

Casterton Memorial Hospital



2020-2021 113th Annual Report

"A Fully Accredited Healthcare Facility"

CASTERTON MEMORIAL HOSPITAL— STRATEGIC PLAN 2017-2020

To support the Vision Statement of CMH the following Strategic Objectives and associated KPI's will need to be achieved.

STRATEGIC OBJECTIVES & KEY PERFORMANCE INDICATORS As at June, 2021

PHYSICAL FACILITIES / ASSETS	GOVERNANCE CORPORATE & CLINICAL	QUALITY IMPROVEMENT RISK MANAGEMENT	HUMAN RESOURCES	SERVICES DEVELOPMENT
<ul style="list-style-type: none"> Community room upgrade core project with possible stage 2 Ramp. entry & fascia work (30%) Nurse call system re-new &/or upgrade for improved consumer/employee response & communication (100%) 5 year Fire Report matters addressed. (85%) Hospital Infrastructure Funding \$300k for fabric & asset management plan IT refresh & Aircon. (40%) E-Maintenance, decision to remain in-house on \$'s (100%) 	<ul style="list-style-type: none"> Safer Care Victoria & Clinical Governance system embedding the 5 Domains. (80%) Increased use of and support of Sub-Regional personnel skills & collaborative to enhance services. (100%) Continued Board Governance training & recruitment of 2 new members & another 3 2020. (100%) Financial sustainability maximized with improved use administrative resources organization-wide. (100%) 	<ul style="list-style-type: none"> ACHS National Standards Accreditation, CHSP & Aged Care Accreditation maintained with COVID interruption (100%) Risk management systems sophistication with VMIA/VGRMF review & report. (70%) Targeting Zero report 178 recommendations. Actionable items to be achieved. (100%) Refresh "Person Centred Care" education organization - wide (70%) 	<ul style="list-style-type: none"> Succession planning of CMH workforce needs & assessment report / plan. (100%) Conduct annual organization-wide Employee Satisfaction Survey in addition to People Matter Survey outcomes. (60%) Total E-HR Personnel & Payroll systems in place.(100%) Maximise staff training programs & opportunities across organization. (100%) 	<ul style="list-style-type: none"> Increase workforce for home based care (100%) Increase time frame of access to Community Taxi to 5 days (100%) Investigation of, & establishment of Aged Care service Business Unit. (50%) Marketing plan for Glenelg House Client attraction & facility review. (50%) Expansion & development of CMH Consumer Participation Forum (80%)

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

Contents

Strategic Plan	Inside front cover
Vision & Mission Statement	Page 1
Governing Board, Responsible Officers & Senior Staff	Page 2
Demographics & Service Profile	Page 3
President & Executive Report	Page 4 - 6
Our Model of Care	Page 6
Our Supportive Community	Page 7
Report of Operations	
▪ Statement of Priorities	Pages 8 - 10
▪ Services to our Community	Page 11
▪ Statutory Compliance	Page 12 - 17
▪ Finance and Activity Overview	Page 18 - 19
Financials	Page 20 - 70
Disclosure Index	Page 71 – 72
Organisational Chart	Inside back cover

OUR VISION

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

OUR MISSION

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

With Open Arms

- To welcome and include all persons equally.

Excellence

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

Accountability

- To be accountable and transparent for all our actions.

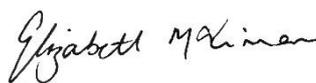
Respect

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

Empathy and Compassion

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

The Casterton Memorial Hospital is a public health facility established under the *Health Services Act 1988*. The responsible Ministers are detailed below



Ms Elizabeth McKinnon
Board Chair
23rd September 2021

Responsible Ministers

Commonwealth Government Australia

The Hon Greg Hunt MP, Minister for Health & Aged Care
Senator the Hon Richard Colbeck, Minister for Senior
Australians & Aged Care Services
The Hon Dr David Gillespie, MP, Minister for Regional Health

State Government Victoria

Jenny Mikakos, MP, Minister for Health, Minister
for Ambulance Services (01/07/2020 – 26/09/2020)
Martin Foley, MP, Minister for Health, Minister
for Ambulance Services (26/09/2020 – 30/06/2020)
Minister for Equality

Casterton Memorial Hospital

ABN 62 051 291 134

Hospital Board of Directors

Chair

M. Rowe (01/07/2020 – 25/03/2021)
E. McKinnon (25/03/2021 – 01/07/2021)

Vice Chair

G. Smith (01/07/2020 – 25/03/2021)
G. Hart (25/03/2021 – 01/07/2021)

Members

P. Green
B. Roberts
H. Moore* (31/12/2020)
K. Forbes
C. Riley

Audit & Risk Committee

P. Green – Chair
B. Roberts – Independent Member
H. Moore* – Independent Member
G. Hart – Independent Member
E. McKinnon – Independent Member
L. Hulm – Independent Member
H. Rees – Independent Member
O. Stephens - Chief Executive Officer
M. Betinsky – Finance Officer

Visiting Medical Staff

Dr. B. S. Coulson: M.B.B.S., D.R.O.G., F.A.C.R.R.M.
Dr. K. Moussa: M.B.B.S.
Dr. G. Ekanayake: M.B.B.S.
Dr. M. Abody: M.B.B.S.
Dr. R. Jaipurwala: M.B.B.S., F.R.A.C.G.P.
Dr. T. N. Halloran: B.D., B.Sc. (Hons)
Mr. P. H. Tung: M.B., B.S., F.R.A.C.S.
Mr. S. Clifforth: M.B., B.S., F.R.A.C.S.
Mr. U. Naidoo: M.B.C.H.B., F.C.S.(SA), F.R.A.C.S.
Dr. C. de Kievit: M.B., B.S., D.R.A.N.Z.C.O.G., F.A.C.R.R.M.

Principal Officers

Chief Executive Officer

O. P. Stephens: B.Bus., A.C.H.S.E.

Manager Nursing Services

M.A. Betson: N.P., R.N., R.M., Cert. Critical Care, Nurse Immuniser,
Cert IV Training & Assessment, MNsg.MNP,FACN,

Infection Control / AHS

H. Gill: R.N, Cert Infection Control & Sterilisation, Nurse Immuniser,
MACN

Nurse Unit Manager Acute Ward/AHS

S. Gill: R.N, Cert Aged Care
P. Gunning: R.N., Cert IV Frontline Management

Nurse Unit Manager Residential Care

K. Sealey: R.N., Cert IV in Frontline Management, MACN

Community Health / Education Officer

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

Community Nursing

C. Mahanda-Makore: R.N., Grad Cert Nursing (Emergency
Nursing), Rural and Isolated Practice (Scheduled Medicines)
Registered Nurse (RIPRN)

Night Nurse in Charge /Quality Improvement

H. Dillon: R.N.,R.M.,Grad Cert Ad Nsg Practice (Rural Remote)*

After Hours Supervisors

S. Dehnert: R.N., R.M., Nurse Immuniser, Grad Dip Child Maternal
Health
A. Jenkins: R.N., Grad Dip Palliative Care, Grad Cert Ad Nsg Practice
(Rural Remote), Grad Cert Gerontology
S. Bryan: R.N. B.N. Grad Cert Ad Nsg (Emergency Nursing), Cert IV
Training & Assessment
D. McKinnon: R.N., B.N., Grad Cert (Palliative Care Nursing)
W. Zippel: R.N., Grad Cert (Renal Nursing)

Programmed Activity Group Co-ordinator

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

Corporate Services Officer / HR

L. Hulm

Finance Officer

M. Betinsky: Diploma of Accounting

Health Information / Quality Improvement

H. Rees: Clinical Coder

Hotel Services Supervisor

J. East

Maintenance Coordinator / Safety

S. Zippel: Trade Carpenter/Builder

Meals on Wheels Coordinator

V. Ross

* Resigned during the year

Casterton Memorial Hospital - Small Rural Health Service (SRHS)

Demographics and Service profile

Casterton Memorial Hospital (CMH) was established in 1908 and is situated in the northern sector of the Glenelg Shire within the township of Casterton. Nestled amongst rolling hills and river red gums of the Glenelg River valley, it is located on the Glenelg Highway, 359 kilometres west of Melbourne and 42 kilometres east of the South Australian border.

The Shire has a total population base of 19,777 and Casterton has a catchment population of 3,500. Our catchment area includes the townships of Digby, Merino and Sandford and the surrounding rural localities. CMH provides services to all within its population base as well as neighbouring shires.

As a Small Rural Health Service, the hospital is provided flexibility in its funding base to ensure that the services provided directly to our community are within budget and will best meet the needs of our community. The Board utilises local area information and community input to plan for and provide the most appropriate care and intervention options for our local catchment area to maximise health gains and status for our community.

The Hospital provides a range of acute health, aged residential care and primary healthcare services incorporating 15 medical / surgical inpatient beds, operating theatre, two bay urgent care centre, two dialysis chairs and 30 bed residential care facility 'Glenelg House'. The Hospital also provides an extensive range of allied and primary healthcare personnel and programs along with visiting consultant services. All of these services are provided from our facility ensuring effective triaging and access of best care in best possible time for our patients and clients.

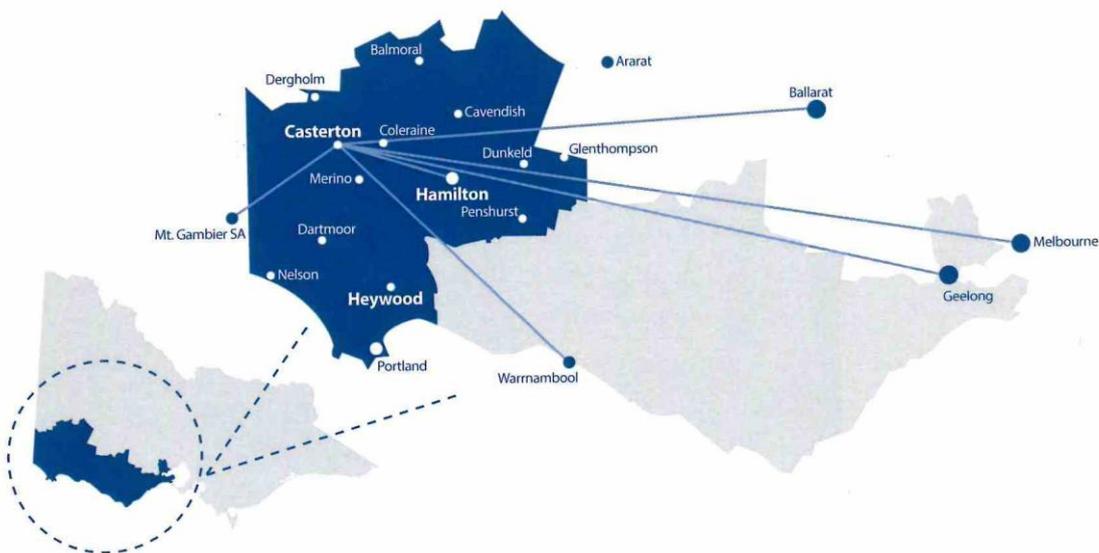
The Board of Directors and employees at CMH are committed to providing strong and efficient health and community services to meet the needs and expectations of the community it serves.

Strategic Planning

CMH Strategic Plan 2017-2020 can be found inside the front cover of this publication, or visit our website

www.castertonmemorialhospital.com.au.

The next Strategic Plan for Casterton Memorial Hospital is currently under development.





*Ms Elizabeth McKinnon,
Board Chair*

President & Executive Report

On behalf of the Casterton Memorial Hospital Board of Directors, employees, volunteers and partners, I present to you our 113th Annual Report.

The 2020-2021 financial year remained challenging internationally, nationally and for our states health services because of the COVID-19 pandemic. Employee, visitor and patient / resident management have been at their optimum in accordance with State and Commonwealth directives.

All staff at CMH have done an exemplary job in managing the ever-changing requirements of this COVID-19 environment and its effects on service delivery.

Our employees, who conducted daily testing and managed vaccination sessions for the community, have been outstanding and our Board remains confident that our processes and management systems will continue to deliver for our community as we manage this ongoing health crisis.

I would also like to thank the Department of Health for their specific funding to assist with this additional workload and Barwon Health, Geelong for its cluster management role allocating and managing vaccination units for distribution to CMH.

CMH has completed a successful year managing services to COVID-19 requirements and in a continued financially sustainable manner. We acknowledge the support from our health service partners and the Department of Health.

This 113th Annual Report demonstrates a strong commitment to managing the affairs of CMH effectively, efficiently and most importantly for the Casterton and District community's health care needs.

Financial Sustainability

Casterton Memorial Hospital maintains systems and processes that ensure financial sustainability, accountability, and responsibility for the delivery of safe, responsive patient centred care services.

This year 2020/21, CMH delivered an operating surplus prior to capital and specific items of \$109,938 whilst meeting heightened service demands, Statement of Priorities goals and targets and our Model of Care for the Casterton community. This sound financial performance is a result of appropriate Government funding, good private patient revenue and achievement of Department of Veterans Affairs inpatient activity targets and other set targets for the year. Glenelg House Residential Care's high occupancy rate of 99.78% has continued to be a positive contributor to the entity, comprehensively demonstrating the essential need for this quality residential care service.

Expenditure levels have been well maintained and combined with sound revenue achievement has produced this operating surplus and a current asset ratio of 1.41 indicating more than sufficient funds to meet current liabilities.

Our Internal Audit and Risk Committee maintains a tight overview of CMH financial activities and maintains effective overview of our financial functions.

Community Service Provision

CMH's home and community services unit continued to provide Community Home Nursing, Health Promotion, Home Maintenance, Meals on Wheels and the Community Transport program, all whilst maintaining safe service delivery protocols to address the challenges of COVID-19.

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

CMH has been alert to the impact the threat that COVID-19 has presented to the physical and mental wellbeing of our community, particularly our ageing population. Efforts have been made to make personal contact with community members despite the limitations that social distancing protocols presented. Another strategy has included the appropriate updating of information, protocols and procedures in the Casterton News.

Governance

CMH has met its obligations within the Statement of Priorities 2020/2021 with the Department of Health. This contract is negotiated annually between the CMH Board of Directors and the Department of Health and results in funding for service delivery and establishment of targets ranging from infection control to consumer satisfaction.

Having completed the 2017-2020 Strategic Plan, CMH is now progressing working on four year plan 2020 – 2024. A community survey is being distributed to all households in the Casterton and District community in addition to a digital version on the CMH website and Facebook page.

Results of the survey will inform the final structure and content of our Strategic Plan therefore ensuring important local content, opinions and directions are taken into account.

The Board of Directors have also processed and governed the management and implementation of many improvements during the 2020-2021 year including, but not limited to:

- *Integrity in Governance Framework improvement action plan progress.*
- *Victorian Managed Insurance Authority Risk Profile Audit setting us at “optimising”.*
- *Influenza vaccination take-up rate for staff 97% achievement.*
- *Health Service Cluster/Partnership Planning.*
- *Navigating COVID-19 changed organisational service requirements and models of care.*
- *Australian Council on Healthcare Standards Accreditation Survey success.*
- *Successful live streaming of delayed 2019/20 Annual General Meeting.*
- *Increased cohort for Graduate Nurse Program.*
- *Increased board directorship to 9 Directors.*
- *Workforce management of succession planning and increased aged related retirements.*
- *Department of Health cluster work in respect of “Better at Home” initiative.*

Board Director Movement

Reaching the Department of Health required tenure after 10 years of service Peter Green and Gerald Smith after nine years of service retired from the CMH Board of Directors.

We thank Peter and Gerald for their effective time, input and management within our governance function.

The Casterton Memorial Hospital Team

Casterton Memorial Hospital has a diverse team of employees and volunteers who ensure safe, consistent and efficient care across the three domains of community, acute and aged care. These employees and volunteers work in teams of Catering & Environmental Services (Hotel Services), Maintenance, Administration and Clinical services. Each area is committed to the person-centred care approach, focused on both the consumer and the Casterton Memorial Hospital team.

The Board of Directors would like to once again acknowledge the continued excellence in services provided by employees and volunteers in this 113th Annual Report.

The continued successful outcomes for consumers are maintained through the support of contracts especially the Casterton Coleraine Medical Clinic, principal partner Dr. Brian Coulson and General Practitioner Dr. Khaled Moussa.

We thank the CC Medical Practice team for its 24 hour medical coverage, catering for the needs of Casterton and district. The support shown to CMH through doctor attendance, tele-health support and active clinical governance is greatly appreciated. CMH is supportive of the practice’s ongoing recruitment and succession planning.

CMH is proud of the continuing skilled clinical care provided by the nursing team.

As a Small Rural Health Service, the nurses are skilled to provide care to a wide range of presentations and conditions from Urgent Care to Aged, Acute and Community. Maintaining clinical excellence in care, clinical competence, continuing professional development, ensuring clinical supervision of students and graduates and work experience students are all part of the broad role that nurses undertake at CMH.

CMH’s nursing team maintain a continued close working relationship with external education providers to facilitate student placement, support the Post Graduate Nurse Entry to Practice program and to ensure that this clinical

supervision meets best practice standards. CMH is proudly supported by Barwon Health with both clinical and education support through the use of real time video conferencing and clinical practicums and regular “in person” visits.

The service divisions of Hotel Services (Catering and Environmental Services), under Jenelle East has maintained a high standard of cleaning and food services to all consumers and are to be congratulated on their consistent and quality services. Patients praise the nutritious and appealing meals which are cooked onsite daily.

Maintenance Services led by Stephen Zippel and Administrative Services under Corporate Services Officer Loren Hulm are continuing to deliver strong output in management practices and maintenance of CMH’s assets and service contracts.

The community is appreciative of the neat and relaxing surroundings of the hospital grounds.

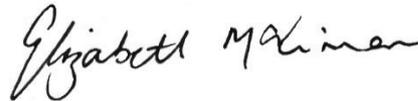
CMH continues to have an interactive relationship, with the community and in-turn receives strong volunteer support. Although limited this year, the community continues to support fundraising

efforts and participate in volunteer groups. Fundraising groups include the Murray to Moyne Cycle Relay Team, CMH Ladies Auxiliary, Hospital Social Club and Friends of Glenelg House.

I extend to my fellow Board Directors and the Executive Management team of Owen Stephens and Mary-Anne Betson appreciation for your input, vision and support of CMH and the broader community.

Despite the continuing practical challenges that this pandemic has presented, the focus has and will remain on working together in collaboration with our partners across the Barwon South West region to further strengthen the valuable role we play in Casterton and district.

In conclusion and in accordance with the Financial Management Act 1994, I present the 113th Annual Report and seek your ongoing support of the CMH and its hard working team.



Ms Elizabeth McKinnon
Board Chair
23rd September 2021

Our Model of Care

CMH is classified as a Small Rural Health Service (SRHS) under the Department of Health & Human Services Policy and Guidelines. This classification allows CMH, a Small Rural Health Service, to direct service delivery within our budget which will best meet the needs of our community.

This service and planning decentralisation of the Hospital is important for flexibility from year to year or as circumstances may alter, but also allows at the local level to identify and target community needs.

It is the role of the Board of Directors in consultation with the community to utilise information available on our local area to maximise the health gains for our community.

CMH fulfils its mission through provision of acute, residential care and community health/primary care services from its modern facility, as well as services into the home.

Our Supportive Community

CMH is well supported by its staff and the community. We offer our sincere thanks to employees, the CMH Ladies Auxiliary, Hospital Social Club, Murray to Moyne Cycle Relay team and Friends of Glenelg House for their support and fundraising contributions. We also acknowledge the various businesses, community groups, estates, families and individuals who continue to provide financial support and in-kind donations.

During the 2020/2021 financial year, fundraising contributions and donations totalled \$12,162.31. In what has been a difficult year to organise fundraising events due to the COVID-19 pandemic we certainly appreciate any donations that were able to be generously made. These valuable funds assist with the upgrading of equipment and the maintenance and furnishing of our modern hospital, aged care facility and community health development.

Our many volunteers provide purposeful activities and roles, and as such are greatly appreciated by staff and the community we serve. We extend our sincere appreciation to the community volunteers who assist with the delivery of meals on wheels, bus driving, visiting, outings, entertainment, diversional and lifestyle activities. Our volunteers assist us to meet the needs of our community and foster community connections for our residents and their families. Whilst the pandemic has put a halt to our volunteers being able to assist at CMH, we look forward to seeing our volunteers return in the near future.

The Hospital also appreciates the input and contributions from the businesses and the broader community through our community surveys, questionnaires and Hospital Card Program. This community spirit contributes to Casterton Memorial Hospital being a proud facility and also supports our continual effort to provide the best quality services to meet the changing needs of our community.

The Board of Directors sincerely thanks all CMH supporters for their generous, tireless and invaluable support during 2020/2021 year.

Acknowledging our Life Governors

Recognised for Service and Dedication to Casterton Memorial Hospital

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

Acknowledging 2020/21 Donations

Fundraising Committees

Casterton Memorial Hospital Employees	\$1,040.00
Casterton Memorial Hospital Ladies Auxiliary	\$125.00
Casterton Memorial Hospital Social Club	\$1,000.00
CMH Murray to Moyne Cycle Relay Team	\$4,587.03
Hospital Card Program	\$3,150.00

Community Member Support

In memory of Shirley Widdicombe	\$150.00
In memory of Max Burnham	\$775.00
In memory of Alan Mill	\$30.00
In memory of Brian Murphy	\$300.00
Ruth Richardson	\$100.00
Brian & Fran Dawson	\$20.00
Anonymous	\$10.02

Estates

Estate Louisa Henty	\$875.26
---------------------	----------

Total Donations **\$12,162.31**

Casterton Memorial Hospital - Report of Operations – 2020-2021

CMH conducts its activities with compliance to many Government Acts, Regulations and Standards. It is a legislative requirement that we provide, where applicable, specific information in support of our compliance.

Statement of Priorities

In 2020-2021 CMH assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

In 2020-2021 CMH achieved the following outcomes of the Government’s strategic priorities:

PRIORITIES	ACTIONS UNDERTAKEN	COMMENTS
<p>Maintain robust COVID-19 readiness and response, working with Department of Health to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of COVID-19 vaccine immunisation program rollout, ensuring local community’s confidence in the program.</p>	<ul style="list-style-type: none"> • COVID-19 plan completed and in place. • Community testing programme in place following Department of Health guidelines and personal protective equipment and testing processes. • Roll out of Pfizer for aged care and health care workers and Astra Zeneca for eligible community members with excellent response. 	<ul style="list-style-type: none"> • Aged Care Infection Control audit completed in 2021 and compliance confirmed. • All consumers in aged care accepting of vaccination have been vaccinated, with all new consumers to aged care to be offered pre admission Astra Zeneca. • All employees offered and provided with vaccination with the following rates as at 30/6/21 of 55% Fully Vaccinated and 65% partial at end of June. • Excellent community feedback on vaccination process.
<p>Engage with the community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary “catch-up” care to support them to get back on track.</p>	<ul style="list-style-type: none"> • CMH has remained open for business to the community for acute care where able. • Increased support to Social Support Group consumers and Community Health groups via phone and home visits during periods of service interruptions. • Resumption of community health programmes ie: exercise and health promotion and consultations. 	<ul style="list-style-type: none"> • Care packages to clients through Community Health. • Increased Community Home Nursing client vigilance. • Calls and drop offs for Social Support Groups during COVID-19 lockdowns, including newsletters and activities. • During breaks between lockdowns, small group outings and events were held complying with the restrictions at the time.

PRIORITIES	ACTIONS UNDERTAKEN	COMMENTS
<p>As providers of care, respond to the recommendations of the Royal Commission into Victoria’s Mental Health system and the Royal Commission into Aged Care Quality and Safety in conjunction with the Department of Health.</p>	<ul style="list-style-type: none"> • CMH works closely in consultation with external Mental Health providers to support local systems to be responsive to community presentations. • CMH works closely with the Aged Care Quality and Safety Commission in implementation of required compliance systems to support Quality & Safety in Aged Care. 	<ul style="list-style-type: none"> • Ongoing support for Mental Health Triage and ongoing services through South West Healthcare Mental Health Team. • Implementation of Serious Incident Response Systems in Aged Care. • External service providers, Glenelg Shire Council and the local community in implementing systems to support Mental Health systems for care packages.
<p>Develop and foster local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.</p>	<ul style="list-style-type: none"> • Collaborative relationships with Health Share Victoria and local planning teams in regard to procurement. • Commenced participation with Barwon Health on a number of initiatives including Telehealth, COVID-19 Vaccine roll out. • Commenced participation in Barwon South Western regional project “Better at Home” initiative. 	<ul style="list-style-type: none"> • Positive take-up of Health Service Partnerships Program with Barwon Health, lead partner for our Region. • Processes in place, and working well with Barwon Health in regards to vaccination roll out, development of Telehealth expansion and work towards the “Better at Home” initiative.

Key 2020-2021 Health Service Performance Priorities

HIGH QUALITY & SAFE CARE

KEY PERFORMANCE MEASURE	TARGET	2020-21 RESULT
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	87.6%
Percentage of healthcare workers immunised for influenza	90%	97%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No surveys conducted in 2020-2021
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No surveys conducted in 2020-2021

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE MEASURE	TARGET	2020-21 RESULT
Finance		
Operating Result (\$m)	\$0.03m	\$0.09m
Average number of days to pay trade creditors	60 days	36 days
Average number of days to receive patient fee debtors	60 days	42 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.74
Actual number of days available cash, measured on the last day of each month.	14 days	180.1 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance < \$250,000	-0.10

Statement of Priorities – Part C (Activity & Funding)

FUNDING TYPE	2020-21 ACTIVITY ACHIEVEMENT
Small Rural	
Small Rural Acute	323
Small Rural Primary Health & HACC	
▪ Nursing	198 Hours
Small Rural Residential Care	10,926 bed days
Health Workforce	63 Students

Services to our Community

HOSPITAL	2019/20	2020/21
Total Multistay Inpatient Separations*	169	62
Total Same Day Separations*	191	243
Bed Days*	2574	2837
Total WIES	310	303.5
% Occupancy Rate Staffed Beds	47%	52%
Average Length of Stay**	5	4.35
% Public Bed Days	76%	70%
% Private Bed Days	24%	30%
Obstetrics / Gynaecology	6	3
Operations / Procedures	77	61
Urgent Care Presentations	1101	1435
Glenelg House Residential Care		
Residents Accommodated	38	40
Bed Days	10964	10926
Average Daily Occupancy	29.96	29.94
% Occupancy Rate Full Year	99.85%	99.78%
Planned Activity Group		
Attendances	1271	885
Community Home Nursing		
Home Visits	5435	5254
Kilometres Travelled	20998	20892
Community Health		
Attendance (contacts)	418	635
Allied Health		
Physiotherapy Attendance ***	573	584
Speech Therapy Attendance ***	0	0
Dietetics ***	52	41
Meals Produced		
Hospital / Residential Care / Other	63158	61349
Meals on Wheels	4505	5743
Home Maintenance Program (HACC Service)		
Number of Clients	105	111
Number of Visits	1204	1242
Number of Hours	1197.5	1238.3

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

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

* Does not include Newborn transfers

** Excludes Nursing Home Type

*** Includes inpatients

Workforce Information

Casterton Memorial Hospital is committed to the provision of a safe and healthy work environment for all employees, contractors and visitors.

Workforce data

During the 2020/21 year Casterton Memorial Hospital employed a total of 129 staff, 37 full-time and 92 part time / casual across the labour categories as detailed in the following table. Statistics provided are consistent with information provided in the entity's MDS/F1 datasets which are reported on a monthly basis to the Department of Health. Condition of employment is that Casterton Memorial Hospital employees will adhere to the values as outline in the *Code of Conduct for Victorian Public Sector Employees 2015* and *CMH Code of Conduct Policy*.

Labour Category	JUNE Current Month FTE		Average Monthly FTE	
	2020	2021	2020	2021
Nursing	40.76	40.92	40.29	40.91
Administration & Clerical	8.73	8.89	9.22	8.5
Hotel & Allied Services	25.44	27.03	26.79	26.92

Occupational Violence

CMH actively supports zero tolerance towards aggression and violence in the workplace and will achieve this by establishing an environment that promotes identification of hazards, assessment and control of risks, preventative training and education, reporting and effective management of all incidents, as well as the adoption of harm minimising practices.

OCCUPATIONAL VIOLENCE STATISTICS		2020-21
1.	Workcover accepted claims with an occupational violence cause per 100 FTE	0
2.	Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
3.	Number of occupational violence incidents reported	11
4.	Number of occupational violence incidents reported per 100 FTE	14.32
5.	Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Occupational Health & Safety

Occupational Health & Safety forms an integral part of the day to day operation of Casterton Memorial Hospital. The Safe Environment / OH&S Committee consist of representatives from each of the designated work group areas as well as management representatives. This committee meets quarterly to discuss and address any concerns or issues that may arise and undertake regular inspections of the workplace. All Designated Work Group Representatives undergo the initial 5 Day Course for OH&S Representatives along with regular refresher courses. Staff are encouraged to act and work in a safe manner and to report any incidents or near misses. Through the operation of the Safe Environment/OH&S Committee, Minimal Handling Committee, staff education and incident reporting, through VHIMS, Casterton Memorial Hospital is continuing to ensure the safety of employees, consumers and visitors.

Occupational Health & Safety Data	2020-21	2019-20	2018-19
Number of reported hazards / incidents for the year per 100 FTE	39.04	32.76	12.92
Number of 'lost time' standard claims for the year per 100 FTE	3.90	5.24	2.64
Average cost per claim ('000)	\$56	\$46	\$61

Industrial Relations

Casterton Memorial Hospital reports no lost days in 2020/2021 through industrial accidents or disputes.

Carers Recognition Act 2012

The *Act* recognises, promotes and values the role of people in care relationships. Casterton Memorial Hospital understands the different needs of persons in care relationships and that care relationships bring benefits to the patients, their carers and to the community. Casterton Memorial Hospital takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient and family centred care and to involving carers in the development and delivery of our services

Building Act 1993

Casterton Memorial Hospital complies with the building and maintenance provisions of the *Building Act 1993* in accordance with the *Minister for Finance Guidelines Building Act 1993/Standards for Publicly Owned Buildings/November, 1994*.

Freedom of Information

The Victorian Freedom of Information Act 1982 (FOI Act) provides the right for members of the public to obtain information held by the Casterton Memorial Hospital and consumers are entitled to access their medical record through the Freedom of Information process. Two (2) Freedom of Information requests were processed this Financial Year. Applications are to be directed to the nominated Officer, Mr Owen Stephens. A fee, plus charges for associated costs may apply in accordance with the Act.

Public Interest Disclosures Act 2012 (the Act)

The Casterton Memorial Hospital has policies and procedures in place to enable total compliance with the *Act* and provides a safe environment in which disclosures can be made, staff are protected from reprisal and the investigation process is clear and provides a fair outcome. The privacy of all individuals involved in a disclosure is assured at all times. Casterton Memorial Hospital is committed to the principals of *the Act* and at no time will improper conduct by the Casterton Memorial Hospital or any of its employees be condoned.

National Competition Policy

Casterton Memorial Hospital has implemented competitive neutral pricing principles to all contracts for services provided, to ensure a level playing field is maintained in accordance with National Competition Policy including the requirements of the Government policy statement, *Competitive Neutrality Policy*, Victoria; and subsequent reforms.

Local Jobs First Act 2003

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

Details of consultancies

In 2020-2021, there was 1 consultancy where the total fees payable to the consultants were less than \$10,000.00. The total expenditure incurred during 2020-21 in relation to this consultancy was \$6,996.00.

Information & Communication Technology ICT Expenditure

ICT expenditure incurred during 2020-21 is \$760,051 (ex GST) as detailed below.

Amounts shown below do not include shared assets as reported in Note 8.7 of Financial Notes

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non BAU) ICT Expenditure		
Total (exc. GST)	Total = Operational Expenditure and Capital Expenditure (exc. GST)	Operational Expenditure (exc. GST)	Capital Expenditure (exc. GST)
\$370,108	\$390,071	\$348,898	\$41,173

Gender Equality Act 2020

Casterton Memorial Hospital is working towards initiatives to support the Gender Equality Act 2020 (the Act) – an important milestone for gender equality in our State.

The reform will improve workplace gender equality in many Victorian public sector organisations and positively impact the communities we serve. The Act will assist us to break down outdated stereotypes and systemic inequalities through providing greater transparency about the advancement of gender equality within our organisation.

The Act requires us to:

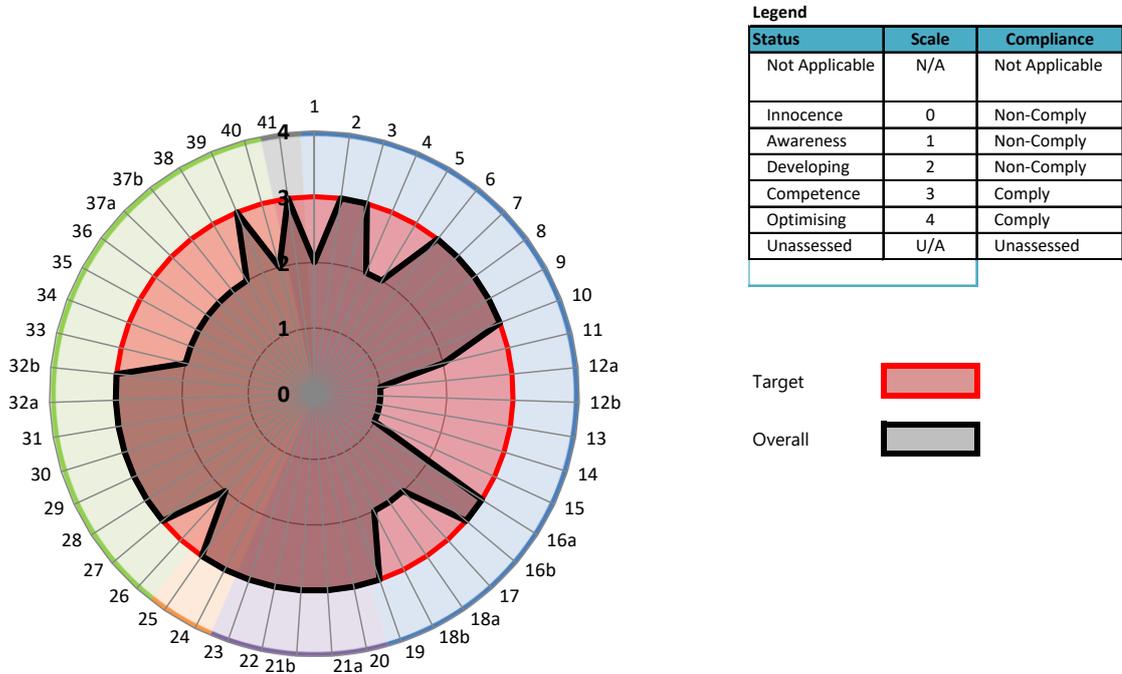
- consider and promote gender equality in our organisation
- conduct gender impact assessments for all new public policies, programs and services we develop
- undertake workplace gender audits to assess the state and nature of gender inequality in our workplace.
- Develop and implement strategies and measures to make reasonable and material progress towards gender equality
- Report our progress on all of the above.

To do this we are currently undertaking a Gender Equality Audit to assist us to identify our current gaps and what we need to do to improve gender equality in our organisation.

Asset Management Accountability Framework

Casterton Memorial Hospital - Asset Management - Maturity Assessment 2021

The following sections summarise Casterton Memorial Hospital's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). CMH's 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.



Leadership and Accountability (requirements 1-19)

Casterton Memorial Hospital has met or exceeded its target maturity level in 45% (10/22) of the requirements in this category. CMH did not comply with some requirements in the areas of Governance, Attestation, Monitoring Asset Performance, Asset Management System Performance, Evaluation of Asset Performance and Reporting to Government. The key area for improvement required is to establish asset performance standards and KPI's to monitor and evaluate asset and asset system performance and ensure that performance monitoring is incorporated into the overall corporate and service planning. An improvement plan is to be developed to improve CMH maturity rating in these areas.

Planning (requirements 20-23)

Casterton Memorial Hospital has met or exceeded its target maturity level in this category

Acquisition (requirements 24 and 25)

Casterton Memorial Hospital has met or exceeded its target maturity level in this category

Operation (requirements 26-40)

Casterton Memorial Hospital has met or exceeded its target maturity level in 47% (8/17) of the requirements in this category. CMH did not comply with some requirements in the areas of Monitoring & Preventative Action, Information Management and Asset Valuation.

The key area for improvement required is consolidate existing asset information sources into a single comprehensive Complex Asset Register . Completion of the centralised asset information system will include an asset stocktake and condition assessment. An improvement plan is being developed to complete this process by 30 June 2022 which will improve CMH maturity rating in these areas.

Disposal (requirement 41)

Casterton Memorial Hospital has met or exceeded its target maturity level in this category

Environmental Management

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

The Hospital is committed to implementing sound environmental practices in all areas of its operations and recognises it is essential that all energy/water users and producers of waste, manage these aspects to minimise both the impact on the environment and cost.

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

The Committee meets bi-monthly and reports directly to the Board of Directors.

As a result of the Environmental Committees strategies and practices, this has produced a positive impact on all energy budget line items.

Environmental impacts & energy use

	2018-19	2019-20	2020-21
Energy use			
Electricity (MWh)	613	518	515
Liquefied Petroleum Gas (kL)	54	61	61
Carbon emissions (thousand tonnes of CO₂e)			
Electricity	1	1	0.50
Liquefied Petroleum Gas	0	0	0.09
Total emissions	1	1	0.60
Water use (millions litres)			
Potable Water	6	5	5.35

Factors influencing environmental impacts

	2018-19	2019-20	2020-21
Floor area (m ²)	4,744	4,744	4,744
Separations	498	366	408
In-Patient Bed Days	2,397	2,274	3,006
Aged Care Bed Nights	10,868	10,964	10,928

Benchmarks | 2020-21

	Average for peer group	Your value	% above/below ave.
Carbon emissions			
CO ₂ e(t) per m ²	0.12	0.13	8%
CO ₂ e(t) per OBD	0.05	0.04	-9%
CO ₂ e(t) per Seps	1.32	1.47	12%
Water use			
kL per m ²	1.06	1.13	7%
kL per OBD	0.43	0.38	-11%
kL per Seps	11.96	13.12	10%
Expenditure rates			
Total utility spend (\$/m ²)	32	36.00	12.8%
Elec(\$/kWh)	0	0.21	1.5%
Potable Water(\$/kL)	4	4.19	17.5%
LPG(\$/kL)	561	628.49	12.0%
<i>Additional measures (not included in benchmarking chart)</i>			
Total utility spend (\$/Separations)		418.58	
Total utility spend (\$/In-Patient Bed Days)		56.81	
Total utility spend (\$/Aged Care Bed Nights)		15.63	

General notes

- Information in this report is sourced from data provided by retailers and in some cases data manually uploaded by health services into Eden Suite. Data has not been externally validated. All annual values represent a year ending 30 June.
- Emissions are calculated using the carbon factors for the year in which the emissions were generated. For health services provided with energy (electricity and steam) under the co-generation ESA (energy services agreement) carbon factors provided by the energy retailer are used.
- Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
- Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.

Additional Information Available on Request

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

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

- h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- k) A list of major committees sponsored by the Health Service, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved;
- l) Details of all consultancies and contractors including consultants / contractors engaged, services provided, and expenditure committed for each engagement.

Data Integrity

I, Owen Stephens, certify that Casterton Memorial Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Casterton Memorial Hospital has critically reviewed these controls and processes during the year.



Owen P Stephens
Chief Executive Officer
Casterton
23rd September 2021

Safe Patient Care Act 2015

Casterton Memorial Hospital has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.



Owen P Stephens
Chief Executive Officer
Casterton
23rd September 2021

Integrity, Fraud and Corruption

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



Owen P Stephens
Chief Executive Officer
Casterton
23rd September 2021

Conflict of Interest

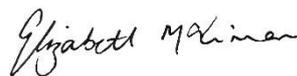
I, Owen Stephens certify that Casterton Memorial Hospital has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest'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



Owen P Stephens
Chief Executive Officer
Casterton
23rd September 2021

Financial Management Compliance Attestation

I, Liz McKinnon, on behalf of the Responsible Body, certify that Casterton Memorial Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Elizabeth McKinnon
Board Chair
Casterton
23rd September 2021

Finance & Activity Overview

The financial statements of account for the year ended 30 June, 2021 have been completed in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

The accepted performance indicator from the Department of Health is the net operating result as outlined in the Statement of Priorities. Casterton Memorial Hospital's net operating result reports a surplus of \$109,938. This result is reconciled to the net result from transactions in the table below and excludes capital purpose income, depreciation and finance costs.

Total income from transactions of \$10,143,714 represents a 2.37% increase on previous year and can be attributed to increases in government grants (Note 2.1). Total expenses from transactions represents an increase of 1.77% on previous year and main factors include increased salary and wages costs of EBA's and higher depreciation. The result emphasizes a responsible maintenance of operating expenditure (Note 3.1).

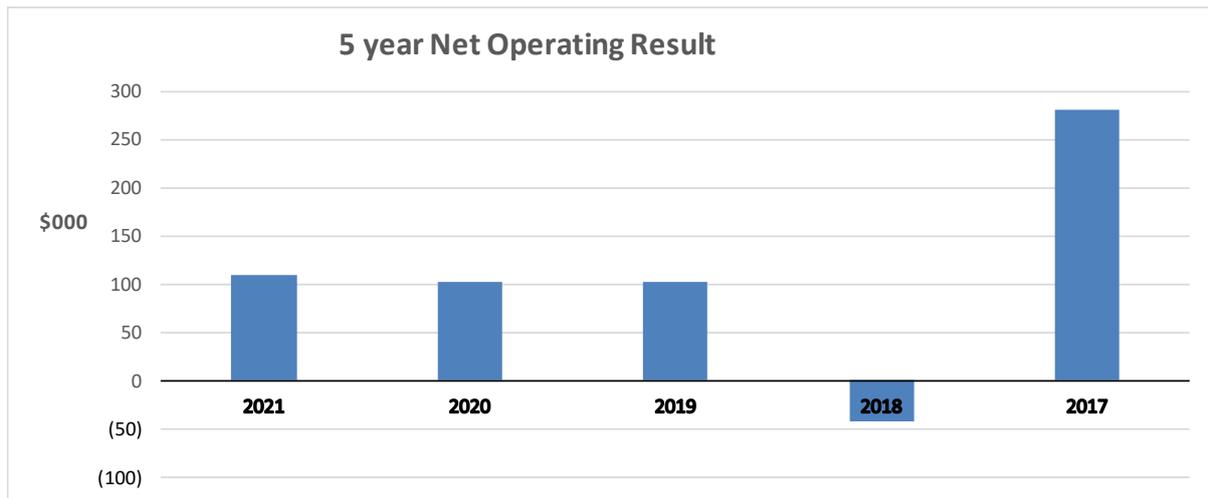
Five Year Financial Comparative Statement

	2021	2020	2019	2018	2017
	\$000	\$000	\$000	\$000	\$000
OPERATING RESULT	110	103	102	(41)	281
- Total Revenue	10,144	9,909	9,710	9,052	9,637
- Total Expenses	11,025	10,833	10,577	9,949	10,062
- Net result from transactions	(881)	(925)	(867)	(897)	(453)
- Total other economic flows	136	(50)	(65)	(4)	15
- Net result	(745)	(974)	(932)	(901)	(410)
- Total Assets	26,111	26,771	26,678	29,434	28,621
- Total Liabilities	5,090	5,065	3,978	4,816	5,110
- Net assets/Total equity	21,021	21,706	22,700	24,618	23,511

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

	2021
	\$000
Net operating result*	110
Capital purpose income	(335)
Specific income	N/A
COVID 19 State Supply Arrangements	
- Assets received free of charge or for nil consideration under the State Supply	(72)
State supply items consumed up to 30 June 2021	72
Assets provided free of charge	N/A
Assets received free of charge	N/A
Expenditure for capital purpose	N/A
Depreciation & amortisation	1,324
Impairment of non-financial assets	N/A
Finance costs (other)	2
Net result from transactions	(881)

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



Comprehensive Result

Entity Comprehensive Result of (\$685,750) is an improvement of \$288,648 on the prior year. This result is largely due to changes in discount rates for employee leave benefits, and a managerial revaluation of land.

Liquidity

Casterton Memorial Hospital financial position is stable with current assets exceeding current liabilities by \$1,945,111 as at 30 June 2021.

Casterton Memorial Hospital current asset ratio stands at 1.41. This remains considerably higher than the DHHS benchmark of 0.7 and has been the case over the past 5 years.

Cash Flow

Casterton Memorial Hospital has generated a positive net cashflow from operating activities of \$304,458 for the financial year. Casterton Memorial Hospital remains in a secure position with cash and cash equivalents totalling \$5,712,671 as at 30 June 2021. Casterton Memorial Hospital held \$2,014,902 in accommodation bonds as at June 30 2021.

Summary of Significant Changes

Summary of Changes	2021	2020	% Variance
Cash & Cash Equivalents	5,712,671	5,408,213	5.63
Current Assets	6,711,421	6,377,138	5.24
Current Liabilities	4,766,310	4,703,989	1.32

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

M. Betinsky
Finance Officer
23rd September 2021

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Casterton Memorial Hospital for the year ending 30 June 2021.

Ms Elizabeth McKinnon
Board Chair
23rd September 2021

Casterton Memorial Hospital



Financial Report 2020 - 2021

Casterton Memorial Hospital

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of Casterton Memorial 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 this day.

Ms. L. McKinnon
Board President

Casterton
23rd September 2021

Mr O.P. Stephens
Chief Executive Officer

Casterton
23rd September 2021

Mr. M. Betinsky
Chief Finance &
Accounting Officer

Casterton
23rd September 2021



Independent Auditor's Report

To the Board of Casterton Memorial Hospital

Opinion	<p>I have audited the financial report of Casterton Memorial 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>

Other Information	<p>The Board of the health service is responsible for the other information, which comprises the information in the health service's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none">• 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.
Auditor's responsibilities for the audit of the financial report <i>(continued)</i>	<ul style="list-style-type: none">• 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. <p>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.</p>

MELBOURNE
14 October 2021



Dominika Ryan
as delegate for the Auditor-General of Victoria

**Casterton Memorial Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021**

	Note	Total 2021 \$	Total 2020 \$
Revenue and Income from Transactions			
Operating Activities	2.1	10,050,907	9,770,899
Non-operating Activities	2.1	92,807	137,794
Total Revenue and Income from Transactions		10,143,714	9,908,693
Expenses from Transactions			
Employee Expenses	3.1	(7,917,483)	(7,769,254)
Supplies & Consumables	3.1	(584,599)	(524,683)
Finance Costs	3.1	(1,722)	(2,088)
Depreciation and Amortisation	3.1	(1,324,259)	(1,321,011)
Other Administrative Expenses	3.1	(860,875)	(841,401)
Other Operating Expenses	3.1	(335,694)	(374,948)
Total Expenses from Transactions		(11,024,632)	(10,833,385)
Net Result from Transactions - Net Operating Balance		(880,918)	(924,692)
Other economic flows included in net result			
Net gain/(loss) on non financial assets	3.4	17,258	2,561
Net Gain/(Loss) on Financial Instruments	3.4	-	(5,040)
Share of Other economic flows from Joint Operation	3.4	(2,924)	558
Other Gain/(Loss) from Other Economic Flows	3.4	121,434	(47,786)
Total Other economic flows included in net result		135,768	(49,707)
NET RESULT FOR THE YEAR		(745,150)	(974,398)
Other Comprehensive Income Items that			
Changes in Physical Asset revaluation surplus	4.2(b)	59,400	-
Total Other Comprehensive Income		59,400	-
Comprehensive Result for the Year		(685,750)	(974,398)

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

**Casterton Memorial Hospital
Balance Sheet
As at 30 June 2021**

	Note	Total 2021 \$	Total 2020 \$
Current Assets			
Cash and Cash Equivalents	6.2	5,712,671	5,408,213
Receivables	5.1	351,982	385,418
Investments and Other Financial Assets	4.1	545,248	509,493
Other Current Assets		101,520	74,014
Total Current Assets		6,711,421	6,377,138
Non-Current Assets			
Receivables	5.1	594,938	593,823
Investments and Other Financial Assets	8.8	33,054	35,978
Property, Plant & Equipment	4.2	18,721,531	19,724,503
Investment Properties	4.4	50,000	40,000
Total Non-Current Assets		19,399,523	20,394,304
TOTAL ASSETS		26,110,944	26,771,442
Current Liabilities			
Payables	5.2	735,367	709,460
Employee benefits	3.2	1,949,215	1,923,423
Borrowings	6.1	66,826	57,653
Other Liabilities	5.3	2,014,902	2,013,453
Total Current Liabilities		4,766,310	4,703,989
Non-Current Liabilities			
Employee benefits	3.2	226,983	266,682
Borrowings	6.1	97,093	94,463
Total Non-Current Liabilities		324,076	361,145
TOTAL LIABILITIES		5,090,386	5,065,134
NET ASSETS		21,020,558	21,706,308
EQUITY			
Property, Plant & Equipment Revaluation Surplus		20,869,864	20,810,464
Contributed Capital		2,293,608	2,293,608
Accumulated (Deficits)		(2,142,914)	(1,397,764)
TOTAL EQUITY		21,020,558	21,706,308

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

**Casterton Memorial Hospital
Statement of Changes in Equity
For the Year Ended 30 June 2021**

	Property, Plant & Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses/ (deficits)	Total
Note	\$	\$	\$	\$
Balance at 30 June 2019	20,810,464	2,293,608	(403,991)	22,700,081
Effect of adoption of AASB 15,16 and 1058			(19,375)	(19,375)
Restated balance at June 30 2019	20,810,464	2,293,608	(423,366)	22,680,706
Net result for the year	-	-	(974,398)	(974,398)
Other comprehensive Income for the year	-	-	-	-
Balance at 30 June 2020	20,810,464	2,293,608	(1,397,764)	21,706,308
Net result for the year			(745,150)	(745,150)
Other comprehensive Income for the year	59,400	-		59,400
Balance at 30 June 2021	20,869,864	2,293,608	(2,142,914)	21,020,558

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

**Casterton Memorial Hospital
Cash Flow Statement
For the Year Ended 30 June 2021**

	Note	Total 2021 \$	Total 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		8,188,261	7,723,401
Capital Grants from Government		13,907	30,522
Patient and Resident Fees Received		1,070,818	1,133,332
Donations and Bequests Received		12,162	31,715
GST Received from/(paid to) ATO		(15,618)	71
Interest Received		(7,624)	97,088
Other Receipts		914,129	740,250
Total Receipts		10,176,035	9,756,379
Employee Expenses Paid		(5,831,754)	(6,435,504)
Non Salary Labour Costs		(1,776,143)	(1,085,641)
Payments for Supplies & Consumables		(589,983)	(370,104)
Fee for Service Medical Officers		(187,239)	(183,018)
Other Payments		(1,209,326)	(1,266,307)
Total Payments		(9,594,445)	(9,340,574)
NET CASHFLOWS FROM OPERATING ACTIVITIES	8.1	581,590	415,805
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments for)/Proceeds from Financial Assets		(35,755)	(59,493)
Purchase of Property Plant and Equipment		(263,447)	(152,996)
Proceeds from Disposal of Property Plant and Equipment		8,818	14,273
NET CASHFLOWS (USED IN) INVESTING ACTIVITIES		(290,384)	(198,216)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayment) of Borrowings		11,803	(6,200)
Net Receipt/(Repayment) of Accommodation Deposits		1,449	908,093
NET CASHFLOWS FROM/OPERATING ACTIVITIES		13,252	901,893
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD			
Cash and Cash Equivalents At Beginning Of Financial Year		5,408,213	4,288,731
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	5,712,671	5,408,213

This Statement should be read in conjunction with the accompanying notes

Casterton Memorial Hospital Note to the Financial Statements For the Financial Year Ended 30 June 2021

Note 1: Basis of preparation

Structure

- 1.1 Basis of preparation of the financial statements**
- 1.2 Impact of COVID-19 pandemic**
- 1.3 Abbreviations and terminology used in the financial statements**
- 1.4 Principles of consolidation**
- 1.5 Joint arrangements**
- 1.6 Key accounting estimates and judgements**
- 1.7 Accounting standards issued but not yet effective**
- 1.8 Goods and Services Tax (GST)**
- 1.9 Reporting entity**

These financial statements represent the audited general purpose financial statements for Casterton Memorial Hospital for the year ended 30 June 2021. The report provides users with information Casterton Memorial 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.

Casterton Memorial 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.

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

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 are prepared on a going concern basis (refer to Note 8.10 Economic Dependency).

These financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Casterton Memorial Hospital on 23/09/2021.

Note 1.2 Impact of COVID-19 Pandemic

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Casterton Memorial Hospital was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Casterton Memorial Hospital operates. Casterton Memorial 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
- deferring elective surgery and reducing activity
- performing COVID-19 testing
- implementing work from home arrangements where appropriate

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services

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
WIES	Weighted Inlier Equivalent Separation
CMH	Casterton Memorial Hospital

Note 1.4 Principles of consolidation

The financial statements include the assets and liabilities of Casterton Memorial Hospital and cash flows for the year. Transactions between segments within Casterton Memorial Hospital have been eliminated to reflect the extent of Casterton Memorial Hospital's operations as a group.

Note 1.5 Joint arrangements

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

Casterton Memorial Hospital has the following joint arrangements:

- Member of the SWARH Joint Venture

Details of the joint arrangements are set out in Note 8.7

Note 1.6 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 1.7 Accounting standards issued but not yet effective

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

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

Note 1.8 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

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

Note 1.9 Reporting Entity

The financial statements include all the controlled activities of Casterton Memorial Hospitals.

Its principal address is:

63-69 Russell St
Casterton, Victoria 3311

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

Note 2: Funding delivery of our services

Casterton Memorial Hospital’s overall objective is to provide quality health services that support and enhance the wellbeing of its consumers.

Casterton Memorial Hospital is predominantly funded by grant funding for the provision of outputs. Casterton Memorial 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 and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>Casterton Memorial 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 Casterton Memorial Hospital to recognise revenue as or when the health service 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>Casterton Memorial 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>Casterton Memorial 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>

Note 2.1: Revenue and income from transactions

	Total 2021 \$	Total 2020 \$
Revenue from Contracts with Customers		
Government Grants (State) - Operating	94,354	155,040
Government Grants (Commonwealth) - Operating	2,458,408	2,315,334
Patient & Resident Fees	1,062,319	1,155,227
Commercial Activities ¹	174,568	152,116
Total Revenue from Contracts with Customers	3,789,649	3,777,717
Other Sources of Income		
Government Grants (State) - Operating	5,664,471	5,348,366
Government Grants (State) - Capital	13,907	30,522
Assets received free of charge or for nominal consideration	83,707	31,715
Other Revenue from Operating Activities (including non-capital donations)	499,173	582,579
Total Other Sources of Income	6,261,258	5,993,182
Total Income from Operating Activities	10,050,907	9,770,899
Non-Operating Activities		
Other Interest	21,752	75,492
Other revenue from non-operating activities	71,055	62,302
Total Income from Non-Operating Activities	92,807	137,794
Total Income from Transactions	10,143,714	9,908,693

¹ Commercial activities represent business activities which health service enter into to support their operations.

How we recognise revenue and income from transactions

Government Operating Grants

To recognise revenue, Casterton Memorial 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 AASB15 Revenue from Contracts with Customers includes:

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2020/2021

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>
Grants requiring acquittal of services and/or expenditure	<p>Revenue is recognised in accordance with the funding agreement Casterton Memorial Hospital exercises judgement over whether performance obligations are met, which includes assessment of total expenditure incurred and whether key performance indicators have been met.</p>

Patient 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 provision 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.

Commercial activities

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Non-cash contributions from the Department of Health

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

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Casterton Memorial 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.

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

	2021	2020
	\$	\$
Cash donations and gifts	12,162	31,715
Personal protective equipment	71,545	-
Total fair value of assets and services received free of charge or for nominal consideration	83,707	31,715

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

Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when Casterton Memorial 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.

Personal protective equipment

In order to meet the State of Victoria’s health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Casterton Memorial Hospital as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

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. Casterton Memorial Hospital has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

Note 2.3 Other income

	2021	2020
	\$	\$
Other interest	21,752	75,492
Rental Income	71,055	62,302
Total other income	92,807	137,794

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.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In section 2, the funds that enabled the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 Expenses from Transactions

3.2 Employee benefits on 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 and its impact on our economy and the health of our community.

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>Casterton Memorial Hospital applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Casterton Memorial 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 Casterton Memorial 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>

Note 3.1: Expenses from Transactions

	Total 2021 \$	Total 2020 \$
Salaries & Wages	5,955,809	5,924,063
On-Costs	1,524,484	1,388,936
Agency Expenses	140,222	133,523
Fee for Service Medical Officer Expenses	185,530	230,118
Workcover Premium	111,438	92,614
Total Employee Expenses	7,917,483	7,769,254
Drug Supplies	49,848	46,836
Medical and Surgical Supplies	156,753	89,943
Diagnostic and Radiology Supplies	9,932	7,331
Other Supplies and Consumables	368,066	380,573
Total Supplies and Consumables	584,599	524,683
Finance Costs	1,722	2,088
Total Finance Costs	1,722	2,088
Other Administrative Expenses	860,875	841,401
Total Other Administrative Expenses	860,875	841,401
Fuel, Light, Power and Water	176,832	203,338
Repairs and Maintenance	86,824	79,386
Maintenance Contracts	41,081	49,336
Medical Indemnity Insurance	30,957	42,888
Total Other Operating Expenses	335,694	374,948
Total Operating Expense	9,700,373	9,512,374
Depreciation and Amortisation (refer note 4.3)	1,324,259	1,321,011
Total Depreciation and Amortisation	1,324,259	1,321,011
Total Non-Operating Expense	1,324,259	1,321,011
Total Expenses from Transactions	11,024,632	10,833,385

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;
- Work cover premium.

Supplies and consumables

Supplies and consumables - Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Finance costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1000).

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

Non-operating expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Employee benefits in the balance sheet

	Total 2021 \$	Total 2020 \$
CURRENT PROVISIONS		
Employee Benefits (i)		
Annual Leave		
- Unconditional and expected to be settled within 12 months (i)	412,454	569,017
- Unconditional and expected to be settled after 12 months (ii)	273,576	51,324
Long Service Leave		
- Unconditional and expected to be settled within 12 months (i)	150,407	154,534
- Unconditional and expected to be settled after 12 months (ii)	876,452	844,109
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (i)	42,181	45,331
	1,755,070	1,664,315
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (i)	71,950	165,526
- Unconditional and expected to be settled after 12 months (ii)	122,195	93,582
	194,145	259,108
TOTAL CURRENT PROVISIONS	1,949,215	1,923,423
NON-CURRENT PROVISIONS		
Conditional long service leave	205,917	241,775
Provisions related to employee benefit on-costs	21,066	24,907
Total Non-Current Provisions	226,983	266,682
Total Provisions	2,176,198	2,190,105

Notes:

- (i) The amounts disclosed are nominal amounts accrued by employees, not including on-costs
- (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 accrued days off, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

Provisions are recognised when Casterton Memorial Hospitals has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

Annual Leave and Accrued Days Off

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

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

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

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2020/2021

Long service leave

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal – if the health service expects to wholly settle within 12 months; and
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flow.

Termination Benefits

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

On-Costs Related to Employee Expense

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.2(a) Employee Benefits and Related On-Costs

	Total 2021 \$	Total 2020 \$
Current Employee Benefits and related on-costs		
Unconditional accrued days off	42,181	45,331
Unconditional annual leave entitlements	730,118	775,081
Unconditional long service leave entitlements	1,176,916	1,103,011
Total current employee benefits and related on-costs	1,949,215	1,923,423
Conditional Long Service Leave Entitlements	226,983	266,682
Non-Current Employee Benefits and related on-costs	226,983	266,682
Total Employee Benefits and Related On-Costs	2,176,198	2,190,105
Carrying amount at start of year	2,190,105	2,156,960
Additional provisions recognised	753,153	799,410
Amounts incurred during the year	(767,060)	(766,265)
Carrying amount at the end of the year	2,176,198	2,190,105

Note 3.3: Superannuation

	Paid contribution for the Year 2021 \$	Paid contribution for the Year 2020 \$
Defined benefit plans: ⁽ⁱ⁾		
First State Super (Health Super)	34,473	37,924
Defined Contribution plans:		
First State Super (Health Super)	481,779	511,894
HESTA	69,534	65,706
Other	67,119	28,536
Total	652,905	644,060

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans

How we recognise superannuation

Employees of Casterton Memorial Hospital are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined Benefit Superannuation Plans

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

Casterton Memorial Hospital does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Casterton Memorial Hospital.

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

Defined Contribution Superannuation Plans

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

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

Note 3.4: Other economic flows

	Total 2021 \$	Total 2020 \$
Allowance for impairment losses of contractual receivables	-	(5,040)
Total Net Gain/(Loss) on Financial Instruments	-	(5,040)
Revaluation of investment property	10,000	
Net gain/(loss) on disposal of property plant and equipment	7,258	2,561
Total gain/(loss) on non-financial assets	17,258	2,561
Share of net profits/(losses) of joint entities	(2,924)	558
Total Share of other economic flows from Joint Operations	(2,924)	558
Net gains/(losses) from revaluation of long service leave	121,434	(47,786)
Total other gains/(losses) from other economic flows	121,434	(47,786)
Total gains/(losses) from other economic flows	135,768	(49,707)

How we recognised 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; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/ (loss) on non-financial assets

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

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

Net gain/ (loss) on financial instruments

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

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

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation 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 the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired.

Note 4: Key assets to support service delivery

Casterton Memorial 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 Casterton Memorial Hospital to be utilised for delivery of those outputs.

Structure

- 4.1 Investments and Other Financial Assets**
- 4.2 Property, plant and equipment**
- 4.3 Depreciation and amortisation**
- 4.4 Investment Properties**

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 and its impact on our economy and the health of our community.

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 and investment properties	<p>Casterton Memorial 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 <u>Valuer-General</u> 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>Casterton Memorial 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>Casterton Memorial Hospital applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Estimating restoration costs at the end of a lease	<p>Where a lease agreement requires Casterton Memorial Hospital to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.</p>
Estimating the useful life of intangible assets	<p>Casterton Memorial Hospital assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.</p>

Key judgements and estimates	Description
Identifying indicators of impairment	<p>At the end of each year, Casterton Memorial 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 • If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1: Investments & Other Financial Assets

	Total 2021 \$	Total 2020 \$
CURRENT		
Financial Assets at Amortised Cost		
Term Deposits		
Australian Dollar Term Deposits > 3 Months	545,248	509,493
TOTAL CURRENT	545,248	509,493
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	545,248	509,493
Represented by:		
Health Service investment	545,248	509,493
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	545,248	509,493

How we recognise investments and other financial assets

Casterton Memorial Hospital's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

Casterton Memorial Hospital manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when Casterton Memorial Hospital enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

Casterton Memorial Hospital classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

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

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

Note 4.2: Property, plant and equipment

Note 4.2 (a) Gross carrying amount and accumulated depreciation

	Total 2021 \$	Total 2020 \$
Land		
Land - Crown	389,400	330,000
TOTAL LAND AT FAIR VALUE	389,400	330,000
Land Improvement		
Land Improvements at Fair Value	374,113	374,113
Less Acc'd Depreciation	(23,285)	(11,642)
TOTAL LAND IMPROVEMENTS	350,828	362,471
Buildings		
Buildings at Fair Value	19,515,201	19,515,201
Less Acc'd Depreciation	(2,318,257)	(1,159,129)
Assets Under Construction	21,534	-
TOTAL BUILDINGS	17,218,478	18,356,072
Plant and Equipment		
Plant and Equipment at Fair Value	846,999	832,774
Less Acc'd Depreciation	(599,430)	(597,817)
TOTAL PLANT AND EQUIPMENT	247,569	234,957
Medical Equipment		
Medical Equipment at Fair Value	475,606	519,097
Less Acc'd Depreciation	(430,621)	(505,469)
TOTAL MEDICAL EQUIPMENT	44,985	13,628
Computers and Communication		
Computers and Communication at Fair Value	128,479	128,479
Less Acc'd Depreciation	(38,031)	(25,651)
TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT	90,448	102,828
Furniture and Fittings		
Furniture and Fittings at Fair Value	706,198	686,882
Less Acc'd Depreciation	(597,784)	(576,599)
TOTAL FURNITURE AND FITTINGS	108,414	110,283
Motor Vehicles		
Motor Vehicles at Fair Value	258,186	276,904
Less Acc'd Depreciation	(222,991)	(226,782)
Right of Use Motor Vehicles	78,577	48,596
Less Acc'd Depreciation	(14,051)	(4,204)
TOTAL MOTOR VEHICLES	99,721	94,514
Right of use equipment		
Right of use - ICT equipment	693,483	603,352
Less Acc'd Depreciation	(521,795)	(483,602)
TOTAL RIGHT OF USE EQUIPMENT	171,688	119,750
TOTAL	18,721,531	19,724,503

Notes To and Forming Part of the Financial Statements
 Casterton Memorial Hospital Annual Report 2020/2021

Note 4.2: Property, Plant & Equipment (Continued)

Note 4.2(b) Reconciliations of the carrying amounts of each class of asset.

	Land & Land Improvements \$	Buildings \$	Plant & Equipment \$	Medical Equipment \$	Computers & Comm Equipment \$	Furniture & Fittings \$	Motor Vehicles \$	Right of Use Equipment \$	Total \$
Balance at 1 July 2019	704,113	19,519,889	248,303	22,497	93,667	122,411	80,533	117,503	20,908,916
Transfers	-	-	-	-	-	-	-	-	-
Additions	-	-	27,742	3,166	21,241	12,250	48,596	40,002	152,997
Disposals	-	(4,688)	-	-	-	-	(11,712)	-	(16,400)
Revaluation	-	-	-	-	-	-	-	-	-
Depreciation (note 4.3)	(11,642)	(1,159,129)	(41,088)	(12,035)	(12,081)	(24,378)	(22,903)	(37,755)	(1,321,011)
Balance at 1 July 2020	692,471	18,356,072	234,957	13,628	102,828	110,283	94,514	119,750	19,724,503
Additions	-	21,534	50,560	46,524	1,115	20,622	29,980	93,112	263,447
Disposals	-	-	-	-	-	-	(1,560)	-	(1,560)
Revaluation	59,400	-	-	-	-	-	-	-	59,400
Depreciation (note 4.3)	(11,642)	(1,159,129)	(37,948)	(15,167)	(13,496)	(22,490)	(23,214)	(41,173)	(1,324,259)
Balance at 30 June 2021	740,229	17,218,477	247,569	44,985	90,447	108,415	99,720	171,689	18,721,531

Land and buildings carried at valuation

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

Note 4.2: Property, plant and equipment

How we recognised property, plant and equipment

Property, plant and equipment are tangible items that are used by Casterton Memorial 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 (excluding right-of-use assets) 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.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

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, Casterton Memorial 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%, Casterton Memorial Hospital would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Casterton Memorial Hospital's property, plant and equipment was performed by the VGV on 30/06/2019. 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 18% (\$59,400)
- increase in fair value of buildings of 6%

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.

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, Casterton Memorial 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, Casterton Memorial 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.

Casterton Memorial 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 4.2: Property, Plant & Equipment (Continued)

How we recognise right-of-use assets

Where Casterton Memorial Hospital enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Casterton Memorial Hospital presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 3 years

Presentation of right-of-use assets

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

Initial recognition

When a contract is entered into, Casterton Memorial Hospital assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

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

Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Impairment

At the end of each financial year, Casterton Memorial Hospital assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Casterton Memorial Hospital estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Casterton Memorial Hospital performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

Note 4.2(c) Fair value measurement hierarchy for assets

Note	Carrying Amount 30 June 2021 \$	Fair value measurement at end of reporting period using:		
		Level 1(i) \$	Level 2(i) \$	Level 3(i) \$
Land at Fair Value				
Specialised land	389,400	-	-	389,400
Land Improvements	350,828	-	-	350,828
Total of Land at Fair Value	740,228	-	-	740,228
Buildings at Fair Value				
Specialised Buildings	17,196,944	-	-	17,196,944
Total of Building at Fair Value	17,196,944	-	-	17,196,944
Plant, Equipment and Vehicles at fair value	247,569	-	-	247,569
Medical Equipment at Fair Value	44,985	-	-	44,985
Computers and Communication at Fair Value	90,448	-	-	90,448
Furniture and Fittings at Fair Value	108,414	-	-	108,414
Motor Vehicles at Fair Value	35,195	-	35,195	-
Total Property, Plant & Equipment	18,463,783	-	35,195	18,428,588

Note 4.2: Property, Plant & Equipment (Continued)

	Carrying Amount as at 30 June 2020 \$	Fair value measurement at end of reporting period using:		
		Level 1(i) \$	Level 2(ii) \$	Level 3 \$
Land at Fair Value				
Specialised land	4.2 (a) 330,000	-	-	330,000
Land Improvements	4.2 (a) 362,471	-	-	362,471
Total of Land at Fair Value	692,471	-	-	692,471
Buildings at Fair Value				
Specialised Buildings	4.2 (a) 18,356,072	-	-	18,356,072
Total of Building at Fair Value	18,356,072	-	-	18,356,072
Plant, Equipment and Vehicles at fair value	4.2 (a) 234,957	-	-	234,957
Medical Equipment at Fair Value	4.2 (a) 13,628	-	-	13,628
Computers and Communication at Fair Value	4.2 (a) 102,828	-	-	102,828
Furniture and Fittings at Fair Value	4.2 (a) 110,283	-	-	110,283
Motor Vehicles at Fair Value	4.2 (a) 50,122	-	50,122	-
Total Property, Plant & Equipment	19,560,361	-	50,122	19,510,239

(i) Classified in accordance with the fair value hierarchy

Note 4.2: Property, Plant & Equipment (Continued)

Note 4.2(d) Reconciliation of level 3 Fair Value measurement

	Land \$	Buildings \$	Plant & Equipment \$	Medical Equipment \$	Computers & Comm Equipment \$	Furniture & Fittings Equipment \$
Balance at 1 July 2019	704,113	19,515,201	248,303	22,497	93,668	122,411
Additions	-	-	27,742	3,166	21,241	12,250
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation (note 4.3)	(11,642)	(1,159,129)	(41,088)	(12,035)	(12,081)	(24,378)
Balance at 1 July 2020	692,471	18,356,072	234,957	13,628	102,828	110,283
Additions	-	-	50,560	46,524	1,115	20,622
Disposals	-	-	-	-	-	-
Revaluation	59,400	-	-	-	-	-
Depreciation (note 4.3)	(11,642)	(1,159,129)	(37,948)	(15,167)	(13,496)	(22,490)
Balance at 30 June 2021	740,229	17,196,943	247,569	44,985	90,447	108,415

(i) Classified in accordance with the fair value hierarchy, refer Note 4.2(c)

Note 4.2: Property, Plant & Equipment (Continued)

Note 4.2(e) Fair Value Determination

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

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

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

In addition, Casterton Memorial Hospital determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is Casterton Memorial Hospital's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Note 4.2: Property, Plant & Equipment (Continued)

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

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.

Non-specialised land, non-specialised buildings and cultural assets

Non-specialised land, non-specialised buildings and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised land and specialised buildings

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

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

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

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

An independent valuation of Casterton Memorial Hospital's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Vehicles

The Casterton Memorial Hospital acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the health service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

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

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2020/2021

Note 4.2: Property, Plant & Equipment (Continued)

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

	Total 2021 \$	Total 2020 \$
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	20,810,464	20,810,464
- Land	59,400	-
- Buildings	-	-
Balance at the end of the reporting period	20,869,864	20,810,464
Represented by		
- Land	459,343	399,943
- Buildings	20,410,521	20,410,521
Total	20,869,864	20,810,464

Note 4.3: Depreciation and amortisation

	Total 2021 \$	Total 2020 \$
Depreciation		
Buildings	1,159,129	1,159,129
Plant & Equipment	37,948	41,088
Medical Equipment	15,167	12,035
Computers and Communication	13,496	12,081
Furniture and Fittings	22,490	24,378
Motor Vehicles	13,367	18,699
Land Improvements	11,642	11,642
Leased Assets - Vicfleet	9,847	4,204
Right of use Assets		
- Right of use equipment	41,173	37,755
Total Depreciation	1,324,259	1,321,011

How we recognise depreciation

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

How we recognise amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2021	2020
Buildings		
- Structure Shell Building Fabric	35 years	35 years
- Site Engineering Services and Central Plant	25 years	25 years
Central Plane		
- Fit Out	10 years	10 years
- Trunk Reticulated Building systems	15 years	15 years
Plant and Equipment	8 to 10 years	8 to 10 years
Medical Equipment	8 to 10 years	8 to 10 years
Computers and Communication	2 to 4 years	2 to 4 years
Furniture and Fittings	8 to 10 years	8 to 10 years
Motor Vehicles	2 to 5 years	2 to 5 years
Leasehold Improvements	2 to 10 years	2 to 10 years

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

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2020/2021

Note 4.4: Investment properties

Note 4.4(a) Movements in carrying value for investment as at 30 June 2021

	Total 2021 \$	Total 2020 \$
Balance at Beginning of Year	40,000	40,000
Net Gain/(Loss) from Fair Value Revaluation	10,000	-
Balance at End of Year	50,000	40,000

Note 4.4(b) Fair value measurement hierarchy for investment properties

	Carry amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Investment Properties	50,000		50,000	
	50,000		50,000	

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

How we recognise investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the health services.

Initial recognition

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Health Service.

Subsequent measurement

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

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

The fair value of the Health Service’s investment properties at 30 June 2021 have been arrived on the basis of an independent valuation carried out by Peter Gorman, a licensed real estate agent. The valuation was determined with reference to market evidence of properties including location, condition and lease terms.

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight line basis over the lease term.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2021.

Note 5: Other assets and liabilities

This sections sets out those assets and liabilities that arose from the Casterton Memorial Hospital's operations

Structure

5.1 Receivables

5.2 Payables

5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were 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

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Casterton Memorial 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 contract liabilities	Casterton Memorial 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.
Recognition of other provisions	Other provisions include Casterton Memorial Hospital's obligation to restore leased assets to their original condition at the end of a lease term. The health service applies significant judgement and estimate to determine the present value of such restoration costs.

Note 5.1: Receivables and contract assets

Current receivables and contract assets

Contractual

Trade Debtors

Inter Hospital Debtors

Patient Fees

Accrued Revenue

Receivables - SWARH

DHHS Receivables

Provision for impairment

Total contractual receivables

Statutory

GST Receivable

Total statutory receivables

Total Current receivables and contract assets

	Total 2021 \$	Total 2020 \$
	112,606	131,962
	6,306	20,130
	24,972	33,471
	34,733	5,357
	64,204	133,852
	70,676	42,819
	-	(5,040)
Total contractual receivables	313,497	362,551
	38,485	22,867
Total statutory receivables	38,485	22,867
Total Current receivables and contract assets	351,982	385,418

Note 5: Other assets and liabilities (Continued)

Non-current receivables and contract assets

Contractual

Long Service Leave - DHS	584,669	581,960
Share of SWARH LSL debtor	10,269	11,863
Total contractual receivables	594,938	593,823
Total non-current receivables and contract assets	594,938	593,823
Total receivables and contract assets	946,920	979,241

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

Total receivables and contract assets	946,920	979,241
Provision for impairment	-	5,040
GST receivable	(38,485)	(22,867)
Total financial assets	908,435	961,414

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. Casterton Memorial Hospital holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which 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. Casterton Memorial Hospital applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Casterton Memorial Hospital is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due date or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.2 (a) for Casterton Memorial Hospital's contractual impairment losses.

Note 5.2: Payables and contract liabilities

Note	Total 2021 \$	Total 2020 \$
Payables and contract liabilities		
Contractual		
	166,800	101,422
	177,730	167,866
	34,859	43,397
	203,087	195,905
5.2(a)	44,069	98,712
	626,545	607,302
Total contractual payables		
Statutory		
	108,822	102,158
	108,822	102,158
Total statutory payables		
	735,367	709,460
Total payables and contract liabilities		

(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))

Total payables and contract liabilities	735,367	709,460
Contract liabilities	(44,069)	(98,712)
PAYG Withholding	(108,822)	(102,158)
Total financial liabilities	582,476	508,590

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 Casterton Memorial 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 30 days.

Note 5.2(a): Contract liabilities

	2021 \$'000	2020 \$'000
Opening balance	98,712	-
adjusted for AASB 15	-	19,375
Add: Grant consideration for sufficiently specific performance obligations received during the year	(54,643)	79,337
Total contract liabilities	44,069	98,712
Represented by		
Current contract liabilities	44,069	98,712

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

Maturity analysis of payables

Please refer to Note 7.2(a) for the ageing analysis of payables.

Note 5.3: Other liabilities

Note	Total 2021 \$	Total 2020 \$
Current monies held in trust		
	2,014,902	2,013,453
	2,014,902	2,013,453
Total Other Liabilities		
	2,014,902	2,013,453
Represented by:		
	2,014,902	2,013,453
6.2	2,014,902	2,013,453

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 Casterton Memorial Hospital upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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

Note 6: How we finance our operations

This sections provides information on the sources of finance utilised by Casterton Memorial Hospital during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Casterton Memorial Hospital

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1: provides additional, specific financial instrument disclosures

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

Telling the COVID-19 story

Our finance and borrowing arrangements were 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

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	Casterton Memorial Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the health service: <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.
Determining if a lease meets the short-term or low value asset lease exemption	Casterton Memorial Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	Casterton Memorial Hospital discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service’s lease arrangements, Casterton Memorial Hospital uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Casterton Memorial Hospital is reasonably certain to exercise such options. <p>Casterton Memorial Hospital determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Note	Total 2021 \$	Total 2020 \$
Current borrowings			
Lease liability ⁽ⁱ⁾	6.1(a)	36,472	27,298
Advances from government ⁽ⁱⁱ⁾		30,354	30,355
Total current borrowings		66,826	57,653
Non-current borrowings			
Lease liability ⁽ⁱ⁾	6.1(a)	97,093	64,254
Advances from government ⁽ⁱⁱ⁾		-	30,209
Total non-current borrowings		97,093	94,463
Total Borrowings		163,919	152,116

(i) Secured by the assets leased.

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

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

Initial recognition

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

Subsequent measurement

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

Maturity analysis

Please refer to note 7.2 (a) for the maturity analysis of borrowings.

Defaults and breaches

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

Note 6.1(a) Lease liabilities

Casterton Memorial Hospitals' lease liabilities are summarised below:

	2021 \$	2020 \$
Total undiscounted lease liabilities	136,268	94,394
Less unexpired finance expenses	(2,703)	(2,842)
Net lease liabilities	133,565	91,552

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	2021 \$	2020 \$
Not longer than one year	36,472	27,298
Longer than 1 year and not longer than 5 years	99,796	67,096
Longer than 5 years	-	-
Minimum future lease liabilities	136,268	94,394
Less unexpired finance expenses	(2,703)	(2,842)
Present value of lease liability	133,565	91,552
Represented by:		
Current liabilities	36,472	27,298
Non-current liabilities	97,093	64,254
TOTAL	133,565	91,552

Note 6.1(a) Lease liabilities (cont.)

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for Casterton Memorial Hospital to use an asset for a period of time in exchange for payment.

To apply this definition, Casterton Memorial Hospital ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Casterton Memorial Hospital and for which the supplier does not have substantive substitution rights
- Casterton Memorial Hospital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Casterton Memorial Hospital has the right to direct the use of the identified asset throughout the period of use and
- Casterton Memorial Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Casterton Memorial Hospital lease arrangements consist of the following:

Type of asset leased	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 3 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. The following low value, short term and variable lease payments are recognised in profit or loss:

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	1

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or XYZ Health Services incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee and
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Note 6.2 Cash and cash equivalents

	Note	Total 2021 \$	Total 2020 \$
Cash on Hand (excluding monies held in trust)		400	400
Cash at Bank (excluding monies held in trust)		170,408	98,572
Cash at Bank - SWARH		213,265	180,620
Cash at Bank - CBS (excluding monies held in trust)		3,313,696	3,115,168
Total cash held for operations		3,697,769	3,394,760
Cash at Bank (monies held in trust)		49,581	92,611
Cash at Bank - CBS (monies held in trust)		1,965,321	1,920,842
Total cash held as monies in trust		2,014,902	2,013,453
Total Cash and Cash Equivalents	7.1(a)	5,712,671	5,408,213

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.

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

Note 6.3: Commitments for Expenditure

	Total 2021 \$	Total 2020 \$
Non-cancellable Short Term and low value lease commitments		
Less than 1 year	-	8,033
Longer than 1 year but not longer than 5 years	-	5,744
Total Non-cancellable Lease Commitments	-	13,777
Total Commitments for Expenditure (inclusive of GST)	-	13,777
Less GST recoverable from the ATO	-	(1,252)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	-	12,525

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

How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

Expenditure commitments

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

Short term and low value leases

Casterton Memorial Hospital discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

7.1 Financial Instruments

7.2 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 Casterton Memorial 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

		Financial Assets at Amortised Cost \$	Financial Liabilities at Amortised Cost \$	Total \$
2021	Note			
Contractual Financial Assets				
Cash and cash equivalents	6.2	5,712,671	-	5,712,671
Receivables and contract assets	5.1	908,435	-	908,435
Investments and Other Financial Assets	4.1	545,248	-	545,248
Total Financial Assets ⁽ⁱ⁾		7,166,354	-	7,166,354
Financial Liabilities				
Payables - excludes income in advance	5.2	-	582,476	582,476
Borrowings	6.1	-	163,919	163,919
Other Financial Liabilities - Refundable		-	2,014,902	2,014,902
Accommodation Deposits	5.3	-		
Total Financial Liabilities ⁽ⁱ⁾		-	2,761,297	2,761,297
2020				
Contractual Financial Assets				
Cash and cash equivalents	6.2	5,408,213	-	5,408,213
Receivables and contract assets	5.1	961,414	-	961,414
Investments and Other Financial Assets	4.1	509,493	-	509,493
Total Financial Assets ⁽ⁱ⁾		6,879,120	-	6,879,120
Financial Liabilities				
Payables	5.2	-	508,590	508,590
Borrowings	6.1	-	152,116	152,116
Other Financial Liabilities - Refundable		-	2,013,453	2,013,453
Accommodation Deposits	5.3	-		
Total Financial Liabilities ⁽ⁱ⁾		-	2,674,159	2,674,159

(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: Risks, Contingencies and Valuation Uncertainties (Continued)

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when Casterton Memorial Hospital becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Casterton Memorial 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

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 Casterton Memorial 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 are subsequently measured at amortised cost using the effective interest method less any impairment

Casterton Memorial Hospital recognises the following assets in this category:

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

Categories of financial liabilities

Financial liabilities are recognised when Casterton Memorial 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.

Casterton Memorial Hospital recognises the following liabilities in this category:

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

Note 7: Risks, Contingencies and Valuation Uncertainties (Continued)

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

Reclassification of financial instruments

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, Casterton Memorial 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.

Note 7.2: Financial risk management objectives and policies

As a whole, Casterton Memorial 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.

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

Casterton Memorial 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. Casterton Memorial Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Casterton Memorial Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Casterton Memorial 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, Casterton Memorial 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, Casterton Memorial 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 Casterton Memorial 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 Casterton Memorial Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

Impairment of financial assets under AASB 9

Casterton Memorial Hospital records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, 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

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

On this basis, Casterton Memorial Hospital determines the closing loss allowance at the end of the financial year as follows:

	30-Jun-21	Note	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate			0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables	5.1		883,322	6,092	6,146	12,875	0	908,435
Loss allowance			-	-	-	-	-	-

	30-Jun-20	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate		0.0%	0.0%	0.0%	100.00%	0.0%	
Gross carrying amount of contractual receivables	5.1	954,966	0	1,408	5,040	0	961,414
Loss allowance		-	-	-	(5,040)	-	(5,040)

Statutory receivables at amortised cost

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

Note 7.2 (b) Liquidity risk

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

Casterton Memorial 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.

Casterton Memorial 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 Casterton Memorial Hospital's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates			
			Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$
30 Jun 2021						
Payables	582,476	582,476	379,389	-	203,087	-
Borrowings	163,919	163,919	-	-	66,826	97,093
Other Financial Liabilities - Refundable Accommodation Deposits	2,014,902	2,014,902	-	-	322,384	1,692,518
Total Financial Assets	2,761,297	2,761,297	379,389	-	592,297	1,789,611
30 Jun 2020						
Payables	508,590	508,590	217,520	291,070	-	-
Borrowings	152,116	152,116	-	-	95,101	57,015
Other Financial Liabilities - Refundable Accommodation Deposits	2,013,453	2,013,453	-	-	322,152	1,691,301
Total Financial Assets	2,674,159	2,674,159	217,520	291,070	417,253	1,748,316

- (i) Aging analysis of financial liabilities excludes statutory financial liabilities (i.e GST payable)
(ii) the maturity of historical accommodation deposits is based upon historical payment maturity

Note 7.2 (c) Market risk

Casterton Memorial 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.

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. Casterton Memorial 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. Casterton Memorial 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

At balance date, the Board are not aware of any 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 and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively

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 annual report.

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash from Operating Activities**
- 8.2 Responsible Person Disclosures**
- 8.3 Remuneration of Executives**
- 8.4 Related Parties**
- 8.5 Remuneration of Auditors**
- 8.6 Events occurring after Balance Sheet date**
- 8.7 Joint Arrangements**
- 8.8 Investments accounted for using the Equity Method**
- 8.9 Equity**
- 8.10 Economic Dependency**

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

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

		Total 2021 \$	Total 2020 \$
Net Result for the Year	OS	(745,150)	(974,398)
Non-Cash Movements:			
Depreciation	4.3	1,324,259	1,321,011
Share of Other Economic flows from Joint Operation	8.8	2,924	(558)
Provision for Doubtful Debts	5.1	-	5,040
Movements included in Investing and Financing Activities			
Net (Gain)/Loss from Sale of Plant and Equipment	3.4	(7,258)	(2,561)
Net (gain) on revaluation of investment property	3.4	(10,000)	-
Movements in Assets and Liabilities:			
(Increase)/Decrease in Receivables	5.1	32,321	(136,697)
(Increase)/Decrease in Other Assets		(27,506)	19,067
Increase/(Decrease) in Payables		25,907	151,756
Increase/(Decrease) in Provisions		(13,907)	33,145
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		581,590	415,805

Note 8.2: Responsible Persons Disclosures

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

Responsible Ministers:

The Honourable Martin Foley:
Minister for Mental Health
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 Hon Luke Donnellan:
Minister for Child Protection
Minister for Disability, Ageing and Carers

The Honourable James Merlino:
Minister for Mental Health

Governing Boards

Ms Merridy Rowe
Mr Gerald Smith
Mr Peter Green
Ms Harpreet Moore
Mr Gregory Hart
Dr Colin Riley
Ms Bronwyn Roberts
Mr Kane Forbes
Ms Liz McKinnon

Accountable Officers

Mr Owen Stephens (Chief Executive Officer)

Period
1 Jul 2020 - 29 Sep 2020
26 Sep 2020 - 30 Jun 2021
26 Sep 2020 - 30 Jun 2021
26 Sep 2020 - 9 Nov 2020
1 Jul 2020 - 26 Sep 2020
1 Jul 2020 - 26 Sep 2020
1 Jul 2020 - 26 Sep 2020
1 Jul 2020 - 30 Jun 2021
1 Jul 2020 - 30 Jun 2021
29 Sep 2020 - 30 Jun 2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 31/12/2020
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021
01/7/2020 - 30/06/2021

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999
\$220,000 - \$229,999
Total Numbers

Total Remuneration	
2021 No.	2020 No.
9	8
1	1
10	9
2021	2020
\$256,684	\$250,241

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

Amounts relating to the Governing Board Members and Accountable Officer of Casterton Memorial Hospital's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of Executives

The number of executive officers, other than Ministers and the Accountable Officer, 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.

	Total Remuneration	
	2021	2020
Remuneration of executive officers		
Short-term employee benefits	\$ 154,031	\$ 156,011
Post-employment benefits	29,692	29,692
Other long-term benefits	4,574	4,421
Termination benefits	0	0
Total Remuneration ⁽ⁱ⁾	188,297	190,124
Total Number of executives	1	1
Total annualised employee equivalent ⁽ⁱⁱ⁾	1	1

Notes:

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

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

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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

Short-term employee benefits

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

Post-employment benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

Long service leave, other long-service benefit or deferred compensation.

Termination benefits

Termination of employment payments, such as severance packages.

Other factors

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated, and a number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

NOTE 8.4: Related Parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the South West Alliance of Rural Health; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Casterton Memorial Hospital, directly or indirectly.

Key management personnel

The Board of Directors and the Executive Directors of the Casterton Memorial Hospital and its controlled entities are deemed to be KMPs. This includes the following:

Entity	KMP	Position Title
Casterton Memorial Hospital	Ms Merridy Rowe	Chair of the Board
Casterton Memorial Hospital	Mr Gerald Smith	Board Member
Casterton Memorial Hospital	Mr Peter Green	Board Member
Casterton Memorial Hospital	Ms Harpreet Moore	Board Member
Casterton Memorial Hospital	Ms Liz McKinnon	Board Member
Casterton Memorial Hospital	Ms Bronwyn Roberts	Board Member
Casterton Memorial Hospital	Mr Gregory Hart	Board Member
Casterton Memorial Hospital	Dr Colin Riley	Board Member
Casterton Memorial Hospital	Mr Kane Forbes	Board Member
Casterton Memorial Hospital	Mr Owen Stephens	Chief Executive Officer
Casterton Memorial Hospital	Ms Mary-Anne Betson	Manager Nursing Services

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

Compensation - KMP's

Short term employee benefits
Post-employment benefits
Other long-term benefits
Termination benefits
TOTAL ⁽¹⁾

TOTAL 2021	TOTAL 2020
\$	\$
369,067	365,000
65,069	64,702
10,845	10,663
0	0
444,981	440,365

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

Significant Transactions with Government Related Entities

The Casterton Memorial Hospital received funding from the Department of Health of \$5.68 m (2020: \$5.41 m) and indirect contributions of \$0.03m (2020: \$0.01 m).

Expenses incurred by the Casterton Memorial Hospital in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Managed Insurance Authority.

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

Outside of normal citizen type transactions with the Casterton Memorial Hospital, there were no related party transactions that involved key management personnel, their close family members or 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 (2020: none).

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

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2020/2021

Note 8.5: Remuneration of Auditors

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

Total 2021 \$	Total 2020 \$
10,050	10,100
10,050	10,100

NOTE 8.6: Events occurring after balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7: Joint arrangements

Name of Entity	Principal Activity	Ownership Interest	
		2021 %	2020 %
South West Alliance of Rural Health	Information Systems	2.09	2.07

Casterton Memorial Hospitals interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2021 \$ *	2020 \$ *
Current Assets		
Cash and Cash Equivalents	213,265	180,620
Receivables	64,204	133,852
Other Assets	13,972	12,160
Total Current Assets	291,441	326,632
Non Current Assets		
Receivables	10,269	11,863
Property, Plant and Equipment	171,688	119,750
Total Non Current Assets	181,957	131,613
Total Assets	473,398	458,245
Current Liabilities		
Payables	247,156	297,060
Employee Benefits	36,225	35,495
Borrowings	24,646	20,191
Total Current Liabilities	308,027	352,746
Non Current Liabilities		
Employee Benefits	7,086	6,697
Borrowings	44,060	26,806
Total Non Current Liabilities	51,146	33,503
Total Liabilities	359,173	386,249
NET ASSETS	114,225	71,996
EQUITY		
Accumulated Surpluses/(Deficits)	39,361	3,312
TOTAL EQUITY	153,586	75,308

Notes To and Forming Part of the Financial Statements
Casterton Memorial Hospital Annual Report 2020/2021

Note 8.7: Joint arrangements (cont)

Casterton Memorial Hospitals interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2021	2020
	\$ *	\$ *
Revenues		
Operating	378,040	403,439
Non operating activities	49,501	20,051
Total Revenue	427,541	423,490
Expenses		
Employee costs	163,085	181,281
Maintenance Contracts and IT Support	150,106	195,701
Other Expenses	35,707	-
Total Expenses	348,898	376,982
Finance charges	1,489	2,088
Depreciation	39,684	37,754
Total Capital and Specific Items	41,173	39,842
Other Economic Flows Included in the Result		
Revaluation of Long Service Leave	1,891	(3,354)
Net Result	39,361	3,312

*The financial results included for SWARH are unaudited at the date of signing the financial statements.

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Note 8.8: Investments accounted for using the equity method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Published Fair Value	
			2021 %	2020 %	2021 \$	2020 \$
Jointly Controlled Entities						
<i>Southern Grampians/Glenelg Shire PCP</i>	Primary Health	Australia	13	13	33,054	35,978

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 Casterton Memorial Hospital.

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

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

Financial assets at fair value through comprehensive income revaluation reserve

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

Specific restricted purpose reserves

The specific restricted purpose reserve is established where Casterton Memorial Hospital has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

NOTE 8.10: Economic Dependency

Casterton Memorial Hospital is dependent on the Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Casterton Memorial Hospital.

Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	2
FRD 22I	Purpose, functions, powers and duties	Inside front cover
FRD 22I	Nature and range of services provided	3 & 11
FRD 22I	Activities, programs and achievements for the reporting period	8 – 11
FRD 22I	Significant changes in key initiatives and expectations for the future	4 – 6
Management and structure		
FRD 22I	Organisational structure	Inside back cover
FRD 22I	Workforce data / employment and conduct principles	12
FRD 22I	Occupational Health and Safety	12
Financial information		
FRD 22I	Summary of the financial results for the year	18 – 19
FRD 22I	Significant changes in financial position during the year	19
FRD 22I	Operational and budgetary objectives and performance against objectives	18 – 19
FRD 22I	Subsequent events	68
FRD 22I	Details of consultancies under \$10,000	13
FRD 22I	Details of consultancies over \$10,000	13
FRD 22I	Disclosure of ICT Expenditure	14
Legislation		
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	13
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	13
FRD 22I	Application and operation of <i>Public Interest Disclosures Act 2012</i>	13
FRD 22I	Statement on National Competition Policy	13
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	13
FRD 22I	Summary of the entity's environmental performance	16
FRD 22I	Additional information available on request	16 - 17
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	13
SD 5.1.4	Financial Management Compliance Attestation	17
SD 5.2.3	Declaration in report of operations	19

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Attestations		
	Attestation on Data Integrity	17
	Attestation on managing Conflicts of Interest	17
	Attestation on Integrity, fraud and corruption	17
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2020-21	8 – 10
	Occupational Violence reporting	16
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	17
	Reporting obligations under the Asset Management Accountability Framework (AMAF)	15

CASTERTON MEMORIAL HOSPITAL - COMMITTEE COMPOSITION

BOARD OF DIRECTORS

BOARD SUB-COMMITTEES

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

EXECUTIVE

CLINICAL SERVICES

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

CORPORATE SERVICES

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

OTHER

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

CASTERTON MEMORIAL HOSPITAL - FUNCTIONAL ORGANISATIONAL CHART

DEPARTMENT OF HEALTH & HUMAN SERVICES

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER MANAGER NURSING SERVICES

SAFETY / CONTINUOUS QUALITY IMPROVEMENT / OH&S / RISK

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

Visiting Medical Services
Director Medical Services
Pharmacist
Allied Health

CLINICAL & COMMUNITY SERVICES

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

RESIDENTIAL CARE

Residential Aged Care

ADMINISTRATIVE SERVICES

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

HOTEL SERVICES

Catering
Linen
Waste Disposal
Laundry
Housekeeping
Meals on Wheels

MAINTENANCE SERVICES

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



Casterton Memorial Hospital

63 - 69 Russell Street, Casterton, Victoria 3311

Phone: (03) 555 42 555 Fax: (03) 55 811 051 Email: mail@cmh.org.au

www.castertonmemorialhospital.com.au