



Casterton Memorial Hospital

115th

Annual Report

2022 – 2023



"Delivering exceptional healthcare to our community"

ACKNOWLEDGEMENT

We respectfully acknowledge the traditional owners and custodians of this land, the Gunditjmara people. We pay our respects to all Aboriginal Elders past and present who have been an integral part of this regions' history.

We celebrate, value and include people of all backgrounds, genders, sexualities, cultures and abilities.

How to Contact Us:

Address: 63-69 Russell Street
CASTERTON VIC 3311

Phone: (03) 555 42 555

Website: www.castertonmemorialhospital.com.au

ABN: 62 051 291 134

Casterton Memorial Hospital comprises of acute, residential aged care, primary care and community health services.

The Health Service is incorporated under the *Health Services Act 1988* and operates under the provisions of the Act.

Pictured Front Cover: LtoR CMH front entrance; CMH Colour Run - Shane Gill, NUM Acute & Christine Munro; CMH staff – Healthy Heart Week; Alison Jenkins, ANUM Res Care; CMH Glenelg House gardens; Hands Up Casterton – Lucinda Jenkins & Kane Forbes; CMH Seasons Group – Margaret Lockett; CMH receptionist - Katherine Scott

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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 2023.



Hugh Macdonald
Board Chair
Casterton Memorial Hospital
3 October 2023

MANNER OF ESTABLISHMENT AND RESPONSIBLE MINISTERS

Casterton Memorial Hospital is a public hospital established under the Health Services Act 1988 (Vic).

This annual report outlines the operational and financial performance of CMH from 1 July 2022 to 30 June 2023.

The responsible Ministers for the period were:

Minister for Health

The Hon. Mary-Anne Thomas (1/7/22-30/6/23)

Other Ministers

Minister for Disability, Ageing and Carers

The Hon. Colin Brooks (1/7/22-5/12/22)

The Hon. Lizzie Blandthorn (5/12/22 – 30/6/23)

Minister for Mental Health

The Hon. Gabrielle Williams (1/7/22 – 30/6/23)

STRATEGIC DIRECTION

Our Vision

To be a leader and partner in the delivery of exceptional health care to Casterton and surrounding communities.

Our Purpose

Casterton Memorial Hospital aims to improve the health and well-being of our community through local, adaptive and innovative solutions.

We will do this by:

- Delivering effective, safe, quality health and well-being services
- Ensuring the sustainability of our services to meet the future needs of our community

Our Values

Trust: we have confidence in the ability of others

Respect: we value every individual

Honesty & Integrity: we act truthfully, consistently and fairly

Collaboration & Engagement: we create solutions together

Sustainability: we work to get the best results for current and future generations

Our Strategic Goals 2022-2026

Thriving Community & Sustainable Healthcare Service

A copy of the full CMH Strategic Plan 2022-2026 can be obtained from the website:
www.castertonmemorialhospital.com.au/documents

JOINT MESSAGE FROM THE BOARD CHAIR AND CHIEF EXECUTIVE

“The Year in Review”

Reflecting on the past year, Casterton Memorial Hospital (CMH) has remained focused on shaping a future-ready organisation. We put in place a new strategic plan, prioritised the well-being of our team and following the pandemic we recommenced engaging with the community.

With a sense of deep gratitude, we acknowledge the service of Chief Executive Officer (CEO) Owen Stephens, who after 33 years of unwavering commitment, retired from his position. His significant contributions towards enhancing health services for Casterton and its neighbouring communities will be remembered for many years to come.

In the interim, we were fortunate to have James (Mac) McInnes steer the ship thanks to a collaborative endeavour with Western District Health Services (WDHS). Following his successful term, we welcomed WDHS Chief Executive Rohan Fitzgerald in May to serve as the interim dual CEO until a permanent successor is appointed.

Furthermore, we had a transition at the Board Chair level. After two years, Liz McKinnon relinquished her role as Chair, paving the way for Greg Hart in March 2023. During her tenure, Liz navigated CMH successfully through the pandemic, facilitated the development of a new vision and strategic direction, and spearheaded a comprehensive cultural review at CMH.

The COVID-19 pandemic has left an indelible mark on all our lives and CMH has demonstrated remarkable resilience in warding off the virus. We faced an outbreak in April this year, only our second outbreak since the pandemic commenced, and our clinical and non-clinical teams, with commendable resilience and efficiency, managed the situation successfully. We are grateful to the families and friends who showed immense understanding and support during these challenging times. The outbreak demonstrated the effectiveness of our emergency response plans and showed our preparedness to respond to any similar future challenges.

Our new strategic plan, launched at the Annual General Meeting in February, outlines our aspirations for a thriving community and a sustainable healthcare service. The new vision sets us on a course "To be a leader and partner in delivering exceptional healthcare to Casterton and its surrounding communities". Our mission emphasises the importance of delivering safe, high-quality healthcare. This new direction is underpinned by our new values which will be incorporated into every aspect of our work environment.

The 2022-2025 Gender Equality Action Plan, approved by the Gender Equality Commission in September 2022, sets ambitious targets for our workforce. We are striving towards achieving numerous organisational targets to make our workforce more diverse and inclusive.

Sustainability is a core theme of our strategic plan. The 2022-2026 Environmental Management Plan, unveiled in December 2022, contains organisation-wide targets towards our commitment to reducing our environmental footprint. One tangible step towards this goal has been the inclusion of a new hybrid vehicle in our Community Transport fleet.

Our workforce, comprising 96 dedicated staff members and eight volunteers, has remained stable. Despite the challenging recruitment landscape, our international recruitment strategies have been successful in attracting talent. The arrival of new staff and their families to Casterton has positively impacted the local economy.

In the spirit of continuous improvement, the People Matters survey was conducted in October 2022. The feedback provided was invaluable in directing an organisation-wide Culture Review, aimed at enhancing our work environment. Department heads have collaborated with their teams to devise action plans to address key concerns, which we hope will significantly improve staff experiences.

At the board level, we saw changes with the departures of Kane Forbes, Liz McKinnon, and Dale Magnussen, and a temporary leave of absence for Bronwyn Roberts.

CMH has been actively engaged in the community, with the Hands Up Casterton event in May 2023 being a huge success. Over 80 locals shared ideas, one of which led to our funding of a storytelling project. We also organised a "Seven Secrets to a Healthy Mind" seminar, a Colour Fun Run, and several Telehealth Hub information sessions to increase community knowledge about accessing services remotely.

Our commitment to delivering high quality and safe services was recognized when the Aged Care Quality and Safety Commission granted CMH full re-accreditation in September 2022. The assessment team highlighted the personalized care provided to residents and families as being one of many achievements. We also achieved a 4-star rating under the new Aged Care Star Rating system, which offer consumers an insight into the quality of care at CMH.

Ongoing training and development have been central to our work. We conducted Bullying and Harassment training, informed our team about gender equality requirements, and continued to provide mandatory training to ensure readiness for any emergency. Several professional development programs were also offered internally, including infection prevention control, diabetes management, and clinical handover. External training was also encouraged to enhance the clinical team's knowledge and skills.

Financially, we have navigated the year prudently, ensuring a modest surplus by the end of the financial year. Our fiscal stewardship has played a significant role in our success, enabling us to reinvest in services that support our community.

After 40 years of medical service to the Casterton, Coleraine and surrounding communities, we bid farewell to Dr Brian Coulson. It is a remarkable achievement, which is unlikely to ever be rivalled.

We would like to express our gratitude towards our staff for their unwavering dedication and commitment throughout the last 12 months. Their contributions have been instrumental in providing outstanding services to our community and our continued success.

As we look to the future, we are focusing on providing the best possible aged care and acute service for our region. We continue to strive to make CMH a great place to work, attracting talent to our town and exploring strategies to future-proof our services.



Hugh Macdonald
Board Chair



Rohan Fitzgerald
Interim Chief Executive

MANAGEMENT & STRUCTURE

Board of Directors



Greg Hart
BOARD CHAIR (23/3/23-30/6/23)
Appointed: 2019
Term Expires: 2025



Nicholas Jackson
VICE CHAIR (23/3/23-30/6/23)
Appointed: 2021
Term Expires: 2024



Dr Jennifer James
DIRECTOR
Appointed: 2021
Term Expires: 2024



Dr Lucy Cuddihy
DIRECTOR
Appointed: 2021
Term Expires: 2024



Dr Abdul Imran
DIRECTOR
Appointed: 2022
Term Expires: 2025



Elizabeth McKinnon
DIRECTOR (Chair 1/7/22-23/3/23)
Appointed: 2020
Term Expired: 2023



Bronwyn Roberts
DIRECTOR
Appointed: 2020
Term Expired: 2023



Dale Magnussen
DIRECTOR
Appointed: 2021
Term Expired: 2023



Kane Forbes
DIRECTOR
Appointed: 2019
Resigned: December 2022

Committees of the Board

Quality, Safety & Risk

Dr Lucy Cuddihy (Chair)
Dr Didir Imran
Bronwyn Roberts*
Kane Forbes*

Internal Audit & Risk

Nicholas Jackson (Chair)
Greg Hart
Liz McKinnon*
Bronwyn Roberts*

Facility Fabric, Assets & Works

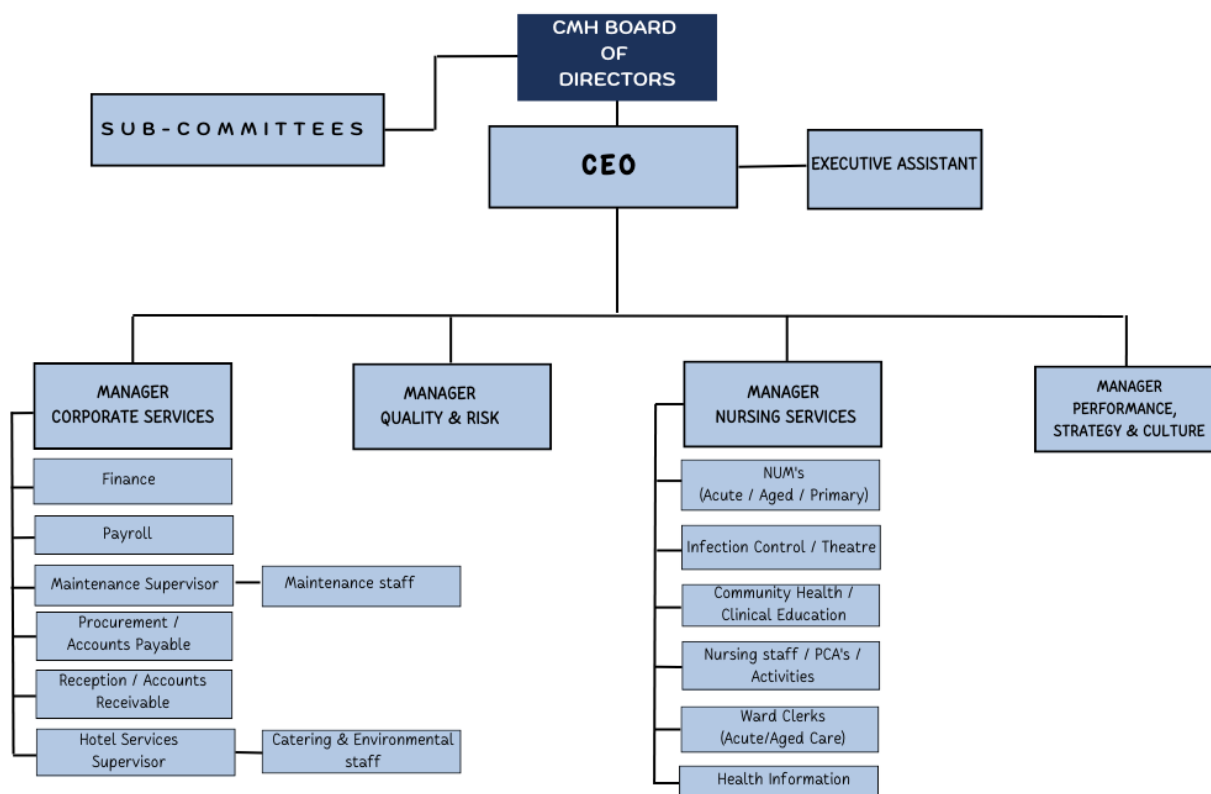
Nicholas Jackson (Chair)
Greg Hart
Dale Magnussen*

Environmental Management

Dr Jennifer James (Chair)

**Resigned/Term expired/Leave of Absence during/at conclusion of 2022-2023*

Organisational Chart



Leadership Team

Chief Executive Officer
Interim Chief Executive
Interim Chief Executive
Manager, Nursing Services

Corporate Services Officer
Finance Officer
Interim Finance Officer
Manager, Quality & Risk
Int.Manager Performance, Strategy & Culture
Infection Control

Nurse Unit Manager, Acute Care

Nurse Unit Manager, Residential Care
Community Health / Education Officer

Community Home Nursing

Hotel Services Supervisor
Maintenance Supervisor / OH&S

O. Stephens *B. Bus, A.C.H.S.E (1/7/22–19/12/22)*
 J. McInnes *BSW, DipSW, PCHSM(19/12/22–8/5/23)*
 R. Fitzgerald *BCom (8/5/23-30/6/23)*
 M. Betson *N.P, RN, R.M, Cert. Critical Care, Nurse Immuniser, Cert IV Training & Assessment, MNsg.MNP, FACN*
 L. Hulm
 S. Hill *(nee Roder) (1/7/22-8/4/23) CA, B. Bus (ProfAcc)*
 N. Templeton *(8/4/23-30/6/23) BCom, CPA*
 L. Munro
 J. Zylstra
 H. Gill *R.N, Cert Infection Control & Sterilisation, Nurse Immuniser, MACN*
 S. Gill *R.N, Cert Aged Care*
 P. Charlton *R.N., Cert IV Frontline Management*
 K. Sealey *R.N., Cert IV in Frontline Management, MACN*
 P. Layley-Doyle *R.N., R.M., Cert IV Training & Assessment, MACN*
 C. Mahanda-Makore *R.N., Grad Cert Nursing (Emergency Nursing), Rural and Isolated Practice (Scheduled Medicines) Registered Nurse (RIPRN)*
 J. East
 S. Zippel

OUR COMMUNITY

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.

CMH is well supported by its employees and the community. During the 2022-2023 financial year, fundraising contributions and donations totalled \$10,212.11.



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.

We also extend our sincere appreciation to the community volunteers who assist with 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.

ABOUT OUR SERVICES

CMH allocates its resources to tailor services that best cater to our community's needs. 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.

Service Performance at a glance

HOSPITAL	2022-2023	2021-2022
Total Multistay Inpatient Separations*	103	145
Total Same Day Separations*	242	202
Bed Days*	2067	2434
Total NWAU	253.97	284.92
% Occupancy Rate Staffed Beds	38%	44%
Average Length of Stay**	4.86	5
% Public Bed Days	92%	84%
% Private Bed Days	8%	16%
Obstetrics / Gynaecology	0	2
Operations / Procedures	27	44
Urgent Care Presentations	977	2073
GLENELG HOUSE RESIDENTIAL CARE	2022-2023	2021-2022
Residents Accommodated	42	46
Bed Days	10915	10923
Average Daily Occupancy	29.90	29.92
% Occupancy Rate Full Year	99.68%	99.75%
PLANNED ACTIVITY GROUP	2022-2023	2021-2022
Attendances	1,037	540
COMMUNITY HOME NURSING	2022-2023	2021-2022
Home Visits	5,466	5,723
Kilometres Travelled	20,354	19,907
COMMUNITY HEALTH	2022-2023	2021-2022
Attendance (contacts)	395	592
ALLIED HEALTH	2022-2023	2021-2022
Physiotherapy Attendance***	497	595
Speech Therapy Attendance***	0	0
Dietetics***	36	26
MEALS PRODUCED	2022-2023	2021-2022
Hospital / Residential Care / Other	59,906	61,982
Meals on Wheels	6,663	5,562

*Does not include newborn transfers **Excludes Nursing Home Type ***Includes in-patients

Other services facilitated through private practitioners includes:

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

WORKPLACE HEALTH, SAFETY & WELL-BEING

Workforce Data

WORKFORCE PROFILE 2023 Labour Category	JUNE current month FTE* 2023 2022		Average Monthly FTE 2023 2022	
Nursing	42.92	45.38	40.81	42.25
Administration & Clerical	10.72	10.84	11.99	9.36
Hotel & Allied Services	23.29	24.85	24.61	26.52

*Full-time equivalent

Conduct Principles

It is a condition of employment at Casterton Memorial Hospital that all employees must abide by the Victorian Public Sector Commission Code of Conduct and all CMH values, policies and procedures.

Occupational Health & Safety

OCCUPATIONAL HEALTH & SAFETY DATA	2022-23	2021-22	2020-21
Number of reported hazards / incidents for the year per 100 FTE	40	29.76	39.04
Number of 'lost time' standard claims for the year per 100 FTE	0	0	3.90
Average cost per claim ('000)	\$21	\$21	\$56

Occupational Violence

OCCUPATIONAL VIOLENCE STATISTICS	2022-23	2021-22
Workcover accepted claims with an occupational violence cause per 100 FTE	0	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0	0
Number of occupational violence incidents reported	8	15
Number of occupational violence incidents reported per 100 FTE	10.33	11.44
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0	0

Industrial Relations

No industrial action occurred and no work hours were lost during 2022-2023.

LIFE GOVERNORS & SERVICES AWARDS

Acknowledging our Life Governors

A Life Governorship is the highest recognition Casterton Memorial Hospital can bestow. Our recipients have provided significant contributions to the organisation over a prolonged period of time. Additionally, we thank all of our dedicated and valuable volunteers and employees for their many hours of work and support every year to our residents and community.

Recognised for Service and Dedication to Casterton Memorial Hospital;

Mr T Baker OAM
Mr E Edge
Mrs M Moffatt
Mr P.L Sandow
Mrs K.L Simson

Mrs B Collins
Dr T Halloran
Mr R Nicol
Mr G Sheppard

Mr R Cowland
Mrs C McKinnon
Mrs J Ross
Mr C.R Simson

Service Awards

The following employees are recognised for their length of service;

10 YEARS

Patricia Jones

15 YEARS

Carol Northcott
Patricia Tait*

20 YEARS

Diane Southern*

35 YEARS

Robyn Reilley
Wendy Tibbles

40 YEARS

Kathleen McArlein



Kathleen McArlein (40 years' service)

**Resigned during the year*

FINANCIAL SUMMARY

Performance at a Glance

	2023	2022	2021	2020	2019
	\$000				
Operating Result*	51	173	110	103	102
Total Revenue	11,840	10,600	10,144	9,909	9,710
Total Expenses	12,766	11,549	11,025	10,833	10,577
Net Result from transactions	(926)	(949)	(881)	(925)	(867)
Total other economic flows	(20)	90	136	(50)	(65)
Net Result	(946)	(859)	(745)	(974)	(932)
Total Assets	26,162	27,681	26,111	26,771	26,678
Total Liabilities	5,187	5,759	5,090	5,065	3,978
Net Assets / Total Equity	20,975	21,922	21,021	21,706	22,700

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

Reconciliation of Net Result from Transactions and Operating Result

	2022-2023 (\$000)
Net operating result*	51
Capital purpose income	350
Specific income	N/A
COVID 19 State Supply Arrangements	49
-assets received free of charge or for nil consideration under the State Supply	
State supply items consumed up to 30 June 2023	(49)
Assets provided free of charge	N/A
Assets received free of charge	N/A
Expenditure for capital purpose	(34)
Depreciation and amortisation	(1286)
Impairment of non-financial assets	N/A
Finance costs (other)	(7)
Net result from transactions	(926)

*The net operating result is the result which the Health Service is monitored against in its Statement of Priorities

Details of consultancies (under \$10,000)

In 2022-2023, there were two consultancies where the total fees payable to the consultants were less than \$10,000.00. The total expenditure incurred during 2022-23 in relation to this consultancy was \$15,170.00.

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

In 2022-2023, there were two consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-2023 in relation to these consultancies is \$47,785.00.

Consultant	Purpose of Consultancy	Start date	End Date	Total Approved Project Fee (ex GST)	Expenditure 2022-2023 (ex GST)	Future Expenditure (ex GST)
Brooker Consulting	CEO Recruitment	1/7/22	30/6/23	34,650.00	34,650.00	0
Cooper Hardiman	Culture Review	1/1/23	30/4/23	13,135.00	13,135.00	0

Information & Communication Technology ICT Expenditure

ICT Expenditure incurred during 2022-2023 is \$627,103 (ex GST) as detailed below. Amounts shown 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 (ex GST)	Total = Operational Exenditure and capital Expenditure (ex GST)	Operational Exenditure (ex GST)	Capital Expenditure (ex GST)
451,985	175,118	23,126	151,992

Financial Management Compliance Attestation

I, Hugh Macdonald, 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.



Hugh Macdonald
Board Chair
Casterton Memorial Hospital
3 October 2023

LEGISLATIVE COMPLIANCE

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:

Chief Executive
Casterton Memorial Hospital
63-69 Russell Street, Casterton VIC 3311
Ph: (03) 555 42 555 | E: ceo@cmh.org.au

A fee, plus charges for associated costs, may apply in accordance with the Act.

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*.

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.

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.

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 providing an equitable and inclusive workplace. We believe gender equality, diversity and inclusion improves the care we provide for all consumers, employees and our community.

In 2022-2023 CMH achieved the following;

- Review and improve relevant systems and processes to record intersectional data for employees and Board Directors;
- Ensured consultation processes were followed to seek the views and experiences of diverse groups;
- Conducted awareness campaigns for all employees on the use of gender inclusive language;
- Conducted mandatory gender equity in the workplace training for all leadership
- Increased the organisational awareness of family violence

Environmental Performance

Casterton Memorial Hospital's Environmental Management Committee formulates strategies to implement projects, monitor usage and reduce the environmental impact of the facility through its' Environmental Management Plan (EMP).

Environmental impacts & Energy Use	2022-2023	2021-2022	2020-2021
Energy Use			
Electricity (MWh)	450.55	454	515
Liquefied Petroleum Gas(kL)	58.54	64	61
Carbon emissions (thousand tonnes of CO₂e)			
Electricity	0.38	0.41	1
Liquefied Petroleum Gas	0.09	0.10	0
Total emissions	0.47	0.51	1
Water Use (millions litres)			
Potable Water	4.65	5.69	6

Factors influencing environmental impacts	2022-2023	2021-2022	2020-2021
Floor area (m ²)	4,744	4,744	4,744
Separations	345	349	408
In-patient bed days	2,416	2,239	3,006
Aged Care bed nights	10,910	10,916	10,924

Sustainable procurement

CMH promotes sustainable practices that go beyond compliance requirements to both minimise adverse environmental impact and deliver positive environmental outcomes.

Our procurement activities are environmentally responsible and include;

- Purchasing of recycled paper for printing;
- Introduction of Hybrid vehicles to the CMH fleet.
- Single use plastic items replaced with paper /bamboo alternatives such as straws, disposable plates / bowls / cutlery, pill cups,
- Reduction in chemicals used for cleaning with introduction of microfibre cloths.

Along with sustainable procurement practices, CMH also endeavours to promote social procurement practices where possible. Social procurement is when organisations use their buying power to generate social value above and beyond the value of the goods, services, or construction being procured. Under the Victoria's Social Procurement Framework, CMH is required to report on the following objectives;

- Opportunities for Victorian Aboriginal People
- Opportunities for Victorians with disability
- Opportunities for disadvantaged Victorians

As per the below results CMH engaged with 3 social benefit suppliers with a total spend of \$17,520 for the 2022-2023 Financial year, this was an increase on 2 suppliers with \$1,422 spend in 2021-2022.



The environmental data presented in this report is for Casterton Memorial Hospital which operates from one facility only, located in Casterton which is a part of the Glenelg Shire. CMH does not operate any leased sites, nor does it have any service concessions or consolidated entities to be considered within CMH's organisational boundary.

Benchmarks 2022-2023	Avg. for peer group	Your value	% above / below avg.
Carbon emissions			
CO2e(t) per m2	0.10	0.10	-2%
CO2e(t) per OBD	0.04	0.04	-13%
CO2e(t) per Seps	1.37	1.37	0%
Water use			
kL per m2	1.03	0.98	-5%
kL per OBD	0.41	0.35	-15%
kL per Seps	13.78	13.49	-2%
Expenditure tests			
Total utility spend (\$/m2)	31	31.83	2%
Elec (\$/kWh)	0	0.21	0.3%
Potable Water (\$/kL)	4	3.75	1.8%
LPG (\$/kL)	540	675	25.1%
<i>Additional measures (not included in benchmarking chart)</i>			
Total utility spend (\$/Separations)		437.71	
Total utility spend (\$/In-patient bed days)		62.50	
Total utility spend (\$/Aged Care bed nights)		13.84	

General notes

1. 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.
2. 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.
3. Electricity consumption values exclude line losses; some energy retailers included losses in reported values.



CMH's new Hybrid Toyota Camry community transport vehicle

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



CMH Kelpie Festival float entry 2023



CMH Colour Run – L to R Wendy Smith, Alison Jenkins, Betty Martin

ATTESTATIONS

Data Integrity

I, Rohan Fitzgerald, 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.



Rohan Fitzgerald
Interim Chief Executive
Casterton Memorial Hospital
3 October 2023

Conflict of Interest

I, Rohan Fitzgerald 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.



Rohan Fitzgerald
Interim Chief Executive
Casterton Memorial Hospital
3 October 2023

Integrity, Fraud and Corruption

I, Rohan Fitzgerald, 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.



Rohan Fitzgerald
Interim Chief Executive
Casterton Memorial Hospital
3 October 2023

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.



Rohan Fitzgerald
Interim Chief Executive
Casterton Memorial Hospital
3 October 2023

Compliance with Health Share Victoria (HSV) Purchasing Policies

I, Rohan Fitzgerald, certify that Casterton Memorial Hospital has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



Rohan Fitzgerald
Interim Chief Executive
Casterton Memorial Hospital
3 October 2023



CMH Bike Smoothie Day - RN Urmila
Budhathoki



2022 CMH & Rotary Healthy Minds Seminar – Shane Gill, Dr Nehmy, Roger Dalby,
Rotary President Christine Munro, Lucinda Jenkins

STATEMENT OF PRIORITIES

Part A: Deliverables

In 2022-2023 Casterton Memorial Hospital achieved the following outcomes of the Government's strategic priorities;

STRATEGIC PRIORITIES	OUTCOMES
KEEP PEOPLE HEALTHY & SAFE IN THE COMMUNITY	
Maintain COVID-19 readiness: Maintain a robust COVID-19 readiness and response, working with the Department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.	<ul style="list-style-type: none"> • CMH has put in place a comprehensive Covid Response Plan; • Community testing program in place within DH guidelines; • Continued communications with the public through Facebook; • Participation in Hospital in the Home Covid program with Western District Health Service (WDHS); • Ongoing worker FIT testing to ensure effective PPE; • New consumers to Hospital and Aged Care are offered and supported with vaccination updates; • Ongoing reporting to Aged Care and DH on vaccination status of employees and aged care consumers; • Ongoing collaboration / partnership with local Public Health Unit in relation to local and regional Covid guidelines and actions; • PPE supply and readiness plans current and tested in preparation for community and in-house outbreaks; • 100% vaccination rates for consumers and workers
CARE CLOSER TO HOME	
Delivering more care in the home or virtually: Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.	<ul style="list-style-type: none"> • Partnership developed with Barwon Health for a Virtual Emergency care model; • Supported by the 'My Emergency Doctor' telehealth model; • Review and update consumer feedback mechanism for Telehealth care models in Urgent Care; • A Telehealth hub has been set up at CMH; • Commenced discussions with the Glenelg Shire about transitioning the Commonwealth Home Support Program; • Participated in the "Better at Home" program.

STRATEGIC PRIORITIES	OUTCOMES
KEEP IMPROVING CARE	
<p>Improve quality and safety of care: Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.</p>	<p>CMH works closely with Safer Care Victoria in areas of clinical improvement where relevant to CMH;</p> <ul style="list-style-type: none"> • Hospital Acquired Complications (as identified through VAED) are reported through monthly Governance reports to clinicians and Board of Directors; • Review recording and reporting of internal Medical Emergency Team calls; • Ongoing clinical reviews to review care outcomes for targeted care episodes.
<p>Plan update to nutrition and food quality standards: Develop a plan to implement nutrition and quality of food standards in 2022-2023, implemented by December 2023</p>	<p>Developed gap analysis and working with WDHS to implement the new food standards by December 2023.</p>
<p>Climate Change Commitments: Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change</p>	<p>Updated and improved the CMH Environmental Management Plan and Action Plan including;</p> <ul style="list-style-type: none"> • Goal setting; • Set up of reporting framework to CMH in regard to performance measures; • Developed internal environmental targets
<p>Asset Maintenance and Management: Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.</p>	<ul style="list-style-type: none"> • Continued asset management reporting to the DH; • Commenced introductory course on the DH Asset Information Management System (AIMS).
IMPROVE ABORIGINAL HEALTH & WELL-BEING	
<p>Improve Aboriginal cultural safety:</p> <ul style="list-style-type: none"> • Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care • Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations • Implement strategies and processes to actively increase Aboriginal employment • Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments • Develop discharge plans for every Aboriginal patient 	<ul style="list-style-type: none"> • Building relationships with Aboriginal/Torres Strait Islander groups Winda-Mara Corporation and Guditj-Mirring Traditional Owners Corporation; • Ongoing review of CMH guidelines to ensure effective referral pathways are maintained; • Ongoing training/education for new employees through the "Learning Management System". <ul style="list-style-type: none"> ◦ Achieved goal of 75% employees completed by 30th June 2023 • Development of a Discharge plan for consumers who identify as Aboriginal/Torres Strait Island origin. • Developed a notification system to Winda-mara for upcoming organisational employee vacancies by Human Resources.

	<ul style="list-style-type: none"> Commenced development of Reconciliation Action Plan
STRATEGIC PRIORITIES	OUTCOMES
MOVE FROM COMPETITION TO COLLABORATION	
Foster and develop local partnerships: <ul style="list-style-type: none"> Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP) Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform. 	<ul style="list-style-type: none"> Continued partnerships through participation with Barwon South West Health Service Partnership CMH representation on Elective Surgery project; Better at Home programme partnerships involving HSP in the region in place; Partnered with health services across the South West region to tender for the WestVic PHN Chronic Conditions program; Led the Sub Regional Corporate Services Group to support interagency collaboration up until December 2022; Supported the Sub Regional Collaboration Project Manager role within the region; CMH gained the benefit of a Regional Education advisor from South West Health Care
A STRONGER WORKFORCE	
Improve workforce well-being: <ul style="list-style-type: none"> Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23 Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework Prioritise well-being of healthcare workers and implement local strategies to address key issues 	<ul style="list-style-type: none"> Ongoing employee training in OVA through CMH Learning Management System; Employee Assistance Program in place; Ongoing review of MARAM to identify possible improvements; Culture Review undertaken and recommendations being implemented including mandatory training in Bullying & Harassment; Recruitment campaign undertaken for People & Culture co-ordinator; Deliver Council of Remote Area Nursing of Australia (CRANA) well-being reset sessions ; Development and adoption of Gender Equality Action Plan for the organisation; Funding received to enhance employee well-being; <ul style="list-style-type: none"> Purchase of outdoor furniture to encourage outside gathering/socialisation Internal well-being programs implemented throughout 2022; <ul style="list-style-type: none"> Massage Yoga Meditation Gift vouchers for Employees for Christmas Morning/Afternoon tea treats

Part B: Key 2022-2023 Performance Priorities

High quality & safe care

Key Performance Measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	89.4%
Percentage of healthcare workers immunised for influenza	92%	99%
Patient experience		
Percentage of patients who reported positive experiences of their hospital stay	95%	*

*Result suppressed due to less than 10 responses

Strong Governance, leadership and culture

Key Performance Measure	Target	Result
Organisational Culture		
People Matter Survey – percentage of staff with an overall positive response to safety culture survey questions	62%	71%

Effective financial management

Key Performance Measure	Target	Result
Operating result (\$M)	0	0.05
Average number of days to paying trade creditors	60 days	35
Average number of days to receiving patient fee debtors	60 days	54
Adjusted current asset ratio	0.7% or 3% improvement from health service base target	1.75%
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	-0.17
Actual number of days available cash, measured on the last day of each month	14 days	150.8

Part C: Activity and Funding

FUNDING TYPE	2022-2023 ACTIVITY ACHIEVEMENT
Small Rural	
Small Rural Acute	253.97
Small Rural Primary Health and HACC	
• Nursing	320 hours
Small Rural Residential Care	10,915 days
Small Rural Health Workforce	54 students



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
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Report of Operations		
Charter and purpose		
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FRD 22	Purpose, functions, powers and duties	5
FRD 22	Nature and range of services provided	11
FRD 22	Activities, programs and achievements for the reporting period	23
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Management and structure		
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FRD 22	Subsequent events	85
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FRD 22	Disclosure of ICT expenditure	15

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Attestations

Attestation on Data Integrity	21
Attestation on managing Conflicts of Interest	21
Attestation on Integrity, fraud and corruption	21
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- Reporting of outcomes from Statement of Priorities 2022-2023 23
- Occupational Violence reporting 12
- Gender Equality Act 2020 17
- Reporting obligations under the *Safe Patient Care Act 2015* 20

Financial Statements
Financial Year ended 30 June 2023




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 2023 and the financial position of Casterton Memorial Hospital at 30 June 2023.

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 3 October 2023.

Board member	Accountable Officer	Chief Finance & Accounting Officer
		
Mr H McDonald	Mr R. Fitzgerald	Mr N. Templeton
Chair	Chief Executive Officer	Chief Finance and Accounting Officer
Casterton	Casterton	Casterton
3 October 2023	3 October 2023	3 October 2023

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 2023 • 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 2023 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
20 October 2023

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Casterton Memorial Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue and income from transactions			
Operating activities	2.1	11,268,644	10,150,731
Non-operating activities	2.1	270,634	99,375
Share of revenue from joint operations	8.7	301,138	349,905
Total revenue and income from transactions		11,840,416	10,600,011
Expenses from transactions			
Employee expenses	3.1	(9,260,825)	(8,304,533)
Supplies and consumables	3.1	(682,626)	(632,299)
Finance costs	3.1	(7,308)	(1,679)
Depreciation	4.5	(1,285,872)	(1,275,733)
Share of expenditure from joint operations	8.7	(349,822)	(353,237)
Other administrative expenses	3.1	(835,985)	(659,458)
Other operating expenses	3.1	(343,602)	(322,265)
Other non-operating expenses	3.1	(23)	(189)
Total Expenses from transactions		(12,766,063)	(11,549,394)
Net result from transactions - net operating balance		(925,647)	(949,383)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	1,091	25,315
Share of other economic flows from associates	3.2	(33,054)	-
Share of other economic flows from joint arrangements	8.7	(273)	(1,269)
Other gain/(loss) from other economic flows	3.2	11,702	66,112
Total other economic flows included in net result		(20,534)	90,158
Net result for the year		(946,181)	(859,225)
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
Total other comprehensive income		-	1,760,294
Comprehensive result for the year		(946,181)	901,069

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

Casterton Memorial Hospital
Balance Sheet as at 30 June 2023

		2023	2022
	Note	\$	\$
Current assets			
Cash and cash equivalents	6.2	6,333,773	6,237,277
Receivables	5.1	413,073	328,520
Investments and other financial assets	4.1	-	546,526
Share of assets in joint operations	8.7	292,054	455,699
Prepaid expenses		76,130	64,128
Total current assets		7,115,030	7,632,150
Non-current assets			
Receivables	5.1	642,128	617,505
Share of assets in joint operations	8.7	130,017	137,783
Investments accounted for using the equity method	8.8	-	33,054
Property, plant and equipment	4.2(a)	18,103,808	19,157,799
Right of use assets	4.3(a)	121,430	52,793
Investment property	4.6(a)	50,000	50,000
Total non-current assets		19,047,383	20,048,934
Total assets		26,162,413	27,681,084
Current liabilities			
Payables	5.2	608,428	531,957
Contract liabilities	5.3	273,674	280,670
Borrowings	6.1	52,249	11,825
Employee benefits	3.3	1,799,806	1,973,732
Share of liabilities in joint operations	8.7	316,534	446,206
Other liabilities	5.4	1,835,124	2,252,906
Total current liabilities		4,885,815	5,497,295
Non-current liabilities			
Borrowings	6.1	69,161	41,208
Employee benefits	3.3	187,120	183,302
Share of liabilities in joint operations	8.7	44,871	37,652
Total non-current liabilities		301,152	262,162
Total liabilities		5,186,967	5,759,457
Net assets		20,975,446	21,921,627
Equity			
Property, Plant and Equipment Revaluation Surplus	4.4	22,630,158	22,630,158
Contributed Capital	SCE	2,293,608	2,293,608
Accumulated Deficit	SCE	(3,948,320)	(3,002,139)
Total equity		20,975,446	21,921,627

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 2023

	Property, Plant and Equipment Revaluation	Contributed Capital	Accumulated Deficit	Total
	\$	\$	\$	\$
Balance at 1 July 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
Net result for the year	-	-	(946,181)	(946,181)
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2023	22,630,158	2,293,608	(3,948,320)	20,975,446

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

Casterton Memorial Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Cash Flows from operating activities			
Operating grants from State Government		6,763,837	6,392,647
Operating grants from Commonwealth Government		2,906,514	2,419,111
Capital grants from State Government		85,070	31,444
Patient fees received		1,142,497	1,094,143
Donations and bequests received		-	47,835
GST received from ATO		153,304	182,476
Interest and investment income received		214,984	21,523
Other receipts received		367,044	358,006
Total receipts		11,633,250	10,547,185
Employee expenses		(6,718,313)	(6,010,897)
Non salary labour costs		(2,666,372)	(2,160,715)
Payments for supplies and consumables		(652,703)	(523,041)
Payments for repairs and maintenance		(147,101)	(115,243)
Finance costs		(7,308)	(1,679)
GST paid to ATO		(210,166)	(174,932)
Other payments		(1,032,486)	(866,478)
Total payments		(11,434,449)	(9,852,985)
Net cash flows from operating activities	8.1	198,801	694,200
Cash Flows from investing activities			
Proceeds from sale of non-financial assets		1,090	25,315
Purchase of non-financial assets		(213,865)	(176,190)
Proceeds from sale/(purchase) of financial assets		546,526	(1,278)
Net cash flows from/(used in) investing activities		333,751	(152,153)
Cash flows from financing activities			
Repayment of borrowings		-	(30,354)
Repayment of principal portion of lease liabilities		(18,274)	(11,826)
Repayment of accommodation deposits		(1,287,782)	(461,996)
Receipt of accommodation deposits		870,000	700,000
Net cash flows from/(used in) financing activities		(436,056)	195,824
Net increase in cash and cash equivalents held		96,496	737,871
Cash and cash equivalents at beginning of year		6,237,277	5,499,406
Cash and cash equivalents at end of year	6.2	6,333,773	6,237,277

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 2023

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 2023. 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 3 October 2023.

Note 1.2 Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity. The financial impact of the pandemic was not material to Casterton Memorial Hospital.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor-General's Office
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 relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.2: Property, plant and equipment
- Note 4.3: Right-of-use assets
- Note 4.5: Depreciation
- Note 4.6: Investment property
- Note 4.7: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 5.4: Other provisions
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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 17: <i>Insurance Contracts</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	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, assets and liabilities 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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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 and scaling down the COVID-19 public health response during the year ended 30 June 2023.

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>

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 2.1: Revenue and income from transactions

		2023	2022
	Note	\$	\$
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		99,428	93,703
Government grants (Commonwealth) - Operating		2,906,514	2,419,111
Patient and resident fees		1,137,679	1,105,538
Commercial activities ¹		179,132	172,464
Total revenue from contracts with customers	2.1(a)	4,322,753	3,790,817
Other sources of income			
Government grants (State) - Operating		6,682,479	6,051,110
Government grants (State) - Capital		85,070	31,444
Other capital purpose income		8,896	-
Assets received free of charge or for nominal consideration	2.1(b)	49,043	132,589
Other income from operating activities		120,403	144,770
Total other sources of income		6,945,891	6,359,914
Total revenue and income from operating activities		11,268,644	10,150,731
Non-operating activities			
Income from other sources			
Rental income		56,047	77,852
Other interest		214,587	21,523
Total other sources of income		270,634	99,375
Total income from non-operating activities		270,634	99,375
Total revenue and income from transactions		11,539,278	10,250,106

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

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

	2023	2022
	\$	\$
Casterton Memorial Hospital disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	3,185,074	2,685,278
Over time	1,137,679	1,105,538
Total revenue from contracts with customers	4,322,753	3,790,817

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 2.1: Revenue and income from transactions (cont)

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 a point in time or over time as and 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.

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.

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

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 2.1: Revenue and income from transactions (cont)

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	
	2023	2022
	\$	\$
Within one year		4,320
Total undiscounted future lease payments receivable	-	4,320

Interest Income

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

	2023 \$	2022 \$
Cash donations and gifts	-	47,835
Personal protective equipment and other consumables	49,043	84,754
Total fair value of assets and services received free of charge or for nominal consideration	49,043	132,589

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.

Contributions of resources

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

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

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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 services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

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>
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:</p> <ul style="list-style-type: none">▪ an inflation rate of 4.35%, reflecting the future wage and salary levels▪ durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 82% and 94%▪ discounting at the rate of 4.06%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p>

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 3.1: Expenses from transactions

		2023	2022
	Note	\$	\$
Salaries and wages		6,594,454	6,143,818
On-costs		1,660,701	1,709,427
Agency expenses		781,435	150,606
Fee for service medical officer expenses		141,285	173,850
Workcover premium		82,951	126,832
Total employee expenses		9,260,825	8,304,533
Drug supplies		53,071	53,620
Medical and surgical supplies (including Prostheses)		147,858	165,407
Diagnostic and radiology supplies		6,657	6,041
Other supplies and consumables		475,039	407,233
Total supplies and consumables		682,626	632,299
Finance costs		7,308	1,679
Total finance costs		7,308	1,679
Other administrative expenses		835,985	659,458
Total other administrative expenses		835,985	659,458
Fuel, light, power and water		164,304	174,841
Repairs and maintenance		98,353	64,684
Maintenance contracts		48,748	50,559
Medical indemnity insurance		32,197	32,181
Total other operating expenses		343,602	322,265
Total operating expenses		11,130,346	9,920,235
Depreciation	4.5	1,285,872	1,275,733
Total depreciation		1,285,872	1,275,733
Bad and doubtful debt expense		23	189
Total other non-operating expenses		23	189
Total non-operating expenses		1,285,895	1,275,922
Total expenses from transactions		12,416,241	11,196,156

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 3.1: Expenses from transactions (cont)

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

	2023 \$	2022 \$
Net gain/(loss) on disposal of property plant and equipment	1,091	25,315
Total net gain/(loss) on non-financial assets	1,091	25,315
Share of net profits/(losses) of associates, excluding dividends	(33,054)	-
Total share of other economic flows from joint arrangements	(33,054)	-
Net gain/(loss) arising from revaluation of long service liability	11,702	66,112
Total other gains/(losses) from other economic flows	11,702	66,112
Total gains/(losses) from other economic flows	(20,261)	91,427

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

Annual leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

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

Provisions related to employee benefit on-costs

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

Total current employee benefits and related on-costs

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

Total employee benefits and related on-costs

2023 \$	2022 \$
35,301	54,244
35,301	54,244
209,518	355,630
392,211	234,325
601,729	589,955
102,486	124,394
775,208	905,544
877,694	1,029,939
72,124	115,791
212,958	183,803
285,082	299,594
1,799,806	1,973,732
165,442	162,176
21,680	21,126
187,122	183,302
1,986,928	2,157,034

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

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

	2023 \$	2022 \$
Current employee benefits and related on-costs		
Unconditional accrued days off	35,301	54,244
Unconditional annual leave entitlements	773,222	758,092
Unconditional long service leave entitlements	991,283	1,161,396
Total current employee benefits and related on-costs	1,799,806	1,973,732
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	187,122	183,302
Total non-current employee benefits and related on-costs	187,122	183,302
Total employee benefits and related on-costs	1,986,928	2,157,034
Attributable to:		
Employee benefits	1,680,166	1,836,314
Provision for related on-costs	306,762	320,720
Total employee benefits and related on-costs	1,986,928	2,157,034

Note 3.3(b): Provision for related on-costs movement schedule

	2023 \$	2022 \$
Carrying amount at start of year	320,720	215,211
Additional provisions recognised	75,970	174,011
Amounts incurred during the year	(88,747)	(61,825)
Net gain/(loss) arising from revaluation of long service liability	(1,182)	(6,677)
Carrying amount at end of year	306,762	320,720

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.

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.

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Defined benefit plans:ⁱ				
First State Super	11,062	32,417	-	-
Defined contribution plans:				
First State Super	508,395	501,890	-	-
Hesta	109,431	77,981	-	-
Other (various)	153,699	108,161	-	-
Total	782,587	720,449	-	-

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

How we recognise superannuation

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

Defined benefit superannuation plans

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 3.4 Superannuation (cont)

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

Defined contribution (i.e., accumulation) superannuation plan expenditure 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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

	2023 \$	2022 \$
Current		
Current financial assets at amortised cost		
Term deposits > 3 months	-	546,526
Total investments and other financial assets	-	546,526
Represented by:		
Health service investments	-	546,526
Total investments and other financial assets	-	546,526

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 4.2: Property, plant and equipment

Note 4.2(a): Gross carrying amount and accumulated depreciation

	2023	2022
	\$	\$
Land at fair value - Crown	440,000	440,000
Total land at fair value	440,000	440,000
Land Improvement at fair value	374,582	374,582
Less accumulated depreciation	(11,643)	-
Total land improvement at fair value	362,939	374,582
Buildings at fair value	17,804,353	17,712,113
Less accumulated depreciation	(1,159,129)	-
Total buildings at fair value	16,645,224	17,712,113
Works in progress at cost	13,200	129,129
Total land and buildings	17,461,363	18,655,824
Plant and equipment at fair value	853,920	842,058
Less accumulated depreciation	(624,579)	(611,638)
Total plant and equipment at fair value	229,341	230,419
Motor vehicles at fair value	193,974	196,275
Less accumulated depreciation	(180,245)	(173,095)
Total motor vehicles at fair value	13,729	23,180
Medical equipment at fair value	517,248	482,899
Less accumulated depreciation	(446,771)	(437,232)
Total medical equipment at fair value	70,477	45,667
Computer equipment at fair value	290,878	137,658
Less accumulated depreciation	(66,768)	(51,678)
Total computer equipment at fair value	224,110	85,980
Furniture and fittings at fair value	747,175	738,197
Less accumulated depreciation	(642,387)	(621,468)
Total furniture and fittings at fair value	104,788	116,729
Total plant and equipment, motor vehicles, medical equipment, computer equipment, furniture and fittings at fair value	642,445	501,975
Total property, plant and equipment	18,103,808	19,157,799

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 4.2: Property, plant and equipment (cont)

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

		Land	Land	Buildings	Building works	Plant &
	Note	Land	improvements		in progress	equipment
		\$	\$	\$	\$	\$
Balance at 1 July 2021		389,400	350,828	17,196,944	21,534	247,569
Additions		-	-	-	107,595	17,720
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
Additions		-	-	72,629	55,674	31,628
Net Transfers between classes		-	-	19,611	(171,603)	-
Depreciation	4.6	-	(11,643)	(1,159,129)	-	(32,706)
Balance at 30 June 2023	4.2(a)	440,000	362,939	16,645,224	13,200	229,341

		Motor	Medical	Computer	Furniture &	
	Note	vehicles	Equipment	Equipment	Fittings	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2021		35,195	44,985	90,448	108,414	18,485,316
Additions		-	7,293	9,179	34,402	176,189
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
Additions		2,809	36,264	1,229	13,632	213,865
Net Transfers between classes		-	-	151,992	-	-
Depreciation	4.6	(12,259)	(11,454)	(15,090)	(25,574)	(1,267,855)
Balance at 30 June 2023	4.2(a)	13,729	70,477	224,110	104,788	18,103,808

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. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019 for buildings and 30 June 2022 for land.

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 4.2: Property, plant and equipment (cont)

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 buildings was performed by the VGV on 30 June 2019 and land on 30 June 2022. 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 2023 indicated an overall:

- increase in fair value of land of 2% (\$8,800)
- increase in fair value of buildings and land improvements of 7% (\$1,194,607).

As the cumulative movement was less than 10% for land and buildings since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2023.

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 4.3 Right-of-use assets

4.3(a): Gross carrying amount and accumulated depreciation

	2023	2022
	\$	\$
Right of use vehicles at fair value	165,231	78,577
Less accumulated depreciation	(43,801)	(25,784)
Total right of use vehicles at fair value	121,430	52,793

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

		Right-of-use Vehicles	Total
	Note	\$	\$
Balance at 1 July 2021		64,526	64,526
Depreciation	4.5	(11,733)	(11,733)
Balance at 30 June 2022	4.3(a)	52,793	52,793
Additions		86,654	86,654
Depreciation	4.5	(18,017)	(18,017)
Balance at 30 June 2023	4.3(a)	121,430	121,430

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	3 to 5 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(a).

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 4.4: Revaluation surplus

		2023	2022
	Note	\$	\$
Balance at the beginning of the reporting period		22,630,158	20,869,864
Revaluation increment			
- Land and land improvements	4.2(b)	-	85,996
- Buildings	4.2(b)	-	1,674,298
Balance at the end of the Reporting Period*		22,630,158	22,630,158
* Represented by:			
- Land and land improvements		545,339	545,339
- Buildings		22,084,819	22,084,819
		22,630,158	22,630,158

Note 4.5: Depreciation

	2023	2022
	\$	\$
Depreciation		
Property, plant and equipment		
Land improvements	11,643	11,642
Buildings	1,159,129	1,159,129
Plant and equipment	32,706	34,870
Motor vehicles	12,259	12,014
Medical equipment	11,454	6,611
Computer equipment	15,090	13,646
Furniture and fittings	25,574	26,088
Total depreciation - property, plant and equipment	1,267,855	1,264,000
Right-of-use assets		
Right-of-use vehicles	18,017	11,733
Total depreciation - right-of-use assets	18,017	11,733
Total depreciation	1,285,872	1,275,733

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 4.5: Depreciation (cont)

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

	2023	2022
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
Land improvements	7 to 34 years	7 to 34 years
Plant and equipment	5 to 10 years	5 to 10 years
Medical equipment	4 to 10 years	5 to 10 years
Computers and communication	4 to 10 years	4 to 10 years
Furniture and fittings	4 to 20 years	6 to 15 years
Motor vehicles	4 to 5 years	2 to 5 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

	2023 \$	2022 \$
Investment property at fair value	50,000	50,000
Total investment property at fair value	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.

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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 2023.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

5.2 Payables

5.3 Contract liabilities

5.4 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.
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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 5.1: Receivables

	Notes	2023 \$	2022 \$
Current receivables			
Contractual			
Inter hospital debtors		6,299	15,835
Trade receivables		176,367	169,420
Patient fees		31,549	36,367
Accrued revenue		40,379	5,282
Amounts receivable from governments and agencies		70,676	70,676
Total contractual receivables		325,270	297,580
Statutory			
GST receivable		87,803	30,941
Total statutory receivables		87,803	30,941
Total current receivables		413,073	328,520
Non-current receivables			
Contractual			
Long service leave - Department of Health		642,128	617,505
Total non-current receivables		642,128	617,505
Total receivables		1,055,201	946,025
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>			
Total receivables		1,055,201	946,025
GST receivable		(87,803)	(30,941)
Total financial assets classified as receivables	7.1(a)	967,398	915,084

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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 5.1: Receivables and contract assets (cont)

Impairment losses of contractual receivables

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

Note 5.2: Payables

	Note	2023 \$	2022 \$
Current payables			
Contractual			
Trade creditors		208,647	178,661
Accrued salaries and wages		254,939	220,392
Accrued expenses		121,718	25,000
Inter hospital creditors		23,124	-
Total contractual payables		608,428	424,053
Statutory			
PAYG Withholding		-	107,904
Total statutory payables		-	107,904
Total current payables		608,428	531,957
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>			
Total payables		608,428	531,957
PAYG Withholding		-	(107,904)
Total financial liabilities classified as payables	7.1(a)	608,428	424,053

How we recognise payables

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 30 days.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 5.3: 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

* Represented by:

- Current contract liabilities

2023	2022
\$	\$
280,670	-
273,674	280,670
(280,670)	-
273,674	280,670
273,674	280,670
273,674	280,670

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.

Financial guarantees

Payments that are contingent under financial guarantee contracts are recognised as a liability, at fair value, at the time the guarantee is issued. Subsequently, should there be a material increase in the likelihood that the guarantee may have to be exercised, the liability is recognised at the higher of the amount determined in accordance with the expected credit loss model under AASB 9 *Financial Instruments* and the amount initially recognised less, when appropriate, cumulative amortisation recognised.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the DH by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the health service in the event of default.

Note 5.4: Other liabilities

Current monies held in trust

Refundable accommodation deposits

Total other liabilities

* Represented by:

- Cash assets

2023	2022
\$	\$
1,835,124	2,252,906
1,835,124	2,252,906
1,835,124	2,252,906
1,835,124	2,252,906

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*.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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>
Discount rate applied to future lease payments	<p>Casterton Memorial Hospital discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Casterton Memorial Hospital uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <ul style="list-style-type: none"> For leased vehicles, the implicit interest rate is between 3.1% and 4.8%.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 6.1: Borrowings

		2023	2022
	Note	\$	\$
Current borrowings			
Lease liability ⁱ	6.1(a)	52,249	11,825
Total current borrowings		52,249	11,825
Non-current borrowings			
Lease liability ⁱ	6.1(a)	69,161	41,208
Total non-current borrowings		69,161	41,208
Total borrowings	7.1(a)	121,410	53,033

ⁱ. Secured by the assets leased.

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.

Subsequent measurement

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

Maturity analysis

Please refer to Note 7.2(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 borrowings.

Note 6.1(a): Lease liabilities

Casterton Memorial Hospitals' lease liabilities are summarised below:

	2023	2022
	\$	\$
Total undiscounted lease liabilities	125,388	55,736
Less unexpired finance expenses	(3,978)	(2,703)
Net lease liabilities	121,410	53,033

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 6.1: Borrowings (cont)

Note 6.1(a): Lease liabilities (cont)

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

	2023	2022
	\$	\$
Not longer than one year	52,249	11,825
Longer than one year but not longer than five years	73,139	43,911
Minimum future lease liability	125,388	55,736
Less unexpired finance expenses	(3,978)	(2,703)
Present value of lease liability	121,410	53,033
* Represented by:		
- Current liabilities	52,249	11,825
- Non-current liabilities	69,161	41,208
	121,410	53,033

How we recognise lease liabilities

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

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

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

Casterton Memorial Hospital'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 3.1% and 4.8%.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 6.1: Borrowings (cont)

Note 6.1(a): Lease liabilities (cont)

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 the substance of 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

	2023	2022
Note	\$	\$
Cash on hand (excluding monies held in trust)	400	400
Cash at bank (excluding monies held in trust)	2,111,180	213,024
Cash at bank - CBS (excluding monies held in trust)	2,387,070	3,770,946
Total cash held for operations	4,498,650	3,984,371
Cash at bank (monies held in trust)	-	664,568
Cash at bank - CBS (monies held in trust)	1,835,123	1,588,338
Total cash held as monies in trust	1,835,123	2,252,906
Total cash and cash equivalents	6,333,773	6,237,277

7.1(a)

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 (2022 nil).

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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. <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>

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Key judgements and estimates	Description
	<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 2023	Note			
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	6,333,773	-	6,333,773
Receivables	5.1	967,398	-	967,398
Total Financial Assetsⁱ		7,301,171	-	7,301,171
Financial Liabilities				
Payables	5.2	-	608,428	608,428
Borrowings	6.1	-	121,410	121,410
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-	1,835,124	1,835,124
Total Financial Liabilitiesⁱ		-	2,564,962	2,564,962

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 7.1: Financial instruments (cont)

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

		Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	Note	\$	\$	\$
30 June 2022				
Contractual Financial Assets				
Cash and cash equivalents	6.2	6,237,277	-	6,237,277
Receivables	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	5.4	-	2,252,906	2,252,906
Total Financial Liabilitiesⁱ		-	2,729,992	2,729,992

ⁱ The carrying amount excludes statutory receivables (i.e. GST receivable and DH receivable) and statutory

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

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 7.1: Financial instruments (cont)

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

Categories of financial liabilities

Financial liabilities are recognised when Casterton Memorial Hospital becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

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

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

Casterton Memorial Hospital recognises the following liabilities in this category:

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

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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.

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 2022-23.

Impairment of financial assets under AASB 9

Casterton Memorial Hospital records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

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

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

Note 7.2(a): Credit risk (cont)

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 2023							
Expected loss rate		0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	890,913	16,769	3,562	56,154	-	967,398
Loss allowance		-	-	-	-	-	-
	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		-	-	-	-	-	-

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(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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

Note 7.2(b): Liquidity risk (cont)

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 2023								
Financial Liabilities at amortised cost								
Payables	5.2	608,428	608,428	608,428	-	-	-	-
Borrowings	6.1	121,410	121,410	-	-	52,249	69,161	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	1,835,124	1,835,124	1,835,124	-	-	-	-
Total Financial Liabilities		2,564,962	2,564,962	2,443,552	-	52,249	69,161	-
		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	5.4	2,252,906	2,252,906	2,252,906	-	-	-	-
Total Financial Liabilities		2,729,992	2,729,992	2,676,959	-	11,825	41,208	-

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

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 (2022: nil).

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

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

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 7.4: Fair value determination (cont)

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

		Carrying amount 30 June 2023	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		362,939	-	-	362,939
Total land at fair value	4.2(a)	802,939	-	-	802,939
Specialised buildings		16,645,224	-	-	16,645,224
Total buildings at fair value	4.2(a)	16,645,224	-	-	16,645,224
Plant and equipment	4.2(a)	229,341	-	-	229,341
Motor vehicles	4.2(a)	13,729	-	-	13,729
Medical equipment	4.2(a)	70,477	-	-	70,477
Computer equipment	4.2(a)	224,110	-	-	224,110
Furniture and fittings	4.2(a)	104,788	-	-	104,788
Total plant, equipment, motor vehicles, medical equipment, Computer equipment furniture, fittings and vehicles at fair value		642,445	-	-	642,445
Right of use vehicles	4.3(a)	121,430	-	-	121,430
Total right-of-use assets at fair value		121,430	-	-	121,430
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		18,262,038	-	50,000	18,212,038

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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 \$
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, motor vehicles, medical equipment, Computer 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

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.

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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 2023.

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.

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).

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 7.4: Fair value determination (cont)

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

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 2023.

Reconciliation of level 3 fair value measurement

		Land and land improvements	Buildings	Plant, equipment, furniture & fittings, computer equipment and vehicles	Right-of-use vehicles
	Note	\$	\$	\$	\$
Balance at 1 July 2022		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	52,793
Additions/(Disposals)		-	72,629	85,561	86,654
Net Transfers between classes		-	19,611	151,992	-
<i>Gains/(Losses) recognised in net result</i>					
- Depreciation		(11,643)	(1,159,129)	(97,083)	(18,017)
Balance at 30 June 2023	7.4(a)	802,939	16,645,224	642,445	121,430

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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

		2023	2022
	Note	\$	\$
Net result for the year		(946,181)	(859,225)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets		(1,091)	(25,315)
Depreciation of non-current assets	4.5	1,285,872	1,275,733
Bad debt expense		23	189
Share of net results in associates		33,054	4,601
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables		(60,241)	(73,767)
(Increase)/Decrease in prepaid expenses		(12,002)	23,420
Increase/(Decrease) in payables		76,471	43,748
Increase/(Decrease) in contract liabilities		(6,996)	280,670
Increase/(Decrease) in employee benefits		(170,108)	24,148
Net cash inflow from operating activities		198,801	694,200

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.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November 2022 and new ministers were sworn in on the 5th of December 2022.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 8.2: Responsible persons disclosures (cont)

The Honourable Mary-Anne Thomas MP:
Minister for Health
Minister for Health Infrastructure
Minister for Medical Research
Former Minister for Ambulance Services

The Honourable Gabrielle Williams MP:
Minister for Mental Health
Minister for Ambulance Services

The Honourable Lizzy Blandthorn MP:
Minister for Disability, Ageing and Carers

The Honourable Colin Brooks
Former Minister for Disability, Ageing and Carers

Governing Boards

Gregory Hart (Chair of Board from 23 March 2023)
Elizabeth McKinnon (Chair of Board until 23 March 2023)
Bronwyn Roberts
Kane Forbes
Dale Magnussen
Dr Lucy Cuddihy
Nicholas Jackson
Dr Jennifer James
Dr Qadir Abdul

Accountable Officers

Owen Stephens
James McInnes
Rohan Fitzgerald

Period
1 July 2022 - 30 June 2023
5 December 2022 – 30 June 2023
5 December 2022 – 30 June 2023
1 July 2022 – 5 December 2022
1 July 2022 - 30 June 2023
5 December 2022 – 30 June 2023
5 December 2022 - 30 June 2023
1 July 2022 - 5 December 2022
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 – 21 December 2022
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 - 30 Jun 2023
1 Jul 2022 – 29 December 2022
19 December 2022 – 12 May 2023
12 May 2023 – 30 June 2023

Remuneration of Responsible Persons

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

Income Band	2023 No	2022 No
\$0 - \$9,999	10	9
\$90,000 - \$99,999	1	-
\$150,000 - \$159,999	1	-
\$250,000 - \$259,999	-	1
Total Numbers	12	10
	2023 \$	2022 \$
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	293,290	282,408

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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 (including Key Management Personnel disclosed in Note 8.4)	Total Remuneration	
	2023	2022
	\$	\$
Short-term benefits	174,548	156,245
Post-employment benefits	17,970	29,692
Other long-term benefits	8,323	4,574
Total remunerationⁱ	200,841	190,511
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.

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 8.4: Related parties (cont)

Key management personnel

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

Entity	KMPs	Position Title
Casterton Memorial Hospital	Gregory Hart	Chair of the Board/Board Member
Casterton Memorial Hospital	Elizabeth McKinnon	Chair of the Board/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	Dr Qadir Abdul	Board Member
Casterton Memorial Hospital	Owen Stephens	Chief Executive Officer
Casterton Memorial Hospital	James McInnes	Acting Chief Executive Officer
Casterton Memorial Hospital	Rohan Fitzgerald	Acting 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.

	2023	2022
	\$	\$
Compensation - KMPs		
Short-term Employee Benefits	431,283	405,996
Post-employment Benefits	51,016	54,145
Other Long-term Benefits	11,833	12,778
Totalⁱ	494,132	472,919

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 \$6.8m (2022: \$6.17m).

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.

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.

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 8.4: Related parties (cont)

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Casterton Memorial Hospital, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: 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 2023 (2022 none).

Note 8.5: Remuneration of auditors

	2023	2022
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	28,200	27,500
Total remuneration of auditors	28,200	27,500

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	2023	2022
		%	%
South West Alliance of Rural Health (SWARH)	Information Systems	1.20%	1.65

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 8.7: Jointly controlled operations (cont)

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

	2023	2022
	\$	\$
Current assets		
Cash and cash equivalents	210,150	350,725
Inventories	266	760
Receivables	71,283	92,068
Prepaid expenses	10,355	12,146
Total current assets	292,054	455,699
Non-current assets		
Receivables	12,296	13,795
Intangible assets	-	3,833
Right of use assets	57,235	57,113
Property, plant and equipment	60,486	63,042
Total non-current assets	130,017	137,783
Total assets	422,071	593,482
Current liabilities		
Payables	102,733	158,241
Other current liabilities	161,541	217,996
Borrowings	20,039	25,950
Employee benefits and related on-cost provisions	32,221	44,019
Total current liabilities	316,534	446,206
Non-current liabilities		
Borrowings	38,218	33,167
Employee benefits and related on-cost provisions	6,653	4,485
Total non-current liabilities	44,871	37,652
Total liabilities	361,405	483,858
Net assets	60,666	109,623
Equity		
Accumulated surplus	60,666	109,623
Total equity	60,666	109,623

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 8.7: Joint arrangements (cont)

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

	2023 \$	2022 \$
Revenue and income from transactions		
Operating activities	294,578	323,557
Non-operating activities	6,560	26,348
Total revenue and income from transactions	301,138	349,905
Expenses from transactions		
Employee benefits	(147,970)	(151,090)
Operating expenses	(139,812)	(139,121)
Depreciation and amortisation	(29,080)	(38,078)
Finance costs	(682)	(961)
Movement in equity share of joint venture	(32,278)	(23,987)
Total expenses from transactions	(349,822)	(353,237)
Net result from transactions	(48,684)	(3,332)
Other economic flows included in the net result		
Revaluation of long service leave	(273)	(1,269)
Total other economic flows included in the net result	(273)	(1,269)
Comprehensive result for the year	(48,957)	(4,601)

* 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	
			2023	2022	2023	2022
			%	%	\$	\$
Joint Venture Entities						
Southern Grampians/Glenelg Shire PCP	Primary Health	Australia	-	13	-	33,054
Total					-	33,054

(a) As at 30 June 2023, the health service no longer holds an interest in Southern Grampians/Glenelg Shire PCP.

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

Casterton Memorial Hospital

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

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.