2020	0
Expenditure for Capital Purpose	(12,422)
Depreciation and Amortisation	(488,088)
Impairment of Non-Financial Assets	12,681
Finance Costs (other)	0
Net Result from Transactions	(283,013)

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

Consultancies

Details of consultancies (under \$10,000)

In 2020-21, there were no consultancies where the total fees payable to the consultants were less than \$10,000.

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

In 2020-21, 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.

Information and Communication Technology (ICT) Expenditure

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non-BAU) ICT Expenditure		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$116,455	\$15,417	0	\$15,417

Statutory Compliance

Attestations

Financial Management Compliance Attestation Statement:

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, 28 September 2021

Data Integrity: I, Sue Race, 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, Sue Race, 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, Sue Race, 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.



Sue Race, Accountable Officer
Maldon Hospital, 28 September 2021

Disclosures

Building Act 1993: All building works have been undertaken in accordance with the Department of Health Guidelines and comply with the *Building Act 1993* and the Building Code of Australia 1996. In order to ensure buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place. In addition, Maldon Hospital complies substantially with the Department of Health Fire Risk Management Guidelines.

Carers Recognition Act 2012: The *Carers Recognition Act 2012* recognises, promotes and values the role of carers. Maldon Hospital understands the different needs of carers and the value they provide to the community. Maldon Hospital takes practical measures to ensure that our staff have an awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient- and family-centred care and to involving carers in the development and delivery of our services. Maldon Hospital was not required to make any disclosures during the reporting period.

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. Zero applications were received under Freedom of Information in 2020-21. More information about Freedom of Information can be found at www.foi.vic.gov.au.

Gender Equality Act 2020: The *Gender Equality Act 2020* (the Act) commenced on 31 March 2021 and is intended to improve workplace gender equality in the Victorian public sector. As a defined entity under the Act, Maldon Hospital has an ongoing obligation to take positive action towards achieving workplace gender equality. Maldon Hospital has an ongoing obligation to take positive action towards achieving workplace gender equality and is conducting a workplace gender audit based on data collected at 30 June 2021. The audit is due on 1 December 2021 and Maldon

Hospital is on track to collect and report on data associated with the seven workplace gender equality indicators: gender pay equity; gender composition at all levels of the workforce; gender composition of governing bodies; workplace sexual harassment; recruitment and promotion; gendered work segregation; leave and flexibility.

Local Jobs Act 2003: In 2020-21 there were no contracts requiring disclosure under the Local Jobs First Policy. Maldon Hospital complies with the intent of the *Victorian Industry Participation Policy Act 2003* and has no requirements of disclosures for the 2020-21 financial year. The Act requires, wherever possible, local industry participation in supplies, taking into consideration the principle of value for money and transparent tendering processes.

National Competition Policy: In accordance with the Competition Principles Agreement, Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local authorities. Maldon Hospital continues to comply with the National Competition Policy. The Victorian Government's competitive neutrality pricing principles for all relevant business activities have also been applied by Maldon Hospital.

Public Interest 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 Public Interest Disclosure Policy. There were no disclosures notified to the IBAC under section 21(2) in 2020-21.

Safe Patient Care Act 2015: The *Safe Patient Care Act 2015* aims to ensure quality care and better patient outcomes. The purposes of the Act are to provide for requirements that the operators of certain publicly funded health facilities staff certain wards with a minimum number of nurses and midwives and the reporting of compliance with and enforcement of those requirements. Maldon Hospital has nil matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.

Additional information available on request: The items listed below have been retained by Maldon Hospital and are available to the relevant Ministers, Members of Parliament and the public on request (subject to freedom of information requirements, if applicable):

- declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by senior officers as nominee or held beneficially
- details of publications produced by Maldon Hospital about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by Maldon Hospital
- details of major external reviews carried out on Maldon Hospital
- details of major research and development activities undertaken by Maldon Hospital that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken to develop community awareness of Maldon Hospital and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within Maldon Hospital and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations
- a list of major committees sponsored by Maldon Hospital, the purposes of each committee and the extent to which those purposes have been achieved
- details of all consultancies and contractors including consultants/ contractors engaged, services provided, and expenditure committed for each engagement.

Disclosure Index

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

Legislation	Requirement	Page Reference
Ministerial Directions Report of Operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	5
FRD 22I	Purpose, functions, power and duties	5
FRD 22I	Nature and range of services provided	6
FRD 22I	Activities, programs and achievements for the reporting period	7-10
FRD 22I	Significant changes in key initiatives and expectations for the future	2-3
Management and structure		
FRD 22I	Organisational structure	4
FRD 22I	Workforce data/employment and conduct principles	7
FRD 22I	Occupational Health and Safety	7
Financial information		
FRD 22I	Summary of the financial results for the year	11
FRD 22I	Significant changes in financial position during the year	11
FRD 22I	Operational and budgetary objectives and performance against objectives	11-12
FRD 22I	Subsequent events	12
FRD 22I	Details of consultancies under \$10,000	12
FRD 22I	Details of consultancies over \$10,000	12
FRD 22I	Disclosure of ICT expenditure	12
Legislation		
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	14
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	14
FRD 22I	Application and operation of <i>Public Interest Disclosure Act (updated 2020-2021)</i>	14
FRD 22I	Statement on National Competition Policy	14
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	14
FRD 22I	Summary of the entity's environmental performance	8
FRD 22I	Additional information available on request	15
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	14
SD 5.1.4	Financial Management Compliance attestation	13
SD 5.2.3	Declaration in report of operations	4
Attestations		
Attestation on Data Integrity		13
Attestation on managing Conflicts of Interest		13
Attestation on Integrity, fraud and corruption		13
Other reporting requirements		
Reporting of outcomes from Statement of Priorities 2020-21		10-12
Occupational violence reporting		7
Asset Management Accountability Framework		9
Reporting obligations under the <i>Safe Patient Care Act 2015</i>		14

Auditor-General's Report



Independent Auditor's Report

To the Board of Maldon Hospital

Opinion	<p>I have audited the financial report of Maldon Hospital (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • 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. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**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
28 September 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Board Member's, Accountable Officer's, and Chief Finance & Accounting Officer's Declarations

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 2021 and the financial position of Maldon Hospital at 30 June 2021.

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 9 September 2021.



.....
Vanessa Healy, Chair
Maldon Hospital, 9 September 2021



.....
Sue Race, Chief Executive Officer
Maldon Hospital, 9 September 2021



.....
Kerry Healy, Chief Finance & Accounting Officer
Maldon Hospital, 9 September 2021

Financial Statements

Maldon Hospital Comprehensive Operating Statement 30 June 2021

	Note	2021 \$	2020 \$
Revenue and Income from Transactions			
Operating activities	2.1	6,258,967	5,723,573
Non-operating activities	2.1	20,963	65,160
Total Revenue and Income from Transactions		6,279,930	5,788,733
Expenses from Transactions			
Employee expenses	3.1	(4,295,723)	(4,107,183)
Supplies and consumables	3.1	(458,884)	(469,595)
Finance costs	3.1	(5,410)	(15,631)
Depreciation	4.2	(488,088)	(459,735)
Other operating expenses	3.1	(1,351,571)	(1,114,184)
Total Expenses from Transactions		(6,599,676)	(6,166,328)
Net Result from Transactions - Net operating Balance		(319,746)	(377,595)
Other Economic Flows included in Net Result			
Other Gain/(Loss) from Other Economic Flows	3.4	36,733	(173,808)
Total Other Economic Flows included in Net Result		36,733	(173,808)
Net Result for the year		(283,013)	(551,403)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(f)	47,550	-
Comprehensive result for the year		(235,463)	(551,403)

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

**Maldon Hospital
Balance Sheet
As at 30 June 2021**

	Note	2021	2020
		\$	\$
Current Assets			
Cash and cash equivalents	6.1	6,886,272	6,082,056
Receivables and contract assets	5.1	267,579	217,936
Inventories		-	19,971
Prepayments and other assets		67,382	39,737
Total Current Assets		7,221,233	6,359,700
Non-Current Assets			
Receivables and contract assets	5.1	303,713	345,413
Property, Plant & Equipment	4.1 (a)	7,085,791	7,377,823
Total Non-Current Assets		7,389,504	7,723,236
TOTAL ASSETS		14,610,737	14,082,936
Current Liabilities			
Payables and contract liabilities	5.2	667,597	721,494
Provisions	3.2	667,939	703,648
Other current liabilities	5.3	4,451,105	3,594,122
Total Current Liabilities		5,786,641	5,019,264
Non-Current Liabilities			
Provisions	3.2	58,254	62,367
Total Non-Current Liabilities		58,254	62,367
TOTAL LIABILITIES		5,844,895	5,081,631
NET ASSETS		8,765,842	9,001,305
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.1 (f)	6,351,670	6,304,120
Contributed capital	SCE	3,890,579	3,890,579
Accumulated deficits	SCE	(1,476,407)	(1,193,394)
TOTAL EQUITY		8,765,842	9,001,305

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

Maldon Hospital
Statement of Changes in Equity
For the Year Ended 30 June 2021

		Property, Plant & Equipment Revaluation Surplus	Contributed Capital	Accumulated Deficits	Total
	Note	\$	\$	\$	\$
Balance at 30 June 2019		6,304,120	3,890,579	(368,846)	9,825,853
Effect of adoption of AASB 1058		-	-	(273,145)	(273,145)
Restated balance as at 01 July 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	4.1 (f)	6,304,120	3,890,579	(1,193,394)	9,001,305
Net result for the year		-	-	(283,013)	(283,013)
Other comprehensive income for the year		47,550	-	-	47,550
Balance at 30 June 2021	4.1 (f)	6,351,670	3,890,579	(1,476,407)	8,765,842

This Statement should be read in conjunction with the accompanying notes

Maldon Hospital
Cash Flow Statement
30 June 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government - State		2,902,682	2,472,277
Operating Grants from Government - Commonwealth		1,984,921	1,917,601
Capital Grants from Government - State		21,794	10,634
Patient and Resident Fees Received		801,943	990,628
Donations and Bequests Received		5,892	42,584
Interest Received		20,963	65,160
Net GST received from ATO		179,023	-
Other Receipts		73,543	296,903
Total Receipts		5,990,761	5,795,787
Employee expenses Paid		(3,949,692)	(3,950,432)
Non salary labour costs		(267,671)	(165,350)
Payments for supplies & consumables		(493,879)	(487,722)
Interest paid		(3,436)	(13,429)
Net GST paid to ATO		-	(2,678)
Other payments		(1,180,257)	(1,164,147)
Total Payments		(5,894,935)	(5,783,758)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8.1	95,826	12,029
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-financial assets		(148,593)	(245,613)
Proceeds from sale of non-financial assets		-	220
Proceeds from disposal of investments		-	424,852
NET CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES		(148,593)	179,459
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Movement of accommodation deposits		856,983	529,573
NET CASH FLOWS FROM FINANCING ACTIVITIES		856,983	529,573
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		804,216	721,061
Cash and Cash Equivalents at Beginning of Year		6,082,056	5,360,995
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	6,886,272	6,082,056

This Statement should be read in conjunction with the accompanying notes

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Maldon Hospital for the year ended 30 June 2021. The report provides users with information about Maldon Hospital's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Note 1.1 : Basis of preparation of the financial statements

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

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance (DTF), 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 a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

The financial statements are in Australian dollars.

Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Maldon Hospital on 9 September 2021.

Note 1.2 : Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as Covid-19. Since this date, to contain the spread of Covid-19 and prioritise the health and safety of our community, Maldon Hospital was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Maldon Hospital operates.

Maldon Hospital introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- reducing activities for community clients
- implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Maldon Hospital has been able to revise some measures where appropriate including:

- easing visitor restrictions
- resumption of community service activity
- increase staff returning to work

The financial impacts of the pandemic are disclosed at:

Note 2: Funding delivery of our services.

Note 3: The cost of delivering services.

Note 4: Key Assets to support service delivery

Note 5: Other Assets and Liabilities

Note 6: How we finance our operations

Note 8: Other Disclosures

Note 1.3 Abbreviations and terminology used in the financial statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
SD	Standing Direction
VAGO	Victorian Auditor General's Office

Note 1.4 Joint arrangements

Interests in joint arrangements are accounted for by recognising in Maldon Hospital's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Maldon Hospital is a member of the Loddon Mallee Rural Health Alliance (the Alliance) and retains joint control over the arrangement, which is classified as a joint operation

Details of the joint arrangements are set out in Note 8.7

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.6 Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Maldon Hospital and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: Insurance Contracts	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Maldon Hospital in future periods.

Note 1.7 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. 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 included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

Note 1.8 Reporting Entity

The financial statements include all the activities of Maldon Hospital.

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.

Maldon Hospital
Notes to the Financial Statements
30 June 2021

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.

Maldon Hospital is predominantly funded by grant funding for the provision of outputs. Maldon Hospital also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

2.2 Fair value of assets and services received free of charge or for nominal consideration

2.3 Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the Covid-19 coronavirus pandemic because the health service's response was limited to implementing Covid safe practices.

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 Hospital 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. Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates	Description
Identifying performance obligations	<p>Maldon Hospital applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Maldon Hospital to recognise revenue as or when the hospital transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>Maldon Hospital applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining time of capital grant income recognition	<p>Maldon Hospital applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>

Maldon Hospital
Notes to the Financial Statements
30 June 2021

Note 2.1 Revenue and income from transactions

	Total 2021 \$	Total 2020 \$
Operating activities		
Revenue from contracts with customers		
Government Grant (State) - Operating	-	32,004
Government Grants (Commonwealth) - Operating	1,984,921	1,930,851
Patient & Resident Fees	729,430	986,307
Total revenue from contracts with customers	2,714,351	2,949,162
Other sources of income		
Government Grant (State) - Operating	2,902,973	2,474,935
Government Grants (State) - Capital	159,953	10,634
Other Capital Purpose Income	44,363	10,625
Assets received free of charge or for nominal consideration	18,708	52,231
Other Revenue from Operating Activities	418,619	225,986
Total other sources of income	3,544,616	2,774,411
Total revenue and income from operating activities	6,258,967	5,723,573
Non-operating activities		
Income from other sources		
Other Interest	20,963	65,160
Total other sources of income	20,963	65,160
Total Income from non-operating activities	20,963	65,160
Total revenue and income from transactions	6,279,930	5,788,733

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Maldon Hospital assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:

- identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 - *Income for not-for-profit entities*, the health service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

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

Commonwealth Aged Care Funding	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.
Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.	For other grants with performance obligations, Maldon Hospital exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Capital grants

Where Maldon Hospital receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Maldon Hospital's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient Fees and Resident Fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provisions of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Maldon Hospital as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Maldon Hospital which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions
Department of Health	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 Hospital Circular

Maldon Hospital
Notes to the Financial Statements
30 June 2021

Note: 2.2 Fair value of assets and services received free of charge or for nominal consideration

	Total 2021 \$	Total 2020 \$
Cash donations and gifts	5,893	42,584
Indirect contributions by Department of Health and Human Services:		
Non Cash Grant - Insurance	12,815	3,412
Non Cash Grant - Long Service Leave	-	6,235
Total fair value of assets and services received free of charge or for nominal consideration	18,708	52,231

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Donations and Other Bequests

Donations and bequests are generally recognised as income upon receipt (which is when Maldon Hospital usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Contributions

Maldon Hospital may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Maldon Hospital obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, Maldon Hospital recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Maldon Hospital recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Maldon Hospital as a capital contribution transfer.

Voluntary Services

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

Note: 2.3 Other income

	Total 2021 \$	Total 2020 \$
Income From Other Sources		
Interest Income	20,963	65,160
Total Other Income	20,963	65,160

How we recognise other income

Interest Income

Interest revenue is recognised on a time proportionate basis that considers 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 health service 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 Employee benefits in the Balance Sheet
- 3.3 Superannuation
- 3.4 Other economic flows

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic because its response was limited to implementing Covid safe practices.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	<p>Maldon Hospital applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Maldon Hospital does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Maldon Hospital has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p> <p>The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.</p>

Maldon Hospital
Notes to the Financial Statements
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Note 3.1: Expenses from Transactions

	Total 2021 \$	Total 2020 \$
Salaries and Wages	3,311,305	3,208,548
On-costs	715,564	668,793
Agency Expenses	92,617	77,604
Fee for Service Medical Officer Expenses	73,719	87,746
Workcover Premium	102,518	64,492
Total Employee Expenses	4,295,723	4,107,183
Drug Supplies	14,403	13,434
Medical And Surgical Supplies (including Prostheses)	57,172	59,751
Diagnostic and Radiology Supplies	2,360	480
Other Supplies and Consumables	384,949	395,930
Total Supplies and Consumables	458,884	469,595
Finance Costs	5,410	15,631
Total Finance Costs	5,410	15,631
Fuel, Light, Power and Water	73,178	98,735
Repairs and Maintenance	122,137	82,432
Maintenance Contracts	66,602	17,325
Medical Indemnity Insurance	-	7,059
LMRHA alliance expense	376,898	196,207
Outsourced services to Castlemaine Health	341,580	332,600
Other Expenses	371,176	379,826
Total Other Operating Expenses	1,351,571	1,114,184
Depreciation (refer note 4.2)	488,088	459,735
Total Other Non-Operating Expenses	488,088	459,735
Total Expenses from Transactions	6,599,676	6,166,328

Note 3.1: Expenses from Transactions (continued)

How we recognise expenses from transactions

Expense recognition

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

Employee Expenses

Employee expenses include:

- Salaries and Wages (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 expenses in relation to refundable accommodation deposits

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 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.

Maldon Hospital
Notes to the Financial Statements
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Note 3.2: Employee benefits in the balance sheet

	2021 \$	2020 \$
Current Provisions		
Employee Benefits		
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (i)	1,669	3,542
	1,669	3,542
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (i)	240,009	250,837
- Unconditional and expected to be settled wholly after 12 months (ii)	40,852	42,746
	280,861	293,583
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (i)	88,790	57,195
- Unconditional and expected to be settled wholly after 12 months (ii)	222,501	278,184
	311,291	335,379
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (i)	42,286	33,558
- Unconditional and expected to be settled after 12 months (ii)	31,832	37,586
	74,118	71,144
Total Current Employee Benefits	667,939	703,648
Non-Current Provisions		
Conditional Long Service Leave ⁽ⁱ⁾	52,060	55,736
Provisions related to Employee Benefit On-Costs ⁽ⁱⁱⁱ⁾	6,194	6,631
Total Non-Current employee benefits	58,254	62,367
Total Employee Benefits	726,193	766,015

Notes:

(i) The amounts disclosed are nominal amounts

(ii) The amounts disclosed are discounted to present values

How we recognise employee benefits

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

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

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 Maldon Hospital expects to wholly settle within 12 months; and
- Present value – if Maldon Hospital does not expect to wholly settle within 12 months.

Maldon Hospital
Notes to the Financial Statements
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Note 3.2: Employee benefits in the balance sheet (Continued)

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.

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 3.2(a) Employee Benefits and Related On-Costs

	2021 \$	2020 \$
Unconditional Accrued days Off	1,912	3,956
Unconditional Annual Leave Entitlements	317,696	324,409
Unconditional LSL Entitlement	348,330	375,283
Total Current Employee Benefits and related on-costs	667,938	703,648
Conditional Long Service Leave Entitlements	58,254	62,367
Total Non-Current Employee Benefits and related on-costs	58,254	62,367
Total Employee Benefits and Related On-Costs	726,192	766,015
Carrying amount at start of year	766,015	703,245
Additional Provisions recognised	294,596	385,539
Amounts incurred during the year	(334,419)	(322,769)
Carrying amount at end of year	726,192	766,015

Note 3.3: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2021 \$	2020 \$	2021 \$	2020 \$
Defined contribution plans:				
First State Super	158,884	157,097	4,242	21,781
HESTA	77,735	83,040	2,075	11,513
Other	77,678	72,308	2,074	10,025
Total	314,297	312,445	8,391	43,319

How we recognise superannuation

Employees of Maldon Hospital are entitled to receive superannuation benefits and it contributes defined contribution plans. There are no employees of Maldon Hospital who are members of defined benefit plan.

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.

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

Maldon Hospital
Notes to the Financial Statements
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Note 3.4: Other Economic Flows

	2021	2020
	\$	\$
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	12,681	(35,079)
Total net gain/(loss) on financial instruments	12,681	(35,079)
Net gain/(loss) arising from revaluation of long service liability	24,052	(138,949)
Total other gains/(losses) from other economic flows	24,052	(138,949)
Total other gains/(losses) from other economic flows	36,733	(173,808)

How we recognise other economic flows

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:

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment)
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

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

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

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 Property, plant & equipment

4.2 Depreciation

Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment	<p>Maldon Hospital obtains independent valuations for its non-current assets at least once every five years</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Maldon Hospital assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset</p> <p>Maldon Hospital applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Identifying indicators of impairment	<p>At the end of each year, Maldon Hospital assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> • If an asset's value has declined more than expected based on normal use • If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset • If an asset is obsolete or damaged • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life <p>If the performance of the asset is or will be worse than initially expected.</p> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Maldon Hospital
Notes to the Financial Statements
30 June 2021

Note 4.1: Property, Plant and Equipment

Note 4.1(a) : Gross carrying amount and accumulated depreciation

	Total 2021 \$	Total 2020 \$
Land		
Land at Fair Value- Crown Land	364,550	317,000
Land at Fair Value- Freehold	-	-
Total Land at fair value	364,550	317,000
Land Improvements		
Land Improvements	98,307	-
Less Accumulated Depreciation	(5,325)	-
Total Land Improvements at fair value	92,982	-
Buildings		
Buildings Under Construction at cost	177,500	430,719
Buildings at Fair Value	6,741,048	6,519,100
Less Accumulated Depreciation	(759,970)	(374,019)
Total Buildings at fair Value	6,158,578	6,575,800
Plant and Equipment at fair value		
Plant and Equipment	1,220,870	1,144,895
Less Accumulated Depreciation	(877,947)	(804,121)
LMRHA Joint Operation Plant and Equipment	17,835	15,815
Total Plant and Equipment at fair value	360,758	356,589
Motor Vehicles		
Motor Vehicles at Fair Value	258,438	258,438
Less Accumulated Depreciation	(149,515)	(130,004)
Total Motor Vehicles at fair value	108,923	128,434
TOTAL	7,085,791	7,377,823

Note 4.1(b): Reconciliations of the carrying amounts of each class of asset

	Land \$	Land Improvements \$	Buildings \$	Plant & Equipment \$	Motor Vehicles \$	Assets Under Construction \$	Total \$
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 4.2)	-	-	(374,019)	(70,349)	(15,367)	-	(459,735)
Revaluation increments/(decrements)	-	-	-	-	-	-	-
Balance at 1 July 2020	317,000	-	6,145,081	356,589	128,434	430,719	7,377,823
Additions	-	98,307	221,948	81,470	-	(253,219)	148,506
LMRHA Joint Operation Plant and Equipment	-	-	-	-	-	-	-
Depreciation (note 4.2)	-	(5,325)	(385,951)	(77,301)	(19,511)	-	(488,088)
Revaluation increments/(decrements)	47,550	-	-	-	-	-	47,550
Balance at 30 June 2021	364,550	92,982	5,981,078	360,758	108,923	177,500	7,085,791

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 4.1: Property, Plant and Equipment (continued)

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Maldon Hospital in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference 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).

Further information regarding fair value measurement is disclosed below.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, Maldon Hospital perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Maldon Hospital would obtain an interim independent valuation prior to the next scheduled independent valuation.

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Note 4.1: Property, Plant and Equipment (continued)

An independent valuation of Maldon Hospital's property, plant and equipment was performed by the VGV in 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall:

- Increase in fair value of land of 15% (\$47,550)
- No change in fair value of buildings

As the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

As the cumulative movement was less than 10% for buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2021.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements 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 increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, 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, in which case 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 reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Impairment

At the end of each financial year, Maldon Hospital assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Maldon Hospital estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Maldon Hospital has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

Note 4.1: Property, Plant and Equipment (continued)

Note 4.1 (c): Fair value measurement hierarchy for assets

30 June 2021	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
	\$	\$	\$	\$
Land at Fair Value				
Specialised Land	364,550	-	-	364,550
Total of Land at Fair Value	364,550	-	-	364,550
Land Improvements				
Land Improvements	92,982	-	-	92,982
Total of Land Improvements at Fair Value	92,982	-	-	92,982
Buildings at Fair Value				
Specialised Buildings	5,981,078	-	-	5,981,078
Total Building at Fair Value	5,981,078	-	-	5,981,078
Plant and Equipment at Fair Value	360,758	-	-	360,758
Motor Vehicles at Fair Value	108,923	-	-	108,923
Total of plant, equipment and vehicles at fair value	469,681	-	-	469,681
Total Property, Plant and Equipment	6,908,290	-	-	6,908,290

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	-	-	-
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

Note

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

Maldon Hospital
Notes to the Financial Statements
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Note 4.1: Property, Plant and Equipment (continued)

Note 4.1(d): Reconciliation of Level 3 fair value

30 June 2021	Land \$	Land Improvements \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2020	317,000		6,145,081	356,589	128,434	6,947,104
Additions/(Disposals)	-	98,307	221,948	81,470	-	401,725
Gains or losses recognised in net result						
- Depreciation	-	(5,325)	(385,951)	(77,301)	(19,511)	(488,088)
Items recognised in Other Comprehensive Income						
- VGV Revaluation	47,550	-	-	-	-	47,550
Balance at 30 June 2021	364,550	92,982	5,981,078	360,758	108,923	6,908,291

30 June 2020	Land \$	Land Improvements \$	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)
Items recognised in Other Comprehensive Income						-
- VGV Revaluation	-	-	-	-	-	-
Balance at 30 June 2020	317,000	-	6,145,081	356,589	128,434	6,947,104

Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

Note 4.1: Property, Plant and Equipment (continued)

Note 4.1(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	Depreciated replacement cost approach	Cost per unit Useful life of vehicles
Vehicles	Depreciated replacement cost approach	Cost per unit Useful life of vehicles

(a) A Community service obligation CSO of 30% was applied to the Maldon Hospital's specialised land.

How we measure fair value

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.

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

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Note 4.1(e): Fair value determination (continued)

Specialised land and specialised buildings

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

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

The market approach is used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Under the market approach valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improved value. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

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

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.

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).

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) 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 2021.

Note 4.1(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 4.1(b))

- Land

- Buildings

Balance at the end of the reporting period*

*** Represented by:**

- Land

- Buildings

Total 2021 \$	Total 2020 \$
6,304,120	6,304,120
47,550	-
-	-
6,351,670	6,304,120
240,550	193,000
6,111,120	6,111,120
6,351,670	6,304,120

Maldon Hospital
Notes to the Financial Statements
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Note 4.2: Depreciation

	2021 \$	2020 \$
Depreciation		
Buildings	385,951	374,019
Plant & Equipment	73,826	68,534
Motor Vehicles	19,511	15,367
Landscaping	5,325	-
LMRHA Joint Operation Depreciation	3,475	1,815
TOTAL DEPRECIATION	488,088	459,735

How we recognise depreciation

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.

	2021	2020
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.

Maldon Hospital
Notes to the Financial Statements
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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 and contract assets
- 5.2 Payables and contract liabilities
- 5.3 Other liabilities

Telling the COVID-19 story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the Covid-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Maldon Hospital uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Maldon Hospital has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Maldon Hospital applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year.
Measuring contract liabilities	Maldon Hospital applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Maldon Hospital
Notes to the Financial Statements
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Note 5.1 : Receivables and Contract Assets

CURRENT RECEIVABLES AND CONTRACT ASSETS

Contractual

	2021 \$	2020 \$
Trade Debtors	-	7,180
Patient and Resident Fees	68,625	141,138
Accrued Revenue - Other	15,979	18,574
Amounts receivable from governments and agencies	134,044	23,229
LMRHA Joint Operation Receivables	16,364	1,272
Less Allowance for Impairment losses of contractual receivables	235,012	191,393
- Patient Fees	(22,399)	(34,056)
- Trade Debtors	(3)	(1,023)
	212,610	156,314

Statutory

GST Receivable	51,211	54,916
LMRHA Joint Operation GST Receivable	3,758	6,706
	54,969	61,622

TOTAL CURRENT RECEIVABLES AND CONTRACT ASSETS

267,579 **217,936**

NON CURRENT RECEIVABLES AND CONTRACT ASSETS

Contractual

Long Service Leave - Department of Health	303,713	345,413
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TOTAL NON CURRENT RECEIVABLES AND CONTRACT ASSETS

303,713 **345,413**

TOTAL RECEIVABLES AND CONTRACT ASSETS

571,292 **563,349**

(i) Financial assets classified as receivables and contract assets (Note 7.1(b))

	2021 \$	2020 \$
Total receivables and contract assets	571,292	563,349
Provision for impairment	22,402	35,079
GST receivable	(54,969)	(61,622)
Total financial assets	538,725	536,806

7.1(a)

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

	2021 \$	2020 \$
Balance at beginning of year	(35,079)	-
Increase/(decrease) in allowance recognised in net result	12,677	(35,079)
Balance at end of year	(22,402)	(35,079)

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. 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 mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are 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.

Maldon Hospital
Notes to the Financial Statements
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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 7.2 (a) for Maldon Hospital's contractual impairment losses.

Note 5.2: Payables and Contract Liabilities

	Notes	2021 \$	2020 \$
CURRENT			
Contractual			
Trade Creditors		38,660	5,785
Accrued Salaries and Wages		182,776	132,012
LMRHA Joint Operation Payables		49,116	68,394
Inter-hospital Creditors		46,391	23,809
Accrued Expenses		108,650	142,084
LMRHA Accrued Expenses		5,321	9,937
LMRHA- Income in Advance		-	7,227
Deferred grant revenue	5.2(a)	134,985	273,145
Contract liabilities	5.2(b)	97,710	-
		663,609	662,393
Statutory			
GST Payable		1,870	1,817
FBT Payable		2,118	1,885
PAYG Tax		-	55,399
		3,988	59,101
TOTAL PAYABLES AND CONTRACT LIABILITIES		667,597	721,494

(i) Financial liabilities classified as payables and contract liabilities

	2021 \$	2020 \$
Total payables and contract liabilities	667,597	721,494
Deferred grant income	(134,985)	(273,145)
Contract Liabilities	(97,710)	-
Total Financial Liabilities	434,902	448,349

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Maldon Hospital prior to the end of the financial year that are unpaid.
- **Statutory payables**, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables 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.

Maldon Hospital
Notes to the Financial Statements
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Note 5.2: Payables and Contract Liabilities (continued)

Note 5.2 (a) Deferred capital grant revenue

Opening balance of deferred grant income

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

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

2021 \$	2020 \$
273,145	-
-	273,145
(138,160)	-
134,985	273,145

How we recognise deferred grant revenue

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

Note 5.2 (b) Contract liabilities

Opening Balance of Contract Liabilities

Payment received for performance obligation not yet fulfilled- DoH Grant Recall

Revenue recognised for the completion of a performance obligation

Total contract liabilities

2021 \$	2020 \$
-	-
2,082,631	-
(1,984,921)	-
97,710	-

*Represented by:

-Current contract liabilities

97,710	-
97,710	-

Maturity analysis of payables

Please refer to Note 7.2(b) for the maturity analysis of contractual payables.

Note 5.3: Other Liabilities

CURRENT

Monies Held in Trust

- Patient Monies Held in Trust

- Refundable Accommodation Deposits

Total Other Liabilities

Represented by the following assets:

Cash and Cash Equivalents (refer to Note 6.1)

TOTAL

2021 \$	2020 \$
3,080	2,013
4,448,025	3,592,109
4,451,105	3,594,122
4,451,105	3,594,122
4,451,105	3,594,122

How we recognise other liabilities

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.

Maldon Hospital
Notes to the Financial Statements
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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

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was funded by Government.

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Maldon Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> •has the right-to-use an identified asset •has the right to obtain substantially all economic benefits from the use of the leased asset and •can decide how and for what purpose the asset is used throughout the lease. <p>The Maldon Hospital has no leases as at 30 June 2021</p>

Maldon Hospital
Notes to the Financial Statements
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Note 6.1: Cash and Cash Equivalents

	2021 \$	2020 \$
Cash on hand (excluding Monies held in trust)	1,800	1,800
Cash at bank (excluding Monies held in trust)	168,064	201,752
Deposits at Call - CBS (excluding Monies held in trust)	2,145,982	2,184,182
Cash at bank (LMRHA Joint Venture)	88,390	61,894
Cash at bank - CBS (LMRHA Joint Venture)	30,930	38,306
Cash at bank (Monies held in trust)	3,080	2,013
Deposits at Call (Monies held in trust):		
- Central Banking System	4,400,134	3,579,661
- Other	47,892	12,448
Total Cash and Cash Equivalents	6,886,272	6,082,056

How we recognise cash and cash equivalents

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

	2021 \$	2020 \$
Capital Expenditure Commitments		
Less than 1 year	180,531	300,885
Total Capital Expenditure Commitments	180,531	300,885
Total Commitments for Expenditure (inclusive of GST)	180,531	300,885
Less GST recoverable from the Australian Tax Office	(16,412)	(27,353)
Total Commitments for Expenditure (exclusive of GST)	164,119	273,532

Expenditure commitments

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.

Maldon Hospital
Notes to the Financial Statements
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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 Financial risk management objectives and policies
- 7.3 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 Hospital's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1(a) Categorisation of financial instruments

	Notes	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
		\$	\$	\$
2021				
Contractual Financial Assets				
Cash and cash equivalents	6.1	6,886,272	-	6,886,272
<i>Receivables</i>				
- Other Receivables	5.1	235,012	-	235,012
- Long Service Leave - Department of Health	5.1	303,713	-	303,713
Total Financial Assets ⁽ⁱ⁾		7,424,997	-	7,424,997
Financial Liabilities				
Payables	5.2	-	434,902	434,902
<i>Other Financial Liabilities</i>				
- Accommodation bonds	5.3	-	4,448,025	4,448,025
- Other	5.3	-	3,080	3,080
Total Financial Liabilities ⁽ⁱ⁾		-	4,886,007	4,886,007
2020				
Contractual Financial Assets				
Cash and cash equivalents	6.1	6,082,056	-	6,082,056
<i>Receivables</i>				
- Trade Debtors	5.1	7,180	-	7,180
- Other Receivables	5.1	160,984	-	160,984
- Long Service Leave - Department of Health	5.1	345,413	-	345,413
Total Financial Assets ⁽ⁱ⁾		6,595,633	-	6,595,633
Financial Liabilities				
Payables	5.2	-	448,349	448,349
<i>Other Financial Liabilities</i>				
- Accommodation bonds	5.3	-	3,592,109	3,592,109
- Other	5.3	-	2,013	2,013
Total Financial Liabilities ⁽ⁱ⁾		-	4,042,471	4,042,471

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

Note 7.1: Financial Instruments (continued)

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when Maldon Hospital becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Maldon Hospital commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

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 cost 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 solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates

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; and
- receivables (excluding statutory receivables);

Categories of financial liabilities

Financial liabilities are recognised when Maldon Hospital becomes a party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Maldon Hospital recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- other liabilities (including monies held in trust).

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Maldon Hospital has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Maldon Hospital does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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.

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Maldon Hospital's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

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Note 7.2: Financial risk management objectives and policies

As a whole, Maldon Hospital's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

Maldon Hospital's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. Maldon Hospital manages these financial risks in accordance with its financial risk management policy.

Maldon Hospital uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2 (a) Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Maldon Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Maldon Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Maldon Hospital's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

In addition, Maldon Hospital does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Maldon Hospital's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Maldon Hospital will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Maldon Hospital Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Maldon Hospital's credit risk profile in 2020-21.

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 the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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.

Contractual receivables at amortised cost

Maldon Hospital applies AASB 9's 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 Maldon Hospital'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 follows.

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Note 7.2 (a) Credit risk (continued)

Contractual receivables at amortised cost (continued)

	1-Jul-20	Current	Less than 1 month	1-3 months	3 months – 5 years	Total
Note		\$	\$	\$	\$	\$
Expected loss rate		0%	0%	0%	43%	
Gross carrying amount of contractual receivables		72,989	19,160	17,034	82,210	191,393
Loss allowance		-	-	-	(35,079)	(35,079)

	30-Jun-21	Current	Less than 1 month	1-3 months	3 months – 5 years	Total
		\$	\$	\$	\$	\$
Expected loss rate		0%	0%	19%	54%	
Gross carrying amount of contractual receivables		175,855	10,180	11,258	37,719	235,012
Loss allowance		-	-	(2,190)	(20,209)	(22,399)

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 (b) Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due

Maldon Hospital is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Maldon Hospital's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

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.

Maldon Hospital
Notes to the Financial Statements
30 June 2021

Note 7.2 (b) Liquidity risk (continued)

Note 7.2 (b) Liquidity Risk (continued)

		Maturity Dates				
Note	Carrying Amount \$	Nominal Amount \$	Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
2021						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	5.2	434,902	434,902	-	-	-
Other Financial Liabilities (i)						
- Accommodation Deposits (ii)	5.3	4,448,025	444,803	889,605	2,224,013	889,605
- Other	5.3	3,080	3,080	-	-	-
Total Financial Liabilities		4,886,007	882,785	889,605	2,224,013	889,605

		Maturity Dates				
	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	448,349	448,349	-	-	-
Other Financial Liabilities (i)						
- Accommodation Bonds (ii)	5.3	3,592,109	1,796,055	898,027	898,027	-
- Other	5.3	2,013	2,013	-	-	-
Total Financial Liabilities		4,042,471	2,246,417	898,027	898,027	

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

Note 7.2 (c) Market risk

Maldon Hospital's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

Maldon Hospital's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Maldon Hospital's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 1% up or down and
- a change in the top ASX 200 index of 15% up or down.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Maldon Hospital does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Maldon Hospital has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Note 7.3: Contingent Assets and Contingent Liabilities

As the date of this report Maldon Hospital has no contingent assets or liabilities

How we measure and disclose 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.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

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 Executives
- 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 Equity

Telling the COVID-19 story

Our other disclosures were not impacted during the financial year which as a result of the COVID-19 Coronavirus pandemic.

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

		2021	2020
	Notes	\$	\$
Net result for the period		(283,013)	(551,403)
Non-cash movements:			
Depreciation	4.2	488,088	459,735
Allowance for impairment losses of contractual receivables	3.4	(12,681)	35,079
Revaluation of long service leave liability	3.4	(24,052)	138,949
Movements in assets and liabilities:			
Change in operating assets and liabilities			
(Increase)/decrease in receivables		4,828	48,985
(Increase)/decrease in inventory		19,971	(19,971)
(Increase)/decrease in prepayments		(27,645)	19,057
Increase/(decrease) in payables		(53,899)	(42,223)
Increase/(decrease) in provisions		(15,771)	(76,179)
NET CASH INFLOW FROM OPERATING ACTIVITIES		95,826	12,029

Maldon Hospital
Notes to the Financial Statements
30 June 2021

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 Martin Foley:

Minister for Health

Minister for Ambulance Services

Minister for the Coordination of Health and Human Services: COVID-19

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 of Disability, Ageing and Carers

Governing Boards

Mrs Vanessa Healy

Ms Cindy Schultz-Ferguson

Mr Stephen Gardner

Mrs Julie Green

Mrs Pam Millwood

Mr James Downing

Ms Shan Welham

Dr Sudeep Saraf

Ms Linda McNeill

Mr Neil Pharaoh

Accountable Officers

Mr Ian Fisher

Mrs Sue Race

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

Total Numbers

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

Period
26-Sep-20 - 30-Jun-21
26-Sep-20 - 30-Jun-21
26-Sep-20 - 09-Nov-20
01-Jul-20 - 26-Sep-20
01-Jul-20 - 26-Sep-20
01-Jul-20 - 26-Sep-20
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 13-Jan-21
11-Jan-21 - 30-Jun-21

2021 No.	2020 No.
10	10
10	10
\$30,628	\$27,257

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 Executives

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

Remuneration of executive officers

	Total Remuneration	
	2021	2020
	\$	\$
Short-term employee benefits	141,641	143,648
Post-employment benefits	12,682	12,815
Other long-term benefits	4,376	4,438
Total Remuneration (i)	158,699	160,901
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.

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.

Maldon Hospital
Notes to the Financial Statements
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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, directly or indirectly.

The Board of Directors and the Executive Directors of the Maldon Hospital are deemed to be KMPs. This includes the following:

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 James Downing	Board Member	
Ms Shan Welham	Board Member	
Dr Sudeep Saraf	Board Member	
Ms Linda McNeill	Board Member	
Mr Neil Pharaoh	Board Member	
Mr Ian Fisher	Chief Executive Officer	01/07/2020 - 13/01/2021
Mrs Sue Race	Chief Executive Officer	11/01/2021 - 30/06/2021
Mrs Katrina Sparrow	Director of Nursing	

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

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)

Short-term Employee Benefits
Post-employment benefits
Other long-term benefits

Total (ii)

2021 \$	2020 \$
172,269	170,905
12,682	12,815
4,376	4,438
189,327	188,158

(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 and Sue Race, Chief Executive Officer, were also the Chief Executive Officer's, 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 2020-21 was \$341,580 (2020: \$332,600). Other non-contracted services occur as required. The value of net transactions for the 2020-21 financial year between Maldon Hospital and Castlemaine Health are \$1,157,416 (2020: \$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 of \$3.063 million (2020: \$2.518 million) and indirect contributions of \$0.013 million (2020: \$0.010 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 2021.

There were no related party transactions required to be disclosed for the Maldon Hospital Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: none).

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of financial statements

2021 \$	2020 \$
15,300	15,400
15,300	15,400

Note 8.6: Events Occurring after the Balance Sheet Date

There are no events occurring after the Balance Sheet date.

Maldon Hospital
Notes to the Financial Statements
30 June 2021

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest	
			2021 %	2020 %
Joint Operations				
Loddon Mallee Rural Health Alliance	Information Systems	Australia	1.85	1.80

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:

Summarised balance sheet:

Current Assets

	2021 \$	2020 \$
Cash and Cash Equivalents	88,391	61,894
Investments and other financial assets	30,930	38,306
Receivables	16,364	1,272
Other	31,412	49,943
Total Current Assets	167,097	151,415

Non-Current Assets

Property, Plant and Equipment	17,835	15,815
Total Non-Current Assets	17,835	15,815
Total Assets	184,932	167,230

Current Liabilities

Payables	54,437	85,559
Total Current Liabilities	54,437	85,559
Total Liabilities	54,437	85,559
Share of Joint Operation's Net Assets	130,495	81,671

Summarised operating statement

Revenues

Operating Activities	384,833	183,496
Non-Operating Activities	44,364	10,415
Total Revenue	429,197	193,911

Expenses

Information Technology and Administration Expenses	(376,898)	(196,207)
Non-Operating Activities	(3,475)	(1,606)
Total Expenses	(380,373)	(197,813)
Net Result	48,824	(3,902)

Movements in carrying amount of interests in the Joint Venture

	2021 \$	2020 \$
Carrying amount at the beginning of the year	81,671	85,573
Share of the Joint Operation's net result	48,824	(3,902)
Change in Membership	-	-
	130,495	81,671

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 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: Equity**Contributed capital**

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

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



MALDON HOSPITAL

Partnering with the Community

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