

Acknowledgements and Feedback

We wish to thank everyone who contributed to this report – staff, members of the community, volunteers and clients. We value your comments and feedback, so please get in touch:

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Our services are delivered on the traditional lands of the Dja Dja Wurrung people. Artist: Kerri Douglas



Castlemaine Health acknowledges the support of the Victorian Government



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Our Care – A Snapshot

RESIDENTIAL

CARE 

permanent residents

182

5,899

URGENT 
CARE

presentations

ACUTE

Admitted patients

1,124



3,591

**OPERATIONS
PERFORMED**

BIRTHS



10

25,065



**OUTPATIENT
appointments**

**DISTRICT
NURSING**

Home Visits

13,460



265,263



**MEALS
PREPARED**

COVID

vaccinations
administered

1,584





Our Vision, Mission, Values and Direction

Our Vision

Exceptional care of every person, every time.

Our Mission

A well run and trusted organisation that engages with the community to provide high quality health services.

Our Values

Integrity

We engage with others in the highest degree of dignity, equity, honesty and trust.

Care

We treat people with respect, are compassionate, thoughtful and responsive to their needs.

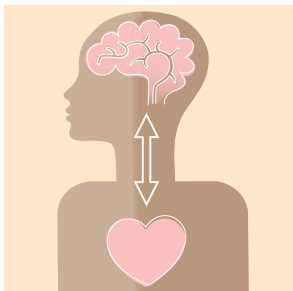
Unity

We work as a team and in partnership with our communities.

Excellence

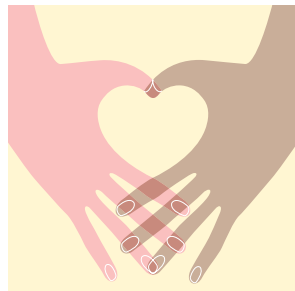
We are committed to achieve our Vision.

Our Service Direction



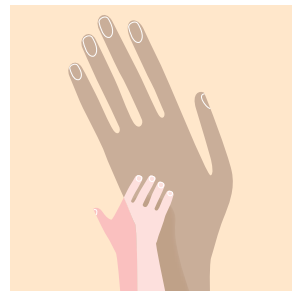
Unwavering Care

We strive rigorously to ensure that everyone needing our clinical, emotional, and psychological support gets the best care, treatment and advice.



Brilliant Together

Together we are better and smarter than we are apart. We commit to collaboratively working with the community, staff and partners to positively impact the health and wellbeing of all.



Sustainable Future

We build on the foundation of a proud history and a progressive present to steward Castlemaine Health into a thriving relevant future.



Forever Curious

We are interested in everything around us. We are knowledge-seekers who apply our learning in practical ways to make a tangible difference.

Our Message to the Community

While the past year has seen a change of leadership for Castlemaine Health, progress has continued unabated on a series of major projects that will define the future for health and well-being for our community.

In common with all health services across the state, we've sustained our response to the COVID-19 pandemic with a multi-level strategy to keep our staff, patients, residents and the community safe. We have successfully maintained those critical first-line infection control defences with no cases of COVID-19 on site. In response to the fluctuating external risk environment, we've calibrated our visitor restrictions to deliver robust protection across our site.

From our Auditorium, our COVID-19 Vaccination Clinic delivers ever-increasing numbers of vaccinations. Our joint COVID-19 testing clinic with CHIRP Community Health continues to flex testing capacity in response to demand. Delivering the vaccination clinic and responsive testing has been an incredible achievement and testament to the cooperation of healthcare workers across our region and our strong relationships with our partners.

Over the last 12 months in collaboration with CHIRP Community Health we ran a comprehensive community engagement process to gather feedback on a proposal for integration, which highlighted priorities for maintaining existing services and programs locally, accessibility and the importance of staff and communities having a say. The engagement also provided a ringing endorsement for integration from staff, consumers, partner organisations and the wider community. Our boards signed off a detailed integration plan late in June, which was submitted to the Minister for Health for approval.

The question of accessibility both in relation to community health services and our own acute, rehabilitation and aged care services, is an incredibly complex one. Throughout the year, we've continued to work with the Victorian Health Building Authority (VHBA), hosting a series of site visits and reviews to help progress our master planning vision. While progress has been impacted by COVID-19, the pace has quickened in the second half of the year and we look forward to continuing those discussions with VHBA and the Department of Health in 2021-22. Progress on our car park expansion project has similarly been impacted by COVID-19 but current timelines will see this work completed by June 2022.

The past year with its many lockdowns has been particularly challenging for residential care but our staff have worked hard to help residents maintain connections with family and friends. With the Royal Commission into Aged Care Quality and Safety publishing its findings in the latter part of the year, residential aged care is very much in the spotlight across the country. We continue to review the 148 recommendations for reform in relation to their impact on our operations.

The Consumer Consultative Committee established a wide-ranging program of community events exploring maternity services, community health and more. While the program has been impacted by COVID-19, we are grateful

to have such an engaged and active volunteer cohort to support our community engagement work.

This year also saw Castlemaine Health complete its first National Disability Insurance Scheme (NDIS) Accreditation audit. How wonderful it was to read the positive feedback from client interviews. Comments like "they really care" and how our programs have made an "extraordinary difference to my life" shows the commitment of staff in our NDIS services. It was a major and demanding piece of work and all involved deserve congratulations.

Finally, we were thrilled to reopen our Maternity Services. It was the combined efforts of many dedicated people including technical experts, leaders, colleagues and industry partners, community members, volunteers, and our GP Obstetricians, that the service was delivered back to the community. We are particularly grateful for the unwavering commitment of the volunteer members of our Maternity Services Consumer Committee and First Nations Advisory Group.

While so much can change so quickly in health, what does remain abundantly clear is the commitment of staff, medical practitioners and volunteers who are the very backbone of our service. Thank you to our management team and outgoing CEO Ian Fisher. We also acknowledge the contribution made by Board Director Robert Delmenico who is not continuing in 2021-22. Castlemaine Health is fortunate to have a tightly-knit and loyal workforce who year-on-year continue to deliver outstanding care every time to every client. While it's been a very busy year, we look forward to seeing the seeds of change sown in the past 12 months grow a bright and sustainable future for local health and wellbeing.



In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Castlemaine Health for the year ending 30 June 2021.



Margaret (Peggy) Ronnau
Board Chair
Castlemaine Health
6 October 2021



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



Sue Race
CEO
Castlemaine Health
6 October 2021



Our Organisation

Castlemaine Health is a community-oriented health service with an integrated hospital, community health and primary care service. Castlemaine Health is predominantly a nurse led service that is supported by locally credentialed General Practitioners and Visiting Medical Officers.

Castlemaine Health is a public hospital incorporated under the *Health Services Act 1988*. It has a variety of programs and services funded by the State Government. Our ministers for 2020-21 are The Hon. Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services (1 July 2020-26 September 2020); the Hon. Martin Foley MP, Minister for Health, Minister for Ambulance Services and Minister for Equality (26 September 2020-30 June 2021); and the Hon. Luke Donnellan, Minister for Disability, Ageing and Carers (1 July 2020-30 June 2021).

Castlemaine Health is located in central Victoria in the Mount Alexander Local Government Area (LGA) and provides a comprehensive range of low to moderate complexity services to a population of approximately 19,500 people. Services provided include:

- Urgent Care Services
- Surgical Services
- Medical / Surgical Acute Inpatient Services
- Subacute Inpatient Services including Transition Care
- Allied Health Services

- Community Rehabilitation
- Specialist Outpatient Services
- Outreach Programs (District Nursing, Post-Acute Care and Hospital in the Home)
- Home and Community Care
- Residential Aged Care Services from onsite residences Ellery House, Thompson House and Penhall Hostel.

Castlemaine Health is located 40 km south of Bendigo. It works with Bendigo Health to provide a range of high quality, integrated healthcare services in regional Victoria.

Bendigo Health provides support through:

- an integrated regional service delivery model that supports Castlemaine Health
- a range of in-reach services including surgery and mental health from Castlemaine Health
- key services for complex Castlemaine Health patients including but not limited to surgery, stroke, cardiac, cancer, and medium to high risk birthing.

Castlemaine Health is in the process of undertaking a significant amount of strategic planning, in particular around integration with CHIRP Community Health Service. This exciting collaboration will facilitate enhanced opportunities to improve care delivery models across the continuum of care.

Our Governance

The Board of Directors is appointed by the Governor in Council on the recommendation of the Victorian Minister for Health and is governed by the principles contained within the *Health Services Act 1988* (as amended). The Board provides governance of Castlemaine Health and is responsible for its financial performance, strategic directions, the quality of its health care services and strengthening community involvement through greater partnerships.

Castlemaine Health's by-laws enable the Board to delegate certain responsibilities. The by-laws are supported by the delegations of executive and operational responsibility, enabling designated executives and staff to perform their duties through the exercise of specified authority.

The Act requires directors to act with integrity and objectivity at all times. They must declare a pecuniary interest during Board debate when applicable and withdraw from proceedings. There were no occasions that required declaration this year. Conflict of interest is declared during Board proceedings, in accordance with Castlemaine Health's by-laws.

The Board of Directors meets on the last Monday (excluding January) of each month to deal with a formal agenda and the Chief Executive Officer reports on the health service's performance. In addition to general Board meetings Directors also meet annually to review the strategic plan. The Board endeavours to hold one open access Board meeting per year which the general public may attend. This is in addition to the Annual General Meeting.

Remuneration Committee

The Remuneration Committee was convened in March 2021 and the membership included the following Board Directors: Ms Margaret Ronnau (Chair), Mr Jeffrey Rigby and Ms Anna MacLeod. The Remuneration Committee meets three times per year and is responsible for advising and making recommendations to the Board in relation to matters involving the performance of the Chief Executive Officer, executive staff remuneration; and executive recruitment and terms and conditions of employment.

Audit and Risk Management Committee

The Audit and Risk Management Committee membership comprises three Board Directors and at least one member independent of the agency, in accordance with the independence requirements of the Standing Directions of the Minister of Finance under the Financial Management Act 1994. The Committee comprises Mr Jeffrey Rigby (Chair), Ms Nicoletta Muner, Mr Peter Rushen and Mr Stephen Bigarelli (Independent member). All the Committee members are independent of management.

The Audit and Risk Management Committee meets quarterly and assists the Board in monitoring compliance with laws, regulations, standards and internal controls. Key responsibilities include monitoring the hospital's strategic and operational risks, developing and overseeing the hospital's internal audit plan, review of the draft Annual Accounts and review of the relevant risk policies and procedures.

Board member	Position	First Appointment	Appointment expires	2020-21 Attendance
Ms Margaret (Peggy) Ronnau	Board Chair	1 July 2015	30 June 2021	12
Ms Kerry Anderson	Deputy Chair	1 July 2017	30 June 2023	12
Mr Garry Fehring	Director	1 July 2014	30 June 2023	12
Mr Jeffrey Rigby	Director	1 July 2018	30 June 2023	12
Ms Anna MacLeod	Director	1 July 2018	30 June 2021	12
Ms Margaret Lewis	Director	1 July 2018	30 June 2021	12
Ms Nicoletta Muner	Director	1 July 2019	30 June 2022	12
Dr Nicholas Yap	Director	1 July 2019	30 June 2022	11
Mr Robert Delmenico	Director	1 July 2020	30 June 2022	12
Mr Peter Rushen	Director	1 July 2020	30 June 2022	12



Finance Committee

The Finance Committee membership comprises three Board Directors including Ms Kerry Anderson (Chair), Mr Peter Rushen and Mr Robert Delmenico .

The Castlemaine Health Board requires frequent review of the financials of the organisation in order to closely monitor the risks associated with financial management including, liquidity risk, solvency risk and long-term sustainability risk.

Clinical Governance and Quality Committee

The Clinical Governance and Quality Committee membership comprises three Board Directors and two independent members. The membership included the following Board Directors: Mr Garry Fehring (Chair), Dr Nicholas Yap Ms Anna MacLeod, Ms Elizabeth Grainger (Independent Member) and Dr Louise Bettiol (Chair Medical Staff Group).

The Clinical Governance and Quality Committee aims to ensure that the community receives high-quality and safe care close to home and that Castlemaine Health is

committed to the constant improvement of all clinical and care services. The Committee meets bi-monthly to review and analyse information detailing the clinical care activities undertaken at Castlemaine Health.

Community Consultative Committee

The Community Consultative Committee meets every two months to discuss and progress matters relating to consumer participation, community engagement, and how best to maintain responsive and inclusive services for patients, families and the wider community. The Committee comprises two Board members and independent members of the community.

The Community Consultative Committee membership includes Ms Kerry Anderson (Board Director) and Ms Margaret Lewis (Board Director), Ms Elizabeth Grainger (Chair, Independent Member), Ms Ann Roman (Independent Member), Mr Bob Forde (Independent Member), Ms Marlene Bell (Independent Member), Ms Bev Orgill (Independent Member), Ms Joan Casley (Independent Member) and Mr Paul Kent (Independent Member).

Our Leadership Team

Chief Executive Officer



Mrs Sue Race

BAgrSc (Hons), BNutDiet,
MPPM, FCHSM, GAICD
(from 11 January 2021)



Mr Ian Fisher

PGradDip (HA), BAcc, MBA
(1 July 2020 to 10 January 2021)

The Chief Executive Officer is accountable to the Board for the efficient and effective management of Castlemaine Health. Primary responsibilities include executive leadership, development and management of operational policy and strategic priorities agreed with the Board and in accordance with the funding, planning and regulatory framework of the Victorian Government Department of Health. The role also has responsibility for the administration of Maldon Hospital.



Executive Director Clinical and Community

Dianne Senior

RN, GradDip(CH), MHlthSc, FCHSM

The Executive Director Clinical and Community is responsible for overseeing the inpatient and non-admitted clinical services, after-hours' coordination, clinical support, infection control, aged care services and community and allied health. The role also has professional responsibility and leadership for all nursing and midwifery staff, the clinical competence framework and education.



Executive Director Finance and Business Improvement

Kerry Healy

BBus (Acc) CPA, GAICD, FHFM

The Executive Director Finance and Business Improvement is responsible for providing financial management leadership and oversight of the organisational financial position. The position is also responsible for leading the development of effective business improvement initiatives.



Director Medical Services

Dr Peter Sloan

MB, BS, MBA, FRACMA

The Director Medical Services is responsible for professional leadership of the medical workforce. This role is accountable for the maintenance of professional standards of medical staff ensuring best practice guidelines and patient-centred care philosophies are followed.



Director Human Resources

Ms Vicky Mellington

GDipMan

The Human Resources Director drives organisational wide programs to successfully translate our approach of person-centred care for clients into a support program for our staff. The role coordinates the implementation of services, policies, and programs and advises on Human Resources issues.



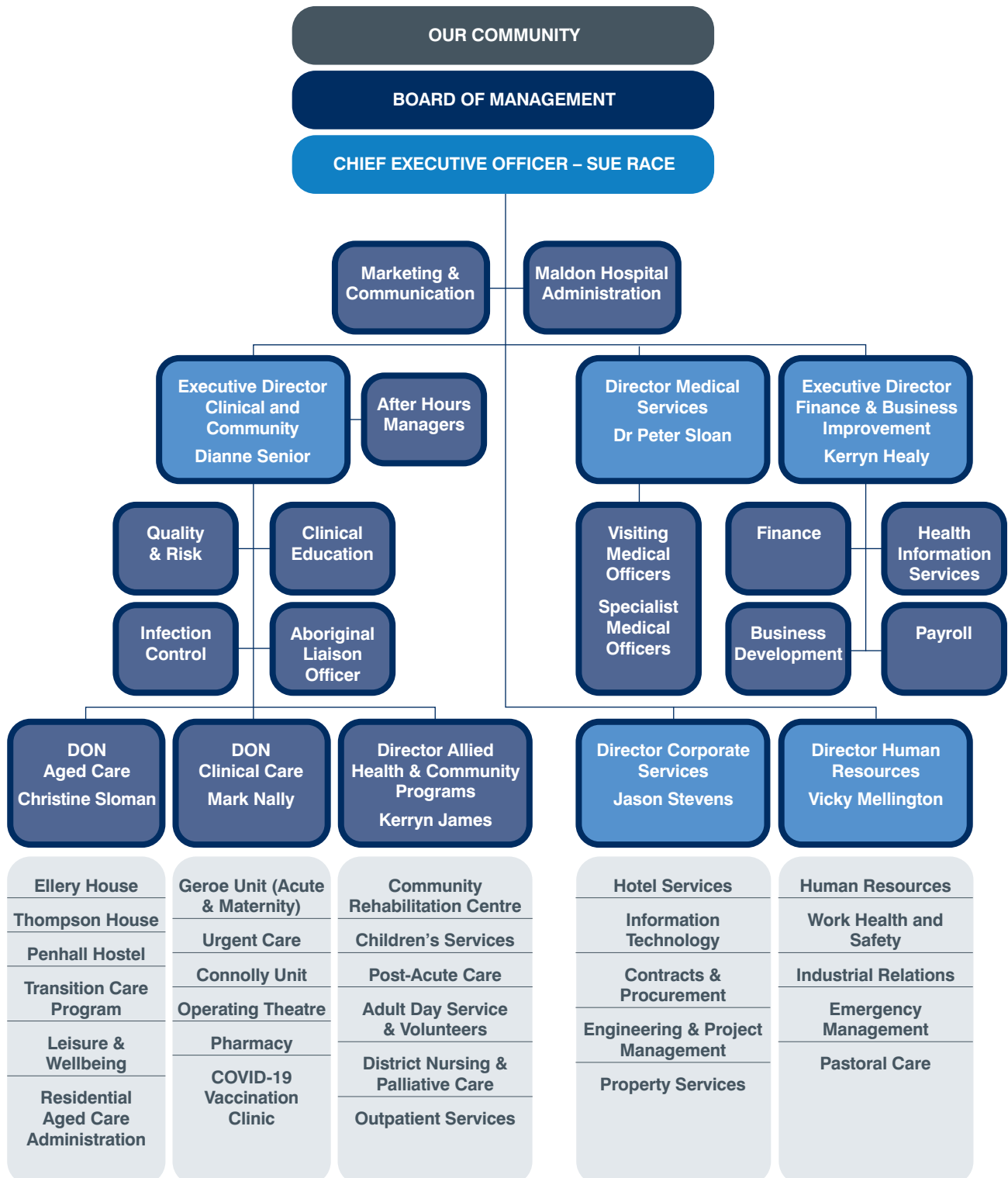
Director Corporate Services

Mr Jason Stevens

BBus(Acc), MIPA AFA

The Director Corporate Services oversees delivery of a range of support services in a safe, positive and sustainable manner. These include hospitality (Hotel Services, Food Production and Resident Laundry), Contracts and Procurement, Information Technology, Infrastructure Maintenance, Engineering and Project Management.

Our Structure



Our People

Hospitals labour category	June current month FTE		June YTD FTE	
	2020	2021	2020	2021
Nursing	180.43	180.89	178.35	187.96
Administration and Clerical	70.79	78.01	69.09	74.82
Medical Support	1.92	2.37	1.82	2.59
Hotel and Allied Services	117.55	103.37	112.06	108.61
Medical Officers (including Hospital Medical Officers)	2.46	1.95	1.67	2.07
Sessional Clinicians	0	0	0	0
Ancillary Support (Allied Health)	31.17	41.61	32.21	40.84
Total	404.32	408.20	395.2	416.89

Application of employment and conduct principles

Castlemaine Health is committed to upholding the principles of merit and equity in all aspects of the employment relationship. To this end, we have policies and practices in place to ensure all employment-related decisions, including recruitment, promotion, training and retention, are based on merit. Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed. All staff are provided with education and training on their rights and responsibilities and are provided with the necessary resources to ensure equal opportunity principles are upheld.

Health and wellbeing

A focus on staff health and wellbeing was maintained through the continuation of the Live Well program. The focus topics run in 2020-21 were Q1 Mind / Q2 Smoking / Q3 Food / Q4 Move.

Fitness Passport continues to be valued because it enables members to access a wide range of local health and fitness suppliers to help inspire them to improve their overall health. Program take-up has been strong but Fitness Passport has been intermittently on hold throughout the year due to COVID-19.

Employee Assistance Program

The Employee Assistance Program continues to be well-used by staff. All staff have access to an on-site counsellor for confidential appointments each Friday. The service moved to a phone-based appointment system during COVID-19.

Developing our people

The Staff Development team run regular online and in-person training to continually improve the performance and capability of our staff. Education programs are specific for nursing, medical, allied health, support services and administrative staff. The mandatory training framework outlines training requirements by role. The online learning system profiles individual training schedules of mandatory

and professionally recommended education courses for staff to ensure they maintain the knowledge and skills to perform their role safely.

Workplace training experience

In 2020-21 Castlemaine Health provided placement opportunities for 275 students.

In a normal year, Castlemaine Health supports local schools with a Work Experience Program, however that is currently on hold due to COVID-19. Similarly, the VET Allied Health Assistant students from Catherine McCauley College Bendigo were also unable to complete placements in 2020-21.

Castlemaine Health has formal relationships with many universities and training organisations including LaTrobe University, Bendigo Kangan Institute, Federation University and Monash University. Students attend placement for two to eighteen weeks depending on the course requirements and each placement is tailored to ensure the student achieves agreed upon objectives. Castlemaine Health is in its 12th year of co-ordinating the Monash University 4th Year Goldfields Hub. Eight medical students attend a weekly education day facilitated mainly by Castlemaine GP's and attend two days per week in a GP Medical Centre in Castlemaine, Kyneton or Maryborough. The remaining two days per week are for integrated study when the students attend community health activities and programs.

We take part in annual placement planning activities by the Department of Health to support ongoing facilitation of student placement, support and best practice in learning and education.

Castlemaine Health has collaborated with leading global medical supplier and medical solutions company, ARJO to participate as the Australasian trial site for a clinical manual handling program which aims to improve consumer comfort and independence as well as reduce injury incidents for our clinicians. The program began in October 2019 with 25 staff trained as Ergo coaches since. The Ergo coaches under-go a 5-day training program, have been selected for their

communication abilities and are tasked with ensuring the staff within their unit have received training on manual handling techniques and the various pieces of equipment used. Ergo coaches are identifiable by staff as they wear a different coloured uniform. 80% of Castlemaine Health clinicians have completed the ARJO training modules and over \$250,000 has been invested in new manual handling equipment to reduce the static overload experienced when performing tasks such as personal care. COVID-19 restrictions have limited the ability for the ARJO consultants to be onsite within the healthcare service. However, regular online meetings has seen the program progress.

Workplace Health and Safety

The safety, health and wellbeing of our staff remains an organisational commitment that is supported through key initiatives from the Workplace Health and Safety (WHS) strategy, with an emphasis on fostering and developing staff engagement at all levels in health and safety management.

In the past year we have had 3 WorkSafe notifiable incidents:

- Hazardous structure - rubbish structure on the hill October 2020

- Staff exposure - concrete dust entering plant room January 2021
- Staff exposure to hazardous substance - chemical spill in the Central Sterile Services Department June 2021.

Over the past 12 months we have put in place a range of targeted actions that have helped continually improve our WHS management and culture. These include:

- refresh of workplace Inspection Checklists
- 2nd year of the ARJO Patient Handling Program
- implementation of a Safe Patient Handling Committee
- new Patient handling equipment purchased
- risk assessments on various reported hazards including lighting, pill crushing and flooring
- implementation of a fortnightly slip, trip and falls audit for both indoor and outdoor environments
- fit testing process established for commencement in 2021-22.

Occupational Health and Safety

Occupational Health and Safety Statistics	2018-19	2019-20	2020-21
Total number incident reports (including hazard and near miss) for the year per 100 EFT staff members	56	80	82
Number 'lost time' standard claims for year per 100 EFT staff members	2.28	1.5	2.28
Average cost per claim for year ('000)	\$45.9	\$94.5	\$41.9

Occupational Violence

Occupational Violence Statistics	2020-21
WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	143
Number of occupational violence incidents reported per 100 FTE	34.3
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	9.8%

Definitions

Occupational violence: Any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

Incident: An event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted Workcover claims: Accepted WorkCover claims that were lodged in 2020-21

Lost time: Is defined as greater than one day.

Injury, illness or condition: This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Our Supporters

The financial donations and funding we receive enable us to improve our services to patients through the purchase of new equipment. In 2020-21 we received \$1,502 from our donors.

Run the Maine celebrated their 13th anniversary in 2020. Despite the myriad challenges presented by COVID-19 restrictions, the talented and dedicated volunteer team led by Director Gavin Krasner held a virtual run. The event allowed supporters of the race and running community to support each other and continue to recognise the value that our much-loved run brings to Mount Alexander Shire. The event raised \$9,000 which has been used for the newly reopened Maternity Service.

We are grateful to Colliers Charitable Foundation for the grant of \$30,500 to purchase much-needed theatre equipment.

We are deeply grateful for the very generous bequests and donations made in 2020-21. We received \$44,726 from Thelma June Finn for Penhall Hostel. We also received \$13,790 from the Estate of Williamina McBeth Todd.

With the closure of the Castlemaine District Senior Citizen's Centre Inc. after nearly 70 years, we were grateful to receive a donation of \$10,722 towards our Maternity Service. With the donation, the club leaves a lasting legacy that will benefit local families for years to come.

Our neighbour DON KR generously donated \$12,313 for the purchase of a defibrillator which has been installed onsite.

Our 2020-21 tax appeal raised \$2,367 which will go towards the newly reopened Maternity Service.

We would like to thank our donors, committees, supporters and the local community who have supported our fundraising efforts over the past 12 months.

Volunteers

Castlemaine Health is fortunate to have a very dedicated group of volunteers who assist in a range of roles and offer reassurance, entertainment and company to patients and residents in need. Castlemaine Health has just over 100 dedicated volunteers. Our volunteers assist patients, residents in aged care, as drivers through the Patient Transport Service, on Committees, and in external events and initiatives supported by Castlemaine Health. All volunteers are required to maintain a satisfactory Criminal Record Check and an additional NDIS check is now required for residential aged care volunteers.

Our volunteer program was suspended in March 2020 due to the COVID-19 pandemic. Since this time, we have been keeping in touch with our valued volunteers through regular newsletters, emails and updates. We sincerely thank all our volunteers for their commitment to our organisation and are working to return volunteers safely to our organisation.

We are extremely grateful to the many consumers and community members who dedicate their time as volunteers to sit on our Community Consultative Committee, Maternity Services Consumer Committee and First Nations Advisory Group.

We are also very grateful to the Castlemaine Rotary Club and its members for their ongoing support of residents in our residential care. The Castlemaine Rotary Club continues to run the highly popular Pen Pals project, which began during the first wave of COVID-19 lockdowns last year. The club also delighted residents at Easter this year by delivering a surprise gift of Easter Eggs.

Our Sustainability

Capital projects

Castlemaine Health has eight major State-funded projects underway at the close of the 2020-21 financial year.

- 1. Car park project** – \$1,641,000 project delivering an improved secure car park; improved visitor parking; better access to the Urgent Care Centre, ambulance bay and Reception; and a new laundry and supply department
- 2. Thompson House planning** – \$100,000 allocation from the Regional Health Infrastructure Fund 4 to progress planning for the redevelopment of Thompson House
- 3. Steam Condensate tank/Boiler project** – \$291,072 funding received from the 2020-21 Rural Residential Aged Care Facilities Renewal grant program to replace the reticulated steam condensate tank, domestic hot water heat exchanger and condensate return pumps, as well as repair/replace the building automation monitoring system
- 4. Nurse Call and Security Project** – \$171,918 funding received from 2020-21 Rural Residential Aged Care Facilities Renewal Fund grant program to replace the Nurse Call system in Ellery House and replace the perimeter fencing at Penhall
- 5. Solar panels** – \$63,000 received (as an interest-free loan) for the installation of solar panels for Ellery House
- 6. Residential care telehealth** – \$40,000 allocation from the Department of Health (non-recurrent) for purchase of equipment to enhance existing telehealth capability, reduce social isolation of residents, and enhance wellbeing through use of IT solutions to facilitate social engagement with a particular focus on residents with difficulty communicating.
- 7. Telehealth mobile workforce project** – \$40,000 for the purchase of tablets to improve connectivity of allied health workforce
- 8. Community health accommodation** – \$778,325 received from the Regional Health Infrastructure Fund Round 5 to support infrastructure to accommodate CHIRP Community Health on the Cornish Street site.

Energy consumption

Greenhouse gas emissions

The reduction in CO₂ for the 2020-21 year was 13%, which was above target set for the year because of the removal of natural gas heaters and the installation of new solar power generating system.

Greenhouse gas emissions	2020-21	2020-19	2019-18
CO ₂ (tonnes)-e	3,653.48	4,171.44	4,154.36

Energy and water

There has been an 8% reduction in natural gas consumption in 2020-21 due to replacement of natural gas heaters with electric heaters. There was also a 14% reduction in electricity consumption attributed to the installation of a solar panel system.

Energy	2020-21	2020-19	2019-18
Gas (GJ)	23,957	26,042	24,663
Electricity (kWh)	1,920,171	2,241,402	2,209,697
Water (KL)	25,126	27,453	23,518

Waste

Clinical waste has reduced due to improved segregation of non-clinical waste and the extent of recycling continues to increase year on year.

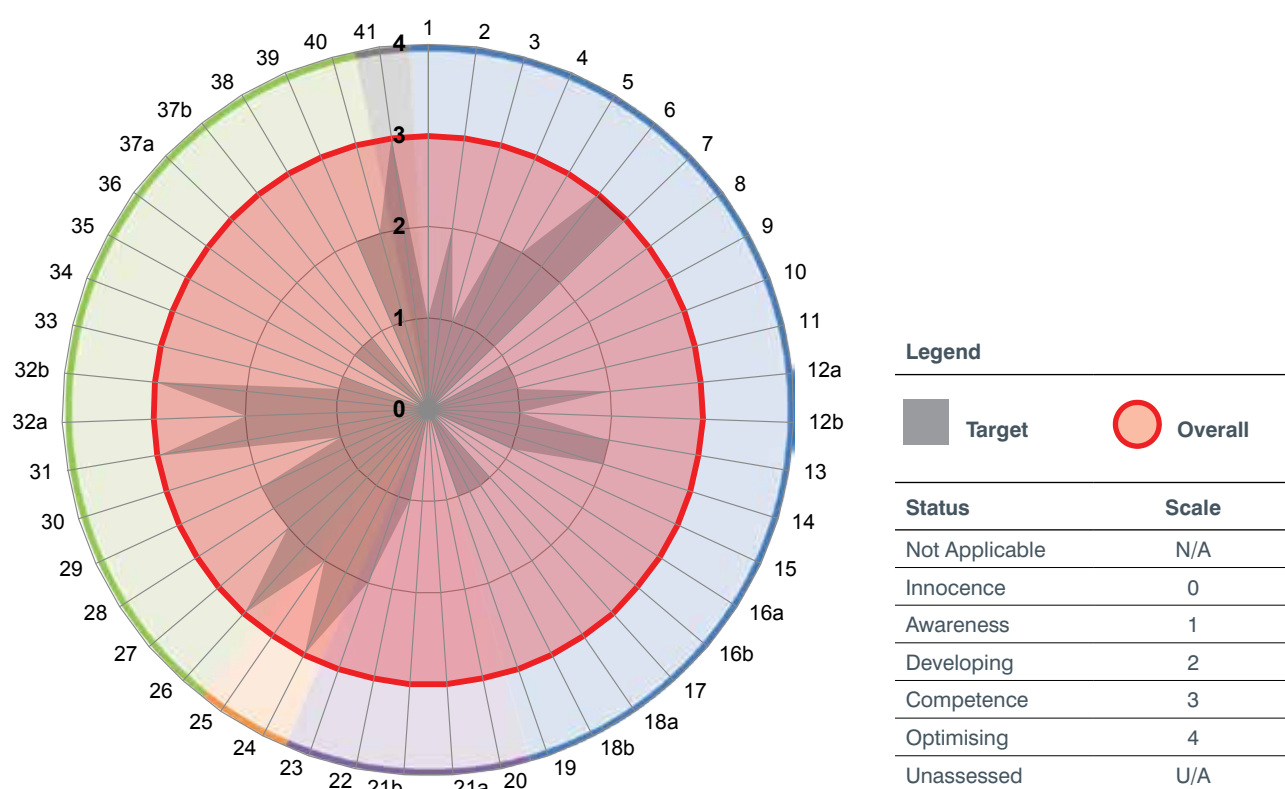
Energy	2020-21	2020-19	2019-18
Clinical Waste (KG)	8,130	9,710	10,210
General Waste (KG)	129,612	134,464	124,768
Recycling (KG)	48,237.93	46,849.26	38,394.54

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise Castlemaine Health's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

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

Results:



Leadership and Accountability (requirements 1-19)

Castlemaine Health has met its target maturity level for some of the requirements within this category.

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

Planning (requirements 20-23)

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

Acquisition (requirements 24 and 25)

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

Operation (requirements 26-40)

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

Disposal (requirement 41)

Castlemaine Health has met its target maturity level in this category.



Strategic Priorities

Part A: Strategic Priorities

COVID-19 Outcomes

COVID-19 readiness and response

Castlemaine Health has a responsive and effective model for adapting visitor policy in response to the changing risk environment. The COVID-19 Hospital Incident Management Team meets weekly and schedules ad-hoc meetings in response to Victoria's COVIDSafe settings. The team has a COVID-19 Code Yellow Response Plan in place with role designations. The team has overseen creation and review of over 30 new policies and procedures to document and guide staff response to the pandemic. An executive is on-call at all times.

COVID-19 testing

Early on in the pandemic Castlemaine Health set up a COVID-19 testing clinic in Castlemaine in conjunction with CHIRP Community Health. The drive-through clinic operates two days per week from the CHIRP premises in Mostyn Street, Castlemaine, but increases its days of operation in response to demand and external risk environment. The clinic is staffed jointly between CHIRP Community Health and Castlemaine Health. The team completed 2,186 swabs in the 2020-21 year.

Front line infection control

Changes to visitor policy are agreed at the COVID-19 Hospital Incident Management Team meetings and communications issued promptly to staff, residents and families, and the community.

All visitors to Castlemaine Health's main site and aged care residences must sign in using the SAVR (Staff Attestation and Visitor Register Tool) via QR Code or hard copy for those who don't own digital devices. All visitors and staff are temperature checked using electronic scanners and issued a hospital-grade mask before entering.

COVID-19 Vaccination Sub Hub

Castlemaine Health established a COVID-19 Vaccination Sub Hub for the Loddon Mallee region onsite in our Auditorium in April 2021. The clinic initially prioritised vaccination for residents and staff, before opening up vaccination appointments for local emergency services from the CFA, SES and Victoria Police in May 2021. By the end of June 2021, the clinic was open to the general public, with both Pfizer and Astra Zeneca vaccine available. The clinic had completed 1,565 single dose vaccinations by 30 June 2021.

Responding to the Royal Commission into Aged Care Quality and Safety

Dignity of risk

We actively promote dignity of risk to allow our residents the ability to live the life they choose. Our residential aged care facilities are subject to security measures that provide protection for our residents and staff. We have internal and perimeter security in place that require codes to access and exit, with each of the three units having processes to ensure these measures are enforced and functional. Broad

discussions arising from the Aged Care Royal Commission and elsewhere have indicated that these measures constitute a method of restraint of our residents, so we bring this to the attention of our residents and their significant others as per our Open Disclosure Policy, ensuring our residents are at the centre of quality and safety. Dignity of risk is in place for residents with access to the codes through consultation with the resident, next of kin, GP and Nurse Unit Manager, along with evidential documentation.

Infection control

Castlemaine Health has Infection Prevention and Control Lead (IPC) staff in Penhall, Thompson and Ellery. IPC staff work collaboratively with our Infection Control Consultant providing training, assistance with preparation of outbreak management plans and outbreaks, development and ongoing review of organisational policies and procedures. IPC leads' primary focus is on the health, safety and wellbeing of our residents and staff.

All Castlemaine Health residential aged care staff have completed Personal Protective Equipment (PPE) donning and doffing competencies, COVID-19 education module and fit testing has been introduced.

Diet and nutrition

All food at Castlemaine Health is prepared onsite which enables individual needs to be catered for. Recipes can be adapted to suit personal taste and needs. Our dietitians work with staff to build inviting menus while designing individual menus to meet personal needs. Providing food that smells good, tastes good and is familiar promotes better nutrition and helps our residents maintain and gain weight when needed. Porridge is the preferred breakfast of many residents and is cooked on site in Penhall, Thompson and Ellery in slow cookers so that residents can have a breakfast they are familiar with at the time they choose.

Our food service is able to source locally grown produce, ensuring support for local business and reducing emission through lower food/travel distances.

Maternity Services Review

In May 2020 Castlemaine Health Board of Management, in discussions with the Director Medical Services, Safer Care Victoria (SCV) and the (then) Victorian Department of Health and Human Services (DHHS), endorsed a decision to suspend Castlemaine Health's Maternity Services. The Board commissioned an independent review of the Maternity Service to examine the procedures, policies, clinical practice protocols and clinical governance systems that determine the capacity, capability and safety of a maternity service.

In June 2020 the Castlemaine Health Board of Management accepted and endorsed the final Maternity Service Review report and its recommendations, which included the development of a new model of maternity care and strengthening the clinical governance processes.

On the back of the report, a new Level 2 model of care was developed during the 2020-21 year. Called Midwifery Group Practice (MGP) or caseload midwifery care, the model

offers women support from a named midwife during labour, birth and after the baby is born. The MGP midwives also work closely with a team of local general practitioner obstetricians, who provide on-call care 24/7 if required. The new model of care has a strong relationship and professional partnership with Bendigo Health, a Level 5 maternity service. Together the services work closely together to ensure women transition smoothly between them when required and benefit from the expertise, care and oversight of a broader team of clinical specialists. The relationship also supports the professional development of the Castlemaine maternity team.

Castlemaine Health's Maternity Services reopened in a two-stage approach from March 2021 and were fully operational from May 2021.

Maternity Services Governance Group

Castlemaine Health established a Governance Group to oversee the development of the new service model and implementation of the review recommendations. Board Directors Anna MacLeod and Dr Nicholas Yap were members of the committee in addition to key stakeholders from Bendigo Health, Safer Care Victoria, the Department of Health, the ANMF, consumer representation and executive staff from within Castlemaine Health. The group was established in August 2020 and met monthly until March 2021 when the service re-opened. Reporting to the Governance Group were the Operational Model of Care Working Group, Clinical Practice Working Group, Consumer Committee and First Nations Advisory Group.

Maternity Services Consumer Committee

Castlemaine Health convened the Maternity Services Consumer Committee in June 2020 to provide consumer voice and input into the development process for the service model. Representatives from the Maternity Services Consumer Committee also sit on the Maternity Service Governance Group and the Maternity Services Operational Model of Care Working Group. The Committee reports to the Maternity Services Governance Group. It comprises senior Castlemaine Health staff and executive, and eight community members with Anna Howard, Chair, and Moira Kean, Deputy Chair.

First Nations Advisory Group

The First Nations Advisory Group (FNAG) was similarly convened in June 2020 to assist Castlemaine Health's Maternity Service to provide care that is culturally safe and welcoming for First Nations families. It comprises senior Castlemaine Health staff and executive, Midwives and First Nations community representatives Auntie Julie McHale, Ira Barker, Kelly Blake and Kath Coff.

Engaging with our vulnerable communities

The Community Programs continued to deliver services in alignment with COVID-19 restrictions and with consideration for the wellbeing of our clients and community. These activities included:

- delivering individual and group rehabilitation programs via telehealth
- maintaining regular phone follow up and welfare checks with vulnerable clients and carers in between face to face sessions

- keeping up contact with social support clients by phone or video calls and through regular newsletters and opportunities for online gatherings
- providing 1:1 support and education to social support clients/carers to improve their confidence and capability for telehealth.

More broadly, our team worked closely with other service providers such as Mount Alexander Shire Council to support clients to access our services.

Throughout 2020-21 we have maintained formal membership in a range of local networks aimed at fostering connection and engagement with vulnerable and hard-to-reach people. These include the Mount Alexander Community Activation and Social Inclusion Network, the Mount Alexander Shire Disability Advocacy Emergency Response Working Group, the Mount Alexander Comms COVID Response Network and the Primary Care Partnership Community Resilience group.

Gender Equality

The *Gender Equality Act 2020* commenced on 31 March 2021 and is intended to improve workplace gender equality in the Victorian public sector. Castlemaine Health is undertaking a workplace gender audit based on data collected as at 30 June 2021. Castlemaine Health is on track to collect and report on data associated with the seven workplace gender equality indicators: gender pay equity; gender composition at all levels of the workforce; gender composition of governing bodies; workplace sexual harassment; recruitment and promotion; gendered work segregation; leave and flexibility.

Partnerships with our Aboriginal Communities

Castlemaine Health has close and trusting relationships with our Aboriginal community. An Aboriginal community member is invited to attend Board meetings twice a year to give the Board an opportunity to actively listen, ask questions discuss health concerns and talk together about the Cultural Safety implementation Plan. Castlemaine Health's First Nations Advisory Group (FNAG) consists of six Aboriginal people and one Traditional Owner. The FNAG advise on all aspects of delivering a cultural safe birthing service for Aboriginal families. Aboriginal community members have also been invited onsite to visit and provide advice on how the service could be improved.

Castlemaine Health established a Memorandum of Understanding with the local Aboriginal community and is a member of Nalderun, a service that supports the Aboriginal Community, led by Aboriginal people. Our Aboriginal Liaison Officer (ALO) attends the quarterly Indigenous Round Table meetings run by the shire council. Our ALO works closely with the Aboriginal community to identify health issues and directly with clients helping with referrals. This has increased the use of some services which are closely monitored with the intention of improving care for Aboriginal patients.

Castlemaine Health has actively assisted the Aboriginal community to support access to COVID-19 vaccinations by working directly with community members, arranging appointments and offering transport. This has been very successful as some members have been very reluctant to seek appointments, some needed more information and, in some cases, required transport.



Aboriginal and Torres Strait Islander Cultural Safety Framework reporting

Cultural safety domains	Key actions	Deliverable
1. CEO and executive leadership	Delivery of training to managers and executive staff, which includes Aboriginal perspectives in planning and content of service delivery.	An Aboriginal Leader/community member invited to attend Board meetings. Training delivered by an Aboriginal leader in collaboration with Castlemaine Health to address specific needs.
2. Employment of Aboriginal hospital liaison officer/Aboriginal health staffing	ALO hours increase to 3 days per week. Aboriginal Employment Plan to be revised and developed. Further develop the partnership with La Trobe and Weenthunga Health Network.	School placements and monitor Aboriginal placements within Castlemaine Health.
3. Engagement and partnership	Attend meetings of Nalderun and the Indigenous Round Table (Shire Council). Further develop the partnership with Bendigo District Aboriginal Cooperative. Develop stronger workforce plan. All Aboriginal cultural days have a strong presence at Castlemaine Health.	Aboriginal staff are given and included in engagement opportunities. MOU with local Aboriginal community. Partnerships are further developed in Bendigo. Aboriginal members of the community are invited to Castlemaine Health to further partnership.
4. Identifying health needs of Aboriginal and/or Torres Strait Islander population and plans to address	Surveys are continuing to be conducted in consultation with the Aboriginal community. An Aboriginal person to be part of consumer committees. FNAG convened to inform the review of Maternity Services.	Surveys are a continuing requirement. Aboriginal involvement and structures developed to progress implementation of needs of the community.
5. Cultural safety training	Delivery of training over 12 months. Work closely with Aboriginal educators to ensure best practice.	12 sessions of Weenthunga training booked for staff.
6. Creating a welcoming environment	Purchase Aboriginal artworks. Create an Indigenous garden in consultation with the local Aboriginal community.	FNAG to make recommendations on areas that need to be more welcoming. Indigenous garden will be named by the Aboriginal community. Castlemaine Health takes advice and leadership from Traditional Owner group.
7. Identification of Aboriginal and/or Torres Strait Islander patients	Delivery of Ask the Question Training. Including Aboriginal staff in training.	Provide ongoing training that will be conducted by a local Elder. Training sessions booked.
8. Accountability, monitoring, reporting	Report to the Board. Monthly Reports. Working with the Education Department at Castlemaine Health. Report monthly to Nalderun.	Provide monthly reports. Structures in place for joint decisions seeking advice between the local Aboriginal community and Castlemaine Health.

Part B: Key 2020-21 performance priorities

High quality and safe care		
Key Performance Indicator	Target	2020-21 result
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	83%	88.7%
Percentage of healthcare workers immunised for influenza	90%	98%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No surveys conducted in 2020-21
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No surveys conducted in 2020-21
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤1.4%	0
Rate of severe foetal growth restriction (FGR) in a singleton pregnancy undelivered by 40 weeks	≤28.6%	N/A*
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	0
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay.	≤0.645	1.059

* Less than 10 cases OR No cases of severe foetal growth restriction in singleton pregnancy recorded.

Effective financial management		
Key Performance Indicator	Target	2020-21 result
Finance		
Operating result (\$m)	0.000	0
Average number of days to paying trade creditors	60 days	41 days
Average number of days to receiving patient fee debtors	60 days	66 days
Public and Private WIES ¹ activity performance to target	100%	88%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.78
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	7 days

¹ WIES is a weighted Inlier Equivalent Separation.



Part C: Activity and Funding

Funding type	2020–21 result
Acute Admitted	
Acute WIES	2,682.92
WIES DVA	40.75
WIES TAC	0.00
Other admitted	0
Acute Non-Admitted	
Specialist Clinics	2,835
Subacute & Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	141.82
Subacute WIES – Rehabilitation Private	55.09
Subacute WIES – GEM Public	66.76
Subacute WIES – GEM Private	28.00
Subacute WIES – DVA	4.19
Subacute Non-Admitted	
Palliative Care Non-admitted	528
Health Independence Program – Public	15,022
Health Independence Program – DVA	158
Aged Care	
Residential Aged Care	46,110
HACC	1,472
Other	
Health Workforce	8
Other specified funding	

Our Finances

Financial Information					
	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
Operating Result*	0	942	215	(410)	1,286
Total revenue	60,429	57,454	53,534	49,960	49,404
Total expenses	64,454	61,082	53,758	51,073	49,749
Net result from transactions	(4,025)	(3,628)	(224)	(1,113)	(345)
Total other economic flows	720	(690)	(230)	(356)	303
Net result	(3,305)	(4,318)	(454)	(1,469)	(42)
Total assets	96,983	100,904	102,890	72,986	72,279
Total liabilities	39,579	40,987	37,760	34,681	32,505
Net assets/Total equity	57,404	59,917	65,130	38,305	39,774

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

Reconciliation of Net Result from Transactions and Operating Result	
	2020-21 (\$000)
Net operating result*	0
Capital purpose income	1,852
COVID 19 State Supply Arrangements	
• Assets received free of charge or for nil consideration under the State Supply	398
• State supply items consumed up to 30 June 2021	(317)
Expenditure for capital purpose	(44)
Depreciation and amortisation	(5,592)
Impairment of non-financial assets	0
Finance costs (other)	38
Net result from transactions	(4,025)

Significant Changes in Financial Position

The Cash and Cash Equivalent/Investments balances held by Castlemaine Health increased during the year by \$1.7m. A significant factor was a decrease in Refundable Accommodation Deposits of \$2.3m which is offset by a corresponding increase in Other Current Liabilities (Monies held in Trust).

A revaluation of Land and Property, scheduled every five years, was undertaken in June 2019. A further revaluation adjustment to land was recorded in June 2021 following a management review which was based on the 10% upward

movement in the indices provided by the Victorian Valuer General. The resulting adjustment to the value of land held by Castlemaine Health was an increase of \$792k which is reflected in Non-Current Assets and Equity in the Balance Sheet.

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 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.

This year has again been impacted significantly by COVID-19 which has affected aspects of the health service's operations and resulted in additional costs related to keeping our patients, residents, clients, visitors and staff safe. In addition, Castlemaine Health has incurred significant costs in operating a very busy COVID-19 vaccination clinic.

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

The financial result before capital items and depreciation for the 2020/21 year was a breakeven result which included additional support from the Government. Castlemaine Health faces significant ongoing challenges to meet budgetary objectives and continues to work with the Department of Health to address these.

Both the organisation and the Department of Health focus on the Net Operating Result (i.e. the result before capital and depreciation), as depreciation is not a funded item. Funding for capital redevelopment and major equipment purchases are sourced from the Government; such funding is allocated according to need and after consideration of a supporting submission.

Castlemaine Health is striving to implement strategies to achieve operating surpluses on an ongoing basis to ensure the organisation can generate the cash needed to meet operating requirements into the future.

Events Subsequent to Balance Date

The Boards of Castlemaine Health and Castlemaine District Community Health Limited announced on 28 September 2020 they were developing a plan for the integration of community services to ensure the continued provision of accessible responsive community health services for local communities. Following an extensive community consultation process the Boards submitted a proposal to the Secretary of the Department of Health to integrate the services. This has now been approved by the Minister for Health with the effective date of 1 October 2021. On this date all Castlemaine District Community Health Limited staff and assets transfer to Castlemaine Health.

Consultancies

Details of consultancies (under \$10,000)

In 2020-21, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies is \$2,150 (excl. GST).

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

In 2020-21, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$238,675 (excl. GST). Details of individual consultancies can be viewed at www.castlemainehealth.org.au.

Consultant	Purpose of Consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2020-21 (excluding GST)	Future Expenditure (excluding GST)
Cube Group	Service integration	October 2020	June 2021	\$135,000	\$134,800	0
Arjo	Workplace Safety	July 2020	October 2022	\$66,800	\$66,800	0
Michael Rhook	Service Efficiency Review	July 2020	June 2021	\$40,000	\$37,075	0

Information and Communication Technology (ICT) Expenditure			
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$1,102,212	\$49,621	0	\$49,621

Our Statutory Compliance

Attestations

Financial Management Compliance Attestation

Statement: I, Margaret Peggy Ronnau, on behalf of the Castlemaine Board of Management, certify that Castlemaine Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Margaret (Peggy) Ronnau, Responsible Officer
Castlemaine Health, 26 July 2021

Data Integrity Declaration: I, Sue Race, certify that Castlemaine Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Castlemaine Health has critically reviewed these controls and processes during the year.

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

Integrity, fraud and corruption: I, Sue Race, certify that Castlemaine Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Castlemaine Health during the year.



Sue Race, Accountable Officer
Castlemaine Health, 26 July 2021

Disclosures

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

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

Environmental Performance:

Castlemaine Health is committed to improving the way we manage our energy, materials and waste for a sustainable and thriving future. As a health service, we have a responsibility to contribute to a sustainable environment through planned and well managed policies and actions.

Freedom of Information Act 1982: All applications were processed in accordance with the provision of the *Freedom of Information Act 1982*, which provides a legally enforceable right of access of information held by Government agencies. Castlemaine Health provides a report on these requests to the Department of Justice. Freedom of Information requests can be submitted in writing to the Chief Executive Officer, Castlemaine Health, PO Box 50, Castlemaine, 3450. Application forms are available at www.castlemainehealth.org.au or by phoning 5471 3555. Application charges and fees apply. Seventeen applications were received under Freedom of Information in 2020-21. These requests were all valid. All were processed within the required timeframes. More information about Freedom of Information can be found at www.foi.vic.gov.au.

Gender Equality Act 2020: The *Gender Equality Act 2020* (the Act) commenced on 31 March 2021 and is intended to improve workplace gender equality in the Victorian public sector. As a defined entity under the Act, Castlemaine Health has an ongoing obligation to take positive action towards achieving workplace gender equality.

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

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

Public Interest Disclosure Act 2012: This Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. The procedures established by Castlemaine Health under Part 9 are available in the Public Interest Disclosure Policy. There were no disclosures notified to the IBAC under section 21(2) in 2020-21.

Safe Patient Care Act 2015: The *Safe Patient Care Act 2015* aims to ensure quality care and better patient outcomes. The purposes of the Act are to provide for requirements that the operators of certain publicly-funded health facilities staff certain wards with a minimum number of nurses and midwives and the reporting of compliance with and enforcement of those requirements. Castlemaine Health understands the nurse to patient and midwife to patient ratios applicable to our organisation and takes practical measures to ensure that our service is staffed in accordance with the Act. Castlemaine Health has nil matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.

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

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

Disclosure Index

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

Legislation	Requirement	Page Reference
Ministerial Directions Report of Operations		
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FRD 221	Manner of establishment and the relevant Ministers	5
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FRD 221	Nature and range of services provided	5
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Auditor-General's Report



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Castlemaine Health

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
18 October 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria



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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and

accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of Castlemaine Health at 30 June 2021.

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

We authorise the attached financial statements for issue on 6 October, 2021

Margaret (Peggy) Ronnau Chair
Castlemaine Health
6 October 2021

Sue Race
Chief Executive Officer
Castlemaine Health
6 October 2021

Kerryn Healy
Chief Finance & Accounting Officer
Castlemaine Health
6 October 2021

Financial Statements

Castlemaine Health
Comprehensive Operating Statement
For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue and Income from Transactions			
Operating Activities	2.1	60,309	57,152
Non-operating Activities	2.1	120	302
Total Revenue and Income from Transactions		60,429	57,454
Expenses from Transactions			
Employee Expenses	3.1	(47,550)	(45,558)
Supplies and consumables	3.1	(4,451)	(4,165)
Finance costs	3.1	(38)	(33)
Depreciation	4.3	(5,952)	(5,810)
Other Operating Expenses	3.1	(6,463)	(5,516)
Total Expenses from Transactions		(64,454)	(61,082)
Net Result from Transactions - Net Operating Balance		(4,025)	(3,628)
Other Economic Flows included in Net Result			
Other gain/(loss) from Other Economic Flows	3.4	657	(425)
Net Gain on Sale of Non-Financial Assets	3.4	63	17
Loss on Financial Instruments at Fair Value	3.4	-	(282)
Total Other Economic Flows included in Net Result		720	(690)
NET RESULT FOR THE YEAR		(3,305)	(4,318)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in physical asset revaluation surplus	4.2(f)	792	359
Total other comprehensive income		792	359
Comprehensive result for the year		(2,513)	(3,959)

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

Castlemaine Health Balance Sheet As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.2	24,833	26,546
Receivables and contract assets	5.1	1,717	1,495
Investments and other financial assets	4.1	1,725	1,725
Inventories		317	367
Prepayments and Other assets		587	181
Total current assets		29,179	30,314
Non-current assets			
Receivables and contract assets	5.1	1,676	1,590
Property, plant & equipment	4.2	66,128	69,000
Total non-current assets		67,804	70,590
TOTAL ASSETS		96,983	100,904
Current liabilities			
Payables and contract liabilities	5.2	5,542	4,356
Borrowings	6.1	166	776
Provisions	3.2	9,078	8,584
Other current liabilities	5.3	22,528	24,876
Total current liabilities		37,314	38,592
Non-current liabilities			
Borrowings	6.1	746	376
Provisions	3.2	1,519	2,019
Total non-current liabilities		2,265	2,395
TOTAL LIABILITIES		39,579	40,987
NET ASSETS		57,404	59,917
EQUITY			
Property, plant & equipment revaluation surplus	4.2 (f)	59,768	58,976
Restricted Specific Purpose Reserve	SCE	1,725	1,725
Contributed capital	SCE	21,202	21,202
Accumulated deficits	SCE	(25,291)	(21,986)
TOTAL EQUITY		57,404	59,917

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

Castlemaine Health
Statement of Changes in Equity
For the year ended 30 June 2021

		Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Reserve	Contributed Capital	Accumulated Surplus/ (Deficits)	Total
	Note	\$'000		\$'000	\$'000	\$'000
Balance at 30 June 2019		58,617	1,725	21,202	(16,415)	65,129
Effect of adoption of AASB 1058		-	-	-	(1,253)	(1,253)
Restated balance as at 1 July 2019		58,617	1,725	21,202	(17,668)	63,876
Net result for the year		-	-	-	(4,318)	(4,318)
Other comprehensive income for the year	4.2 (b)	359	-	-	-	359
Balance at 30 June 2020	4.2 (f)	58,976	1,725	21,202	(21,986)	59,917
Net result for the year		-	-	-	(3,305)	(3,305)
Other comprehensive income for the year		792	-	-	-	792
Balance at 30 June 2021	4.2 (f)	59,768	1,725	21,202	(25,291)	57,404

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

Castlemaine Health Cash Flow Statement For the Year Ended 2021

	Note	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
Operating grants from government - State		37,113	35,888
Operating grants from government - Commonwealth		10,114	10,216
Capital grants from government - State		861	549
Patient and resident fees received		5,649	5,245
Donations and bequests received		150	157
GST received from ATO		820	34
Interest received		120	360
Other receipts		5,341	5,004
Total Receipts		60,168	57,453
Employee expenses paid		(46,453)	(44,894)
Payments for supplies & consumables		(4,277)	(4,295)
Interest Paid		(38)	(29)
Other payments		(6,300)	(6,134)
Total Payments		(57,068)	(55,352)
Net Cash Flows from Operating Activities	8.1	3,100	2,101
Cash Flows from Investing Activities			
Payments for non-financial assets		(1,938)	(1,653)
Proceeds from sale of non-financial assets		280	17
Proceeds from disposal of Investments		-	2,000
Net Cash Flows from Investing Activities		(1,658)	364
Cash Flows from Financing Activities			
Proceeds from borrowings		-	493
Repayment of borrowings		(807)	(592)
Receipt of Accommodation Deposits		8,366	9,248
Repayment of Accommodation Deposits		(10,714)	(7,437)
Net Cash Flows from Financing Activities		(3,155)	1,712
Net Increase in Cash and Cash Equivalents Held		(1,713)	4,177
Cash and cash equivalents at beginning of financial year		26,546	22,369
Cash and Cash Equivalents at End of Financial Year	6.2	24,833	26,546

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

Note 1: Basis of preparation

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

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

Note 1.1 : Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable standards of the Australian Accounting Standards Board (AASB), which includes interpretations issued by the 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 & Finance, and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Castlemaine Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

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

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Castlemaine Health on 6 October 2021.

Note 1.2 Impact of COVID-19 pandemic

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

Castlemaine Health introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Castlemaine Health has revised some measures where appropriate including

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

Further information on the impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.
- Note 4: Key assets to support service delivery
- Note 5 Other assets and liabilities
- Note 6 How we finance our operations
- Note 8 Other disclosures

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Joint arrangements

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

Castlemaine Health is a member of the Loddon Mallee Rural Health Alliance (the Alliance) and retains joint control over the arrangement, which is classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations and Assets).

Details of the joint arrangements are set out in Note 8.7

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6 Accounting standards issued but not yet effective

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

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

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Note 1.8 Reporting Entity

The financial statements include all the activities of Castlemaine Health

Its principal address is:

142 Cornish St
Castlemaine
Victoria 3450

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.

Note: 2 Funding delivery of our services

Castlemaine Health's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

Castlemaine Health is predominantly funded by grant funding for the provision of outputs.

Castlemaine Health also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

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

2.3 Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect Covid-19 related costs.

Funding provided included:

- Covid-19 grants to fund Covid safe practices throughout Castlemaine Health including increased cleaning, increased security and establish vaccination clinics to administer vaccines to staff and the community.
- State repurpose grants to allow funds to be used cross subsidise current activities.
- Sustainability funding to ensure financial viability of current services.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

	Total 2021 \$'000	Total 2020 \$'000
Operating activities		
Revenue from contracts with customers		
Government Grant (State) - Operating	24,471	27,978
Government Grant (Commonwealth) - Operating	9,916	10,173
Patient and Resident Fees	5,411	5,539
Commercial Activities	242	395
Total revenue from contracts with customers	40,040	44,085
Other sources of income		
Government Grant (State) - Operating	13,355	7,919
Government Grant (State) - Capital	1,437	903
Other Capital Purpose Income	178	50
Assets received free of charge or for nominal consideration	548	223
Other Revenue from Operating Activities	4,751	3,972
Total other sources of income	20,269	13,067
Total revenue and income from operating activities	60,309	57,152
Non operating activities		
Income from other sources		
Capital Interest	24	-
Other Interest	96	302
Total other sources of income	120	302
Total income from non-operating activities	120	302
Total revenue and income from transactions	60,429	57,454

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

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

Note 2.1 Revenue and income from transactions (continued)

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>
Commonwealth Aged Care Funding	<p>For Commonwealth Aged Care Funding, revenue is recognised monthly based on the actual number of bed days provided and assessed ACFI rates for each resident. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the Commonwealth.</p>
Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.	<p>For other grants with performance obligations, Castlemaine Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.</p>

Capital grants

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

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

Patient Fees and Resident Fees

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

Commercial activities

Revenue from commercial activities includes items such as meals on wheels, properties and health club.

Performance obligations related to commercial activities are the provision of meals on wheels, and use of properties and health club facilities. These performance obligations have been selected as they align with the terms and conditions of the providing services. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Non-cash contributions from the Department of Health

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

Supplier	Description
Victorian Managed Insurance Authority	<ul style="list-style-type: none"> The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
Department of Health	<ul style="list-style-type: none"> Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular

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

	Total 2021 \$'000	Total 2020 \$'000
Cash donations and gifts	150	157
Assets received free of charge under State supply arrangements	398	66
Total fair value of assets and services received free of charge or for nominal consideration	548	223

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

Donations and Other Bequests

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

Personal protective equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment was centralised.

Generally, the State Supply Arrangement stipulates that Health Purchasing Victoria (trading as HealthShare Victoria) sources, secures and agrees terms for the purchase of the PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. Castlemaine Health received these resources free of charge and recognised them as income.

Contributions

Castlemaine Health may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Castlemaine Health obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions. On initial recognition of the asset, Castlemaine Health recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

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

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

Voluntary Services

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

Note: 2.3 Other income

	Total 2021 \$'000	Total 2020 \$'000
Interest	120	302
Total Other Income	120	302

How we recognise other income

Interest Income

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

Note 3: The cost of delivering our services

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

Structure

- 3.1 Expenses from Transactions
- 3.2 Employee benefits in the Balance Sheet
- 3.3 Superannuation
- 3.4 Other economic flows

Telling the COVID-19 story

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

Additional costs were incurred to:

- implement Covid safe practices throughout Castlemaine Health including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and additional equipment purchased

Key judgements and estimates

This section contains the following key judgements and estimates:

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



Castlemaine Health
Notes to the Financial Statements
30 June 2021

Note 3.1: Expenses from transactions

	Total 2021 \$'000	Total 2020 \$'000
Salaries and Wages	35,201	33,359
On-costs	8,658	8,651
Agency Expenses	24	148
Fee for Service Medical Officer Expenses	2,665	2,477
Workcover Premium	1,002	923
Total Employee Expenses	47,550	45,558
Drug Supplies	400	368
Medical And Surgical Supplied (including Prostheses)	1,865	1,484
Diagnostic and Radiology Supplies	194	236
Other Supplies and Consumables	1,992	2,077
Total Supplies and Consumables	4,451	4,165
Finance Costs	38	33
Total Finance Costs	38	33
Fuel, Light, Power and Water	679	833
Repairs and Maintenance	488	558
Maintenance Contracts	330	342
Medical Indemnity Insurance	347	323
LMRHA alliance expense	412	388
Other Expenses	4,135	2,953
Expenses related to leases of low value leases	28	19
Expenditure for Capital Purposes	44	100
Total Other Operating Expenses	6,463	5,516
Depreciation (refer Note 4.3)	5,952	5,810
Total Other Non-operating Expenses	5,952	5,810
Total Expenses from Transactions	64,454	61,082

Note 3.1: Expenses from transactions (continued)

How we recognise expenses from transactions

Expense recognition

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

Employee Expenses

Employee expenses include:

- Salaries and Wages (including fringe benefits tax, leave entitlements, termination payments)
- On-Costs
- Agency expenses
- Fee for service medical officer expenses
- Workcover premium

Supplies and Consumables

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

Finance costs

Finance costs include:

- Interest on short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred);
- Amortisation of discounts or premiums relating to borrowings;
- Finance expense in relation to accommodation bonds refundable.
- Finance charges in respect of leases which are recognised in accordance with AASB 16 Leases.

Other operating expenses

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

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

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

Non-operating expenses

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

Note 3.2: Employee benefits in the balance sheet

Current Provisions

Employee Benefits

Accrued Days Off

- Unconditional and expected to be settled within 12 months ⁽ⁱ⁾

Annual leave

- Unconditional and expected to be settled wholly within 12 months ⁽ⁱ⁾
- Unconditional and expected to be settled wholly after 12 months ⁽ⁱⁱ⁾

Long service leave

- Unconditional and expected to be settled wholly within 12 months ⁽ⁱ⁾
- Unconditional and expected to be settled wholly after 12 months ⁽ⁱⁱ⁾

Provisions related to Employee Benefit On-Costs

- Unconditional and expected to be settled within 12 months ⁽ⁱ⁾
- Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾

Total Current Employee Benefits

Non-Current Provisions

Conditional Long Service Leave ⁽ⁱⁱⁱ⁾

Long Service Leave related to employee Benefit On-Costs ⁽ⁱⁱⁱ⁾

Total Non-Current employee benefits

Total Employee Benefits

2021 \$'000	2020 \$'000
85	79
85	79
3,017	2,856
511	486
3,528	3,342
847	707
3,629	3,567
4,476	4,274
479	397
510	492
989	889
9,078	8,584
1,352	1,797
167	222
1,519	2,019
10,597	10,603

Notes:

(i) The amounts disclosed are nominal amounts

(ii) The amounts disclosed are discounted to present values

How we recognise employee benefits

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of annual leave, accrued days off and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

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

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

Annual Leave and Accrued Days Off

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

- Nominal 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.

Note 3.2: Employee benefits in the balance sheet (continued)

Long service leave (LSL)

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

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

The components of this current LSL liability are measured at:

- Nominal value – if the Castlemaine Health expects to wholly settle within 12 months; and
- Present value – if Castlemaine Health does not expect to wholly settle within 12 months.

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

Termination benefits

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

On-costs related to employee expense

Provision for on-costs, such as workers compensation and superannuation are recognised together with provisions for employee benefits.

(a) Employee Benefits and Related On-Costs

Unconditional accrued days Off

Unconditional Annual Leave Entitlements

Unconditional LSL Entitlement

Current Employee Benefits and related on-costs

Conditional Long Service Leave Entitlements

Non-Current Employee Benefits and related on-costs

Total Employee Benefits and Related On-Costs

Carrying amount at start of year

Additional provisions recognised

Unwinding of discount and effect of changes in the discount rate

Carrying amount at end of year

	2021 \$'000	2020 \$'000
Unconditional accrued days Off	98	88
Unconditional Annual Leave Entitlements	3,951	3,692
Unconditional LSL Entitlement	5,029	4,803
Current Employee Benefits and related on-costs	9,078	8,584
Conditional Long Service Leave Entitlements	1,519	2,019
Non-Current Employee Benefits and related on-costs	1,519	2,019
Total Employee Benefits and Related On-Costs	10,597	10,603
Carrying amount at start of year	10,603	9,655
Additional provisions recognised	642	1,373
Unwinding of discount and effect of changes in the discount rate	(648)	(425)
Carrying amount at end of year	10,597	10,603

Note 3.3: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Defined benefit plans:⁽ⁱ⁾				
First State Super	67	62	2	9
Defined contribution plans:				
First State Super	1,978	1,990	55	307
HESTA	932	895	26	138
Other	717	550	20	85
Total	3,694	3,497	103	539

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

How we recognise superannuation

Employees of Castlemaine Health are entitled to receive superannuation benefits and the organisation contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans

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

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

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by Castlemaine Health are detailed in the table above.

Defined contribution superannuation plans

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

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

Note 3.4: Other economic flows

	2021 \$	2020 \$
Net gain on disposal of property plant and equipment	63	17
Total net gain/(loss) on non-financial assets	63	17
Allowance for impairment losses of contractual receivables	-	(275)
Net gain/(loss) on disposal of financial instruments	-	(7)
Total net gain/(loss) on financial instruments	-	(282)
Net gain/(loss) arising from revaluation of long service liability	657	(425)
Total other gains/(losses) from other economic flows	657	(425)
Total other gains/(losses) from other economic flows	720	(690)

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- The revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Net gain/(loss) on non-financial assets

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

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

Net gain/(loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost; (refer to Note 4.1 Investments and other financial assets) and
- disposals of financial assets and derecognition of financial liabilities.



Note 4: Key assets to support service delivery

The hospital controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Depreciation

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and

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

Note 4.1: Investments and other financial assets

	Operating Fund		Capital Fund		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT						
<i>Amortised Cost</i>						
Aust. Dollar Term Deposits > 3 months	-	-	1,725	1,725	1,725	1,725
TOTAL INVESTMENTS	-	-	1,725	1,725	1,725	1,725
Represented by:						
Monies Held in Trust						
- Malcolm Archer Bequest	-	-	1,725	1,725	1,725	1,725
TOTAL	-	-	1,725	1,725	1,725	1,725

How we recognise investments and other financial assets

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

Castlemaine Health manages its investments and other financial assets in accordance with an investment policy approved by the Board.

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

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

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

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

Note 4.2: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

	2021 \$'000	2020 \$'000
Land at fair value - Crown	3,797	3,164
Land at fair value - Freehold	950	792
Total land at fair value	4,747	3,956
Right of use land	71	71
Less accumulated depreciation	(24)	(12)
Total right of use land at fair value	47	59
Buildings at fair value	64,763	64,405
Less accumulated depreciation	(9,762)	(4,874)
Total buildings at fair value	55,001	59,531
Works in progress at fair value	1,337	1,397
Total land and buildings	61,132	64,943
Plant and equipment at fair value	12,831	11,193
Less accumulated depreciation	(8,454)	(7,585)
Total plant and equipment at fair value	4,377	3,608
Right of use plant and equipment	160	160
Less accumulated depreciation	(154)	(77)
Total right of use plant and equipment at fair value	6	83
Motor vehicles at fair value	481	1,083
Less accumulated depreciation	(403)	(717)
Total motor vehicles at fair value	78	366
Right of use motor vehicles	567	-
Less accumulated depreciation	(32)	-
Total Right of use motor vehicles at fair value	535	-
Total plant and equipment and motor vehicles	4,996	4,057
Total property, plant and equipment	66,128	69,000

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

	Land \$'000	Right of Use - Land \$'000	Buildings \$'000	Works in progress \$'000	Plant & Equipment \$'000	Right of use Plant and Equipment \$'000	Motor Vehicles \$'000	Right of use motor vehicles \$'000	Total \$'000
Balance at 1 July 2019	3,596	71	64,383	370	3,755	160	460	-	72,795
Additions	-	-	22	1,027	604	-	2	-	1,655
Disposals	-	-	-	-	-	-	-	-	-
Revaluation Increments	360	-	-	-	-	-	-	-	360
Net transfers between classes	-	-	-	-	-	-	-	-	-
Depreciation (Refer Note 4.3)	-	(12)	(4,874)	-	(751)	(77)	(96)	-	(5,810)
Balance at 30 June 2020	3,956	59	59,531	1,397	3,608	83	366	-	69,000
Additions	-	-	-	849	1,090	-	-	567	2,506
Disposals	-	-	-	-	-	-	(217)	-	(217)
Revaluation Increments	791	-	-	-	-	-	-	-	791
Net transfers between classes	-	-	359	(909)	550	-	-	-	-
Depreciation (Refer Note 4.3)	-	(12)	(4,889)	-	(871)	(77)	(71)	(32)	(5,952)
Balance at 30 June 2021	4,747	47	55,001	1,337	4,377	6	78	535	66,128

Note 4.2: Property, plant & equipment (continued)

Land and buildings carried at valuation

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

How we recognise property, plant and equipment

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

Initial recognition

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

Subsequent measurement

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

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

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

- Increase in fair value of land of 20% (\$791,000)
- No change in the fair value of the building

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

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

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

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

Note 4.2: Property, plant & equipment (continued)

Impairment

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

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

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased land	6 years
Leased plant and equipment	2 to 3 years
Leased motor vehicles	2 to 3 years

Presentation of right-of-use assets

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

Initial recognition

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

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

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

Castlemaine Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. The health service has applied temporary relief and continues to measure those right-of-use assets at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Castlemaine Health's dependency on such lease arrangements.

Subsequent measurement

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

Impairment

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

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

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Land at fair value				
Specialised land	3,797	-	-	3,797
Non-Specialised land	950	-	950	-
Leased land - Right of use	47	-	-	47
Total of land at fair value	4,794	-	950	3,844
Buildings at fair value				
Specialised buildings	54,399	-	-	54,399
Non-Specialised buildings	602	-	602	-
Total of building at fair value	55,001	-	602	54,399
Plant and equipment at fair value				
Motor vehicles	78	-	-	78
Right of use motor vehicles	535	-	-	535
Plant and equipment	4,377	-	-	4,377
Right of use Plant and Equipment	6	-	-	6
Total of plant, equipment and vehicles at fair value	4,996	-	-	4,996
	64,791	-	1,552	63,239

	Carrying amount as at 30 June 2020 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Land at fair value				
Specialised land	3,164	-	-	3,164
Non-Specialised land	792	-	792	-
Leased land - Right of use	59	-	-	59
Total of land at fair value	4,015	-	792	3,223
Buildings at fair value				
Specialised buildings	58,915	-	-	58,915
Non-Specialised buildings	616	-	616	-
Total of building at fair value	59,531	-	616	58,915
Plant and equipment at fair value				
Motor vehicles	366	-	-	366
Plant and equipment	3,608	-	-	3,608
Right of use plant and equipment	83	-	-	83
Total of plant, equipment and vehicles at fair value	4,057	-	-	4,057
	67,603	-	1,408	66,195

Note

(i) Classified in accordance with the fair value hierarchy (refer to 4.2 (e)).

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Note 4.2: Property, plant & equipment (continued)
(d) Reconciliation of Level 3 fair value ⁽ⁱ⁾

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Total \$'000
30 June 2021					
Opening Balance	3,223	58,915	3,691	366	66,195
Additions/(Disposals)	-	359	1,643	350	2,352
Gains or losses recognised in net result					-
- Depreciation*	(170)	(4,872)	(951)	(103)	(6,096)
Items Recognise in Other Comprehensive Income					
- Revaluation	791	-	-	-	791
Closing Balance	3,844	54,402	4,383	613	63,242
30 June 2020					
Opening Balance	2,876	63,753	3,755	460	70,844
Additions/(Disposals)	71	22	761	1	855
Gains or losses recognised in net result					
- Depreciation*	(12)	(4,860)	(825)	(95)	(5,792)
Items Recognise in Other Comprehensive Income					-
- Revaluation	288	-	-	-	288
Closing Balance	3,223	58,915	3,691	366	66,195

Note

(i) Classified in accordance with the fair value hierarchy (refer to 4.2 (e)).

Based on external valuations performed in 2018-19, two properties owned by Castlemaine Health have been determined to be classified as Level 2 as their value has been determined using a market comparison approach; there was no Community Service Obligation (CSO) adjustment.

*Depreciation on Land relates to Leased Land - Right of use asset brought to account in 2019-20 with the application of AASB 16 Leases.

Note 4.2: Property, plant & equipment (continued)

4.2(e) Fair value determination

Asset Class	Valuation technique	Significant inputs
Specialised land (Crown/Freehold)	Market approach	Community Service Obligation (CSO) adjustments (a)
Non-Specialised Land	Market approach	N/A
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Non-Specialised buildings	Market approach	N/A
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles

(a) CSO adjustment of 30% was applied to reduce the market approach value for Castlemaine Health's main site specialised land. CSO adjustment of 15% was applied to reduce the market approach value for Castlemaine Health's former hospital site at Halford Street.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

The Valuer-General Victoria (VGV) is Castlemaine Health's independent valuation agency. The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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



Castlemaine Health
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Note 4.2: Property, plant & equipment (continued)

Consideration of highest and best use (HBU) for non-financial physical assets

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with paragraph AASB 13.29, Castlemaine Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-Specialised Land and Non-Specialised Buildings

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

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

Specialised land and specialised buildings

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

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

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

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

For Castlemaine Health, 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 Castlemaine Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2021.

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

Note 4.2 (f): Property, plant and equipment revaluation surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Revaluation Increment

- Land
- Buildings

Balance at the end of the reporting period*

*** Represented by:**

- Land
- Buildings

	2021	2020
	\$'000	\$'000
Balance at the beginning of the reporting period	58,976	58,617
Revaluation Increment		
- Land	792	359
- Buildings	-	-
Balance at the end of the reporting period*	59,768	58,976
* Represented by:		
- Land	4,336	3,544
- Buildings	55,432	55,432
	59,768	58,976

Note 4.3: Depreciation

	2021 \$'000	2020 \$'000
Depreciation		
Buildings	4,886	4,874
Plant and equipment	874	751
Motor vehicles	71	96
Right of use leased assets:		
Leased land	12	12
Plant and equipment	77	77
Motor vehicles	32	-
Total Depreciation	5,952	5,810

How we recognise depreciation

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

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term. Where Castlemaine Health obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

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

	2021	2020
Buildings		
- Structure Shell Building Fabric	45 to 80 years	45 to 80 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	4 to 10 years	4 to 10 years
Medical Equipment	6 to 10 years	6 to 10 years
Computers and Communication	3 to 5 years	3 to 5 years
Furniture and Fitting	10 years	10 years
Motor Vehicles	8 years	8 years

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



Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from the Castlemaine Health's operations

Structure

- 5.1 Receivables and contract assets
- 5.2 Payables and contract liabilities
- 5.3 Other liabilities

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

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Note 5.1: Receivables and contract assets

	2021	2020
	\$'000	\$'000
CURRENT RECEIVABLES AND CONTRACT ASSETS		
Contractual		
Trade debtors	372	433
Patient fees	894	1,071
Accrued revenue	189	183
Contract assets	169	-
Amounts receivable from governments and agencies	49	-
Loddon Mallee Rural Health Alliance - Receivables	70	6
Less Allowance for Impairment losses of contractual receivables	1,743	1,693
- Patient fees	(172)	(330)
	1,571	1,363
Statutory		
GST Receivable	130	101
LMRHA Joint Operation - GST Receivable	16	31
	146	132
TOTAL CURRENT RECEIVABLES AND CONTRACT ASSETS	1,717	1,495
NON CURRENT RECEIVABLES AND CONTRACT ASSETS		
Contractual		
Long Service Leave - Department of Health	1,676	1,590
TOTAL NON-CURRENT RECEIVABLES AND CONTRACT ASSETS	1,676	1,590
TOTAL RECEIVABLES AND CONTRACT ASSETS	3,393	3,085

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

	2021	2020
	\$	\$
Total receivables and contract assets	3,393	3,085
Provision for impairment	172	330
GST receivable	(146)	(132)
Contract assets	(169)	-
Total financial assets	3,250	3,283

Note 5.1: Receivables and contract assets (continued)

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

Balance at beginning of year
 Increase/(decrease) in allowance recognised in net result
Balance at end of year

2021	2020
\$'000	\$'000
(330)	(54)
158	(276)
(172)	(330)

How we recognise receivables

Receivables recognition

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as financial assets at amortised costs. They are initially recognised at fair value plus any directly attributable transaction costs. Castlemaine Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Castlemaine Health applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2 Contractual receivables at amortised costs for Castlemaine Health's contractual impairment losses.

Note 5.1 (b) Contract assets

Balance at beginning of year
 Add: Additional costs incurred that are recoverable from the customer
Balance at end of year

2021	2020
\$'000	\$'000
-	-
169	-
169	-
169	-
-	-
169	-

* Represented by:

- Current assets
- Non-current contract assets

How we recognised contract assets

Contract assets relate to Castlemaine Health's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered early next year.

Note 5.2: Payables and contract liabilities

		2021 \$'000	2020 \$'000
CURRENT	Note		
Contractual			
Trade Creditors		754	156
Accrued Salaries and Wages		2,114	1,668
Loddon Mallee Rural Health Alliance - Creditors		211	320
Accrued Expenses		833	575
Inter-hospital creditors		142	92
Loddon Mallee Rural Health Alliance - Accrued Expenses		23	46
Loddon Mallee Rural Health Alliance - Income in Advance		-	34
Other Payables		433	180
Deferred capital grant revenue	5.2 (a)	112	899
Contract Liabilities	5.2 (b)	286	310
Amounts payable to governments and agencies		577	-
		5,485	4,280
Statutory			
GST Payable		42	58
FBT Payable		15	18
		57	76
TOTAL PAYABLES AND CONTRACT LIABILITIES		5,542	4,356
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>			
		2021 \$	2020 \$
Total payables and contract liabilities		5,542	4,356
Deferred grant income		(112)	(899)
Total Financial Liabilities	7.1(a)	5,430	3,457

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Castlemaine Health prior to the end of the financial year that are unpaid.
- **Statutory payables**, which mostly includes amounts payable for Goods and Services Tax (GST) and Fringe Benefits Tax (FBT) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually nett 60 days.

Note 5.2: Payables and contract liabilities (continued)

Note 5.2 (a) Deferred capital grant revenue

Opening balance of deferred capital grant income

Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year

Grant consideration for capital works received during the year

Grant revenue for capital works recognised consistent with the capital works undertaken during the year

Closing balance of deferred grant consideration received for capital works

2021 \$'000	2020 \$'000
899	-
-	1,253
650	-
(1,437)	(354)
112	899

How we recognise deferred grant revenue

Grant consideration was received from DoH to support the construction of a carpark and generator upgrade. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Castlemaine Health satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Castlemaine Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Castlemaine Health expects to recognise all of the remaining deferred capital grant revenue for capital works by March 2022.

Maturity analysis of payables

Please refer to Note 7.2 for the maturity analysis of payables.

Note 5.2 (b) Contract liabilities

Opening balance of contract liabilities

Adjustment for initial adoption of AASB 15

Payments received for performance obligations not yet fulfilled

Revenue recognised for the completion of a performance obligation

Total contract liabilities

2021 \$'000	2020 \$'000
310	-
-	396
17,969	17,158
(17,993)	(17,244)
286	310
286	310
-	-
286	310

* Represented by:

- Current contract liabilities

- Non-current contract liabilities

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of activity based funding grants.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer Note 2.1

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Note 5.3: Other liabilities

Current Monies Held in Trust

- Patient Monies
- Refundable Accommodation Deposits

Total current monies held in trust

Represented by the following assets:

Cash Assets (refer to Note 6.2)

Investment and other Financial Assets (refer to Note 4.1)

Refundable Accommodation Deposits applied to furniture*

TOTAL

2021 \$'000	2020 \$'000
221	297
22,307	24,579
22,528	24,876
22,278	24,626
-	-
250	250
22,528	24,876

*During the 2020 financial year, Castlemaine Health funded the replacement of furniture in the Residential Aged facilities using funds from Monies held in Trust.

How we recognise other liabilities

Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Castlemaine Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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



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Note 6: How we finance our operations

This section provides information on the sources of finance utilised by Castlemaine Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Castlemaine Health.

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

Structure

- 6.1 Borrowings
- 6.2 Cash and cash equivalents
- 6.3 Commitments for expenditure

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

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Note 6.1: Borrowings

	2021 \$'000	2020 \$'000
CURRENT		
DoH Loans ⁽ⁱ⁾	65	520
Lease liability ⁽ⁱⁱ⁾	101	88
DHHS Cash Advance	-	168
Total Current Borrowings	166	776
NON CURRENT		
DoH Loans ⁽ⁱ⁾	258	322
Lease liability ⁽ⁱⁱ⁾	488	54
Total Non Current Borrowings	746	376
Total Borrowings	912	1,152

(i) The DoH Loans are unsecured loans which bear no interest.

The borrowings are for the purpose of installing a solar array at Castlemaine Hospital (200 kilowatts). The borrowings have been approved by the Minister and Treasurer. This approval was received in 2019 with repayments to commence in June 2022 and the loan repaid in full in June 2026.

(ii) Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

How we recognise borrowings

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

Initial recognition

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

Subsequent measurement

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

(a) Maturity analysis of borrowings

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

(b) Defaults and breaches

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

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Note 6.1(a) : Lease liabilities

Castlemaine Health's lease liabilities are summarised below:

	Minimum future lease payments	
	2021 \$'000	2020 \$'000
Not longer than one year	113	90
Longer than 1 year and not longer than 5 years	503	56
Longer than 5 years	-	-
Minimum future lease liability	616	146
Less Unexpired finance expenses	(27)	(4)
Present value of lease liability	589	142
Represented by:		
Current borrowings - lease liability	101	88
Non-current borrowings - lease liability	488	54
TOTAL	589	142

How we recognise lease liabilities

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

To apply this definition, Castlemaine Health ensures the contract meets the following criteria:

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Castlemaine Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased land	6 years
Leased plant and equipment	2 to 3 years
Leased motor vehicles	2 to 3 years

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

Separation of lease and non-lease components

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

Note 6.1: Borrowings (continued)

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Castlemaine Health incremental borrowing rate. Our lease liability has been discounted by rates of between 2% to 3%.

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

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

The following types of lease arrangements, contain extension and termination options:

- Castlemaine Health Operating Lease Agreement- OLYMPUS Australia
- Lease of property -137 Cornish Street, Castlemaine

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Subsequent measurement

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

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

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Note 6.2: Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash on Hand (excluding Monies held in trust)	4	4
Cash at Bank (excluding Monies held in trust)	239	390
Cash at Bank (LMRHA Joint Venture)	379	289
Cash at Bank (Monies held in trust)	221	297
Cash at Bank - CBS (excluding Monies held in trust)	1,800	1,010
Cash at Bank - CBS (Monies held in trust)	22,057	24,329
Cash at Bank - CBS (LMRHA Joint Venture)	133	227
TOTAL CASH AND CASH EQUIVALENTS	24,833	26,546

How we recognise cash and cash equivalents

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

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

Note 6.3: Commitments for expenditure

	2021 \$'000	2020 \$'000
Capital Expenditure Commitments		
Less than 1 year	-	627
Total Capital Expenditure Commitments	-	627
Non-cancellable Short Term and low value lease commitments		
Less than 1 year	65	65
Longer than 1 year but not longer than 5 years	68	133
5 years or more	-	-
Total Non-cancellable Lease Commitments	133	198
Total Commitments for Expenditure (inclusive of GST)		
Less GST recoverable from the Australian Tax Office	(12)	(75)
Total Commitments for Expenditure (exclusive of GST)	121	750

How we disclose our commitments

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

Expenditure commitments

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

Short term and low value leases

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

Castlemaine Health has entered into commercial leases on certain computer equipment where it is not in the interest of Castlemaine Health to purchase these assets. These leases have an average life of between 3 and 5 years with renewal terms included in the contracts. Renewals are at the option of Castlemaine Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

7.3 Contingent assets and contingent liabilities

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Castlemaine Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

Note 7.1(a) Financial instruments: categorisation

	Notes	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Financial liabilities at fair value through profit or loss \$'000	Total \$'000
2021					
Contractual Financial Assets					
Cash and cash equivalents	6.2	24,833	-	-	24,833
<i>Receivables</i>					
- Other receivables	5.1	1,574	-	-	1,574
- Long services leave - Department of Health	5.1	1,676	-	-	1,676
Other Financial Assets	4.1	1,725	-	-	1,725
Total Financial Assets ⁽ⁱ⁾		29,808	-	-	29,808
Financial Liabilities					
Payables	5.2	-	5,430	-	5,430
<i>Borrowings</i>					
- DoH Loans	6.1	-	-	323	329
- Lease liability	6.1	-	589	-	589
- Accommodation Bonds	5.3	-	22,307	-	22,307
- Other	5.3	-	221	-	221
Total Financial Liabilities ⁽ⁱⁱ⁾		-	28,547	323	28,876
		Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Financial liabilities at fair value through profit or loss \$'000	Total \$'000
2020					
Contractual Financial Assets					
Cash and cash equivalents	6.2	26,546	-	-	26,546
<i>Receivables</i>					
- Other receivables	5.1	1,693	-	-	1,693
- Long services leave - Department of Health	5.1	1,590	-	-	1,590
Other Financial Assets	4.1	1,725	-	-	1,725
Total Financial Assets ⁽ⁱ⁾		31,554	-	-	31,554
Financial Liabilities					
Payables	5.2	-	3,457	-	3,457
<i>Borrowings</i>					
- DHHS Loans	6.1	-	-	842	842
- Lease liability	6.1	-	142	-	142
- DHHS Cash Advance	6.1	-	168	-	168
Other Financial Liabilities					
- Accommodation Bonds	5.3	-	24,579	-	24,579
- Other	5.3	-	297	-	297
Total Financial Liabilities ⁽ⁱⁱ⁾		-	28,643	842	29,485

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax receivable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable)



Note 7.1: Financial instruments (continued)

How we categorise financial instruments

Categories of financial assets

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

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

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Castlemaine Health to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Castlemaine Health recognises the following assets in this category:

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

Categories of financial liabilities:

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

Financial liabilities at fair value through net result:

A financial liability is measured at fair value through net result if the financial liability is:

- held for trading or
- initially designated as at fair value through net result

Changes in fair value are recognised in the net results as other economic flows, unless the changes in fair value relate to changes in Castlemaine Health's own credit risk. In this case the portion of the change attributable to changes in Castlemaine Health's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

Financial liabilities at amortised cost:

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

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

Castlemaine Health recognises the following liabilities in this category:

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

Derecognition of financial assets:

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

- the rights to receive cash flows from the asset have expired; or
- Castlemaine Health 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
- Castlemaine Health has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Derecognition of financial liabilities:

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

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

Reclassification of financial instruments:

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

Details of the significant accounting policies and methods adopted, 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 above are disclosed throughout the financial statements.

Castlemaine Health's main financial risks include credit risk, liquidity risk and interest rate risk. Castlemaine Health manages these financial risks in accordance with its financial risk management policy.

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

Note 7.2 (a) Credit risk

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

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

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

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

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

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

Impairment of financial assets under AASB 9 - Financial Instruments

Castlemaine Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial instruments, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

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

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

Contractual receivables at amortised cost

Castlemaine Health applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Castlemaine Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Castlemaine Health's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Castlemaine Health determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows.

		<i>Current</i>	<i>Less than 1 month</i>	<i>1–3 months</i>	<i>3 months – 5 years</i>	<i>Total</i>
1-Jul-20	Note					
Expected loss rate		0%	0%	0%	50%	
Gross carrying amount of contractual receivables \$'000		817	71	141	664	1,693
Loss allowance		-	-	-	(330)	(330)
		<i>Current</i>	<i>Less than 1 month</i>	<i>1–3 months</i>	<i>3 months – 5 years</i>	<i>Total</i>
30-Jun-21						
Expected loss rate		0%	0%	0%	33%	
Gross carrying amount of contractual receivables \$'000		848	62	149	515	1,574
Loss allowance		-	-	-	(172)	(172)

Statutory receivables at amortised cost

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

Castlemaine Health also has investments in Term Deposits.

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

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

Note 7.2 (b) Liquidity risk

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

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

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

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

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

Maturity analysis of Financial Liabilities as at 30 June 2021

	Note	Maturity Dates					
		Carrying Amount \$'000	Nominal Amount \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000
2021							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	5,430	5,430	4,993	-	437	-
Other Financial Liabilities ⁽ⁱ⁾							
- Accommodation Deposits ⁽ⁱⁱ⁾	5.3	22,307	22,307	1,115	2,231	12,269	6,692
- Lease Liabilities	6.1	589	589	14	16	71	488
- Other	5.3	221	221	221	-	-	-
<i>At fair value through profit or loss</i>							
Borrowings	6.1	323	323	7	2	157	157
Total Financial Liabilities		28,870	28,870	6,350	2,249	12,934	7,337
2020							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	3,457	3,457	2,248	-	1,209	-
Other Financial Liabilities ⁽ⁱ⁾							
- Accommodation Deposits ⁽ⁱⁱ⁾	5.3	24,579	24,579	10,534	10,534	2,341	1,170
- Lease Liabilities	6.1	142	142	7	14	67	54
- Borrowings	6.1	108	108	-	-	-	108
- Other	5.3	297	297	297	-	-	-
<i>At fair value through profit or loss</i>							
Borrowings	6.1	842	842	7	152	307	376
Total Financial Liabilities		29,425	29,425	13,093	10,700	3,924	1,708

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

(ii) Based on previous history, there is an expectation these funds will be repaid over a period of time, in line with resident movements.



Note 7.2 (c) Market risk

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

Interest rate risk

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

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

Note 7.3: Contingent assets and contingent liabilities

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value.

Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There are no contingent assets or contingent liabilities to disclose for Castlemaine Health.

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 8: Other disclosures

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

Structure

- 8.1 Reconciliation of net result for the year to net cash flow from operating activities
- 8.2 Responsible persons disclosure
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Events occurring after the balance sheet date
- 8.7 Jointly controlled operations
- 8.8 Economic dependency
- 8.9 Equity

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

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

	2021 \$'000	2020 \$'000
Net result for the period	(3,305)	(4,318)
Non-cash movements:		
Depreciation	5,952	5,810
Allowance for impairment loss on contractual receivables	(158)	275
Discount on Net gain/(loss) arising from revaluation of long service leave liability	(657)	425
Fair value movement on DHHS Loans	-	7
Adjustment to Accumulated Deficits arising from AASB 1058	-	(1,253)
Movements included in investing and financing activities:		
Net (gain)/loss from disposal of non financial physical assets	(63)	-
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(150)	358
(Increase)/decrease in prepayments	(406)	46
(Increase)/decrease in inventories	50	(82)
Increase/(decrease) in payables	1,186	310
Increase/(decrease) in provisions	651	523
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,100	2,101

Note 8.2: Responsible persons disclosures

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

Responsible Ministers:

The Honourable Martin Foley:

Minister for Health

Minister for Ambulance Services

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

The Honourable Jenny Mikakos:

Minister for Health

Minister for Ambulance Services

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

The Honourable Luke Donnellan:

Minister of Disability, Ageing and Carers

Governing Boards

Mr Garry Fehring

Ms Peggy Anne Ronnau

Mr Peter Rushen

Ms Margaret Lewis

Ms Kerry Anderson

Mr Robert Delminico

Mr Jeffrey Rigby

Ms Anna MacLeod

Ms Nicoletta Muner

Dr Nicholas Yap

Accountable Officers

Mr Ian Fisher

Ms Sue Race

Period
26-Sep-20 - 30-Jun-21
26-Sep-20 - 30-Jun-21
26-Sep-20 - 09-Nov-20
01-Jul-20 - 26-Sep-20
01-Jul-20 - 26-Sep-20
01-Jul-20 - 26-Sep-20
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-20 - 30-Jun-21
01-Jul-19 - 10-Jan-21
11-Jan-21 - 30-Jun-21

Remuneration of Responsible Persons

Remuneration received or receivable by responsible persons are shown in their relevant income bands:

Income Band

\$0 - \$9,999

\$130,000 - \$139,999

\$250,000 - \$259,999

Total Numbers

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

2021 No.	2020 No.
10	10
2	0
0	1
12	11
\$ 319,000	\$ 297,000

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Parliamentary Services.

Note 8.3: Remuneration of executives

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

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

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

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

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Remuneration of executive officers

	Total Remuneration	
	2021 \$'000	2020 \$'000
Short-term employee benefits	748	682
Post-employment benefits	61	61
Other long-term benefits	16	14
Total Remuneration (i)	825	757
Total Number of executives	5	5
Total Annualised Employee Equivalent (ii)	5	4

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

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

Note 8.4 Related parties

Castlemaine Health is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all Key Management Personnel (KMP) and their close family members;
- all cabinet ministers and their close family members;
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements; and
- jointly controlled operation - a member of the Loddon Mallee Rural Health Alliance (LMRHA)

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

Key management personnel of Castlemaine Health

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

KMPs	Position Title
Ms Peggy Anne Ronnau	Board Chair
Mr Garry Fehring	Board Director
Mr Robert Delminico	Board Director
Ms Margaret Lewis	Board Director
Ms Kerry Anderson	Board Director
Mr Peter Rushen	Board Director
Mr Jeffrey Rigby	Board Director
Ms Anna MacLeod	Board Director
Ms Nicoletta Muner	Board Director
Dr Nicholas Yap	Board Director
Mr Ian Fisher	Chief Executive Officer
Ms Sue Race	Chief Executive Officer
Ms Kerry Healy	Executive Director Finance & Business Improvement
Ms Dianne Senior	Executive Director Clinical and Community
Dr Peter Sloan	Director Medical Services
Mr Jason Stevens	Director Corporate Services
Ms Vicky Mellington	Director Human Resources

Key management personnel (KMP) of the hospital include the Portfolio Ministers, all Board Directors and Executives of Castlemaine Health. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968, and is reported within the Department of Parliamentary Services' Financial Report.

Remuneration represents the expenses incurred by the entity in the current reporting period for the employee, in accordance with AASB 119 *Employee benefits*.

Remuneration of Key Management Personnel (KMP)

	Total Remuneration	
	2021 \$'000	2020 \$'000
Short-term employee benefits	1,047	959
Post-employment benefits	81	81
Other long-term benefits	16	14
Total Remuneration	1,144	1,054

Significant Transactions with Government Related Entities

Castlemaine Health received funding from the Department of Health of \$39.02 million (2020: \$36.8 million) and indirect contributions of \$0.244 million (2020: \$0.3 million).

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

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

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

Note 8.4 Related parties (continued)

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with Castlemaine Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2021.

There were no related party transactions required to be disclosed for Castlemaine Health Board of Directors, Chief Executive Officer and Executive Directors in 2021. The exception to this statement is below.

During the year, Maldon Hospital, an Organisation of which Ian Fisher, Chief Executive Officer and Sue Race, Chief Executive Officer, were also the Chief Executive Officers, continued to require extensive provision of contracted services. The contracted services involve the provision of extensive administration services such as Finance, Information Technology, Human Resources, and Food Services. The value of the contract during 2020-21 was \$341,580 (2020: \$332,600). Other non-contracted services occur as required. The value of net transactions between Maldon Hospital and Castlemaine Health are \$1,157,416 (2020: \$1,190,944). In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources.

During the year, Dr Peter Sloan, Director Medical Services, was also the Chief Medical Officer of Central Highlands Rural Health and Seymour Health. There were no transactions with Central Highlands Rural Health and Seymour Health for the financial year ended 30th June 2021.

Note 8.5 Remuneration of auditors

Victorian Auditor-General's Office

Audit of financial statements

	2021	2020
	\$'000	\$'000
	27	27
	27	27

Note 8.6 Events occurring after the balance sheet date

The boards of Castlemaine Health and Castlemaine District Community Health Limited announced on 28 September 2020 they were developing a plan for the integration of community services to ensure the continued provision of accessible responsive community health services for local communities. Following an extensive community consultation process the boards submitted a proposal to the Secretary of the Department of Health to integrate the services. This has now been approved by the Minister for Health with the effective date of 1 October 2021. On this date all Castlemaine District Community Health Limited staff and assets transfer to Castlemaine Health.

Note 8.7: Jointly controlled operations

Name of Entity	Ownership Interest	
	2021 %	2020 %
Loddon Mallee Rural Health Alliance	7.94%	8.41%

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.

	2021 \$'000	2020 \$'000
Current Assets		
Cash and cash equivalents including CBS	512	516
Investments		
Receivables	86	37
Inventory	-	93
Other current assets	119	108
Total Current Assets	717	754
Non Current Assets		
Property, Plant and Equipment	77	74
Total Non Current Assets	77	74
Total Assets	794	828
Current Liabilities		
Payables	234	400
Total Current Liabilities	234	400
Total Liabilities	234	400
Share of Joint Venture's Net Assets	560	428

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

	2021 \$'000	2020 \$'000
Revenues		
Operating Activities	1,652	857
Non-Operating Activities	99	50
Total Revenue	1,751	907
Expenses		
Information Technology and Administration Expenses	1,618	917
Depreciation	15	8
Non-Operating Expenses	-	-
Total Expenses	1,633	925
Net Result	118	(18)

Movements in carrying amount of interests in the Joint Venture

	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the year	428	446
Share of the Joint Operation's net result	118	(18)
Change in Membership	14	-
	560	428

Contingent Liabilities and Capital Commitments

There are no contingent liabilities or capital commitments arising from the interest in joint operations.

Note 8.8: Economic dependency

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

Note 8.9: Equity

Contributed capital

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

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

Specific restricted purpose reserves

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



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