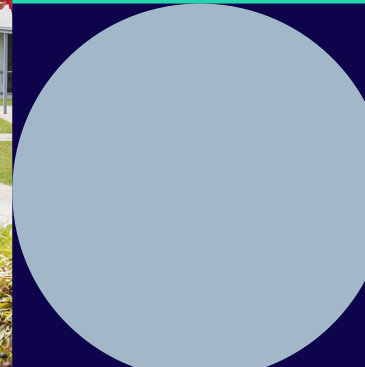
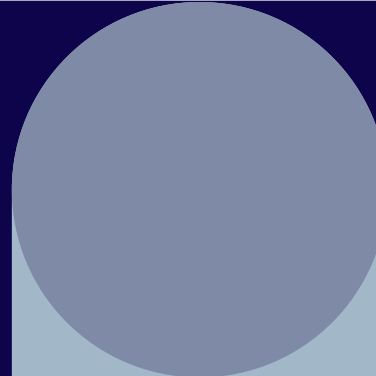




Casterton Memorial Hospital

114th
Annual Report
2021 - 2022

"A Fully Accredited Healthcare Facility"



Casterton Memorial Hospital

Strategic Plan

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, 2022

PHYSICAL FACILITIES / ASSETS

- 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. (90%)
- Hospital Infrastructure Funding \$300k for fabric & asset management plan IT refresh & Aircon. (80%)
- E-Maintenance, decision to remain in-house on \$'s (100%)

GOVERNANCE CORPORATE & CLINICAL

- Safer Care Victoria & Clinical Governance system embedding the 5 Domains. (100%)
- 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%)

QUALITY IMPROVEMENT RISK MANAGEMENT

- ACHS National Standards Accreditation, CHSP & Aged Care Accreditation maintained with COVID interruption (100%)
- Risk management systems sophistication with VMIA/VGRMF review & report. (90%)
- Targeting Zero report 178 recommendations. Actionable items to be achieved. (100%)
- Refresh "Person Centred Care" education organization - wide (70%)

HUMAN RESOURCES

- Succession planning of CMH workforce needs & assessment report / plan. (100%)
- Conduct annual organization-wide Employee Satisfaction Survey in addition to People Matter Survey outcomes. (100%)
- Total E-HR Personnel & Payroll systems in place.(100%)
- Maximise staff training programs & opportunities across organization. (100%)

SERVICES DEVELOPMENT

- 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 (95%)



Our Vision

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

Our Mission

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.



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 – 11
▪ Services to our Community	Page 11
▪ Statutory Compliance	Page 12 - 16
▪ Finance and Activity Overview	Page 17 - 18
Financials	Page 19 - 88
Disclosure Index	Page 89 – 90
Organisational Chart	Inside back cover



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

Elizabeth McKinnon

Elizabeth McKinnon
Board Chair
9th December 2022

Responsible Ministers

State Government Victoria

The Hon Martin Foley, MP, Minister for Health, Minister for Ambulance Services, Minister for Equality (01/07/2021-27/06/2022)

The Hon Mary-Anne Thomas MP, Minister for Health, Minister for Ambulance Services (27/06/2022-30/06/2022)

Commonwealth Government Australia

The Hon Greg Hunt MP, Minister for Health & Aged Care (01/07/2021-23/05/2022)

The Hon Richard Colbeck MP, Minister for Senior Australians and Aged Care Services (01/07/2021-23/05/2022)

The Hon Dr David Gillespie, MP, Minister for Regional Health (01/07/2021-23/05/2022)

The Hon Mark Butler MP, Minister for Health & Aged Care (01/06/2022 – 30/06/2022)

The Hon Anika Wells MP, Minister for Aged Care (01/06/2022 – 30/06/2022)

Casterton Memorial Hospital

ABN 62 051 291 134

Hospital Board of Directors

Chair

E. McKinnon

Vice Chair

G. Hart

Members

B. Roberts

K. Forbes

C. Riley **

D. Magnussen

L. Cuddihy

N. Jackson

J. James

Ministerial Delegate

S. Muldoon

Audit & Risk Committee

G. Hart – Chair

B. Roberts – Independent Member

E. McKinnon – Independent Member

N. Jackson – Independent Member

L. Hulm – Corporate Services Officer

H. Rees – Quality Improvement Officer

O. Stephens - Chief Executive Officer

M. Betinsky – Finance Officer*

S. Roder – 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. T. N. Halloran: B.D., B.Sc. (Hons)

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.

Chief Executive Officer

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

Principal Officers

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. Charlton: 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)

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*

S. Roder: CA, B.Bus (ProfAcc)

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

** Vale



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.

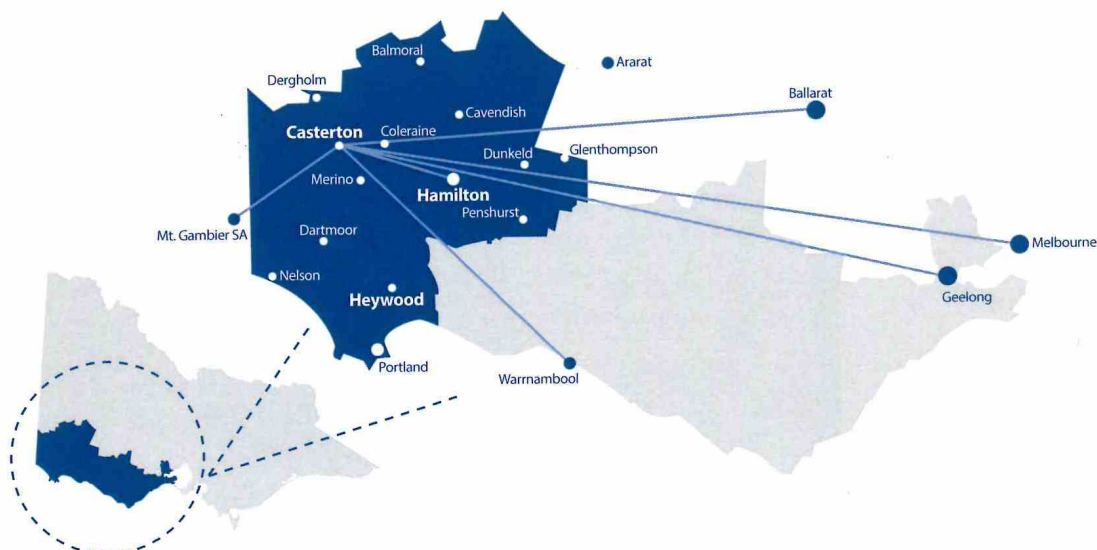
The Board of Directors and employees at CMH are committed to providing strong and efficient health and community services to meet the needs and expectations of the community it serves.

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 and is expected to be adopted prior to Christmas 2022.



Board Chair & Executive Report

On behalf of the Casterton Memorial Hospital Board of Directors, employees, volunteers and partners, I present our 114th Annual Report.

This report reflects on the many achievements of the past year as we look forward to continuing to build on these successes strengthening our service delivery with a renewed vision in the year ahead. The 2021-2022 financial year remained challenging nationally and for our state's health services due to the continuation of the COVID-19 pandemic. Employee, visitor and patient / resident care management have remained at the ultimate level in accordance with State and Commonwealth directives.

CMH's employees played an exemplary role continuing to manage the ever-changing requirements of this challenging environment, particularly with the absence of our valued volunteers.

I would like to thank the Department of Health for its specific funding and trusted guidance to manage this COVID environment, including support incentives for our dedicated staff.

CMH managed a staff of more than 100 this year, including the recruitment of new health professionals in critical roles. This recruitment campaign extended to the attraction of new directors to our board, including the addition of directors with strong clinical governance skills which have supported key decision making.

A key highlight in the year was the development of the Health Service Partnership, replacing the previous cluster model. This partnership has allowed our service to build greater collaboration with our neighbouring health services to manage common issues and realise collective goals for the region's health needs.

The delivery of the local area network IT upgrade has been a credit to our administration staff, with its implementation supporting the use of new programs and systems to improve work processes, supporting new digital health platforms and ultimately patient care.

Various investments were made to improve the amenity of our hospital, including the installation of new carpet, oxygen concentrators, new bedside drawers for all consumer rooms, upgrading of the audio / visual equipment in the Boardroom and 14

new beds were received via Public Sector Residential Aged Care Services Beds for Better Resident Outcomes funding.

A key highlight of the year for board directors was the formation of our new Strategic Plan which sets our objectives for the next four years 2022-2026. This future-thinking document was made in strong collaboration with our community members and other key stakeholders. It has a strong focus on embracing new innovations, strengthening partnerships and embracing new ways of working to support our clientele and improve service delivery.

This report demonstrates our strong commitment to managing the affairs of CMH effectively, efficiently and most importantly in the best interests of the Casterton and district community's health care needs.

Financial Sustainability

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

This financial year CMH delivered an operating surplus prior to capital and specific items of \$172,771.46. This was achieved whilst meeting heightened service demands, delivering Statement of Priorities goals and targets and delivering our Model of Care. This sound financial performance is a result of appropriate government funding, consistent private patient revenue and achievement of Department of Veterans' Affairs inpatient activity targets. Glenelg House's high residential care occupancy rate, sitting at 99.78%, has continued to be a positive contributor to the entity, comprehensively demonstrating the essential need for this quality service.

Expenditure levels have been well maintained and, combined with sound revenue achievement, has produced this operating surplus and a current asset ratio of 1.71 indicating more than sufficient funds to meet current liabilities.

The Internal Audit and Risk Committee maintains a stringent overview of financial activities and financial functions, ensuring this consistent and strong financial performance.



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 the pandemic.

We thank all of the specialist visiting services and allied health professionals, including physiotherapists, surgeons, occupational therapists, dietitians and podiatrists who continued to provide consistent high level service to our community.

CMH recognise the impact the threat that COVID-19 has presented to the physical and mental wellbeing of our community, particularly our ageing population. Efforts were consistently made to make regular personal contact with community members despite the limitations that social distancing protocols presented. Another strategy included the appropriate updating of information, protocols and procedures in the Casterton News' regular "Casterton Health & Hospital Happenings" column to keep the community informed.

Governance

CMH has met its Statement of Priorities 2021/2022 obligations with the Department of Health. This contract is negotiated annually with the department and results in funding for service delivery and establishment of targets ranging from infection control to consumer satisfaction.

The commencement of a renewed strategic plan has been a hallmark of the year for directors. To guide the new objectives an extensive community survey was undertaken to garner feedback from key stakeholders, including community members, employees and various partners across 440 connections.

Results of this survey formed the final structure and content of our Strategic Plan therefore ensuring important local content, opinions and directions were taken into account as we manage our operations over the next four years.

The Board of Directors have also processed and governed the management and implementation of many improvements and processes during the 2021-2022 year including, but not limited to:

- Facility wide lights replacement to LED

- Boardroom / Education Centre Audio-visual system upgrade
- Acute sprinkler system plan and contract for works awarded
- Municipal Public Health Plan delivery
- Development of the Barwon South West Health Service Partnership
- Gender Equality Action Plan completed and implemented
- Better at Home initiatives developed
- Local Area Network IT up-grade commenced
- Visiting Medical Officer on-going service negotiations
- Medical Officer virtual visiting support
- Commenced new CEO recruitment
- Development of the new brand and communication strategy

CMH welcomed four new board directors and a Ministerial Delegate this year. The appointees include;

- Ms Dale Magnussen, Drysdale Vic.
- Mr Nicholas Jackson, Toorak Vic.
- Ms Lucy Cuddihy, Torquay Vic.
- Ms Jennifer James Casterton Vic.
- Mrs Sharon Muldoon, Macarthur Vic.

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 not only the consumer and the CMH team, but the community at large.

The Board of Directors would like to acknowledge the continued excellence in services provided by these dedicated individuals whose skills and resilience have been testament to this year's great work outcomes.

The continued successful outcomes for consumers are maintained through the support of contracts especially the Casterton Coleraine Medical Clinics' Dr. Brian Coulson.

We thank the CC Medical Practice team for its 24-hour medical coverage. 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 hard working and dedicated 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, 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 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 plus regular in-person visits.

The Hotel Services division (Catering and Environmental Services), led by Jenelle East, has maintained a high standard of cleaning and food services to all consumers and are recognised for the consistent and quality service provided. Patients praise the nutritious and appealing meals which are cooked onsite daily.

Maintenance services managed by Stephen Zippel and administrative services directed by Corporate Services Officer Loren Hulm continue to deliver strong management practices and maintenance of CMH's assets and service contracts.

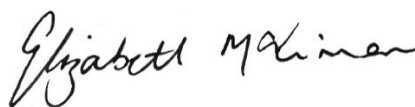
The community continue to praise the neat and relaxing surroundings of the hospital grounds.

CMH continues to have a strong relationship with the community and receives valued volunteer support. Although limited this year, the community continued 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.

The executive management team, led by Owen Stephens and Mary-Anne Betson, must be applauded for their leadership and vision in driving this year of many milestones.

Lastly, I wish to thank the Board of Directors for their energy and focus this past year as we prepare to embark on a period of rejuvenation.

It provides me great please in presenting the 114th Annual Report.



Elizabeth McKinnon
Board Chair
9th December 2022

Our Model of Care

CMH is classified as a Small Rural Health Service (SRHS) under the Department of Health Policy and Guidelines.

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 2021/2022 financial year, fundraising contributions and donations totalled \$46,741.06. In what has again 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 the ability for our volunteers 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 2021/2022 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 2021/22 Donations

Fundraising Committees

Casterton Memorial Hospital Ladies Auxiliary	\$508.50
Casterton Memorial Hospital Social Club	\$1,000.00
CMH Murray to Moyne Cycle Relay Team	\$7,039.50
Hospital Card Program	\$3,100.00

Community Member Support

Casterton Kelpie Association	\$1,533.50
Farmers Friends Group	\$500.00
Knit and Knatter	\$800.00
Ex Casterton Residents	\$150.00
K. & J. Jones	\$100.00
R. Gardiner	\$100.00
B. Galpin	\$400.00
Donation - sale of equipment	\$1,073.00
Widdicombe Family	\$60.00
In memory of B. McKenzie	\$50.00
In memory of B. Gill	\$1,350.00
In memory of J. Jones	\$60.00
Anonymous	\$61.73

Estates

Stanley Heath Fund	\$1,175.00
John Russell McPherson Fund	\$2,200.00
Estate Louisa Henty	\$479.83
Estate Greg Davis	\$25,000.00
Total Donations	\$46,741.06



Casterton Memorial Hospital - Report of Operations – 2021-2022

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 2021-2022 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 2021-2022 CMH achieved the following outcomes of the Government's strategic priorities:

PRIORITIES	ACTIONS UNDERTAKEN	COMMENTS
Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes provided testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.	<ul style="list-style-type: none"> COVID-19 plan completed and in place. Community testing program in place within Department of Health guidelines and PPE and testing processes. Roll out of Pfizer for aged care and healthcare workers and Astra Zeneca for the community for the over 50 age group with excellent response. 	<ul style="list-style-type: none"> Aged Care Infection Control audit in 2021 with compliance confirmed. All consumers in aged care who are accepting of the vaccination, have been vaccinated. All new consumers to aged care offered vaccination pre admission. All employees offered and provided with vaccination. Excellent community feedback received on the vaccination clinics held with 1175 doses being administered.
Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the <i>Health Service Partnership Policy and Guidelines</i> .	<ul style="list-style-type: none"> The Barwon South West (BSW) Health Service Partnership (HSP) is governed by the BSW CEO Council. The CEO Council met bi-monthly to agree on and progress the HSP program of work, as reported in the annual HSP work plan. This included identification of and support for a range of local priority initiatives, agreed at the CEO Council, as well as supporting the delivery of the Better@Home and Planned Surgery Recovery and Reform programs of work. 	<ul style="list-style-type: none"> Implementation of the Better@Home initiative. Actively involved in e-surgery steering committee. Telehealth equipment purchased, work to commence on development of a dedicated Telehealth space.

PRIORITIES	ACTIONS UNDERTAKEN	COMMENTS
<p>Engage with your 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. Work collaboratively with your Health Service Partnership to:</p> <ul style="list-style-type: none"> • Implement the <i>Better at Home</i> initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference. • Improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority. 	<ul style="list-style-type: none"> • CMH works closely with the Aged Care Quality and Safety Commission in implementation of required compliance systems to support Quality and Safety in Aged Care. • 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 and Covid Vaccine roll out. • Commenced participation in BSW regional project “Better at Home” initiative. 	<ul style="list-style-type: none"> • CMH purchasing within the HSV procurement guidelines. • Successful completion of community vaccination program with 1175 vaccinations administered. • Actively involved in e-surgery steering committee. • Telehealth hub planning commenced with 50% of equipment received and website link set up. • Ongoing funding for the delivery of services within the “Better at Home” initiative.
<p>Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in your Health Service Partnership and through your Partnership’s engagement with Regional Mental Health and Wellbeing Boards.</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 • Establish links to Mental Health Triage services to expedite and manage community Mental Health presentations. • Community Health Programs 	<ul style="list-style-type: none"> • Promotion of RUOK within the community at local “Kelpie Festival” in 2022. • Maintained links with South West Mental Health Triage Services. • Maintained links with local GP and Pharmacists with assistance with management of Mental Health Plans.

PRIORITIES	ACTIONS UNDERTAKEN	COMMENTS
Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural care to Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.	<ul style="list-style-type: none"> Guidelines established based on the framework. Employee education and resources. Organisational measurements to be established and reported. Already established links to advisory group. 	<ul style="list-style-type: none"> ATSI guidelines developed in 2020 and reviewed annually and referenced to the Cultural Safety Framework. Cultural resource links provided for clinicians. Employee training undertaken. Links established with Winda-Mara Aboriginal Corporation. Already established links with Aboriginal / Torres Strait Islander Advisory Group. Set of organisational cultural measures implemented and reported through Governance report.

Key 2021-2022 Health Service Performance Priorities

HIGH QUALITY & SAFE CARE

KEY PERFORMANCE MEASURE	TARGET	2021-22 RESULT
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	88.5%
Percentage of healthcare workers immunised for influenza	92%	96%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No surveys conducted in 2021-2022

STRONG GOVERNANCE, LEADERSHIP & CULTURE

KEY PERFORMANCE MEASURE	TARGET	2021-22 RESULT
Organisational Culture		
People Matter Survey – percentage of staff with an overall positive response to safety culture survey questions	62%	67%

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE MEASURE	TARGET	2021-22 RESULT
Finance		
Operating Result (\$m)	\$0.01m	\$0.17m
Average number of days to pay trade creditors	60 days	36 days
Average number of days to receive patient fee debtors	60 days	45 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.71
Actual number of days available cash, measured on the last day of each month.	14 days	252.1 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance < \$250,000	-0.03



Statement of Priorities – Part C (State Funding)

FUNDING TYPE	2021-22 ACTIVITY ACHIEVEMENT
Small Rural	
Small Rural Acute	285
Small Rural Primary Health & HACC	
▪ Nursing	445 hours
Small Rural Residential Care	10,950 days
Health Workforce	103 students

Services to our Community

HOSPITAL	2020-21	2021-22
Total Multistay Inpatient Separations*	62	145
Total Same Day Separations*	243	202
Bed Days*	2837	2434
Total WIES	303.5	284.92
% Occupancy Rate Staffed Beds	52%	44%
Average Length of Stay**	4.35	5
% Public Bed Days	70%	84%
% Private Bed Days	30%	16%
Obstetrics / Gynaecology	3	2
Operations / Procedures	61	44
Urgent Care Presentations	1435	2073
Glenelg House Residential Care		
Residents Accommodated	40	46
Bed Days	10926	10923
Average Daily Occupancy	29.94	29.92
% Occupancy Rate Full Year	99.78%	99.75%
Planned Activity Group		
Attendances	885	540
Community Home Nursing		
Home Visits	5254	5723
Kilometres Travelled	20892	19907
Community Health		
Attendance (contacts)	635	592
Allied Health		
Physiotherapy Attendance ***	584	595
Speech Therapy Attendance ***	0	0
Dietetics ***	41	26
Meals Produced		
Hospital / Residential Care / Other	61349	61982
Meals on Wheels	5743	5562

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 2021-22 year Casterton Memorial Hospital employed a total of 120 staff, 40 full-time and 80 part time / casual across the labour categories as detailed in the following table. Statistics provided are consistent with information provided in the entity's MDS/F1 datasets which are reported on a monthly basis to the 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	
	2021	2022	2021	2022
Nursing	40.92	45.38	40.91	42.25
Administration & Clerical	8.89	10.84	8.5	9.36
Hotel & Allied Services	27.03	24.85	26.92	26.52

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	2021-22	2020-21
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0	0
3. Number of occupational violence incidents reported	15	11
4. Number of occupational violence incidents reported per 100 FTE	11.44	14.32
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0	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 Riskman, Casterton Memorial Hospital is continuing to ensure the safety of employees, consumers and visitors.

Occupational Health & Safety Data	2021-22	2020-21	2019-20
Number of reported hazards / incidents for the year per 100 FTE	29.76	39.04	32.76
Number of 'lost time' standard claims for the year per 100 FTE	0	3.90	5.24
Average cost per claim ('000)	\$21	\$56	\$46

Industrial Relations

Casterton Memorial Hospital reports no lost days in 2021-2022 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 Act 1982

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. There were no Freedom of Information requests 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.

Gender Equality Act 2020

Casterton Memorial Hospital is committed to creating a workplace that reflects the significant diversity of the Casterton community. In June 2022 CMH submitted their Gender Equality Action Plan to the Commission in accordance with the Gender Equality Act 2020.

We have changed the way we capture our recruitment data and workplace processes to support gender equity, diversity, productivity and work life balance.

Details of consultancies (under \$10,000)

In 2021-2022, there were 2 consultancies where the total fees payable to the consultants were less than \$10,000.00. The total expenditure incurred during 2021-22 in relation to this consultancy was \$7,727.50.



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

In 2021-2022, there were 2 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-2022 in relation to these consultancies is \$45,404.67.

Consultant	Purpose of Consultancy	Start date	End Date	Total Approved Project Fee (exc. GST)	Expenditure 2021-2022 (exc. GST)	Future Expenditure (exc. GST)
Health Generation	Compliance Audit	16 th August 2021	3 rd September 2021	31331.95	31331.95	0.00
Cooper Hardiman	CEO Recruitment	1 st July 2021	5 th November 2021	10217.75	10217.75	0.00

Information & Communication Technology ICT Expenditure

ICT expenditure incurred during 2021-22 is \$613,454 (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)
\$284,216	\$329,238	\$290,244	\$38,994

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):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the entity;
- Details of any major external reviews carried out on the entity;
- Details of major research and development activities undertaken by the entity;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- General statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which those purposes have been achieved; and
- Details of all consultancies and contractors including:
 - consultants / contractors engaged;
 - services provided; and
 - expenditure committed for each engagement.

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

	2019-20	2020-21	2021-22
Energy use			
Electricity (MWh)	518	515	454
Liquefied Petroleum Gas (kL)	61	61	64
Carbon emissions (thousand tonnes of CO₂e)			
Electricity	1	1	0.41
Liquefied Petroleum Gas	0	0	0.10
Total emissions	1	1	0.51
Water use (millions litres)			
Potable Water	5	6	5.69

Factors influencing environmental impacts

	2019-20	2020-21	2021-22
Floor area (m2)	4,744	4,744	4,744
Separations	366	408	349
In-Patient Bed Days	2,274	3,006	2,239
Aged Care Bed Nights	10,964	10,924	10,916

Benchmarks | 2021-22

	Average for peer group	Your value	% above/below ave.
Carbon emissions			
CO ₂ e(t) per m2	0.11	0.11	2%
CO ₂ e(t) per OBD	0.04	0.04	-10%
CO ₂ e(t) per Seps	1.28	1.47	15%
Water use			
kL per m2	1.07	1.20	12%
kL per OBD	0.44	0.43	-2%
kL per Seps	13.04	16.30	25%
Expenditure rates			
Total utility spend (\$/m2)	33	35.12	7.3%
Elec(\$/kWh)	0	0.22	0.8%
Potable Water(\$/kL)	3	4.09	17.5%
LPG(\$/kL)	662	693.63	4.9%
Additional measures (not included in benchmarking chart)			
Total utility spend (\$/Separations)		477.38	
Total utility spend (\$/In-Patient Bed Days)		74.41	
Total utility spend (\$/Aged Care Bed Nights)		15.26	

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.

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
9th December 2022

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
9th December 2022

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
9th December 2022

Conflict of Interest

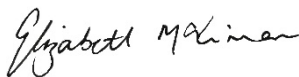
I, Owen Stephens certify that Casterton Memorial Hospital has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' 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
9th December 2022

Financial Management Compliance Attestation

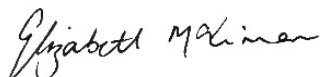
I, Elizabeth McKinnon, on behalf of the Responsible Body, certify that Casterton Memorial Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Elizabeth McKinnon
Board Chair
Casterton
9th December 2022

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 2022.



Ms Elizabeth McKinnon
Board Chair
9th December 2022

Finance & Activity Overview

The financial statements of account for the year ended 30 June, 2022 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 \$172,771. 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 \$10,600,011 represents a 4.50% increase on previous year and can be attributed to increases in government grants (Note 2.1). Total expenses from transactions represents an increase of 4.54% 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) and auditing payroll records for assurance of pay rates.

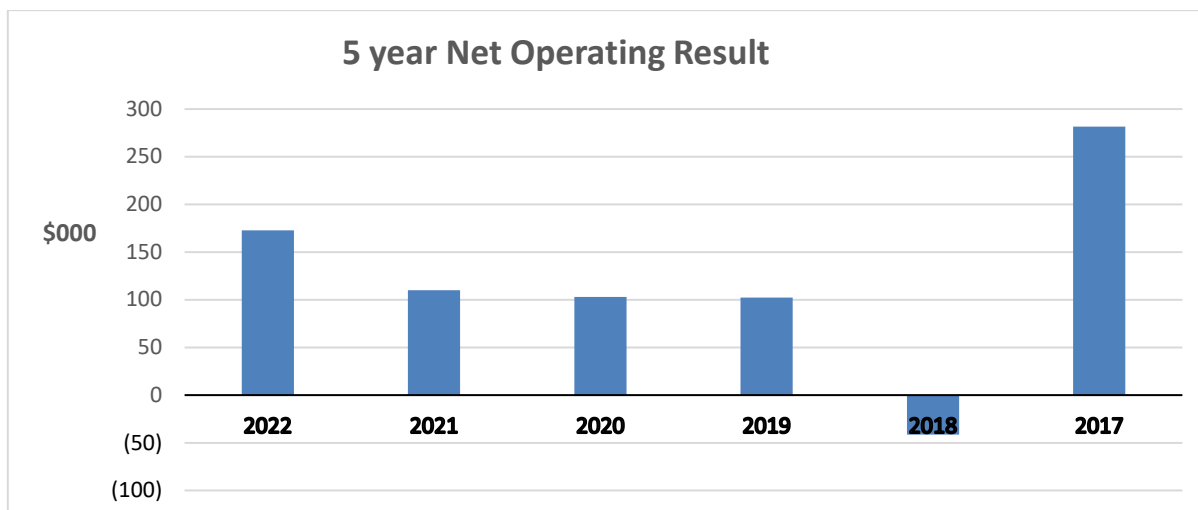
Five Year Financial Comparative Statement

	2022	2021	2020	2019	2018
	\$000	\$000	\$000	\$000	\$000
OPERATING RESULT	173	110	103	102	(41)
- Total Revenue	10,600	10,144	9,909	9,710	9,052
- Total Expenses	11,525	11,025	10,833	10,577	9,949
- Net result from transactions	(925)	(881)	(925)	(867)	(897)
- Total other economic flows	66	136	(50)	(65)	(4)
- Net result	(859)	(745)	(974)	(932)	(901)
- Total Assets	27,681	26,111	26,771	26,678	29,434
- Total Liabilities	5,759	5,090	5,065	3,978	4,816
- Net assets/Total equity	21,922	21,021	21,706	22,700	24,618

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

	2022
	\$000
Net operating result*	173
Capital purpose income	(244)
Specific income	N/A
COVID 19 State Supply Arrangements	
- Assets received free of charge or for nil consideration under the State Supply	(86)
State supply items consumed up to 30 June 2022	86
Assets provided free of charge	N/A
Assets received free of charge	N/A
Expenditure for capital purpose	N/A
Depreciation & amortisation	1,276
Impairment of non-financial assets	N/A
Finance costs (other)	1
Net result from transactions	(860)

* 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 \$901,069 is an improvement of \$1,586,819 on the prior year. This result is largely due to changes in property, plant and equipment revaluation surplus due to revaluations and also a smaller portion to changes in discount rates for employee long service leave benefits.

Liquidity

Casterton Memorial Hospital financial position is stable with current assets exceeding current liabilities by \$2,134,855 as at 30 June 2022.

Casterton Memorial Hospital current asset ratio stands at 1.39. 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 \$694,200 for the financial year. Casterton Memorial Hospital remains in a secure position with cash and cash equivalents totalling \$6,237,277 as at 30 June 2022. Casterton Memorial Hospital held \$2,252,906 in accommodation bonds as at June 30 2022.

Summary of Significant Changes

Summary of Changes	2022	2021	% Variance
Cash & Cash Equivalents	6,237,277	5,499,406	13.42
Current Assets	7,632,150	6,711,442	13.72
Current Liabilities	5,497,295	4,766,310	15.34

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

Samantha Roder
Finance Officer
9th December 2022

Casterton Memorial Hospital



Financial Report 2021 - 2022

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 2022 and the financial position of Casterton Memorial Hospital at 30 June 2022.

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.

Elizabeth McKinnon
Board President

Casterton
9th December 2022

Owen Stephens
Chief Executive Officer

Casterton
9th December 2022

Samantha Roder
Chief Finance &
Accounting Officer

Casterton
9th December 2022



Financial Statements

Financial Year ended 30 June 2022

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

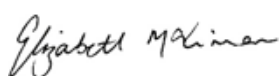
The attached financial statements for Casterton Memorial Hospital have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, 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 2022 and the financial position of Casterton Memorial Hospital at 30 June 2022.

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 9th December 2022.

Board member



Ms E. McKinnon

Chair

Casterton

9th December 2022

Accountable Officer



Mr O.P. Stephens

Chief Executive

Officer Casterton

9th December 2022

Chief Finance & Accounting Officer



Ms S. Roder

Chief Finance and Accounting Officer

Casterton

9th December 2022

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 2022• 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 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
23 December 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Casterton Memorial Hospital

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue and income from transactions			
Operating activities	2.1	10,150,731	9,623,366
Non-operating activities	2.1	99,375	92,807
Share of revenue from joint operations	8.7	349,905	427,541
Total revenue and income from transactions		10,600,011	10,143,714
Expenses from transactions			
Employee expenses	3.1	(8,304,533)	(7,754,398)
Supplies and consumables	3.1	(632,299)	(584,599)
Finance costs	3.1	(1,679)	(233)
Depreciation and amortisation	4.5	(1,275,733)	(1,283,086)
Share of expenditure from joint operations	8.7	(329,250)	(390,071)
Other administrative expenses	3.1	(659,458)	(676,551)
Other operating expenses	3.1	(322,265)	(335,694)
Other non-operating expenses	3.1	(189)	-
Total Expenses from transactions		(11,525,407)	(11,024,632)
Net result from transactions - net operating balance		(925,396)	(880,918)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	25,315	17,258
Share of other economic flows of investments	3.2	-	(2,924)
Share of other economic flows from joint arrangements	8.7	(25,256)	2,415
Other gain/(loss) from other economic flows	3.2	66,112	119,019
Total other economic flows included in net result		66,171	135,768
Net result for the year		(859,225)	(745,150)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.2(b)	1,760,294	59,400
Total other comprehensive income		1,760,294	59,400
Comprehensive result for the year		901,069	(685,750)

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



Casterton Memorial Hospital

Balance Sheet as at 30 June 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	6.2	6,237,277	5,499,406
Receivables and contract assets	5.1	328,520	287,778
Investments and other financial assets	4.1	546,526	545,248
Share of assets in joint operations	8.7	455,699	291,462
Prepaid expenses		64,128	87,548
Total current assets		7,632,150	6,711,442
Non-current assets			
Receivables and contract assets	5.1	617,505	584,669
Share of assets in joint operations	8.7	137,783	181,936
Investments accounted for using the equity method	8.8	33,054	33,054
Property, plant and equipment	4.2(a)	19,157,799	18,485,317
Right of use assets	4.3(a)	52,793	64,526
Investment property	4.6(a)	50,000	50,000
Total non-current assets		20,048,934	19,399,502
Total assets		27,681,084	26,110,944
Current liabilities			
Payables and contract liabilities	5.2	812,627	488,211
Borrowings	6.1	11,825	42,180
Employee benefits	3.3	1,973,732	1,912,990
Share of liabilities in joint operations	8.7	446,206	308,027
Other liabilities	5.3	2,252,906	2,014,902
Total current liabilities		5,497,295	4,766,310
Non-current liabilities			
Borrowings	6.1	41,208	53,033
Employee benefits	3.3	183,302	219,897
Share of liabilities in joint operations	8.7	37,652	51,146
Total non-current liabilities		262,162	324,076
Total liabilities		5,759,457	5,090,386
Net assets		21,921,627	21,020,558
Equity			
Property, Plant and Equipment Revaluation Surplus	4.4	22,630,158	20,869,864
Contributed Capital	SCE	2,293,608	2,293,608
Accumulated Deficit	SCE	(3,002,139)	(2,142,914)
Total equity		21,921,627	21,020,558

This balance sheet should be read in conjunction with the accompanying notes.



Casterton Memorial Hospital

Statement of Changes in Equity

For the Financial Year Ended 30 June 2022

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Deficit	Total
	\$	\$	\$	\$
Balance at 1 July 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
Net result for the year	-	-	(859,225)	(859,225)
Other comprehensive income for the year	1,760,294	-	-	1,760,294
Balance at 30 June 2022	22,630,158	2,293,608	(3,002,139)	21,921,627

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

Casterton Memorial Hospital

Cash Flow Statement

For the Financial Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Cash Flows from operating activities			
Operating grants from State Government		6,392,647	5,728,259
Operating grants from Commonwealth Government		2,419,111	2,458,408
Capital grants from State Government		31,444	13,907
Patient fees received		1,094,143	1,070,818
Donations and bequests received		47,835	12,162
GST received from ATO		182,476	154,690
Interest and investment income received		21,523	21,752
Other receipts received		358,006	310,979
Total receipts		10,547,185	9,770,975
Employee expenses		(6,010,897)	(5,678,867)
Non salary labour costs		(2,160,715)	(1,961,674)
Payments for supplies and consumables		(523,041)	(472,801)
Payments for repairs and maintenance		(115,243)	(127,905)
Finance costs		(1,679)	(233)
GST paid to ATO		(174,932)	(170,308)
Other payments		(866,478)	(881,644)
Total payments		(9,852,985)	(9,293,432)
Net cash flows from operating activities	8.1	694,200	477,543
Cash Flows from investing activities			
Proceeds from sale of non-financial assets		25,315	8,818
Purchase of non-financial assets		(176,190)	(170,336)
Purchase of financial assets		(1,278)	(35,755)
Net cash flows used in investing activities		(152,153)	(197,273)
Cash flows from financing activities			
Repayment of borrowings		(30,354)	-
Repayment of principal portion of lease liabilities		(11,826)	(9,906)
Repayment of accommodation deposits		(461,996)	(528,551)
Receipt of accommodation deposits		700,000	530,000
Net cash flows from/(used in) financing activities		195,824	(8,457)
Net increase in cash and cash equivalents held		737,871	271,813
Cash and cash equivalents at beginning of year		5,499,406	5,227,593
Cash and cash equivalents at end of year	6.2	6,237,277	5,499,406

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

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 Joint arrangements**
- 1.5 Key accounting estimates and judgements**
- 1.6 Accounting standards issued but not yet effective**
- 1.7 Goods and Services Tax (GST)**
- 1.8 Reporting entity**

These financial statements represent the audited general purpose financial statements for Casterton Memorial Hospital for the year ended 30 June 2022. The report provides users with information about Casterton Memorial Hospital's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

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 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.

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

The financial statements have been prepared on a going concern basis (refer to Note 8.10 Economic Dependency).

The financial statements are presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Casterton Memorial Hospital on 9th December 2022.



Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises that it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, Casterton Memorial Hospital has:

- introduced restrictions on non-essential visitors
- utilised telehealth service
- deferred elective surgery and reduced activity
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to Casterton Memorial Hospital, they are disclosed in the explanatory notes. For Casterton Memorial Hospital, this includes 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
NWAO	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor-General's Office
WIES	Weighted Inlier Equivalent Separation
CMH	Casterton Memorial Hospital

Note 1.4 Joint arrangements

Interests in joint arrangements are accounted for by recognising in 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:

- South West Alliance of Rural Health (SWARH)

Details of the joint arrangements are set out in Note 8.7.

Note 1.5 Key accounting estimates and judgements

Management makes estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.</i> Deferral of effective date was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of January 2022, with earlier application permitted.	Reporting periods on or after 1 January 2023.	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 2021-2: <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates..</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

Note 1.6 Accounting standards issued but not yet effective (Cont)

Standard	Adoption Date	Impact
AASB 2021-5: <i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.</i>	Reporting periods on or after 1 January 2023.	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 1.7 Goods and Services Tax (GST)

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

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

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing and/or financing activities, which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

Note 1.8 Reporting Entity

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

Its principal address is:

63-69 Russell Street
CASTERTON VIC 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 service that support and enhance the wellbeing of all Victorians. 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

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.

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 the beneficiaries.</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 timing 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

		2022	2021
	Note	\$	\$
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		93,703	94,354
Government grants (Commonwealth) - Operating		2,419,111	2,458,408
Patient and resident fees		1,105,538	1,062,319
Commercial activities ¹		172,464	174,568
Total revenue from contracts with customers	2.1(a)	3,790,817	3,789,649
Other sources of income			
Government grants (State) - Operating		6,051,110	5,664,471
Government grants (State) - Capital		31,444	13,907
Assets received free of charge or for nominal consideration	2.1(b)	132,589	83,707
Other income from operating activities		144,770	71,632
Total other sources of income		6,359,914	5,833,717
Total revenue and income from operating activities		10,150,731	9,623,366
Non-operating activities			
Income from other sources			
Rental income		77,852	71,055
Other interest		21,523	21,752
Total other sources of income		99,375	92,807
Total income from non-operating activities		99,375	92,807
Total revenue and income from transactions		10,250,106	9,716,173

1. Commercial activities represent business activities which Casterton Memorial Hospital enters into to support its operations.

Note 2.1: Revenue and income from transactions (cont)

Note 2.1(a): Timing of revenue from contracts with customers

Casterton Memorial Hospital disaggregates revenue by the timing of revenue recognition.

Goods and services transferred to customers:

At a point in time

2,685,278

2,727,330

Over time

1,105,538

1,062,319

Total revenue from contracts with customers

3,790,817

3,789,649

How we recognise revenue and income from operating activities

Government operating grants

To recognise revenue, Casterton Memorial Hospital assesses each grant to determine 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.

If a contract liability is recognised, Casterton Memorial Hospital recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, 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 in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Casterton Memorial Hospital's goods or services. Casterton Memorial Hospitals funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

Note 2.1: Revenue and income from transactions (cont)

This policy applies to each of Casterton Memorial Hospital's revenue streams, with information detailed below relating to Casterton Memorial Hospital's significant revenue streams:

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 DH in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged.</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 (DRG).</p> <p>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p>
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations	<p>For other grants with performance obligations Casterton Memorial Hospital exercises judgement over whether the performance obligations have been met, on a grant by grant basis.</p>
Commonwealth Aged Care Funding	<p>The performance obligations for Commonwealth Aged Care Funding are the number and mix of residents in the Aged Care facilities. Revenue is recognised at a point in time, which is when agency information management system data is submitted monthly.</p>

Note 2.1: Revenue and income from transactions (cont)

Capital grants

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

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

Patient 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 to external users, cafes and recoveries for salaries and wages. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

How we recognise revenue and income from non-operating activities

Rental income – investment properties

Rental income from investment properties 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.

The following table sets out the maturity analysis of undiscounted future lease payments receivable under our operating leases:

	As at 30 June	
	2022	2021
	\$	\$
Within one year	4,320	5,760
Within one to two years	-	4,320
Total undiscounted future lease payments receivable	4,320	10,080

Interest Income

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

Note 2.1: Revenue and income from transactions (cont)**Note 2.1(b): Fair value of assets and services received free of charge or for nominal consideration**

	2022 \$	2021 \$
Cash donations and gifts	47,835	12,162
Personal protective equipment and other consumables	84,754	71,545
Total fair value of assets and services received free of charge or for nominal consideration	132,589	83,707

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.

Non-cash contributions from the Department of Health

The DH 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 with the DH.

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions

3.2 Other economic flows

3.3 Employee benefits in the balance sheet

3.4 Superannuation

Telling the COVID-19 story

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- establish facilities within Casterton Memorial Hospital for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases
- implement COVID safe practices throughout Casterton Memorial Hospitals including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- assist with COVID-19 case management and outbreak management contributing to an increase in employee costs
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables, and
- implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Casterton Memorial Hospital applies significant judgment when 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>

Key judgements and estimates	Description
Measuring employee benefit liabilities	<p>Casterton Memorial Hospital applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>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, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

Note 3.1: Expenses from transactions

		2022	2021
	Note	\$	\$
Salaries and wages		6,143,818	5,792,724
On-costs		1,709,427	1,524,484
Agency expenses		150,606	140,222
Fee for service medical officer expenses		173,850	185,530
Workcover premium		126,832	111,438
Total employee expenses		8,304,533	7,754,398
Drug supplies		53,620	49,848
Medical and surgical supplies (including Prostheses)		165,407	156,753
Diagnostic and radiology supplies		6,041	9,932
Other supplies and consumables		407,233	368,066
Total supplies and consumables		632,299	584,599
Finance costs		1,679	233
Total finance costs		1,679	233
Other administrative expenses		659,458	676,551
Total other administrative expenses		659,458	676,551
Fuel, light, power and water		174,841	176,832
Repairs and maintenance		64,684	86,824
Maintenance contracts		50,559	41,081
Medical indemnity insurance		32,181	30,957
Total other operating expenses		322,265	335,694
Total operating expenses		9,920,235	9,351,475
Depreciation and amortisation	4.5	1,275,733	1,283,086
Total depreciation and amortisation		1,275,733	1,283,086
Bad and doubtful debt expense		189	-
Total other non-operating expenses		189	-
Total non-operating expenses		1,275,922	1,283,086
Total expenses from transactions		11,196,156	10,634,561

Note 3.1: Expenses from transactions (cont)

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 premiums.

Supplies and consumables

Supplies and consumable costs 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 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 \$1,000).

The DH 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 outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Other economic flows

	2022	2021
	\$	\$
Net gain/(loss) on revaluation of investment property	-	10,000
Net gain/(loss) on disposal of property plant and equipment	25,315	7,258
Total net gain/(loss) on non-financial assets	25,315	17,258
Share of net profits/(losses) of associates, excluding dividends	-	(2,924)
Total share of other economic flows from joint arrangements	-	(2,924)
Net gain/(loss) arising from revaluation of long service liability	66,112	119,019
Total other gains/(losses) from other economic flows	66,112	119,019
Total gains/(losses) from other economic flows	91,427	133,353

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Net gain/(loss) on non-financial assets

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

- revaluation gains/(losses) of investment properties
- net gain/(loss) on disposal of non-financial assets

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 Financial Instruments) and
- disposals of financial assets and derecognition of financial liabilities.

Note 3.3: Employee benefits and related on-costs

Current employee benefits and related on-costs

Accrued days off

Unconditional and expected to be settled wholly within 12 months ⁱ

2022	2021
\$	\$
54,244	42,181
54,244	42,181

Annual leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

355,630	376,229
234,325	273,576
589,955	649,805

Long service leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

124,394	150,407
905,544	876,452
1,029,939	1,026,859

Provisions related to employee benefit on-costs

Unconditional and expected to be settled within 12 months ⁱ

Unconditional and expected to be settled after 12 months ⁱⁱ

115,791	71,950
183,803	122,195
299,594	194,145

Total current employee benefits and related on-costs

1,973,732	1,912,990
------------------	------------------

Non-current employee benefits and related on-costs

Conditional long service leave ⁱⁱ

Provisions related to employee benefit on-costs ⁱⁱ

Total non-current employee benefits and related on-costs

162,176	198,831
21,126	21,066
183,302	219,897

Total employee benefits and related on-costs

2,157,034	2,132,887
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ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Note 3.3: Employee benefits and related on-costs (cont)**Note 3.3(a): Consolidated employee benefits and related on-costs**

	2022	2021
	\$	\$
Current employee benefits and related on-costs		
Unconditional accrued days off	54,244	42,181
Unconditional annual leave entitlements	758,092	693,893
Unconditional long service leave entitlements	1,161,396	1,176,916
Total current employee benefits and related on-costs	1,973,732	1,912,990
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	183,302	219,897
Total non-current employee benefits and related on-costs	183,302	219,897
Total employee benefits and related on-costs	2,157,034	2,132,887
Attributable to:		
Employee benefits	1,836,314	1,917,676
Provision for related on-costs	320,720	215,211
Total employee benefits and related on-costs	2,157,034	2,132,887

Note 3.3(b): Provision movement schedule

	2022	2021
	\$	\$
Carrying amount at start of year	2,132,887	2,190,105
Additional provisions recognised	983,742	828,861
Amounts incurred during the year	(893,483)	(767,060)
Net gain/(loss) arising from revaluation of long service liability	(66,112)	(119,019)
Carrying amount at end of year	2,157,034	2,132,887

How we recognise employee benefits**Employee benefit recognition**

Employee benefits are accrued for 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.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Note 3.3: Employee benefits and related on-costs (cont)

Annual leave and accrued days off

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

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

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

Long service leave

The liability for long service leave (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 Casterton Memorial Hospital does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if 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.

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

Provision for on-costs related to employee benefits

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2022 \$	2021 \$	2022 \$	2021 \$
Defined benefit plans:ⁱ				
First State Super	51,867	34,473	-	-
Defined contribution plans:				
First State Super	593,090	481,779	-	-
Hesta	81,654	69,534	-	-
Other (various)	109,281	67,119	-	-
Total	835,892	652,905	-	-

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

Note 3.4 Superannuation (cont)

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 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 & equipment

4.3 Right-of-use assets

4.4 Revaluation surplus

4.5 Depreciation

4.6 Investment properties

4.7 Impairment of assets

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Casterton Memorial Hospital assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	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. Casterton Memorial Hospital applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Identifying indicators of impairment	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. The health service considers a range of information when performing its assessment, including considering: <ul style="list-style-type: none">▪ If an asset's value has declined more than expected based on normal use

Key judgements and estimates	Description
Identifying indicators of impairment (cont)	<ul style="list-style-type: none"> ▪ 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 and other financial assets

	2022 \$	2021 \$
Current		
Current financial assets at amortised cost		
Term deposits > 3 months	546,526	545,248
Total current financial assets	546,526	545,248
Represented by:		
Health service investments	546,526	545,248
Total investments and other financial assets	546,526	545,248

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.

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

	2022	2021
	\$	\$
Land at fair value - Crown	440,000	389,400
Total land at fair value	440,000	389,400
Land Improvement at fair value	374,582	374,113
Less accumulated depreciation	-	(23,285)
Total land improvement at fair value	374,582	350,828
Buildings at fair value	17,712,113	19,515,201
Less accumulated depreciation	-	(2,318,257)
Total buildings at fair value	17,712,113	17,196,944
Works in progress at cost	129,129	21,534
Total land and buildings	18,655,824	17,958,706
Plant and equipment at fair value	842,058	846,999
Less accumulated depreciation	(611,638)	(599,430)
Total plant and equipment at fair value	230,419	247,569
Motor vehicles at fair value	196,275	258,186
Less accumulated depreciation	(173,095)	(222,991)
Total motor vehicles at fair value	23,180	35,195
Medical equipment at fair value	482,899	475,606
Less accumulated depreciation	(437,232)	(430,621)
Total medical equipment at fair value	45,667	44,985
Computer equipment at fair value	137,658	128,479
Less accumulated depreciation	(51,678)	(38,031)
Total computer equipment at fair value	85,980	90,448
Furniture and fittings at fair value	738,197	706,198
Less accumulated depreciation	(621,468)	(597,784)
Total furniture and fittings at fair value	116,729	108,414
Total plant, equipment, furniture, fittings and vehicles at fair value	501,975	526,611
Total property, plant and equipment	19,157,799	18,485,317

Note 4.2: Property, plant and equipment (cont)

Note 4.2(b): Reconciliations of carrying amount by class of asset

		Land	Land improvements	Buildings	Building works in progress	Plant & equipment
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2020		330,000	362,471	18,356,072	-	234,957
Additions		-	-	-	21,534	50,560
Disposals		-	-	-	-	-
Revaluation increments		59,400	-	-	-	-
Depreciation	4.6	-	(11,642)	(1,159,129)	-	(37,948)
Balance at 30 June 2021	4.2(a)	389,400	350,828	17,196,944	21,534	247,569
Additions		-	-	-	107,595	17,720
Disposals		-	-	-	-	-
Revaluation increments		50,600	35,396	1,674,298	-	-
Depreciation	4.6	-	(11,642)	(1,159,129)	-	(34,870)
Balance at 30 June 2022	4.2(a)	440,000	374,582	17,712,113	129,129	230,419

		Motor vehicles	Medical Equipment	Computer Equipment	Furniture & Fittings	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2020		50,122	13,628	102,828	110,283	19,560,361
Additions		-	46,524	1,115	20,622	140,355
Disposals		(1,560)	-	-	-	(1,560)
Revaluation increments		-	-	-	-	59,400
Depreciation	4.6	(13,367)	(15,167)	(13,496)	(22,490)	(1,273,239)
Balance at 30 June 2021	4.2(a)	35,195	44,985	90,448	108,414	18,485,317
Additions		-	7,293	9,179	34,402	176,189
Disposals		-	-	-	-	-
Revaluation increments		-	-	-	-	1,760,294
Depreciation	4.6	(12,014)	(6,611)	(13,646)	(26,088)	(1,264,000)
Balance at 30 June 2022	4.2(a)	23,180	45,667	85,980	116,729	19,157,799

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all the Casterton Memorial Hospital's owned land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. An independent valuation of Casterton Memorial Hospital's buildings was performed by the VGV on 30 June 2019 and a managerial assessment performed as at 30 June 2022. An independent valuation of Casterton Memorial Hospital's land was performed by VGV on 30 June 2022.

Note 4.2: Property, plant and equipment (cont)

How we recognise 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 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.

Subsequent measurement

Items of property, plant and equipment 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 in Note 7.4.

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 land and buildings was performed by the VGV on 30 June 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 2022 indicated an overall:

- increase in fair value of land of 13% (\$50,600)
- increase in fair value of buildings and land improvements of 10.44% (\$1,709,694).

Note 4.2: Property, plant and equipment (cont)

Revaluation (cont)

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2022. An interim independent valuation was completed as at 30 June 2022 for land by VGV and an adjustment was recorded.

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 property, plant and equipment revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, 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 property, plant and equipment revaluation surplus 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 surplus 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.

Note 4.3 Right-of-use assets

4.3(a): Gross carrying amount and accumulated depreciation

	2022	2021
	\$	\$
Right of use vehicles at fair value	78,577	78,577
Less accumulated depreciation	(25,784)	(14,051)
Total right of use vehicles at fair value	52,793	64,526

4.3(b): Reconciliations of carrying amount by class of asset

		Right-of-use -	
	Note	Vehicles	Total
		\$	\$
Balance at 1 July 2020		44,392	44,392
Additions		29,980	29,980
Depreciation	4.6	(9,847)	(9,847)
Balance at 30 June 2021	4.3(a)	64,526	64,526
Depreciation	4.6	(11,733)	(11,733)
Balance at 30 June 2022	4.3(a)	52,793	52,793

Note 4.3 Right-of-use assets (cont)

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 vehicles	1 to 3 years

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 and
- any initial direct costs incurred.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which 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).

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.4: Revaluation surplus

		2022	2021
	Note	\$	\$
Balance at the beginning of the reporting period		20,869,864	20,810,464
Revaluation increment			
- Land and land improvements	4.2(b)	85,996	59,400
- Buildings	4.2(b)	1,674,298	-
Balance at the end of the Reporting Period*		22,630,158	20,869,864
* Represented by:			
- Land and land improvements		545,339	459,343
- Buildings		22,084,819	20,410,521
		22,630,158	20,869,864

Note 4.5: Depreciation

	2022	2021
	\$	\$
Depreciation		
Property, plant and equipment		
Land improvements	11,642	11,642
Buildings	1,159,129	1,159,129
Plant and equipment	34,870	37,948
Motor vehicles	12,014	13,367
Medical equipment	6,611	15,167
Computer equipment	13,646	13,496
Furniture and fittings	26,088	22,490
Total depreciation - property, plant and equipment	1,264,000	1,273,239
Right-of-use assets		
Right-of-use vehicles	11,733	9,847
Total depreciation - right-of-use assets	11,733	9,847
Total depreciation	1,275,733	1,283,086

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items 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.

Note 4.5: Depreciation (cont)

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

	2022	2021
Buildings		
- Structure shell building fabric	35 years	35 years
- Site engineering services and central plant	25 years	25 years
Central plant		
- Fit out	10 years	10 years
- Trunk reticulated building system	15 years	15 years
Plant and equipment'	5 to 10 years	8 to 10 years
Medical equipment	5 to 10 years	8 to 10 years
Computers and communication	4 to 10 years	2 to 4 years
Furniture and fittings	6 to 15 years	8 to 10 years
Motor vehicles	2 to 5 years	2 to 5 years
Leasehold improvements	7 to 34 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.

Note 4.6: Investment property**Note 4.6(a): Gross carrying amount**

	2022 \$	2021 \$
Investment property at fair value	50,000	50,000
Total investment property at fair value	50,000	50,000

Note 4.6(b): Reconciliations of carrying amount

	2022 \$	2021 \$
Balance at Beginning of Period	50,000	40,000
Net gain/(loss) from fair value adjustments	-	10,000
Balance at End of Period	50,000	50,000

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.

Note 4.6: Investment property (cont)

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 2022 have been arrived on the basis of an independent valuation carried out by VRC Property on behalf of the Valuer-General Victoria. The valuation was determined with reference to market evidence of properties including location, condition and lease terms.

Further information regarding fair value measurement is disclosed in Note 7.4.

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.

Note 4.7: Impairment of assets

How we recognise impairment

At the end of each reporting period, Casterton Memorial Hospital reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Casterton Memorial Hospital which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Casterton Memorial Hospital compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Casterton Memorial Hospital estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Casterton Memorial Hospital did not record any impairment losses for the year ended 30 June 2022.



Note 5: Other assets and liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	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.
Classifying a sub-lease arrangement as either an operating lease or finance lease	<p>Casterton Memorial Hospital applies significant judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease.</p> <p>The health service considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none">▪ The lease transfers ownership of the asset to the lessee at the end of the term▪ The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term▪ The lease term is for the majority of the asset's useful life▪ The present value of lease payments amount to the approximate fair value of the leased asset and▪ The leased asset is of a specialised nature that only the lessee can use without significant modification. <p>All other sub-lease arrangements are classified as an operating lease.</p>
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.

Note 5.1: Receivables and contract assets

	2022	2021
Notes	\$	\$
Current receivables and contract assets		
Contractual		
Inter hospital debtors	15,835	6,306
Trade receivables	169,420	112,606
Patient fees	36,367	24,972
Accrued revenue	5,282	34,733
Amounts receivable from governments and agencies	70,676	70,676
Total contractual receivables	297,580	249,293
Statutory		
GST receivable	30,941	38,485
Total statutory receivables	30,941	38,485
Total current receivables and contract assets	328,520	287,778
Non-current receivables and contract assets		
Contractual		
Long service leave - Department of Health	617,505	584,669
Total non-current receivables and contract assets	617,505	584,669
Total receivables and contract assets	946,025	872,447
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	946,025	872,447
GST receivable	(30,941)	(38,485)
Total financial assets	7.1(a) 915,084	833,962

Note 5.1: Receivables and contract assets (cont)

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. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, includes 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. The health service 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 counter-party or any group of counter-parties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

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

Note 5.2: Payables and contract liabilities

		2022	2021
	Note	\$	\$
Current payables and contract liabilities			
Contractual			
Trade creditors		178,661	166,800
Accrued salaries and wages		220,392	177,730
Accrued expenses		25,000	34,859
Contract liabilities	5.2(a)	280,670	-
Total contractual payables		704,723	379,389
Statutory			
PAYG Withholding		107,904	108,822
Total statutory payables		107,904	108,822
Total current payables and contract liabilities		812,627	488,211
Total payables and contract liabilities		812,627	488,211
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>			
Total payables and contract liabilities		812,627	488,211
Contract liabilities		(280,670)	-
PAYG Withholding		(107,904)	(108,822)
Total financial liabilities	7.1(a)	424,053	379,389

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** includes comprises 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 Net 60 days.

Note 5.2: Payables and contract liabilities (cont)

Note 5.2(a): Contract liabilities

Opening balance of contract liabilities

Grant consideration for sufficiently specific performance obligations received during the year

Revenue recognised for the completion of a performance obligation

Total contract liabilities

2022	2021
\$	\$
-	-
280,670	-
-	-
280,670	-
-	-
280,670	-
-	-
280,670	-

*** Represented by:**

- Current contract liabilities
- Non-current contract liabilities

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of program deliverables. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Maturity analysis of payables

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

Note 5.3: Other liabilities

Current monies held in trust

Refundable accommodation deposits

Total other liabilities

2022	2021
\$	\$
2,252,906	2,014,902
2,252,906	2,014,902
2,252,906	2,014,902
2,252,906	2,014,902

*** Represented by:**

- Cash assets

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 section 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.

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	<p>Casterton Memorial Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none">▪ has the right-to-use an identified asset▪ has the right to obtain substantially all economic benefits from the use of the leased asset and▪ can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>Casterton Memorial Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <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>

Key judgements and estimates	Description
Assessing the lease term	<p>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. 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	2022 \$	2021 \$
Current borrowings			
Lease liability ⁽ⁱ⁾	6.1(a)	11,825	11,826
Advances from government ⁽ⁱⁱ⁾		-	30,354
Total current borrowings		11,825	42,180
Non-current borrowings			
Lease liability ⁽ⁱ⁾	6.1(a)	41,208	53,033
Total non-current borrowings		41,208	53,033
Total borrowings	7.1(a)	53,033	95,213

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 through lease liabilities.

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 a financial liability 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'.

Note 6.1: Borrowings (cont)

Maturity analysis

Please refer to Note 7.2(b) 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:

	2022	2021
	\$	\$
Total undiscounted lease liabilities	55,736	94,394
Less unexpired finance expenses	(2,703)	(2,842)
Net lease liabilities	53,033	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.

	2022	2021
	\$	\$
Not longer than one year	11,825	27,298
Longer than one year but not longer than five years	43,911	67,096
Minimum future lease liability	55,736	94,394
Less unexpired finance expenses	(2,703)	(2,842)
Present value of lease liability	53,033	91,552
* Represented by:		
- Current liabilities	11,825	42,180
- Non-current liabilities	41,208	53,033
	53,033	95,213

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.

Note 6.1: Borrowings (cont)

Note 6.1(a): Lease liabilities (cont)

Casterton Memorial Hospital's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased vehicles	3 to 5 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.

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 Casterton Memorial Hospitals incremental borrowing rate. Our lease liability has been discounted by rate of 2%.

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

		2022	2021
	Note	\$	\$
Cash on hand (excluding monies held in trust)		400	400
Cash at bank (excluding monies held in trust)		213,024	170,408
Cash at bank - CBS (excluding monies held in trust)		3,770,946	3,313,696
Total cash held for operations		3,984,371	3,484,504
Cash at bank (monies held in trust)		664,568	49,581
Cash at bank - CBS (monies held in trust)		1,588,338	1,965,321
Total cash held as monies in trust		2,252,906	2,014,902
Total cash and cash equivalents	7.1(a)	6,237,277	5,499,406

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date 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 and are subject to 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

There are no outstanding commitments for capital or operating commitments at balance date (2021 nil).

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 health service 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

7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Casterton Memorial Hospital has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Casterton Memorial Hospital uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Casterton Memorial Hospital's specialised land and investment properties are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Casterton Memorial Hospital's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach. ▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Casterton Memorial Hospital does not this use approach to measure fair value.

Key judgements and estimates	Description
	<p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Casterton Memorial Hospital does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Casterton Memorial Hospital categorises investment properties in this level. ▪ Level 3, where inputs are unobservable. Casterton Memorial Hospital categorises specialised land, specialised buildings, plant, equipment, furniture, fittings, vehicles, medical equipment, computer equipment and right-of-use vehicles in this level.

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 \$
30 June 2022	Note			
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	6,237,277	-	6,237,277
Receivables and contract assets	5.1	915,084	-	915,084
Investments and other financial assets	4.1	546,526	-	546,526
Total Financial Assetsⁱ		7,698,887	-	7,698,887
Financial Liabilities				
Payables	5.2	-	424,053	424,053
Borrowings	6.1	-	53,033	53,033
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	2,252,906	2,252,906
Total Financial Liabilitiesⁱ		-	2,729,992	2,729,992
30 June 2021	Note			
Contractual Financial Assets				
Cash and cash equivalents	6.2	5,499,406	-	5,499,406
Receivables and contract assets	5.1	833,962	-	833,962
Investments and other financial assets	4.1	545,248	-	545,248
Total Financial Assetsⁱ		6,878,616	-	6,878,616
Financial Liabilities				
Payables	5.2	-	379,389	379,389
Borrowings	6.1	-	95,213	95,213
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	2,014,902	2,014,902
Total Financial Liabilitiesⁱ		-	2,489,504	2,489,504

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

Note 7.1: Financial instruments (cont)

Note 7.1(a): Categorisation of financial instruments (cont)

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 Cash Equivalents
- 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.

Note 7.1: Financial instruments (cont)

Note 7.1(a): Categorisation of financial instruments (cont)

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).

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 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 and interest rate 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 2021-22.

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.

Note 7.2: Financial risk management objectives and policies (cont)

Note 7.2(a): Credit risk (cont)

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:

	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
30 June 2022							
Expected loss rate		0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	889,971	6,092	6,146	12,875	-	915,084
Loss allowance		-	-	-	-	-	-
30 June 2021							
Expected loss rate		0.0%	0.0%	0.0%	100.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	827,514	-	1,408	5,040	-	833,962
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.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

Note 7.2: Financial risk management objectives and policies (cont)

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.

		Maturity Dates						
	Note	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
		\$	\$	\$	\$	\$	\$	\$
30 June 2022								
Financial Liabilities at amortised cost								
Payables	5.2	424,053	424,053	424,053	-	-	-	-
Borrowings	6.1	53,033	53,033	-	-	11,825	41,208	-
Other Financial Liabilities - Refundable								
Accommodation Deposits	5.3	2,252,906	2,252,906	-	-	2,252,906	-	-
Total Financial Liabilities		2,729,992	2,729,992	424,053	-	2,264,731	41,208	-
		Maturity Dates						
	Note	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
		\$	\$	\$	\$	\$	\$	\$
30 June 2021								
Financial Liabilities at amortised cost								
Payables	5.2	379,389	379,389	217,520	161,869	-	-	-
Borrowings	6.1	95,213	95,213	-	-	42,180	53,033	-
Other Financial Liabilities - Refundable								
Accommodation Deposits	5.3	2,014,902	2,014,902	-	-	2,014,902	-	-
Total Financial Liabilities		2,489,504	2,489,504	217,520	161,869	2,057,082	53,033	-

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

Note 7.2: Financial risk management objectives and policies (cont)

Note 7.2(c): Market risk

Casterton Memorial Hospital's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 2% up or down

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. 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 (2021: nil).

Note 7.4: Fair value determination

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.

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets
- Investment properties
- Lease liabilities

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

Note 7.4: Fair value determination (cont)

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.

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.

Casterton Memorial Hospital monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Casterton Memorial Hospital's independent valuation agency for property, plant and equipment.

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 7.4: Fair value determination (cont)

Note 7.4(a): Fair value determination of non-financial physical assets

		Carrying amount 30 June 2022	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
Note	\$	\$	\$	\$	\$
Specialised land		440,000	-	-	440,000
Land improvements		374,582	-	-	374,582
Total land at fair value	4.2(a)	814,582	-	-	814,582
Specialised buildings		17,712,113	-	-	17,712,113
Total buildings at fair value	4.2(a)	17,712,113	-	-	17,712,113
Plant and equipment	4.2(a)	230,419	-	-	230,419
Motor vehicles	4.2(a)	23,180	-	-	23,180
Medical equipment	4.2(a)	45,667	-	-	45,667
Computer equipment	4.2(a)	85,980	-	-	85,980
Furniture and fittings	4.2(a)	116,729	-	-	116,729
Total plant, equipment, furniture, fittings and vehicles at fair value		501,975	-	-	501,975
Right of use vehicles	4.3(a)	52,793	-	-	52,793
Total right-of-use assets at fair value		52,793	-	-	52,793
Investment property	4.6(a)	50,000	-	50,000	-
Total investment property at fair value		50,000	-	50,000	-
Total non-financial physical assets at fair value		19,131,464	-	50,000	19,081,464

Note 7.4: Fair value determination (cont)

Note 7.4(a): Fair value determination of non-financial physical assets

		Carrying amount 30 June 2021 \$	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$	Level 2 ⁱ \$	Level 3 ⁱ \$
Specialised land		389,400	-	-	389,400
Land improvements		350,828	-	-	350,828
Total land at fair value	4.2(a)	740,228	-	-	740,228
Specialised buildings		17,196,944	-	-	17,196,944
Total buildings at fair value	4.2(a)	17,196,944	-	-	17,196,944
Plant and equipment	4.2(a)	247,569	-	-	247,569
Motor vehicles	4.2(a)	35,195	-	-	35,195
Medical equipment	4.2(a)	44,985	-	-	44,985
Computer equipment	4.2(a)	90,448	-	-	90,448
Furniture and fittings	4.2(a)	108,414	-	-	108,414
Total plant, equipment, furniture, fittings and vehicles at fair value		526,611	-	-	526,611
Right of use vehicles	4.3(a)	64,526	-	-	64,526
Total right-of-use assets at fair value		64,526	-	-	64,526
Investment property	4.6(a)	50,000	-	50,000	-
Total investment property at fair value		50,000	-	50,000	-
Total non-financial physical assets at fair value		18,578,309	-	50,000	18,528,309

i Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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 highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Note 7.4: Fair value determination (cont)

Note 7.4(b): Fair value determination of non-financial physical assets (cont)

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.

Investment properties

Investment properties 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 investment properties, 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 2022.

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 current 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.

Note 7.4: Fair value determination (cont)**Note 7.4(b): Fair value determination of non-financial physical assets (cont)**

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 2022 for land and 30 June 2019 for buildings.

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 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 2022.

Note 7.4: Fair value determination (cont)

Note 7.4(b): Fair value determination of non-financial physical assets (cont)

Reconciliation of level 3 fair value measurement

	Note	Land and land improvements \$	Buildings \$	Plant, equipment, furniture & fittings, computer equipment and vehicles \$	Right-of-use vehicles \$
Balance at 1 July 2020		692,471	18,356,072	511,818	44,392
Additions/(Disposals)		-		117,261	29,980
<i>Gains/(Losses) recognised in net result</i>					
- Depreciation		(11,642)	(1,159,129)	(102,468)	(9,847)
<i>Items recognised in other comprehensive income</i>					
- Revaluation		59,400	-	-	-
Balance at 30 June 2021	7.4(a)	740,228	17,196,944	526,611	64,525
Additions/(Disposals)		-	-	68,593	-
<i>Gains/(Losses) recognised in net result</i>					
- Depreciation		(11,642)	(1,159,129)	(93,229)	(11,733)
<i>Items recognised in other comprehensive income</i>					
- Revaluation		85,996	1,674,298	-	-
Balance at 30 June 2022	7.4(a)	814,582	17,712,113	501,975	52,792

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown)	Market approach	Community Service Obligations Adjustments ⁽ⁱ⁾
Specialised buildings	Current replacement cost approach	- Cost per square metre - Useful life
Vehicles	Current replacement cost approach	- Cost per unit - Useful life
Plant, equipment, furniture & fittings, computer equipment and vehicles	Current replacement cost approach	- Cost per unit - Useful life

(i) A community service obligation (CSO) of 20% was applied to the Casterton Memorial Hospital's specialised land.

Note 8: Other disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash flow from operating activities

8.2 Responsible persons disclosure

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after the balance sheet date

8.7 Jointly controlled operations

8.8 Investments 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.

Note 8.1: Reconciliation of net result for the year to net cash flows from operating activities

		2022	2021
	Note	\$	\$
Net result for the year		(859,225)	(745,150)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets		(25,315)	(7,258)
(Gain)/Loss on revaluation of investment property		-	(10,000)
Depreciation of non-current assets	4.5	1,275,733	1,283,086
Bad debt expense		189	5,040
Share of net results in associates		4,601	(39,305)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(73,767)	(43,961)
(Increase)/Decrease in prepaid expenses		23,420	(25,694)
Increase/(Decrease) in payables and contract liabilities		324,418	75,811
Increase/(Decrease) in employee benefits		24,148	(15,026)
Net cash inflow from operating activities		694,200	477,543

Note 8.2: Responsible persons disclosures

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

	Period
Minister for Health:	
The Honourable Martin Foley	1 July 2021 to 27 June 2022
The Honourable Mary-Anne Thomas MP	27 June 2022 to 30 June 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 July 2021 to 27 June 2022
The Honourable Mary-Anne Thomas MP	27 June 2022 to 30 June 2022
Minister for Mental Health	
The Honourable James Merlino	1 July 2021 to 27 June 2022
The Honourable Gabrielle Williams MP	27 June 2022 to 30 June 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan MP	1 July 2021 to 11 October 2021
The Honourable James Merlino	11 October 2021 to 6 December 2021
The Honourable Anthony Carbines	6 December 2021 to 27 June 2022
The Honourable Colin Brooks	27 June 2022 to 30 June 2022
Governing Boards	
Liz McKinnon (Chair of the Board)	1 Jul 2021 - 30 Jun 2022
Gregory Hart	1 Jul 2021 - 30 Jun 2022
Dr Colin Riley	1 Jul 2021 - 7 Dec 2021
Bronwyn Roberts	1 Jul 2021 - 30 Jun 2022
Kane Forbes	1 Jul 2021 - 30 Jun 2022
Dale Magnussen	1 Jul 2021 - 30 Jun 2022
Dr Lucy Cuddihy	1 Jul 2021 - 30 Jun 2022
Nicholas Jackson	1 Jul 2021 - 30 Jun 2022
Dr Jennifer James	1 Jul 2021 - 30 Jun 2022
Accountable Officers	
Owen Stephens (Chief Executive Officer)	1 Jul 2021 - 30 Jun 2022

Note 8.2: Responsible persons disclosures

Remuneration of Responsible Persons

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

Income Band	2022 No	2021 No
\$0 - \$29,999	9	9
\$220,000 - \$229,999	-	1
\$250,000 - \$259,999	1	-
Total Numbers	10	10

	2022 \$	2021 \$
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	282,408	256,684

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

Note 8.3: Remuneration of executives

The number of executive officers, other than Ministers, Board Members 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.

Remuneration of executive officers	Total Remuneration	
(including Key Management Personnel disclosed in Note 8.4)	2022 \$	2021 \$
Short-term benefits	156,245	154,031
Post-employment benefits	29,692	29,692
Other long-term benefits	4,574	4,574
Total remunerationⁱ	190,511	188,297

Total number of executives	1	1
Total annualised employee equivalent ⁱⁱ	1.0	1.0

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

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

Note 8.3: Remuneration of executives (cont)

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.

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 health service include:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the Grampians Rural Health Alliance and
- all health services 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.

Note 8.4: Related parties (cont)

Key management personnel

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

Entity	KMPs	Position Title
Casterton Memorial Hospital	Liz McKinnon	Chair of the Board
Casterton Memorial Hospital	Gregory Hart	Board Member
Casterton Memorial Hospital	Dr Colin Riley	Board Member
Casterton Memorial Hospital	Bronwyn Roberts	Board Member
Casterton Memorial Hospital	Kane Forbes	Board Member
Casterton Memorial Hospital	Dale Magnussen	Board Member
Casterton Memorial Hospital	Dr Lucy Cuddihy	Board Member
Casterton Memorial Hospital	Nicholas Jackson	Board Member
Casterton Memorial Hospital	Dr Jennifer James	Board Member
Casterton Memorial Hospital	Sharon Muldoon	Board Advisor
Casterton Memorial Hospital	Owen Stephens	Chief Executive Officer
Casterton Memorial Hospital	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 State's Annual Financial Report.

	2022	2021
	\$	\$
Compensation - KMPs		
Short-term Employee Benefits	405,996	369,067
Post-employment Benefits	54,145	65,069
Other Long-term Benefits	12,778	10,845
Totalⁱ	472,919	444,981

ⁱ 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 DH of \$6.17m (2021: \$5.7m).

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 the Victorian Managed Insurance Authority.

Note 8.4: Related parties (cont)

Significant transactions with government related entities (cont)

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

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 2022 (2021: 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 2022 (2021 none).

Note 8.5: Remuneration of auditors

	2022 \$	2021 \$
Victorian Auditor-General's Office		
Audit of the financial statements	27,500	10,050
Total remuneration of auditors	27,500	10,050

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7: Jointly controlled operations

		Ownership Interest	
	Principal Activity	2022	2021
		%	%
South West Alliance of Rural Health (SWARH)	Information Systems	1.65	2.09

Note 8.7: Jointly controlled operations (cont)

Casterton Memorial Hospitals interest in assets and liabilities of the above joint arrangements are detailed below:

	2022	2021
	\$	\$
Current assets		
Cash and cash equivalents	350,725	213,265
Inventories	760	284
Receivables	92,068	64,225
Prepaid expenses	12,146	13,688
Total current assets	455,699	291,462
Non-current assets		
Receivables	13,795	10,248
Intangible assets	3,833	397
Property, plant and equipment	120,155	171,291
Total non-current assets	137,783	181,936
Total assets	593,482	473,398
Current liabilities		
Payables	158,241	203,087
Other current liabilities	217,996	44,069
Lease liabilities	25,950	24,646
Employee benefits and related on-cost provisions	44,019	36,225
Total current liabilities	446,206	308,027
Non-current liabilities		
Lease liabilities	33,167	44,060
Employee benefits and related on-cost provisions	4,485	7,086
Total non-current liabilities	37,652	51,146
Total liabilities	483,858	359,173
Net assets	109,623	114,225
Equity		
Accumulated surplus	109,623	114,225
Total equity	109,623	114,225

Note 8.7: Joint arrangements (cont)

Casterton Memorial Hospitals interest in revenues and expenses resulting from joint arrangements are detailed below:

	2022 \$	2021 \$
Revenue and income from transactions		
Operating activities	323,557	378,040
Non-operating activities	26,348	49,501
Total revenue and income from transactions	349,905	427,541
Expenses from transactions		
Employee benefits	(151,090)	(163,085)
Operating expenses	(139,121)	(185,813)
Depreciation and amortisation	(38,078)	(39,684)
Finance costs	(961)	(1,489)
Total expenses from transactions	(329,250)	(390,071)
Net result from transactions	20,655	37,470
Other economic flows included in the net result		
Change in equity share of JV	(23,987)	524
Revaluation of long service leave	(1,269)	1,891
Total other economic flows included in the net result	(25,256)	2,415
Comprehensive result for the year	(4,601)	39,885

* Figures obtained from the unaudited South West Alliance of Rural Health annual report.

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 using the equity method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Published Fair Value	
			2022 %	2021 %	2022 \$	2021 \$
Joint Venture Entities						
Southern Grampians/Glenelg Shire PCP	Primary Health	Australia	13	13	33,054	33,054
Total					33,054	33,054

(a) As at 30 June 2022, the fair value of the health service's interest in Southern Grampians/Glenelg Shire PCP was based on the % share of net assets of the unaudited financial statements.

(b) The financial year end date of Southern Grampians/Glenelg Shire PCP is 30 June.

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.

Note 8.10: Economic dependency

Casterton Memorial Hospital is dependent on the DH 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 DH will not continue to support Casterton Memorial Hospital.



Disclosure Index

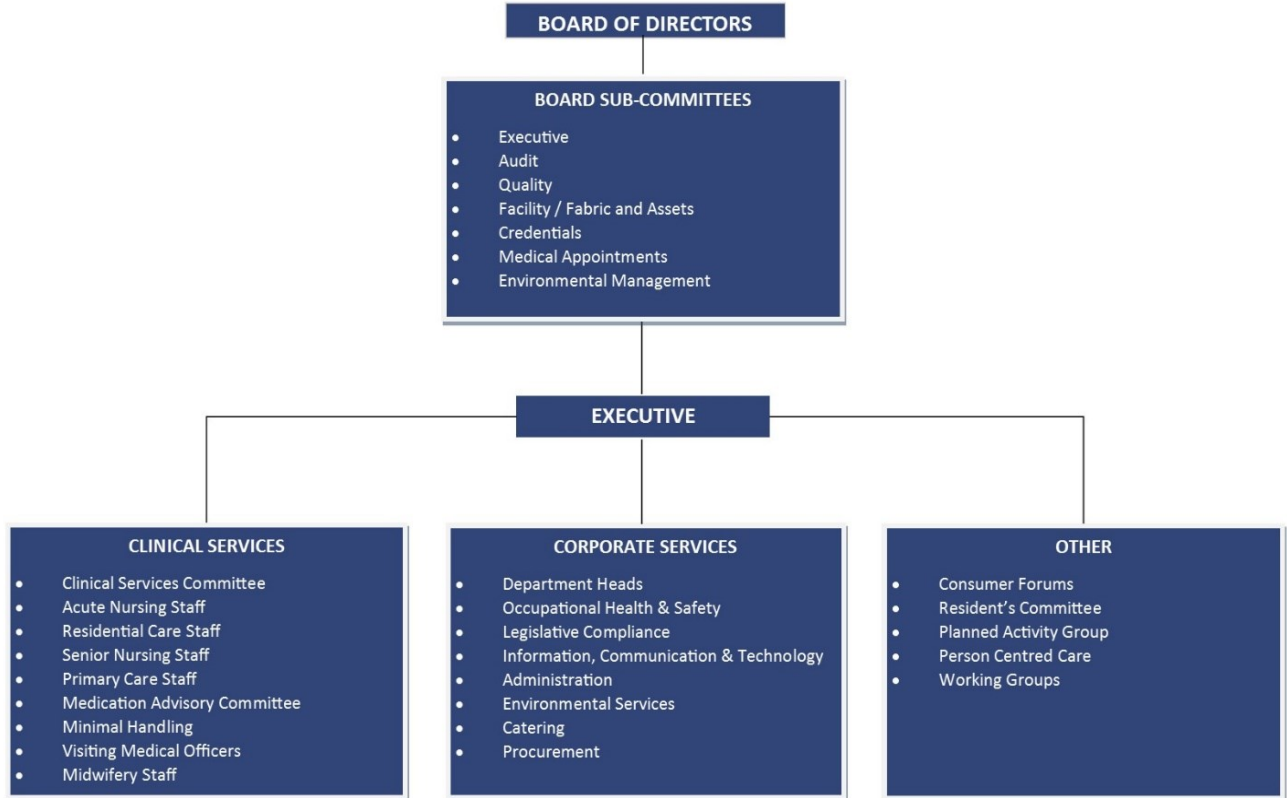
The annual report of the Casterton Memorial Hospital is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	2
FRD 22	Purpose, functions, powers and duties	Inside Front Cover
FRD 22	Nature and range of services provided	3 & 11
FRD 22	Activities, programs and achievements for the reporting period	8-11
FRD 22	Significant changes in key initiatives and expectations for the future	4-6
Management and structure		
FRD 22	Organisational structure	Inside Back Cover
FRD 22	Workforce data / employment and conduct principles	13
FRD 22	Occupational Health and Safety	13
Financial information		
FRD 22	Summary of the financial results for the year	17-18
FRD 22	Significant changes in financial position during the year	18
FRD 22	Operational and budgetary objectives and performance against objectives	17-18
FRD 22	Subsequent events	85
FRD 22	Details of consultancies under \$10,000	13
FRD 22	Details of consultancies over \$10,000	13
FRD 22	Disclosure of ICT Expenditure	14
Legislation		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	13
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	13
FRD 22	Application and operation of <i>Public Interest Disclosures Act 2012</i>	13
FRD 22	Statement on National Competition Policy	13
FRD 22	Application and operation of <i>Carers Recognition Act 2012</i>	13
FRD 22	Summary of the entity's environmental performance	15
FRD 22	Additional information available on request	14
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	13
SD 5.1.4	Financial Management Compliance Attestation	16
SD 5.2.3	Declaration in report of operations	16
Attestations		

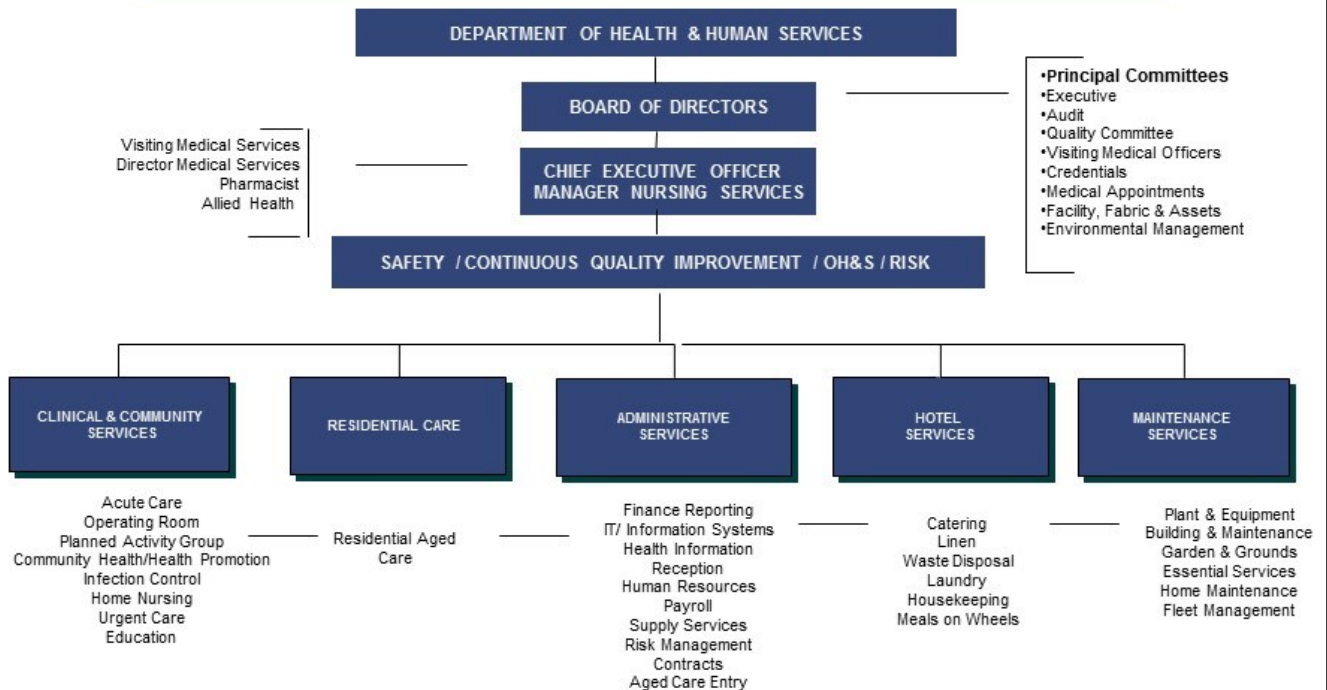


LEGISLATION	REQUIREMENT	PAGE REFERENCE
	Attestation on Data Integrity	15
	Attestation on managing Conflicts of Interest	16
	Attestation on Integrity, fraud and corruption	16
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2021-22	8-11
	Occupational Violence reporting	12
	Gender Equality Act 2020	13
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	15

CASTERTON MEMORIAL HOSPITAL - COMMITTEE COMPOSITION



CASTERTON MEMORIAL HOSPITAL - FUNCTIONAL ORGANISATIONAL CHART





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