2016 FINANCE REPORT

castlemaine HEALTH

Our Vision
Exceptional care of every person, every time

CARE, QUALITY AND CHOICE

Finance Report 2016

Contents

Report of Operations - Financial

The information contained on this page does not form part of the audited financial results for the year ended 30 June 2016 but is based on information contained within the audited statements.

Summary of Financial Results

For the Financial Year ended 30 June 2016

	2016 $000	2015 $000	2014 $000	2013 $000	2012 $000
Total Revenue	46,394	42,744	46,673	40,662	38,541
Total Expenses	44,815	44,600	45,701	43,328	42,651
Net Result for the year (inc Capital & Specific Items	**1,579**	**(1,856)**	**972**	**(2,666)**	**(4,110)**
Retained Surplus/Accumulated Deficit)	**(14,450)**	**(16,039)**	**(14,183)**	**(15,155)**	**(12,487)**
Total assets	66,573	63,201	60,054	47,634	48,382
Total Liabilities	27,223	25,409	20,210	18,438	16,888
Net Assets	**39,350**	**37,792**	**39,844**	**29,196**	**31,494**
Equity	**53,800**	**53,831**	**54,027**	**44,351**	**43,981**

Significant Changes in Financial Position

The Cash and Cash Equivalent/Investments balances held by Castlemaine Health increased during the year by $4.3m. This increase was as the result of capital funding received in 2015/16 for projects to be completed in 2016/17 and the provision of a further loan of $1.25m from Government to support the cash requirements for operations. The provision of this loan is reflected in the Borrowings Current and Non-Current) balance reported in the Balance Sheet.

Castlemaine Health succeeding in achieving an operating surplus in 2015/16 and is striving to achieve operating surpluses on an ongoing basis to ensure the organisation can generate the cash needed to meet operating requirements into the future.

Operational and Budgetary Objectives and Factors Affecting Performance

Like all Health Services, Castlemaine Health is required to negotiate a Statement of Priorities with the Department of Health & Human Services each year. This document is a key accountability agreement between Castlemaine Health and the Minister for Health. It recognises that resources are limited and that the allocation of these scarce resources needs to be prioritised. The Statement incorporates both system-wide priorities set by the Government and locally generated agency-specific priorities.

The Board aimed for a breakeven result before capital items and depreciation in the Statement of Priorities for the 2015/16 financial year. The financial result before capital items and depreciation for the 2015/16 year was a surplus of $0.238m, this represented continued significant improvement on the previous year's deficit result of $0.477m which was in turn an improvement from the 2013/14 deficit of $1.981m. Both the organisation and the Department of Health & Human Services focus on the result before capital and depreciation, as depreciation is not a funded item. Funding for capital redevelopment and major equipment purchases are sourced from the Government; such funding is allocated according to need and after consideration of a supporting submission.

Financial sustainability performance

SOP Measure	**Target**	**2015-16 actual**
Finance		
Annual Operating Result ($m)	**$0**	**$0.238**
Creditors	**<60 days**	**66.96 days**
Debtors	**<60 days**	**32.26 days**

Events Subsequent to Balance Date

There have been no events subsequent to balance date that will have a significant effect on the operations of the of the health service in subsequent years.

Details of Consultancies (under $10,000)

In 2016/17, there were 9 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2015-16 in relation to these consultancies is $58,152 (excluding GST).

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

In 2016/17, there were two consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2015-16 in relation to these consultancies is $85,181 (excluding GST). Details of individual consultancies can be viewed at http://www.castlemainehealth.org.au/about-us/corporate-consultancy-details/.

Details of Information and Communication Technology (ICT) Expenditure

The total ICT expenditure incurred during 2015-16 is $1,749m (excluding GST) with the details shown below.

Business as Usual (BAU) ICT expenditure* $m	Non-Business As Usual (non-BAU) ICT expenditure* $m	Operational Expenditure* $m	Capital Expenditure* $m
$1.749	0	$1.518	$0.231

*Figures exclude GST

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Castlemaine Health

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Castlemaine Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance & accounting officer's declaration.

The Board Members' Responsibility for the Financial Report

The Board Members of the Castlemaine Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Castlemaine Health as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
8 September 2016

Dr Peter Frost
Acting Auditor-General

Castlemaine Health

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

The attached financial statements for Castlemaine Health have been prepared in accordance with Direction 4.2 of the Standing Directions of the Minister for Finance 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 transaction during the year ended 30 June 2016 and the financial positon of Castlemaine Health at 30 June 2016

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

We authorise the attached financial statements for issue on this day.

Adam Sevdalis Chairperson	Ian Fisher Chief Executive Officer	Kerryn Healy Chief Finance & Accounting Officer
29th August 2016	29th August 2016	29th August 2016

Castlemaine Health
Comprehensive Operating Statement
For the Year Ended 30 June 2016

	Note	2016 $'000	2015 $'000
Revenue from operating activities	2	42,712	41,808
Revenue from non-operating activities	2	142	286
Employee expenses	3	(32,521)	(32,906)
Non salary labour costs	3	(2,187)	(2,008)
Supplies and consumables	3	(3,209)	(2,761)
Administration Expenses	3	(2,355)	(2,552)
Other expenses	3	(2,344)	(2,344)
Net result before capital and specific items		**238**	**(477)**
Capital purpose income	2	3,540	650
Depreciation and Amortisation	4	(2,045)	(2,040)
Finance Costs	5	39	67
Expenditure for Capital Purpose	3	(193)	(56)
NET RESULT FOR THE YEAR		**1,579**	**(1,856)**
Other comprehensive income		0	0
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	18	(21)	196
Total other comprehensive income		**(21)**	**196**
Comprehensive result		**1,558**	**(1,660)**

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

Castlemaine Health
Balance Sheet
As at 30 June 2016

	Note	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	6	8,318	11,063
Receivables	7	1,045	1,163
Investments and other financial assets	8	8,304	1,255
Inventories	9	338	349
Non-Financial assets held for sale	10	341	0
Prepayments and Other assets	11	99	61
Total current assets		**18,445**	**13,891**
Non-current assets			
Receivables	7	672	602
Property, plant & equipment	12	47,456	48,708
Total non-current assets		**48,128**	**49,310**
TOTAL ASSETS		**66,573**	**63,201**
Current liabilities			
Payables	13	2,398	2,799
Borrowings	14	400	250
Provisions	15	7,005	7,338
Other current liabilities	17	14,140	12,520
Total current liabilities		**23,943**	**22,907**
Non-current liabilities			
Borrowings	14	1,894	1,083
Provisions	15	1,386	1,419
Total non-current liabilities		**3,280**	**2,502**
TOTAL LIABILITIES		**27,223**	**25,409**
NET ASSETS		**39,350**	**37,792**
EQUITY			
Property, plant & equipment revaluation surplus	18a	32,598	32,598
Financial asset available for sale revaluation surplus	18a	0	21
Restricted specific purpose surplus	18b	0	10
Contributed capital	18c	21,202	21,202
Accumulated surpluses/(deficits)	18c	(14,450)	(16,039)
TOTAL EQUITY	18c	**39,350**	**37,792**
Contingent assets and contingent liabilities	22		
Commitments	21		

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

Castlemaine Health

Statement of Changes in Equity

For the Year Ended 30 June 2016

	Note	Property, Plant & Equipment Revaluation Surplus $'000	Financial Asset Available for Sale Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributed Capital $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 1 July 2014		**32,598**	**217**	**10**	**21,202**	**(14,183)**	**39,844**
Net result for the year		0	0	0	0	(1,856)	(1,856)
Other comprehensive income for the year	18(a)	0	(196)	0	0	0	(196)
Balance at 30 June 2015		**32,598**	**21**	**10**	**21,202**	**(16,039)**	**37,792**
Net result for the year		0	0	0	0	1,579	1,579
Other comprehensive income for the year		0	(21)	0	0	0	(21)
Transfer to / from accumulated surplus	18(a)(c)	0	0	(10)	0	10	0
Balance at 30 June 2016		**32,598**	**0**	**0**	**21,202**	**(14,450)**	**39,350**

This Statement should be read in conjunction with the accompanying notes

Castlemaine Health
Cash Flow Statement
For the Year Ended 30 June 2016

	Note	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		34,558	31,740
Capital grants from government		3,129	417
Patient and resident fees received		5,471	5,207
Donations and bequests received		211	0
GST received from/(paid to) ATO		24	37
Recoupment from private practice for use of hospital facilities		0	351
Interest received		180	180
Other capital receipts		121	228
Other receipts		2,922	3,013
Total receipts		**46,616**	**41,173**
Employee expenses paid		(33,073)	(33,018)
Non salary labour costs		(2,001)	(1,855)
Payments for supplies & consumables		(3,385)	(2,977)
Other Capital Payments		(180)	(19)
Other payments		(5,087)	(3,709)
Total payments		**(43,726)**	**(41,578)**
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	19	**2,890**	**(405)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(1,224)	(583)
Proceeds from sale of non-financial assets		75	39
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(1,149)**	**(544)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,250	1,400
Repayment of borrowings		(250)	0
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**1,000**	**1,400**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**2,741**	**451**
Cash and cash equivalents at beginning of financial year		**(676)**	**(1,127)**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6	**2,065**	**(676)**

This Statement should be read in conjunction with the accompanying notes

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Castlemaine Health for the period ending 30 June 2016. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994, and applicable AASs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.
The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

The Health Service is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AAS's.

The annual financial statements were authorised for issue by the Board of Castlemaine Health on 29th August 2016.

(b) Basis of accounting preparation and measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Health Service.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are prepared in accordance with the historical cost convention, except for:

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values; and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result); and
- The fair value of assets other than land is generally based on their depreciated replacement value.

(b) Basis of accounting preparation and measurement (continued)

Judgments, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

* The fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1(j));
* Superannuation expense (refer to Note 1(g); and
* Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

Consistent with AASB 13 Fair Value Measurement, Castlemaine Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Castlemaine Health has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Castlemaine Health determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Valuer-General Victoria (VGV) is Castlemaine Health's independent valuation agency.

Castlemaine Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

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

(c) Reporting Entity

The financial statements include all the controlled activities of Castlemaine Health.

Its principal address is:
142 Cornish Street
Castlemaine Vic 3450

(c) Reporting Entity (continued)

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

Objectives and funding

Castlemaine Health's overall objective is to provide exceptional care of every person, every time by ensuring a well run and trusted organization that engages with the community to provide high quality health services.

Castlemaine Health is predominately funded by accrual based grant funding for the provision of outputs.

(d) Principles of Consolidation

Intersegment Transactions

Transactions between segments within Castlemaine Health have been eliminated to reflect the extent of Castlemaine Health's operations as a group.

Jointly controlled operations

Interests in jointly controlled operations are not consolidated by Castlemaine Health, but are accounted for in accordance with the policy outlined in Note 1(j) Assets.

The Loddon Mallee Health Alliance (the Alliance) has been accounted for using the Joint Operations method under AASB 11 Joint Arrangements.

(e) Scope and Presentation of Financial Statements

Fund Accounting

The Castlemaine Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Castlemaine Health's Capital and Specific Purpose Funds include unspent capital donations and receipts from fundraising activities conducted solely in respect of these funds.

Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives

Activities classified as Services Supported by Health Services Agreement (HSA) are substantially funded by the Department of Health and Human Services and include Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (H & CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

Residential Aged Care Service

The Castlemaine Health Residential Aged Care Service operations are an integral part of Castlemaine Health and share it resources. An apportionment of buildings has been made based on the valuation dated 30th June 2014. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2 and 3 to the financial statements.

(e) Scope and Presentation of Financial Statements (continued)

Comprehensive operating statement
The comprehensive operating statement includes the subtotal entitled 'Net Result Before Capital and Specific Items' to enhance the understanding of the financial performance of Castlemaine Health. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital and Specific Items' is used by the management of Castlemaine Health, the Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer note 1 (f)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1(j).
- Depreciation, as described in note 1 (g).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Balance sheet
Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered / settled more than 12 months after reporting period), are disclosed in the notes where relevant.

Statement of changes in equity
The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from the opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

Cash flow statement
Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

Rounding
All amounts shown in the financial statements are expressed to the nearest $1,000 unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Comparative Information
There have been no changes to comparative information which require additional disclosure.

(f) Income from transactions

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent that it is probable that the economic benefits will flow to Castlemaine Health and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.
Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government Grants and other transfers of income (other than contributions by owners)
In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

Contributions are deferred as income in advance when the Health Service has a present obligation to repay them and the present obligation can be reliably measured.

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013.

Patient and Resident Fees
Patient fees are recognised as revenue at the time invoices are raised.

Donations and Other Bequests
Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as specific restricted purpose surplus.

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

Sale of investments
The gain/loss on the sale of investments is recognised when the investment is realised.

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

(g) Expense recognition

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

Employee expenses
Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

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

Defined benefit superannuation plans
The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service 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.

Employees of the Castlemaine Health are entitled to receive superannuation benefits and the Castlemaine Health contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by Castlemaine Health are disclosed in Note 16: Superannuation.

Depreciation
All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management. Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

(g) Expense recognition (continued)

	2016	2015
Buildings		
- Structure Shell Building Fabric	45 to 50 years	45 to 50 years
- Site Engineering Services and Central Plant	30 to 40 years	30 to 40 years
- Fit Out	20 to 25 years	20 to 25 years
- Trunk Reticulated Building Systems	20 to 25 years	20 to 25 years
Plant & Equipment	3 to 10 years	3 to 10 years
Motor Vehicles	8 years	8 years

Please note: the estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

As part of the buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

Finance costs
Finance costs are recognised as expenses in the period in which they are incurred.
Finance costs include:

- amortisation of discounts or premiums relating to borrowings

Grants and other transfers
Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

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

Supplies and consumables
Supplies and service costs which are recognised as an expense in the reporting period in which they are incurred.

The carrying amounts of any inventories held for distribution are expenses when distributed.

Bad and doubtful debts
Refer to note 1 (j) Impairment of financial assets.

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

(h) Other comprehensive income

Other comprehensive income measure the change in volume or value of assets or liabilities that do not result from transactions.

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:

Disposal of non-financial assets
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Revaluation gains / (losses) of non-financial physical assets
Refer to Note 1(j) Revaluations of non-financial physical assets.

Net gain/ (loss) on financial instruments
Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (i)); and
- disposals of financial assets and derecognition of financial liabilities

Impairment of non-financial assets
Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 1 (j) *Assets*.

Other gains/ (losses) from other comprehensive income
Other gains/ (losses) include transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(i) 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 Castlemaine Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

(i) Financial instruments (continued)

The following refers to financial instruments unless otherwise stated.

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(i)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in "other comprehensive income" until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 20.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Health Service's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

(j) Assets

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash 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.

(j) Assets (continued)

Receivables

Receivables consist of:

- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and

- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Investments and other financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- Loans and receivables; and
- Available-for-sale financial assets.

Castlemaine Health classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

Castlemaine Health assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit and loss are subject to annual review for impairment.

Inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It includes land held for sale and excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

(j) Assets (continued)

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost is assigned to land for sale (undeveloped, under development and developed) and to other high value, low volume inventory items on a specific identification of cost basis.

Cost for all other inventory is measured on the basis of weighted average cost.

Non-financial physical assets classified as held for sale
Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.
Non-financial physical assets (including disposal groups) classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

Property, plant and equipment
All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger / machinery of government are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 12 Property, plant and equipment.

The initial cost for non-financial physical assets under finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive 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 asset(s) are not taken into account until it is virtually certain that any restriction will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

Plant, equipment and vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

(j) Assets (continued)

Revaluations of non-current physical assets
Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F Non-current physical assets. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly to the asset revaluation surplus except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in the net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103F Castlemaine Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Prepayments
Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Disposal of non-financial assets
Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(h) – 'comprehensive income'.

Impairment of non-financial assets
All other non-financial assets are assessed annually for indications of impairment, except for:

- inventories;
- financial assets;
- investment properties that are measured at fair value;
- non-current physical assets held for sale; and
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that same class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

(j) Assets (continued)

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Investments in joint operations
In respect of any interest in joint operations, Castlemaine Health recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

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
- the Health Service 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
- the Health Service has transferred its rights to receive cash flows from the asset and either:

  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets
At the end of each reporting period Castlemaine Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit and loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, Castlemaine Health obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2016. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

(j) Assets (continued)

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

Net gain/(loss) on financial instruments
Net Gain/(Loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and -
disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value
The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

(k) Liabilities

Payables
Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. 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 a contract.

Borrowings
All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its borrowings as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

(k) Liabilities (Continued)

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits
This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Wages and salaries, annual leave and accrued days off
Liabilities for wages and salaries, including non-monetary benefits, and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

Long service leave
Liability for LSL is recognised in the provision for employee benefits.
Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12months.

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

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan
without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

On-costs related to employee expenses
Employee benefit on-costs, such as payroll tax, workers compensation, superannuation are recognised separately from provisions for employee benefits.

Superannuation liabilities
Castlemaine Health does not recognise any unfunded defined benefit liability in respect of the superannuation 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.

(l) Equity

Contributed Capital
Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners* Made to Wholly-Owned Public Sector Entities and FRD 119A Contributions by Owners, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

Financial asset available-for-sale revaluation surplus
The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the surplus which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired that portion of the surplus which relates to that financial asset is recognised in the comprehensive operating statement.

Property, plant and equipment revaluation surplus
The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

Specific restricted purpose surplus
A specific restricted purpose surplus is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(m) Commitments
Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 21) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(n) Contingent assets and contingent liabilities
Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

(o) Goods and Services Tax ("GST")
Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

(p) AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2016, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Castlemaine Health has not and does not intend to adopt these standards early.

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified in AASB 15.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [AASB 10 & AASB 128]	AASB 2014-10 amends *AASB 10 Consolidated Financial Statements* and *AASB 128 Investments in Associates* to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: • a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and • a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	Amends the methods of disposal in AASB 5 Non-current assets held for sale and discontinued operations. Amends AASB 7 *Financial Instruments* by including further guidance on servicing contracts.	1 Jan 2016	The assessment has indicated that when an asset (or disposal group) is reclassified from 'held to sale' to 'held for distribution', or vice versa, the asset does not have to be reinstated in the financial statements. Entities will be required to disclose all types of continuing involvement the entity still has when transferring a financial asset to a third party under conditions which allow it to derecognise the asset.

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of *AASB 124 Related Party Disclosures* to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	The standard amends AASB 136 *Impairment of Assets* to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 *Fair Value Measurement* is the same as the depreciated replacement cost concept under AASB 136.

(q) Category Groups

Castlemaine Health has used the following category groups for reporting purposes for the current and previous financial years:

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

Outpatient Services (Outpatients) comprises all recurrent health revenue / expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in opthalmic aids or palliative care.

Aged Care comprises revenue/expenditure from Home and Community Care (HACC) programs, allied Health, Aged Care Assessment and support services.

Residential Aged Care (RAC) referred to in the past as psycho geriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DH under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

(q) Category Groups (continued)

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses/ Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health services, including general and specialist dental care, school dental services and clinical education. Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Note 2: Analysis of Revenue by Source

	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	RAC 2016 $'000	Aged Care 2016 $'000	Other 2016 $'000	Total 2016 $'000
Government Grant	15,968	1,054	11,364	1,354	4,043	33,783
Indirect contributions by Department of Health and Human Services	0	0		0	121	121
Patient & Resident Fees	1,298	22	3,892	163	96	5,471
Commerical Activities	0	0	0	0	1,317	1,317
Other Revenue from Operating Activities	354	0	0	83	1,583	2,020
Total Revenue from Operating Activities	**17,620**	**1,076**	**15,256**	**1,600**	**7,160**	**42,712**
Interest	0	0	142	0	0	142
Total Revenue from Non-Operating Activities	**0**	**0**	**142**	**0**	**0**	**142**
Government Grants - Capital	0	0	0	0	3,129	3,129
Capital Interest	0	0	194	0	0	194
Other Capital Purpose income	0	0	0	0	217	217
Total Capital Purpose Income	**0**	**0**	**194**	**0**	**3,346**	**3,540**
Total Revenue	**17,620**	**1,076**	**15,592**	**1,600**	**10,506**	**46,394**

	Admitted Patients 2015 $'000	Non-Admitted 2015 $'000	RAC 2015 $'000	Aged Care 2015 $'000	Other 2015 $'000	Total 2015 $'000
Government Grant	11,409	6,830	10,855	1,320	1,641	32,055
Indirect contributions by Department of Health and Human Services	0	0	0	0	202	202
Patient & Resident Fees	654	649	3,558	195	140	5,196
Commerical Activities	0	0	0	0	853	853
Loddon Mallee Rural Health Alliance	0	0	0	0	663	663
Other Revenue from Operating Activities	13	11	9	84	2,722	2,839
Total Revenue from Operating Activities	**12,076**	**7,490**	**14,422**	**1,599**	**6,221**	**41,808**
Interest	0	0	125	0	161	286
Total Revenue from Non-Operating Activities	**0**	**0**	**125**	**0**	**161**	**286**
Government Grants - Capital	0	0	0	0	418	418
Capital Interest	0	0	110	0	0	110
Other Capital Purpose income	0	0	0	0	122	122
Total Capital Purpose Income	**0**	**0**	**110**	**0**	**540**	**650**
Total Revenue	**12,076**	**7,490**	**14,657**	**1,599**	**6,922**	**42,744**

Department of Health and Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

Note 2a: Net Gain/(Loss) on Disposal of Non-Financial Assets

	2016 $'000	2015 $'000
Proceeds from Disposals of Non-Current Assets		
Motor Vehicles	73	37
Non Medical Equipment	2	2
Total Proceeds from Disposal of Non-Current Assets	**75**	**39**
Less: Written Down Value of Non-Current Assets Sold		
Motor Vehicles	(71)	(34)
Non Medical Equipment	0	(9)
Total Written Down Value of Non-Current Assets Sold	**(71)**	**(43)**
Net gain/(loss) on Disposal of Non-Financial Assets	**4**	**(4)**

Note 3: Analysis of Expenses by Source

	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	RAC 2016 $'000	Aged Care 2016 $'000	Other 2016 $'000	Total 2016 $'000
Employee Expenses	13,299	443	13,261	1,192	4,326	32,521
Non Salary Labour Costs	2,008	2	96	11	70	2,187
Supplies & Consumables	897	158	1,221	45	888	3,209
Administration Expenses	862	97	469	67	860	2,355
Other Expenses	404	44	701	66	1,129	2,344
Total Expenditure from Operating Activities	**17,470**	**744**	**15,748**	**1,381**	**7,273**	**42,616**
Expenditure for Capital Purposes	0	0	0	0	193	193
Depreciation & Amortisation (refer note 4)	0	0	0	0	2,045	2,045
Finance Costs (refer note 5)	0	0	0	0	(39)	(39)
Total other expenses	**0**	**0**	**0**	**0**	**2,199**	**2,199**
Total Expenses	**17,470**	**744**	**15,748**	**1,381**	**9,472**	**44,815**

	Admitted Patients 2015 $'000	Non-Admitted 2015 $'000	RAC 2015 $'000	Aged Care 2015 $'000	Other 2015 $'000	Total 2015 $'000
Employee Expenses	4,178	3,921	13,740	1,073	9,994	32,906
Non Salary Labour Costs	1,853	68	37	0	50	2,008
Supplies & Consumables	631	321	289	43	1,477	2,761
Administration Expenses	138	76	845	13	1,480	2,552
Other Expenses	128	72	780	11	790	1,781
Loddon Mallee Rural Health Alliance expenses	0	0	0	0	563	563
Total Expenditure from Operating Activities	**6,928**	**4,458**	**15,691**	**1,140**	**14,354**	**42,571**
Expenditure for Capital Purposes	**0**	**0**	**0**	**0**	56	56
Depreciation & Amortisation (refer note 4)	0	0	0	0	2,040	2,040
Finance Costs (refer note 5)	0	0	0	0	(67)	(67)
Total other expenses	**0**	**0**	**0**	**0**	**2,029**	**2,029**
Total Expenses	**6,928**	**4,458**	**15,691**	**1,140**	**16,383**	**44,600**

The basis of allocations across Program segments/sources was significantly altered and enhanced during the 2015-16 financial year.

Note 3a: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	Expense		Revenue	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Commercial Activities				
Meals on Wheels	127	256	87	222
Laundry	602	672	704	693
Cafeteria	319	320	209	241
Properties/Health Club	190	236	317	360
TOTAL	**1,238**	**1,484**	**1,317**	**1,516**

Note 4: Depreciation

Depreciation	2016 $'000	2015 $'000
Buildings	1,266	1,261
Plant & Equipment	663	654
Motor Vehicles	94	125
LMRHA Joint Operation Depreciation	22	0
Total Depreciation	**2,045**	**2,040**

Note 5: Finance Costs

	2016 $'000	2015 $'000
Interest/Discount on Borrowings	(39)	(67)
Total Finance Costs	**(39)**	**(67)**

Note 6: Cash and Cash Equivalents

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	2016 $'000	2015 $'000
Cash on hand	4	4
Cash at bank	5,807	7,898
Deposits at call	2,507	3,161
Total Cash and Cash Equivalents	**8,318**	**11,063**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	2,065	(676)
Cash for Monies Held in Trust		
- Cash at Bank	6,237	11,737
- Loddon Mallee Rural Health Alliance	16	2
Total Cash and Cash Equivalents	**8,318**	**11,063**

Note 7: Receivables

	2016 $'000	2015 $'000
CURRENT		
Contractual		
Trade Debtors	248	282
Patient Fees	608	493
Accrued Investment Income	66	21
Accrued Revenue	84	340
Loddon Mallee Rural Health Alliance - Receivables	14	2
Less Allowance for Doubtful Debts		
- Patient Fees	(80)	(56)
	940	**1,082**
Statutory		
GST Receivable	96	77
Loddon Mallee Rural Health Alliance - GST Receivable	9	4
	105	**81**
TOTAL CURRENT RECEIVABLES	**1,045**	**1,163**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	672	602
TOTAL NON-CURRENT RECEIVABLES	**672**	**602**
TOTAL RECEIVABLES	**1,717**	**1,765**

(a) Movement in the Allowance for doubtful debts

	2016 $'000	2015 $'000
Balance at beginning of year	(56)	(1)
Increase/(decrease) in allowance recognised in net result	(24)	(55)
Balance at end of year	**(80)**	**(56)**

(b) Ageing analysis of receivables

Please refer to note 20(c) for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables

Please refer to note 20(c) for the nature and extent of credit risk arising from contractual receivables

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Note 8: Investments and other Financial Assets

	Operating Fund		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
CURRENT				
Loans and receivables				
Term Deposits				
Aust. Dollar Term Deposits > 3 months	7,903	500	7,903	500
Loddon Mallee Rural Health Alliance - Investments	401	472	401	472
Available for sale				
Equities and Managed Investment Schemes				
Australian Listed Equity Securities	0	283	0	283
Total Current	8,304	1,255	8,304	1,255
TOTAL	**8,304**	**1,255**	**8,304**	**1,255**
Represented by:				
Loddon Mallee Rural Health Alliance Investments	401	472	401	472
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)	6,258	783	6,258	783
- Malcolm Archer Bequest	1,645	0	1,645	0
TOTAL	**8,304**	**1,255**	**8,304**	**1,255**

(a) Ageing analysis of investments and other financial assets
Please refer to note 20(c) for the ageing analysis of investments and other financial assets

(b) Nature and extent of risk arising from investments and other financial assets
Please refer to note 20(c) for the nature and extent of credit risk arising from investments and other financial assets

Note 9: Inventories

	2016 $'000	2015 $'000
Pharmaceuticals - At cost	37	39
Catering Supplies - At cost	7	9
Housekeeping Supplies - At cost	143	139
Medical and Surgical Lines - At cost	112	87
Administration Stores - At Cost	39	75
TOTAL INVENTORIES	**338**	**349**

Inventories held by the Health Service are held for short periods of time with regular turnover. There is no material loss of service potential in inventories held at the end of the year.

Note 10: Non-Financial Physical Assets Classified as Held For Sale including Disposal Group Assets Classified as Held for Sale

(a) Non-financial physical assets including disposal group assets classified as held for sale

	2016 $'000	2015 $'000
8 Odgers Rd - Land	192	0
8 Odgers Rd - Buildings	149	0
TOTAL NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE	**341**	**0**

(i) Castlemaine Health entered into an agreement in June 2016 to sell one of its properties, 8 Odgers Road. Settlement occurred on 20th July 2016.

(b) Fair value measurement of non-financial physical assets held for sale

	Carrying amount	Fair value measurement at end of reporting period using:		
	2016 $'000	Level 1 (1)	Level 2 (1)	Level 3 (1)
8 Odgers Rd - Land	192	0	192	0
8 Odgers Rd - Buildings	149	0	149	0
TOTAL NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE	**341**	**0**	**341**	**0**

Notes
(1) Classified in accordance with the fair value hiearchy (Note 1)

Note 11: Prepayments and Other Assets

	2016 $'000	2015 $'000
CURRENT		
Prepayments	55	52
Loddon Mallee Health Alliance - Prepayments	44	9
TOTAL OTHER ASSETS	**99**	**61**

Note 12: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

	2016 $'000	2015 $'000
Land		
Land at Fair Value	3,127	3,319
Total Land	**3,127**	**3,319**
Buildings		
Buildings Under Construction at cost	10	0
Buildings at Fair Value	43,150	43,053
Less Acc'd Depreciation	(2,518)	(1,261)
Total Buildings	**40,642**	**41,792**
Plant and Equipment		
Plant & Equipment Loddon Mallee Rural Health Alliance	17	38
Plant and Equipment at Fair Value	8,284	7,472
Less Acc'd Depreciation	(5,015)	(4,357)
Total Plant and Equipment	**3,286**	**3,153**
Motor Vehicle		
Motor Vehicle at Fair Value	988	1,049
Less Acc'd Depreciation	(587)	(605)
Total Medical Equipment	**401**	**444**
TOTAL	**47,456**	**48,708**

(b) Reconciliations of the carrying amounts of each class of asset

	Land $'000	Buildings $'000	Plant & Equipment $'000	Motor Vehicles $'000	Assets Under Construction $'000	Total $'000
Balance at 1 July 2014	**3,319**	**42,987**	**3,395**	**512**	**0**	**50,213**
Additions	0	66	614	91	0	771
Disposals	0	0	(424)	(34)	0	(458)
Depreciation (note 4)	0	(1,261)	(654)	(125)	0	(2,040)
Transfer to Inventory	0	0	(95)	0	0	(95)
Assets Recognised for the first time	0	0	317	0	0	317
Balance at 1 July 2015	**3,319**	**41,792**	**3,153**	**444**	**0**	**48,708**
Additions	0	255	832	122	10	1,219
Disposals	0	0	0	(71)	0	(71)
Impairment Losses (recognised)/reversed in Net Result	0	0	(14)	0	0	(14)
Depreciation (note 4)	0	(1,266)	(685)	(94)	0	(2,045)
Assets transferred to Held for Sale (note 10)	(192)	(149)	0	0	0	(341)
Balance at 30 June 2016	**3,127**	**40,632**	**3,286**	**401**	**10**	**47,456**

Land and buildings carried at valuation

An independent valuation of the Health Service's land and buildings was performed by *the Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014.

Plant and equipment at fair value.

A Valuation of Castlemaine Healths plant and equipment was undertaken by management to determine the fair value of the plant and equipment.

The effective date of the valuation is 30 June 2016.

Note 12: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value				
Total of land at fair value	3,127	0	1,841	1,286
Buildings at fair value				
Total of building at fair value	40,632	0	587	40,045
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	401	0	0	401
- Plant and equipment	3,286	0	0	3,286
Total of plant, equipment and vehicles at fair value	**3,687**	**0**	**0**	**3,687**
	47,446	**0**	**2,428**	**45,018**

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value				
Total of land at fair value	3,319	0	2,033	1,286
Buildings at fair value				
Total of building at fair value	41,792	0	736	41,056
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	444	0	0	444
- Plant and equipment	3,153	0	0	3,153
Total of plant, equipment and vehicles at fair value	3,597	0	0	3,597
	48,708	**0**	**2,769**	**45,939**

(i) Classified in accordance with the fair value hierarchy, see Note 1.
There have been no transfers between levels during the period.

Note 12: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

Non-specialised land, non-specialised buildings and artwork

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers Countrywide Valuers 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 2014.

For artwork, valuation of the assets is determined by a comparison to similar examples of the artists work in existence throughout Australia and research on price paid for similar examples offered at auction or through art galleries in recent years.

To the extent that non-specialised land, non-specialised buildings and artworks do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised land and specialised buildings

The market approach is also used for specialised land and specialised buildings although 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 the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

Vehicles

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

Plant and equipment

Plant and equipment is 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 2016.

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

Note 12: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value

30 June 2016	**Land $'000**	**Buildings $'000**	**Plant and equipment $'000**	**Motor Vehicles $'000**	**Total $'000**
Opening Balance	1,286	41,056	3,153	444	45,939
Purchases (sales)	0	255	832	122	1,209
Transfers in (out) of Level 3	0	0	0	0	0
Gains or losses recognised in net result					
- Depreciation	0	(1,266)	(685)	(94)	(2,045)
- Net Disposals	0	0	0	(71)	(71)
- Impairment	0	0	(14)	0	(14)
Closing Balance	**1,286**	**40,045**	**3,286**	**401**	**45,018**

30 June 2015	**Land $'000**	**Buildings $'000**	**Plant and equipment $'000**	**Motor Vehicles $'000**	**Total $'000**
Opening Balance	1,286	42,251	3,395	512	47,444
Purchases (sales)	0	66	614	91	771
Transfers in (out) of Level 3	0	0	0	0	0
Gains or losses recognised in net result					
- Assets recognised for the first time	0	0	317	0	317
- Depreciation	0	(1,261)	(654)	(125)	(2,040)
- Transfer to Inventory	0	0	(95)	0	(95)
- Net Disposals	0	0	(424)	(34)	(458)
Closing Balance	**1,286**	**41,056**	**3,153**	**444**	**45,939**

Note 12: Property, plant & equipment (continued)

(e) Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique (i)	Significant unobservable inputs (i)
Specialised land (i)	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated replacement cost	Cost per unit Useful life of PPE
Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Assets under construction at fair value	Depreciated replacement cost	Cost per unit

(i) CSO adjustment of 20% was applied by the Valuer to reduce the market approach value for crown land of 10-16 Odgers Road (main Hospital site)

Note 13: Payables

	2016 $'000	2015 $'000
CURRENT		
Contractual		
Trade Creditors	671	1,442
Loddon Mallee Rural Health Alliance - Creditors	83	50
Accrued Expenses	460	665
Loddon Mallee Rural Health Alliance - Accrued Expenses	9	13
	1,223	**2,170**
Statutory		
GST Payable	23	33
FBT Payable	20	17
Taxes Payable	195	541
Department of Health and Human Services	937	38
Amounts payable to Government	0	0
	1,175	**629**
TOTAL PAYABLES	**2,398**	**2,799**

(a) Maturity analysis of payables

Please refer to Note 20(c) for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables

Please refer to note 20(c) for the nature and extent of risks arising from contractual payables

Note 14: Borrowings

	2016 $'000	2015 $'000
CURRENT		
DHHS Loans - Current	400	250
NON CURRENT		
DHHS Loans - Non-Current	1,894	1,083
Total Borrowings	**2,294**	**1,333**

The DHHS Loans are unsecured loans which bear no interest.

(a) Maturity analysis of borrowings
Please refer to note 20(c) for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings
Please refer to note 20(c) for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches
During the current and prior year, there were no defaults and breaches of any of the borrowings.

Note 15: Provisions

	2016 $'000	2015 $'000
Current Provisions		
Employee Benefits (i)		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	2,009	2,034
- Unconditional and expected to be settled wholly after 12 months (iii)	327	332
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	481	336
- Unconditional and expected to be settled wholly after 12 months (iii)	2,526	2,580
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (ii)	65	78
Accrued Salaries and Wages		
- Unconditional and expected to be settled within 12 months (ii)	648	1,213
	6,056	**6,573**
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	469	348
- Unconditional and expected to be settled after 12 months (iii)	480	417
	949	**765**
Total Current Provisions	**7,005**	**7,338**
Non-Current Provisions		
Long Service Leave	1,183	1,241
Long Service Leave related to employee Benefit On-Costs	203	178
Total Non-Current Provisions	**1,386**	**1,419**
Total Provisions	**8,391**	**8,757**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	3,521	3,334
Annual Leave Entitlements	2,676	2,705
Accrued Wages and Salaries	733	1,213
Accrued Days Off	75	86
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements (ii)	1,386	1,419
Total Employee Benefits	**8,391**	**8,757**
(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	**4,753**	**4,502**
Provision made during the year		
- Revaluations	4	44
- Expense recognising Employee Service	806	592
Settlement made during the year	(656)	(385)
Balance at end of year	**4,907**	**4,753**

Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees. On-costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.

Note 16: Superannuation

Employees of the Health Service are entitled to receive superannuation benefits and the Health Services contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Health Service does not recognise any defined benefit liability in respect of the plan(s) because the entity 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 Department of Treasury & Finance 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 the Health Service.

The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Services are as follows:

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Defined benefit plans:[(i)]				
First State Super	71	76	0	3
Defined contribution plans:				
First State Super	1,999	2,037	0	82
Hesta	709	703	0	28
Other	71	59	0	6
Total	**2,850**	**2,875**	**0**	**119**

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

Note 17: Other Liabilities

	2016	2015
CURRENT	$'000	$'000
Monies Held in Trust*		
- Patient Monies Held in Trust	248	361
- Accommodation Bonds (Refundable Entrance Fees)	12,196	10,351
- Malcolm James Archer Bequest	1,645	1,645
- Other Monies Held in Trust	51	163
Total Current	**14,140**	**12,520**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to Note 6)	6,237	11,737
Investment and other Financial Assets (refer to Note 8)	7,903	783
TOTAL	**14,140**	**12,520**

Note 18: Equity

	2016 $'000	2015 $'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus [1]		
Balance at the beginning of the reporting period		
- Land	2,716	2,716
- Buildings	29,882	29,882
Revaluation Increment/(Decrements)	0	0
Balance at the end of the reporting period*	**32,598**	**32,598**
* Represented by:		
- Land	2,716	2,716
- Buildings	29,882	29,882
- Plant and Equipment	0	0
	32,598	**32,598**

(1) The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.

	2016 $'000	2015 $'000
Financial Assets Available-for-Sale Revaluation Surplus [2]		
Balance at the beginning of the reporting period	21	217
Valuation gain/(loss) recognised	(21)	(196)
Balance at end of the reporting period	**0**	**21**

(2) The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset, and is effectively realised, is recognised in the net result. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in net result.

	2016 $'000	2015 $'000
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	10	10
Transfer to and from Restricted Specific Purpose Surplus	(10)	0
Balance at the end of the reporting period	**0**	**10**
Total Surpluses	**32,598**	**32,629**
(b) Contributed Capital		
Balance at the beginning of the reporting period	21,202	21,202
Capital Contribution received from Victorian Government	0	0
Balance at the end of the reporting period	**21,202**	**21,202**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	(16,039)	(14,183)
Net Result for the Year	1,579	(1,856)
Transfers to and from Surplus	10	0
Balance at the end of the reporting period	**(14,450)**	**(16,039)**
Total Equity at end of financial year	**39,350**	**37,792**

Note 19: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2016 $'000	2015 $'000
Net result for the period	1,579	(1,856)
Non-cash movements:		
Depreciation	2,045	2,040
Asset Adjustments (Stocktake/Impairment)	14	4
Share of Joint Operation Assets	21	(89)
Discount on DHHS Loan	(39)	(67)
Movement in Revaluation Reserve	21	(196)
Movements included in investing and financing activities		
Net (gain)/loss from disposal of non financial physical assets	(4)	4
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	48	(323)
(Increase)/decrease in prepayments	(38)	0
(Increase)/decrease in Inventories	11	(204)
Increase/(decrease) in payables	(401)	241
Increase/(decrease) in provisions	(367)	41
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**2,890**	**(405)**

Note 20: Financial Instruments

(a) Financial risk management objectives and policies

Castlemaine Health's principal financial instruments comprise of:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- payables (excluding statutory payables)
- accommodation bonds
- non-interest bearing DHHS loans

Details of the significant accounting policies and methods adopted, including 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 are disclosed in note 1 to the financial statements.

The Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its financial risk management policy.
The Health Service 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 financial risk management committee of the Health Service.

The main purpose in holding financial instruments is to prudentially manage *Castlemaine Health's* financial risks within the government policy parameters.

Note 20: Financial Instruments

(a) Financial risk management objectives and policies (continued)

Categorisation of financial instruments

2016	Contractual financial assets - loans and receivables $'000	Contractual financial assets - available for sale $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	8,318	0	0	8,318
Loans and Receivables	940	0	0	940
Other Financial Assets	8,304	0	0	8,304
Total Financial Assets (i)	**17,562**	**0**	**0**	**17,562**
Financial Liabilities				
Payables	0	0	1,223	1,223
Other Financial Liabilities				
- DHHS Loans	0	0	2,294	2,294
- Accommodation Bonds	0	0	12,196	12,196
- Other	0	0	1,944	1,944
Total Financial Liabilities (ii)	**0**	**0**	**17,657**	**17,657**

2015	Contractual financial assets - loans and receivables $'000	Contractual financial assets - available for sale $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	11,063	0	0	11,063
Loans and Receivables	1,082	0	0	1,082
Investments and other Available for sale	972	283	0	1,255
Total Financial Assets (i)	**13,117**	**283**	**0**	**13,400**
Financial Liabilities				
At amortised cost	1,333	0	14,690	16,023
Total Financial Liabilities (ii)	**1,333**	**0**	**14,690**	**16,023**

(i) The total amount of financial assets disclosed here excludes statutory receivables (ie GST input tax receivable)
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable)

Note 20: Financial Instruments (continued)

(b) Net holding gain/(loss) on financial instruments by category (Continued)

	Interest Income	Total
	$	$
2016		
Financial Assets		
Cash and Cash Equivalents (i)	140	140
Loans and Receivables (i)	196	196
Total Financial Assets	**336**	**336**
2015		
Financial Assets		
Cash and Cash Equivalents (i)	145	145
Other Financial Assets	246	246
Total Financial Assets	**391**	**391**

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;

(c) Credit risk

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Health Service'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 the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

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 Castlemaine Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Note 20: Financial Instruments (continued)

(c) Credit risk (continued)

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AA credit rating)	Government Agencies (AAA credit rating)	Other (min BBB credit rating)	Total
2016	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets				
Cash and Cash Equivalents	507	2,000	5,811	8,318
Loans and Receivables				
- Trade Debtors	0	0	248	248
- Other Receivables	0	0	692	692
Other Financial Assets				
- Term Deposits	1,145	2,000	4,758	7,903
- Loddon Mallee Rural Health Alliance - Investments	0	0	401	401
Total Financial Assets	**1,652**	**4,000**	**11,910**	**17,562**
2015				
Financial Assets				
Cash and Cash Equivalents	8,004	0	3,059	11,063
Receivables(i)				
- Trade Debtors	0	0	1,082	1,082
Other Financial Assets				
- Loddon Mallee Rural Health Alliance - Investments	0	0	472	472
- Term Deposits	0	0	500	500
- Equity Securities	0	0	283	283
Total Financial Assets	**8,004**	**0**	**5,396**	**13,400**

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Note 20: Financial Instruments (continued)

(c) Credit risk (continued)

Ageing analysis of Financial Assets as at 30 June

	Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and Cash Equivalents	8,318	8,318	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	248	226	16	6	0	0	0
- Other Receivables	692	328	123	84	77	0	80
Other Financial Assets							
- Loddon Mallee Rural Health Alliance Investments	401	401	0	0	0	0	0
- Term Deposit	7,903	7,903	0	0	0	0	0
Total Financial Assets	**17,562**	**17,176**	**139**	**90**	**77**	**0**	**80**
2015							
Financial Assets							
Cash and Cash Equivalents	11,063	11,063	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	1,082	764	12	151	99	0	56
- Loddon Mallee Rural Health Alliance Investments	472	472	0	0	0	0	0
- Term Deposit	500	500	0	0	0	0	0
- Equity Securities	283	283	0	0	0	0	0
Total Financial Assets	**13,400**	**13,082**	**12**	**151**	**99**	**0**	**56**

(i) Ageing analysis of financial assets must exclude the types of statutory financial assets (i.e GST input tax credit)

(d) Liquidity risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Services operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Health Service’s maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk by Monitoring cashflows and ensuring that maximum funds are available for investment and payment of financial liabilities.

There has been no significant change in Castlemaine Health's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from previous reporting periods.

The following table discloses the contractual maturity analysis for Castlemaine Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Note 20: Financial Instruments (continued)

(d) Liquidity risk (continued)

Maturity analysis of Financial Liabilities as at 30 June

			Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities						
At amortised cost						
Payables	1,223	1,223	1,116	97	10	0
Other Financial Liabilities (i)						
- Accommodation Bonds	12,196	12,196	0	0	12,196	0
- DHHS Loan	2,294	2,294	0	100	300	1,894
- Other	1,944	1,944	0	0	0	1,944
Total Financial Liabilities	**17,657**	**17,657**	**1,116**	**197**	**12,506**	**3,838**
2015						
Financial Liabilities						
At amortised cost						
Payables	2,170	2,170	1,606	564	0	0
Other Financial Liabilities (i)						
- Accommodation Bonds	10,351	10,351	0	0	10,351	0
- DHHS Loan	1,333	1,333	0	62	188	1,083
- Other	2,169	2,169	0	0	523	1,646
Total Financial Liabilities	**16,023**	**16,023**	**1,606**	**626**	**11,062**	**2,729**

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

(e) Market risk

Castlemaine Health's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency risk

Castlemaine Health is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest rate risk

Exposure to interest rate risk might arise primarily through Castlemaine Health's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the health service mainly undertake financial liabilities with relatively even maturity profiles.

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.

The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movement in interest rates on a daily basis.

Other price risk

Castlemaine Health is exposed to price risk in respect of fee for service and contract services which are open to market competition. There has been no significant change in Castlemaine Health's exposure, or its objectives, policies and processes for managing risk or the methods used to measure the risk from the previous reporting period.

Note 20: Financial Instruments (continued)

(e) Market risk (continued)
Interest rate exposure of financial assets and liabilities as at 30 June

2016	**Weighted Average Effective Interest Rate (%)**	**Carrying Amount $'000**	**Interest Rate Exposure: Fixed Interest Rate $'000**	**Variable Interest Rate $'000**	**Non-Interest Bearing $'000**
Financial Assets					
Cash and Cash Equivalents	1.58	8,318	2,507	4,687	1,124
Loans and Receivables [(i)]					
- Trade Debtors		248	0	0	248
- Other Receivables		692	0	0	692
Other Financial Assets					
- Loddon Mallee Rural Health Alliance Investments	2.61	401	401	0	0
- Term Deposits	2.61	7,903	7,903	0	0
		17,562	**10,811**	**4,687**	**2,064**
Financial Liabilities					
At amortised cost					
Payables[(i)]		1,223	0	0	1,223
Other Financial Liabilities					
- DHHS Loan		2,294	0	0	2,294
- Accommodation Bonds		12,196	0	0	12,196
- Other		1,944	0	0	1,944
		17,657	**0**	**0**	**17,657**
2015					
Financial Assets					
Cash and Cash Equivalents	3.17	11,063	3,661	6,888	514
Loans and Receivables [(i)]					
- Trade Debtors		1,082	0	0	1,082
- Loddon Mallee Rural Health Alliance Investments		472	0	0	472
- Term Deposit		500	500	0	0
- Equity Securities	3.14	283	0	283	0
		13,400	**4,161**	**7,171**	**2,068**
Financial Liabilities					
At amortised cost					
Payables[(i)]		2,170	0	0	2,170
Other Financial Liabilities					
- DHHS Loan		1,333	0	0	1,333
- Accommodation Bonds		10,351	0	0	10,351
- Other		2,169	0	0	2,169
		16,023	**0**	**0**	**16,023**

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

Note 20: Financial Instruments (continued)

(e) Market risk (continued)

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Castlemaine Health believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 2.0%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2.0%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by Castlemaine Health at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2016		**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents[(i)]	8,318	(83)	(83)	83	83
Receivables					
- Trade Debtors	248	0	0	0	0
- Other Receivables	692	0	0	0	0
Other Financial Assets					
- Loddon Mallee Rural Health Alliance Investments	401	(4)	(4)	4	4
- Term Deposits	7,903	(79)	(79)	79	79
Financial Liabilities					
At amortised cost					
Payables	1,223	0	0	0	0
Other Financial Liabilities[(ii)]					
- DHHS Loan	2,294	0	0	0	0
- Accommodation Bonds	12,196	0	0	0	0
- Other	1,944	0	0	0	0
		(166)	**(166)**	**166**	**166**
2015					
Financial Assets					
Cash and Cash Equivalents[(i)]	11,063	(111)	(111)	111	111
Receivables					
- Trade Debtors	1,082	0	0	0	0
- Other Receivables					
Other Financial Assets					
- Loddon Mallee Rural Health Alliance Investments	472	(5)	(5)	5	5
- Term Deposits	500	(5)	(5)	5	5
- Equity Securities	283	(3)	(3)	3	3
Financial Liabilities					
At amortised cost					
Payables	2,170	0	0	0	0
Other Financial Liabilities[(ii)]					
- DHHS Loan	1,333	0	0	0	0
- Accommodation Bonds	10,351	0	0	0	0
- Other	3,501	0	0	0	0
		(124)	**(124)**	**124**	**124**

Note 20: Financial Instruments (continued)

(f) Fair value
The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

• Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
• Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
• Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Health Services considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value

	Carrying Amount	Fair value	Carrying Amount	Fair value
	2016 $'000	2016 $'000	2015 $'000	2015 $'000
Financial Assets				
Cash and Cash Equivalents	8,318	8,318	11,063	11,063
Receivables [i]				
- Trade Debtors	248	248	1,082	1,082
- Other Receivables	692	692	0	0
Other Financial Assets				
- Loddon Mallee Rural Health Alliance Investments	401	401	472	472
- Term Deposits	7,903	7,903	500	500
- Equity Securities	0	0	283	283
Total Financial Assets	**17,562**	**17,562**	**13,400**	**13,400**
Financial Liabilities				
At amortised cost				
Payables	1,223	1,223	2,170	2,170
Other Financial Liabilities[i]				
- DHHS Loan	2,294	2,294	1,333	1,333
- Accommodation Bonds	12,196	12,196	10,351	10,351
- Other	1,944	1,944	2,169	2,169
Total Financial Liabilities	**17,657**	**17,657**	**16,023**	**16,023**

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

Note 21: Commitments for Expenditure
There are no known capital commitments for the Castlemaine Health as at 30 June 2016.

Note 22: Contingent Assets and Contingent Liabilities
There are no known contingent assets and contingent liabilites for the Castllemaine Health as at the date of this report.

Note 23: Operating Segments

	RAC		Other		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
REVENUE						
External Segment Revenue	15,256	14,422	30,802	27,050	46,058	41,472
Unallocated Revenues	142	261	0	723	142	984
Total Revenue	**15,398**	**14,683**	**30,802**	**27,773**	**46,200**	**42,456**
EXPENSES						
External Segment Expenses	(10,617)	(10,533)	(13,385)	(13,272)	(24,002)	(23,805)
Intersegment Expenses	(5,131)	(5,158)	(6,210)	(6,581)	(11,341)	(11,739)
Unallocated Expense	0	0	(9,472)	(9,054)	(9,472)	(9,054)
Total Expenses	**(15,748)**	**(15,691)**	**(29,067)**	**(28,907)**	**(44,815)**	**(44,598)**
Net Result from ordinary activities	**(350)**	**(1,008)**	**1,735**	**(1,134)**	**1,385**	**(2,142)**
Interest Income	194	286	0	0	194	286
Net Result for Year	**(156)**	**(722)**	**1,735**	**(1,134)**	**1,579**	**(1,856)**
OTHER INFORMATION						
Segment Assets	0	24,270	66,573	17,917	66,573	42,187
Unallocated Assets	0	0	0	21,014	0	21,014
Total Assets	**0**	**24,270**	**66,573**	**38,931**	**66,573**	**63,201**
Segment Liabilities	12,196	10,712	0	0	12,196	10,712
Unallocated Liabilities	0	0	15,027	14,697	15,027	14,697
Total Liabilities	**12,196**	**10,712**	**15,027**	**14,697**	**27,223**	**25,409**
Acquisition of Property, Plant and Equipment and Intangible Assets	0	0	1,219	583	1,219	583
Depreciation & Amortisation Expense	0	0	2,045	2,040	2,045	2,040

The major products/services from which the above segments derive revenue are:

Business Segments	**Services**
Residential Aged Care Services (RACS)	Provider of residential aged care beds
Acute and Sub-Acute Services	Provider of acute and rehabilitiation beds

Geographical Segment

Castlemaine Health operates predominantly in Municipalities of Mt Alexander and Macedon Ranges in the State of Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Castlemaine, Victoria.

Note 24: Jointly controlled operations and assets

Name of Entity	Ownership Interest 2016 %	Ownership Interest 2015 %
Loddon Mallee Rural Health Alliance	7.92	7.98

Castlemaine Health's interest in assets employed in the above jointly controlled operations and assets is detailed below.
The Amounts are included in the financial statements under their respective categories.

	2016 $'000	2015 $'000
Current Assets		
Cash and cash equivalents	16	2
Investments	401	472
Receivables	22	6
Inventory	2	0
Other current assets	44	9
Total Current Assets	**485**	**489**
Non Current Assets		
Property Plant and Equipment	17	38
Total Non Current Assets	17	38
Total Assets	**502**	**527**
Current Liabilities		
Financial liabilities (excluding payables, provisions)	92	63
Total Current Liabilities	92	63
Total Liabilities	**92**	**63**
Share of Joint Venture's Net Assets	**410**	**464**

Castlemaine Health's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2016 $'000	2015 $'000
Revenues		
Operating Activities	673	663
Non-Operating Activities	0	0
Total Revenue	**673**	**663**
Expenses		
Information Technology and Administration Expenses	583	563
Depreciation	22	22
Non-Operating Expenses	121	0
Total Expenses	**726**	**585**
Net Result	**(53)**	**78**

Movements in carrying amount of interests in the Joint Venture

	2016 $'000	2015 $'000
Carrying amount at the beginning of the year	464	389
Share of the Joint Operation's net result	(53)	78
Member Contribution to Joint Operation	0	0
Change in Membership	(1)	(3)
	410	**464**

Note 25a: Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/7/2015 - 30/6/2016
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/7/2015 - 30/6/2016
Governing Boards	
Mr Adam Sevdalis	1/7/2015 - 30/6/2016
Ms Carolyn Wallace	1/7/2015 - 30/6/2016
Ms Sharon Fraser	1/7/2015 - 30/6/2016
Mr Roni Caspi	1/7/2015 - 30/6/2016
Ms Janet Cropley	1/7/2015 - 30/6/2016
Mr Garry Fehring	1/7/2015 - 30/6/2016
Ms Margaret Anne Ronnau	1/7/2015 - 30/6/2016
Ms Katherine Hamond	1/7/2015 - 30/6/2016
Ms Sally-Anne Ross	1/7/2015 - 30/6/2016
Mr David Goldberg	1/7/2015 - 30/6/2016
Ms Anna Skreiner	1/7/2015 - 30/6/2016
Accountable Officers	
Mr Ian Fisher	1/7/2015 - 30/6/2016

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

Income Band	**2016 No.**	**2015 No.**
$0 - $9,999	11	11
$220,000 - $229,999	1	1
Total Numbers	**12**	**12**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$229,303**	**$229,303**

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other Transactions of Responsible Persons and their Related Parties.	**2016 $'000**	**2015 $'000**
Ms C Wallace was a Director of the Mt Alexander Shire for a portion of the 14-15 year. Net transactions are reported.	0	508

Note 25b: Executive Officer Disclosures

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
$120,000 - $129,999	0	0	0	0
$130,000 - $139,999	0	1	1	1
$140,000 – $149,999	1	2	0	2
$150,000-$159,999	2	0	2	0
Total	1	3	3	3
Total annualised employee equivalents (AEE) (i)	3.00	3.00	3.00	3.00
Total Remuneration	**$ 543,849**	**$ 513,662**	**$ 527,138**	**$ 502,557**

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

Note 26. Remuneration of auditors

	2016 $'000	2015 $'000
Victorian Auditor-General's Office		
Audit or review of financial statement	24	24
	24	24