



Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Castlemaine Health

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of Castlemaine Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

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


Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Castlemaine Health as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Castlemaine Health for the year ended 30 June 2013 included both in Castlemaine Health's annual report and on the website. The Board Members of Castlemaine Health are responsible for the integrity of Castlemaine Health's website. I have not been engaged to report on the integrity of Castlemaine Health's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
28 August 2013


for John Doyle
Auditor-General

CASTLEMAINE HEALTH

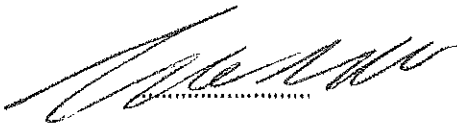
**BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND
CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION**

The attached financial statements for Castlemaine Health have been prepared in accordance with Standing Direction 4.2 of 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 2013 and financial position of Castlemaine Health at 30 June 2013.

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

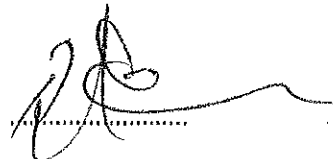
We authorise the attached financial statements for issue on this day.



Carolyn Wallace
Chairperson



Rhonda Williams
Acting Chief Executive Officer



Rick Munari
Chief Finance & Accounting Officer

28th August 2013

28th August 2013

28th August 2013

CASTLEMAINE HEALTH
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
Revenue from Operating Activities	2	35,766	37,332
Revenue from Non-Operating Activities	2	517	684
Employee Expenses	3	(32,108)	(31,115)
Non Salary Labour Costs	3	(431)	(416)
Supplies and Consumables	3	(2,118)	(2,390)
Admin Expenses	3	(1,496)	(1,685)
Other Expenses	3	(2,915)	(2,800)
Net Result Before Capital and Specific Items		(2,785)	(390)
Capital Purpose Income	2	4,379	525
Depreciation	4	(3,956)	(4,120)
Finance Costs	3	(4)	(16)
Expenditure using Capital Purpose Income	3	(301)	(109)
NET RESULT FOR THE YEAR		(2,666)	(4,110)
COMPREHENSIVE RESULT		(2,666)	(4,110)

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

CASTLEMAINE HEALTH
BALANCE SHEET
AS AT 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
Current Assets			
Cash and Cash Equivalents	6	2,649	2,170
Receivables	7	1,493	1,584
Investments and other Financial Assets	8	5,366	5,796
Inventories	9	150	229
Other Current Assets	10	66	97
Total Current Assets		9,724	9,876
Non-Current Assets			
Receivables	7	937	847
Property, Plant and Equipment	11	36,972	37,659
Total Non-Current Assets		37,910	38,506
TOTAL ASSETS		47,634	48,382
Current Liabilities			
Payables	12	2,206	1,316
Interest Bearing Liabilities	13	0	105
Provisions	14	7,807	7,240
Other Current Liabilities	16	7,404	6,830
Total Current Liabilities		17,418	15,491
Non-Current Liabilities			
Provisions	14	1,020	1,197
Total Non-Current Liabilities		1,020	1,197
TOTAL LIABILITIES		18,438	16,688
NET ASSETS		29,196	31,694
EQUITY			
Property, Plant and Equipment Revaluation Surplus	17a	23,187	23,187
Financial Asset Available for Sale Revaluation Surplus / (Deficit)	17a	(48)	(218)
Restricted Specific Purpose Surplus	17a	10	10
Contributed Capital	17b	21,202	21,202
Accumulated Surpluses / (Deficits)	17c	(15,155)	(12,487)
TOTAL EQUITY		29,196	31,694
Commitments	20		
Contingent Assets and Contingent Liabilities	21		

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

CASTLEMAINE HEALTH
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Financial Assets									
		Property, Plant and Equipment Revaluation Surplus \$'000	Available for Sale Revaluation Surplus / (Deficit) \$'000	Restricted Specific Purpose Surplus \$'000	Contributed Capital \$'000	Accumulated Surpluses / (Deficits) \$'000	Total \$'000		
	Note								
Balance at 1 July 2011		23,187	0	10	21,202	(8,377)	36,022		
Net result for the year									
	17(c)	0	0	0	0	(4,110)	(4,110)		
Transfer to accumulated surplus / (deficit)		0	(218)	0	0	0	(218)		
Balance at 30 June 2012		23,187	(218)	10	21,202	(12,487)	31,694		
Net result for the year									
	17(c)	0	0	0	0	(2,666)	(2,666)		
Transfer to accumulated surplus / (deficit)		0	170	0	0	0	170		
Balance at 30 June 2013		23,187	(48)	10	21,202	(15,155)	29,196		

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

CASTLEMAINE HEALTH
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000 Inflows / (Outflows)	2012 \$'000 Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		28,389	22,572
Patient and Resident Fees Received		5,109	11,142
Donations and Bequests Received		85	0
GST received from / (paid to) ATO		(98)	329
Recoupment from private practice for use of hospital facilities		394	390
Interest Received		512	507
Other Receipts		2,472	2,692
Total Receipts		36,863	37,632
Employee Expenses Paid		(31,718)	(30,491)
Non Salary Labour Costs		(431)	(416)
Payments for Supplies and Consumables		(1,832)	(2,949)
Finance Costs		(4)	(16)
Other Payments		(3,864)	(4,295)
Total Payments		(37,849)	(38,167)
Cash Generated from Operations		(986)	(535)
Capital Grants from Government		3,740	349
Capital Donations and Bequests Received		0	91
Accommodation Bond Receipts		0	176
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	18	2,754	81
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(3,398)	(1,046)
Proceeds from Sale of Non-Financial Assets		109	117
Purchase of Investments		170	1,023
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		(3,119)	94
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(105)	(118)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		(105)	(118)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(470)	57
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		801	744
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6	331	801

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Castlemaine Health for the period ending 30 June 2013. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994*, and applicable AASs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

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

The annual financial statements were authorised for issue by the Board of Castlemaine Health on 28th August, 2013.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013, and the comparative information presented in these financial statements for the year ended 30 June 2012.

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

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

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss);
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income - items that may be reclassified subsequent to net result); and
- The fair value of assets other than land is generally based on their depreciated replacement value.

Historical cost is based on the fair values of the consideration given in exchange for assets.

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(k);
- superannuation expense (refer to Note 1(h); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l)).

(c) Reporting Entity

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

Its principal address is:
PO Box 50
Castlemaine Vic 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.

Objectives and funding

Castlemaine Health's overall objective is to be widely acknowledged within our industry and by stakeholders as a preeminent Australian Rural Health Service, as well as improve the quality of life to Victorians.

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

(d) Principles of Consolidation

Intersegment Transactions

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

Associates and joint ventures

Associates and joint venture are accounted for in accordance with the policy outlined in Note 1(k) Assets.

Jointly controlled assets or operations

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

(e) Scope and Presentation of Financial Statements

Fund Accounting

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

(e) **Scope and Presentation of Financial Statements (Continued)**

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

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

Residential Aged Care Service

The Castlemaine Health Residential Aged Care Service operations are an integral part of Castlemaine Health and share its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

The Castlemaine Health Residential Aged Care Service has a separate Committee of Management and is substantially funded from Commonwealth bed-day subsidies.

Comprehensive operating statement

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

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

- * Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer note 1 (h)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided;
- * Specific income/expense, comprises the following items, where material:
 - * Voluntary departure packages
 - * Write-down of inventories
 - * Non-current asset revaluation increments/decrements
 - * Diminution/impairment of investments
 - * Restructuring of operations (disaggregation/aggregation of health services)
 - * Litigation settlements
 - * Non-current assets lost or found
 - * Forgiveness of loans
 - * Reversals of provisions
 - * Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board);
- * Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (k);
- * Depreciation, as described in note 1 (h);
- * Assets provided or received free of charge (refer to Note 1(i)); and
- * Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

(e) **Scope and Presentation of Financial Statements (Continued)**

Balance sheet

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

Statement of changes in equity

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

Cash flow statement

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

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

Rounding

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

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

Comparative Information

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

(f) **Change in accounting policies**

There have been no changes in Accounting Policies which have impacted on the presentation of the financial statements.

(g) **Income from transactions**

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Castlemaine Health and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government Grants and other transfers of income (other than contributions by owners)

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

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

Indirect Contributions from the Department of Health

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

Patient and Resident Fees

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

Donations and Other Bequests

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

(g) Income from transactions (Continued)

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

Sale of investments

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

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

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

(h) Expense recognition

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

Cost of goods sold

Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

Employee expenses

Employee expenses include:

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

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

The name and details of the major employee superannuation funds and contributions made by Castlemaine Health are disclosed in Note 15: Superannuation.

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

(h) **Expense recognition (Continued)**

Depreciation (Continued)

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health. Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

The following table indicates the expected useful lives of no-current assets on which the depreciation charges are based.

	2013	2012
Buildings		
- Structure Shell Building Fabric	45 to 50 years	45 to 50 years
- Site Engineering Services and Central Plant	30 to 40 years	30 to 40 years
- Fit Out	20 to 25 years	20 to 25 years
- Trunk Reticulated Building Systems	20 to 25 years	20 to 25 years
Plant & Equipment	5 to 10 years	5 to 10 years
Motor Vehicles	8 years	8 years

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

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

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life.

Finance costs

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

Grants and other transfers

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

Other operating expenses

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

Supplies and consumables

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

Bad and doubtful debts

Refer to note 1 (k) *Impairment of financial assets*.

(h) **Expense Recognition (Continued)**

Other operating expenses (Continued)

Fair value of assets, services and resources provided free of charge or for nominal consideration

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

Borrowing costs of qualifying assets

In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, the Health Services continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

(i) **Other comprehensive income**

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

Net gain / (loss) on non-financial assets

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

Disposal of non-financial assets

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

Revaluation gains / (losses) of non-financial physical assets

Refer to Note 1(k) *Revaluations of non-financial physical assets*.

(j) **Financial instruments**

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

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

(j) **Financial Instruments (Continued)**

Available-for-sale financial assets

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

Financial liabilities at amortised cost

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

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

(k) **Assets**

Cash and Cash Equivalents

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

Receivables

Receivables consist of:

- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and
- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

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

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

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

Investments and other financial assets

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

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity;
- Loans and receivables; and
- Available-for-sale financial assets.

(k) **Assets (Continued)**
Investments and other financial assets (Continued)

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

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

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

Inventories

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

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

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

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

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

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

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger / machinery of government are transferred at their carrying amount.

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restriction will no longer apply.

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

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

Revaluations of non-current physical assets

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

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

(k) Assets (Continued)

Revaluations of non-current physical assets (Continued)

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

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

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

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

Prepayments

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

Disposal of non-financial assets

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

Impairment of non-financial assets

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

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

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

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

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

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

(k) Assets (Continued)

Investments in jointly controlled assets and operations

In respect of any interest in jointly controlled assets, Castlemaine Health recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it had incurred;
- its share of liabilities incurred jointly by the joint venture;
- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

For jointly controlled operations Castlemaine Health recognises:

- the assets that it controls;
- the liabilities that it incurs;
- expenses that it incurs; and
- the share of income that it earns from selling outputs of the joint venture.

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

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

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

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

In order to determine an appropriate fair value as at 30 June 2013 for its portfolio of financial assets, Castlemaine Health obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2013. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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*.

(k) Assets (Continued)

Net gain/(loss) on financial instruments

Net Gain/(Loss) on financial instruments includes:

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

Revaluations of financial instruments at fair value

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

(l) Liabilities

Payables

Payables consist of:

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

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

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

Provisions

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

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

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

(I) **Liabilities (Continued)**

Employee benefits

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

Wages and salaries, annual leave, sick leave and accrued days off

Liabilities for wages and salaries, including non-monetary benefits, annual leave, accumulating sick leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that the Health Service are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability - unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where the Castlemaine Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value - component that the Castlemaine Health does not expect to settle within 12 months; and
- nominal value - component that the Castlemaine Health expects to settle within 12 months.

Non-current liability - conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

On-costs

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

Superannuation liabilities

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

(m) **Equity**

Contributed Capital

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

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

Property, plant and equipment revaluation surplus

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

Specific restricted purpose surplus

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

(n) **Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 20) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(o) **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.

(p) **Goods and Services Tax ("GST")**

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

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

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

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

(q) **AASs issued that are not yet effective**

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

(q) AASBs issued that are not yet effective (Continued)

As at 30 June 2013, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Castlemaine Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards - Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2011-4 <i>Further Amendments to Australian Accounting Standards to remove Individual Key Management Personnel disclosure requirements</i> [AASB 124]	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP)	Beginning 1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-6 <i>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity method and Proportionate Consolidation - Reduced Disclosure Requirements</i> [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.

(r) **Category Groups**

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

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

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

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

Primary Health comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

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

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

Note 2: REVENUE

	HSA 2013 \$'000	HSA 2012 \$'000	H&CI 2013 \$'000	H&CI 2012 \$'000	TOTAL 2013 \$'000	TOTAL 2012 \$'000
Revenue from Operating Activities						
Government Grants						
- Department of Health	21,149	20,984	0	0	21,149	20,984
- State Government - Other	523	1,588	0	0	523	1,588
- Commonwealth Government						
- Residential Aged Care Subsidy	6,047	6,561	0	0	6,047	6,561
Total Government Grants	27,719	29,133	0	0	27,719	29,133
Indirect Contributions by Department of Health						
- Insurance	207	64	0	0	207	64
- Long Service Leave	90	(44)	0	0	90	(44)
Total Indirect Contributions by Department of Health	297	20	0	0	297	20
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	1,992	1,570	0	0	1,992	1,570
- Residential Aged Care (refer note 2b)	2,649	3,011	0	0	2,649	3,011
Total Patient and Resident Fees	4,641	4,581	0	0	4,641	4,581
Commercial Activities and Specific Purpose Funds						
Catering	0	0	926	1,029	926	1,029
Laundry	0	0	90	69	90	69
Other	0	0	34	253	34	253
Total Commercial Activities and Specific Purpose Funds	0	0	1,051	1,351	1,051	1,351
Private Practice Recoupment for Use of Hospital Facilities	394	390	0	0	394	390
Loddon Mallee Rural Health Alliance	465	315	0	0	465	315
Other Revenue from Operating Activities	1,200	1,542	0	0	1,200	1,542
Total Revenue from Operating Activities	34,716	35,981	1,051	1,351	35,766	37,332
Revenue from Non-Operating Activities						
Interest and Dividends	0	0	517	684	517	684
Total Revenue from Non-Operating Activities	0	0	517	684	517	684
Capital Purpose Income						
State Government Capital Grants						
- Targeted Capital Works and Equipment	3,740	472	0	0	3,740	472
Residential Accommodation Payments (refer note 2b)	592	0	0	0	592	0
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	0	0	(39)	(38)	(39)	(38)
Donations and Bequests	0	0	85	91	85	91
Total Capital Purpose Income	4,332	472	46	53	4,379	525
Total Revenue (refer note 2a)	39,048	36,453	1,614	2,088	40,662	38,541

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

This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

Note 2a: ANALYSIS OF REVENUE BY SOURCE

	Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2013 \$'000	2013 \$'000	2013 \$'000	2013 \$'000	2013 \$'000
Revenue from Services Supported by Health Services Agreement					
Government Grants	17,519	8,691	857	651	27,719
Indirect Contributions by Department of Health	297	0	0	0	297
Patient and Resident Fees (refer note 2b)	1,992	2,649	0	0	4,641
Recoupment from Private Practice Fees for Use of Hospital Facilities	0	0	0	394	394
Loddon Mallee Rural Health Alliance	0	0	0	465	465
Other Revenue from Operating Activities	1,063	137	0	0	1,200
Capital Purpose Income (refer note 2)	0	0	0	4,332	4,332
Total Revenue from Services Supported by Health Services Agreement	20,872	11,477	857	5,842	39,048
 Revenue from Services Supported by Hospital and Community Initiatives					
Commercial Activities and Specific Purpose Funds	0	0	0	1,016	1,016
Capital Purpose Income (refer note 2)	0	0	0	46	46
Others	0	551	0	0	551
Total Revenue from Services Supported by Hospital and Community Initiatives	0	551	0	1,062	1,614
 TOTAL REVENUE	20,872	12,028	857	6,905	40,662

Indirect Contributions by Health

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

Note 2a: ANALYSIS OF REVENUE BY SOURCE (Continued)

	Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Revenue from Services Supported by Health Services Agreement					
Government Grants	18,413	9,135	901	684	29,133
Indirect Contributions by Department of Health	20	0	0	0	20
Patient and Resident Fees (refer note 2b)	1,570	3,011	0	0	4,581
Recoupment from Private Practice Fees for Use of Hospital Facilities	0	0	0	390	390
Loddon Mallee Rural Health Alliance	0	0	0	315	315
Other Revenue from Operating Activities	1,366	176	0	0	1,542
Capital Purpose Income (refer note 2)	0	0	0	472	472
Total Revenue from Services Supported by Health Services Agreement	21,369	12,322	901	1,861	36,453
 Revenue from Services Supported by Hospital and Community Initiatives					
Commercial Activities and Specific Purpose Funds	0	0	0	1,351	1,351
Capital Purpose Income (refer note 2)	0	0	0	53	53
Others	0	684	0	0	684
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	0	684	0	1,404	2,088
 TOTAL REVENUE	21,369	13,006	901	3,265	38,541

Indirect Contributions by Health

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

NOTE 2b: PATIENT AND RESIDENT FEES

Patient and Resident Fees Raised	2013	2012
Recurrent:	\$'000	\$'000
Acute		
- Inpatients (*)	1,722	1,410
- Other	270	99
Residential Aged Care		
- Generic	2,649	3,011
- Other	0	61
TOTAL RECURRENT	4,641	4,581
 Capital Purpose:		
Residential Accommodation Payments (**)	592	0
 TOTAL CAPITAL	592	0

(*) Compensable payments (such as TAC, WIES and DVA throughput) are excluded.

(**) This includes accommodation charges, interest earned on accommodation bonds and retention amount.

NOTE 2c: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS

	2013	2012
	\$'000	\$'000
Proceeds from Disposal of Non-Current Assets		
- Motor Vehicles	109	117
- Medical Equipment	0	0
- Non Medical Equipment	0	0
Total Proceeds from Disposal of Non-Current Assets	109	117
 Less: Written Down Value of Non-Current Assets Disposed		
- Motor Vehicles	(148)	(154)
- Medical Equipment	0	0
Total Written Down Value of Non-Current Assets Disposed	(148)	(154)
 NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	(39)	(37)

Note 3: EXPENSES

	HSA 2013 \$'000	HSA 2012 \$'000	H&CI 2013 \$'000	H&CI 2012 \$'000	TOTAL 2013 \$'000	TOTAL 2012 \$'000
Employee Expenses						
Salaries and Wages	26,250	25,777	1,548	1,523	27,798	27,300
Work Cover Premium	734	590	44	35	777	625
Long Service Leave	811	641	43	38	853	679
Superannuation	2,530	2,371	149	140	2,680	2,511
Total Employee Expenses	30,324	29,379	1,784	1,736	32,108	31,115
Non Salary Labour Costs						
Fees for Visiting Medical Officers	245	131	0	0	245	131
Agency Costs - Other	186	285	0	0	186	285
Total Non Salary Labour Costs	431	416	0	0	431	416
Supplies and Consumables						
Drug Supplies	270	310	10	12	281	322
Medical, Surgical Supplies and Prosthesis	790	970	0	0	790	970
Pathology Supplies	86	79	0	0	86	79
Food Supplies	848	899	113	120	961	1,019
Total Supplies and Consumables	1,994	2,258	124	132	2,118	2,390
Other Expenses						
Domestic Services and Supplies	345	391	37	42	382	433
Fuel, Light, Power and Water	620	494	60	48	680	542
Insurance costs funded by the Department of Health	207	64	0	0	207	64
Motor Vehicle Expenses	218	100	26	12	244	112
Repairs and Maintenance	375	805	16	35	392	840
Maintenance Contracts	126	176	0	0	126	176
Patient Transport	200	167	0	0	200	167
Bad and Doubtful Debts	42	(90)	0	0	42	(90)
Loddon Mallee Rural Health Alliance	597	542	0	0	597	542
Other Administrative Expenses	1,496	1,685	0	0	1,496	1,685
Audit Fees						
- VAGO - Audit of Financial Statements	22	0	0	14	22	14
- Other Audit Services	24	0	0	0	24	0
Total Other Expenses	4,271	4,334	140	151	4,411	4,485
Expenditure using Capital Purpose Income						
Other Expenses						
- Other	0	0	301	109	301	109
Total Expenditure using Capital Purpose Income	0	0	301	109	301	109
Impairment of Assets						
Depreciation (refer note 4)	0	0	3,956	4,120	3,956	4,120
Finance Costs (refer note 5)	0	0	4	16	4	16
Total Impairment of Assets	0	0	3,960	4,136	3,960	4,136
TOTAL EXPENSES	37,020	36,387	6,308	6,264	43,328	42,651

This note relates to expenditure above the net result line only, and does not reconcile to comprehensive result.

Note 3a: ANALYSIS OF EXPENSE BY SOURCE

	Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2013 \$'000	2013 \$'000	2013 \$'000	2013 \$'000	2013 \$'000
Services Supported by Health Service Agreement					
Employee Expenses	17,144	10,421	1,298	1,461	30,324
Non Salary Labour Costs	431	0	0	0	431
Supplies and Consumables	1,371	537	83	3	1,994
Other Expenses from Continuing Operations	1,744	2,120	137	269	4,271
Total Expenses from Services Supported by Health Services Agreement	20,691	13,078	1,519	1,732	37,020
 Services Supported by Hospital and Community Initiatives					
Employee Expenses	0	0	0	1,784	1,784
Supplies and Consumables	0	0	0	124	124
Other Expenses from Continuing Operations	0	0	0	140	140
Total Expense from Services Supported by Hospital and Community Initiatives	0	0	0	2,047	2,047
 Expenditure using Capital Purpose Income					
Other Expenses	0	0	0	301	301
Total Expenditure using Capital Purpose Income	0	0	0	301	301
 Depreciation (refer note 4)	0	0	0	3,956	3,956
Finance Costs (refer note 5)	0	0	0	4	4
Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives	0	0	0	3,960	3,960
 TOTAL EXPENSES	20,691	13,078	1,519	8,040	43,328

Note 3a: ANALYSIS OF EXPENSE BY SOURCE (Continued)

	Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Services Supported by Health Service Agreement					
Employee Expenses	16,610	10,096	1,258	1,415	29,379
Non Salary Labour Costs	416	0	0	0	416
Supplies and Consumables	1,552	608	94	3	2,257
Other Expenses from Continuing Operations	1,549	1,883	122	239	3,793
Total Expenses from Services Supported by Health Services Agreement	20,127	12,587	1,474	1,657	35,845
Services Supported by Hospital and Community Initiatives					
Employee Expenses	0	0	0	1,736	1,736
Supplies and Consumables	0	0	0	132	132
Other Expenses from Continuing Operations	0	0	0	151	151
Total Expense from Services Supported by Hospital and Community Initiatives	0	0	0	2,019	2,019
Expenditure using Capital Purpose Income					
Other Expenses	0	0	0	651	651
Total Expenditure using Capital Purpose Income	0	0	0	651	651
Depreciation (refer note 4)	0	0	0	4,120	4,120
Finance Costs (refer note 5)	0	0	0	16	16
Sub-total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives	0	0	0	4,136	4,136
TOTAL EXPENSES	20,127	12,587	1,474	8,463	42,651

NOTE 3b: ANALYSIS OF EXPENSES BY INTERNALLY MANAGED AND RESTRICTED SPECIAL PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

	2013 \$'000	2012 \$'000
Commercial Activities		
Catering	923	917
Laundry	531	527
Other	196	195
TOTAL	<u>1,651</u>	<u>1,639</u>

NOTE 4: DEPRECIATION

	2013 \$'000	2012 \$'000
Depreciation		
Buildings	3,303	3,491
Plant and Equipment	532	495
Loddon Mallee Rural Health Alliance	11	16
Motor Vehicles	110	118
TOTAL DEPRECIATION	<u>3,956</u>	<u>4,120</u>

NOTE 5: FINANCE COSTS

	2013 \$'000	2012 \$'000
Interest on Short Term Borrowings	4	16
TOTAL FINANCE COSTS	<u>4</u>	<u>16</u>

NOTE 6: CASH AND CASH EQUIVALENTS

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

	2013 \$'000	2012 \$'000
Cash on Hand	4	3
Cash at Bank	2,645	2,167
TOTAL CASH AND CASH EQUIVALENTS	<u>2,649</u>	<u>2,170</u>

Represented by:

Cash for Health Service Operations (as per cash flow statement)	331	801
Cash for Monies Held in Trust	2,281	1,035
Cash for Loddon Mallee Rural Health Alliance	37	334
TOTAL CASH AND CASH EQUIVALENTS	<u>2,649</u>	<u>2,170</u>

NOTE 7: RECEIVABLES

	2013 \$'000	2012 \$'000
CURRENT		
Contractual		
Trade Debtors	544	512
Patient Fees	464	340
Accrued Investment Income	41	36
Accrued Revenue	81	42
Loddon Mallee Rural Health Alliance Receivables	170	31
Inter Hospital Debtors	0	270
Less Allowance for Doubtful Debts		
- Patient Fees	(2)	(11)
	1,298	1,220
Statutory		
GST Receivable	146	48
Loddon Mallee Rural Health Alliance GST Receivable	7	0
Accrued Income - Commonwealth Aged Care Funding	42	0
Accrued Revenue - Department of Health	0	316
	195	364
TOTAL CURRENT RECEIVABLES	1,493	1,584
NON CURRENT		
Statutory		
Long Service Leave - Department of Health	937	847
TOTAL NON-CURRENT RECEIVABLES	937	847
TOTAL RECEIVABLES	2,429	2,431
(a) Movement in Allowance for doubtful debts		
Balance at beginning of year	10	100
Increase/(decrease) in allowance recognised in profit or loss	(12)	(90)
Balance at end of year	(2)	10

(b) Ageing analysis of contractual receivables

Please refer to note 19(b) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Please refer to note 19(b) for the nature and extent of credit risk arising from contractual receivables.

NOTE 8: INVESTMENTS AND OTHER FINANCIAL ASSETS

	Operating Fund		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
CURRENT				
<i>Term Deposit</i>				
Australian Dollar Term Deposits > 3 months	5,366	5,796	5,366	5,796
TOTAL CURRENT	5,366	5,796	5,366	5,796
TOTAL	5,366	5,796	5,366	5,796
Represented by:				
Health Service Investments	0	0	0	0
Loddon Mallee Rural Health Alliance Investments	243	0	243	0
Monies Held in Trust				
- Patient Monies	0	494	0	494
- Accommodation Bonds (Refundable Entrance Fees)	5,124	4,809	5,124	4,809
- Other	0	493	0	493
TOTAL	5,366	5,796	5,366	5,796

(b) Ageing analysis of other investments and financial assets

Please refer to note 19(b) for the ageing analysis of investments and other financial assets.

NOTE 8: INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

(c) Nature and extent of risk arising from investments and other financial assets

Please refer to note 19(b) for the nature and extent of credit risk arising from investments and other financial assets.

NOTE 9: INVENTORIES

CURRENT

Pharmaceuticals - at cost

Catering Supplies - at cost

Medical and Surgical Lines - at cost

TOTAL INVENTORIES

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

2013	2012
\$'000	\$'000

35	45
----	----

23	37
----	----

92	147
----	-----

150	229
-----	-----

NOTE 10: OTHER CURRENT ASSETS

CURRENT

Prepayments

Loddon Mallee Rural Health Alliance Prepayments

TOTAL OTHER ASSETS

2013	2012
\$'000	\$'000

51	85
----	----

15	12
----	----

66	97
----	----

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Land

- Land at Fair Value

Total Land

2013	2012
\$'000	\$'000

3,391	3,391
-------	-------

3,391	3,391
-------	-------

Buildings

- Buildings Under Construction at cost

2,193	123
-------	-----

- Buildings at cost

Less Accumulated Depreciation

658	505
-----	-----

26	11
----	----

632	494
-----	-----

- Buildings at Fair Value

Less Accumulated Depreciation

110,806	110,805
---------	---------

83,501	80,213
--------	--------

27,304	30,592
--------	--------

Total Buildings

30,129	31,209
--------	--------

Plant and Equipment

- Plant & Equipment Under Construction at cost

125	0
-----	---

- Plant & Equipment Loddon Mallee Rural Health Alliance

9	11
---	----

- Plant and Equipment at fair value

Less Accumulated Depreciation

6,674	5,927
-------	-------

3,962	3,629
-------	-------

2,847	2,309
-------	-------

Total Plant and Equipment

Motor Vehicles

- Motor Vehicles at fair value

Less Accumulated Depreciation

1,146	1,209
-------	-------

541	459
-----	-----

606	750
-----	-----

Total Motor Vehicles

TOTAL

36,972	37,659
--------	--------

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current financial year is set out below.

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2011	3,391	34,299	2,275	706	40,671
Additions	0	401	545	223	1,169
Disposals	0	0	0	(61)	(61)
Depreciation (note 4)	0	(3,491)	(511)	(118)	(4,120)
Balance at 30 June 2012	3,391	31,209	2,309	750	37,659
Additions	0	2,223	1,061	114	3,398
Loddon Mallee Health Alliance	0	0	20	0	20
Disposals	0	0	0	(148)	(148)
Depreciation (note 4)	0	(3,303)	(532)	(110)	(3,946)
Balance at 30 June 2013	3,391	30,129	2,858	606	36,983

Land and buildings carried at valuation

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

The effective date of the valuation is 30 June 2009.

Plant and equipment at fair value

A valuation of Castlemaine Health's plant and equipment was undertaken by management to determine the fair value of the plant and equipment. The effective date of this valuation is 30 June 2013.

NOTE 12: PAYABLES

CURRENT

Contractual

	2013 \$'000	2012 \$'000
Trade Creditors	981	812
Loddon Mallee Rural Health Alliance Payables	45	49
Accrued Expenses - Other	784	455
	<u>1,810</u>	<u>1,316</u>

Statutory

Department of Health	396	0
	<u>396</u>	<u>0</u>

TOTAL PAYABLES

	<u>2,206</u>	<u>1,316</u>
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(a) Maturity analysis of payables

Please refer to Note 19c for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

Please refer to note 19c for the nature and extent of risks arising from contractual payables.

NOTE 13: INTEREST BEARING LIABILITIES

	2013 \$'000	2012 \$'000
CURRENT		
Australian Dollar Borrowings		
- TCV Loan (i)	0	105
Total Australian Dollar Borrowings	<u>0</u>	<u>105</u>
Total Current	<u>0</u>	<u>105</u>
Total Borrowings	<u><u>0</u></u>	<u><u>105</u></u>

(i) Unsecured loans with a weighted average interest rate of 7.2%

Finance costs of the Health Service incurred during the year are accounted for as follows:

Amount of finance costs recognised as expenses	4	15
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Amount of investment revenue earned on borrowed funds that has been deducted from the finance costs incurred	0	0
--	---	---

(a) Maturity analysis of borrowings

Please refer to note 19(c) for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to note 19(c) for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

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

NOTE 14: PROVISIONS

	2013 \$'000	2012 \$'000
Current Provisions		
Employee Benefits (i)		
- unconditional and expected to be settled within 12 months (ii)	4,135	3,948
- unconditional and expected to be settled after 12 months (iii)	<u>2,873</u>	<u>2,743</u>
	7,008	6,691
Provisions related to employee benefit on-costs (i)		
- unconditional and expected to be settled within 12 months (nominal value) (ii)	471	272
- unconditional and expected to be settled after 12 months (present value) (iii)	<u>328</u>	<u>277</u>
	799	549
Total Current Provisions	<u><u>7,807</u></u>	<u><u>7,240</u></u>
Non-Current Provisions		
Employee Benefits (i)	882	1,092
Provisions related to employee benefit on-costs	<u>139</u>	<u>105</u>
Total Non-Current Provisions	<u><u>1,020</u></u>	<u><u>1,197</u></u>
Total Provisions	<u><u>8,828</u></u>	<u><u>8,437</u></u>

NOTE 14: PROVISIONS (Continued)

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and related on-costs

Unconditional Long Service Leave Entitlements	3,393	3,083
Annual Leave Entitlements	2,935	2,647
Accrued Salaries and Wages	1,385	1,403
Accrued Days Off	94	107

Non-Current Employee Benefits and related on-costs

Conditional Long Service Leave Entitlements (iii)	1,020	1,197
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Total Employee Benefits and Related On-Costs

8,828	8,437
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Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

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

(b) Movements in provisions

Movement in Long Service Leave

	2013 \$'000	2012 \$'000
Balance at start of year	4,218	3,848
Provision made during the year		
- Revaluations	(8)	0
- Expense recognising Employee Service	853	370
Settlement made during the year	(650)	0
Balance at end of year	4,414	4,218

NOTE 15: SUPERANNUATION

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

The Health service does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered terms.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Health Service are as follows:

Fund	Paid Contributions for the Year		Outstanding Contributions at Year End	
	2013 \$'000	2012 \$'000	2013 \$	2012 \$
<u>Defined Benefit Plans:</u>				
Health Super	141	151	0	0
<u>Defined Contribution Plans:</u>				
Health Super	1,921	1,890	0	0
HESTA	512	435	0	0
Other	106	35	0	0
Total	2,680	2,511	0	0

NOTE 16: OTHER CURRENT LIABILITIES

CURRENT

Monies Held in Trust*

- Patient Monies Held in Trust
- Accommodation Bonds (Refundable Entrance Fees)
- Other Monies in Trust

2013 2012
\$'000 \$'000

457 494
6,477 5,843
471 493

TOTAL CURRENT

7,404 6,830

*** Total Monies Held in Trust**

Represented by the following assets:

Cash Assets (refer to Note 6)

Investments and other Financial Assets (refer to Note 8)

2,281 1,034
5,124 5,796

TOTAL

7,404 6,830

NOTE 17: EQUITY

2013 2012
\$'000 \$'000

(a) Surpluses

Property, Plant and Equipment Revaluation Surplus ¹

Balance at beginning of the reporting period

- Land
- Buildings
- Plant and Equipment

Revaluation Increment/(Decrement)

- Land
- Buildings
- Plant and Equipment

Balance at the end of the reporting period

2,788 2,788
20,399 20,399
0 0
0 0
0 0
0 0
23,187 23,187

Represented by:

- Land
- Buildings
- Plant and Equipment

2,788 2,788
20,399 20,399
0
23,187 23,187

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

Financial Assets Available-for-Sale Revaluation Surplus

Balance at beginning of the reporting period

Valuation gain / (loss) recognised

Balance at the end of the reporting period

(218) 0
170 (218)
(48) (218)

Restricted Specific Purpose Surplus

Balance at the beginning of the reporting period

Transfer to and from Restricted Specific Purpose Surplus

Balance at the end of the reporting period

10 10
0 0
10 10

Total Surpluses

23,149 22,979

NOTE 17: EQUITY (Continued)

(b) Contributed Capital

Balance at the beginning of the reporting period	21,202	21,202
Capital Contribution received from Victorian Government	0	0
Balance at the end of the reporting period	<u>21,202</u>	<u>21,202</u>

(c) Accumulated Surpluses / (Deficits)

Balance at the beginning of the reporting period	(12,488)	(8,377)
Transfer to and from Restricted Specific Purpose Reserve	0	0
Net Result for the Year	<u>(2,666)</u>	<u>(4,110)</u>
Balance at the end of the reporting period	<u>(15,155)</u>	<u>(12,487)</u>

(d) Total Equity at end of financial year

<u>29,196</u>	<u>31,694</u>
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**NOTE 18: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW)
FROM OPERATING ACTIVITIES**

	2013 \$'000	2012 \$'000
NET RESULT FOR THE YEAR	(2,666)	(4,110)
Non-cash movements		
Depreciation	3,946	4,120
Share of Net Result from Joint Ventures	(102)	0
Movements included in investing and financing activities		
Net (Gain)/Loss from Disposal of Plant and Equipment	39	38
Movements in assets and liabilities		
Change in operating assets & liabilities		
(Increase)/Decrease in Receivables	179	(238)
(Increase)/Decrease in Prepayments	46	(59)
(Increase)/Decrease in Inventories	79	(53)
Increase/(Decrease) in Payables	843	(285)
Increase/(Decrease) in Provisions	391	668
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	<u>2,754</u>	<u>81</u>

NOTE 19: FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

Castlemaine Health's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Accommodation Bonds

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

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

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Health Service.

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

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

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

Categorisation of financial instruments

	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Financial Assets		
Cash and cash equivalents	2,649	2,170
Loans and Receivables	1,298	1,220
Available for Sale	5,366	5,796
Total Financial Assets (i)	9,313	9,186
Financial Liabilities		
At amortised cost	9,214	8,202
Total Financial Liabilities(ii)	9,214	8,202

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

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

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

	Net holding gain/(loss) 2013 \$'000	Net holding gain/(loss) 2012 \$'000
Financial Assets		
Cash and cash equivalents(i)	517	684
Total Financial Assets	517	684
Financial Liabilities		
At amortised cost (ii)	4	16
Total Financial Liabilities	4	16

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

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

(b) Credit Risk

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

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

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

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

NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(b) Credit Risk (continued)

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

	Financial Institutions (AAA credit rating) \$'000	Other (min BBB credit rating) \$'000	Total \$'000
2013			
Financial Assets			
Cash and Cash Equivalents	0	2,649	2,649
Receivables			
- Trade Debtors	0	1,298	1,298
Other Financial Assets			
- Term Deposit	0	5,366	5,366
Total Financial Assets		9,313	9,313
2012			
Financial Assets			
Cash and Cash Equivalents	0	2,170	2,170
Receivables			
- Trade Debtors	0	512	512
- Other Receivables (i)	0	708	708
Other Financial Assets			
- Term Deposit	0	5,796	5,796
Total Financial Assets	0	9,186	9,186

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

Ageing analysis of financial assets as at 30 June

	Carrying Amount \$'000	Not Past due and not impaired \$'000	Less than 1 Month \$'000	Past Due But Not Impaired 1 - 3 Months \$'000	3 Months - 1 Year \$'000	1 - 5 Years \$'000	Impaired Financial Assets \$'000
2013							
Financial Assets							
Cash and Cash Equivalents	2,649	2,649	0	0	0	0	0
Receivables (i)							
- Trade Debtors	1,298	787	218	181	109	3	0
Other Financial Assets							
- Term Deposit	5,366	5,366	0	0	0	0	0
Total Financial Assets	9,313	8,802	218	181	109	3	0
2012							
Financial Assets							
Cash and Cash Equivalents	2,170	2,170	0	0	0	0	0
Receivables (i)	1,220	790	158	272	0	0	0
Other Financial Assets	5,796	5,796	0	0	0	0	0
Total Financial Assets	9,186	8,756	158	272	0	0	0

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

NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(b) Credit Risk (continued)

Contractual financial assets that are neither past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

(c) Liquidity Risk

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

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk as follows:

- Monitoring cashflows and ensuring that maximum funds are available for investment and payment of financial liabilities.

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

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

Maturity analysis of financial liabilities as at 30 June

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
			Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years
			\$'000	\$'000	\$'000	\$'000
2013						
Financial Liabilities						
Payables	1,810	1,810	1,810	0	0	0
Other Financial Liabilities (i)						
- Accommodation Bonds	6,477	6,477	0	0	6,477	0
- Other	927	927	0	0	927	0
Total Financial Liabilities	9,214	9,214	1,810	0	7,404	0
2012						
Financial Liabilities						
Payables	1,316	1,316	1,316	0	0	0
Borrowings	105	105	0	0	105	0
Other Financial Liabilities (i)						
- Accommodation Bonds	5,843	5,843	0	0	5,843	0
- Other	987	987	0	0	987	0
Total Financial Liabilities	8,251	8,251	1,316	0	6,935	0

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

(d) Market Risk

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

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

(d) Market Risk (continued)

Currency Risk

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

Interest Rate Risk

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

Other Price Risk

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

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
2013					
Financial Assets					
Cash and Cash Equivalents	2.85	2,649	0	2,645	4
Receivables (I)					
- Trade Debtors		1,298	0	0	1,298
Other Financial Assets					
- Term Deposit	4.12	2,813	2,813	0	0
- Other Financial Assets	7.13	2,553		2,553	0
Total Financial Assets		9,313	2,813	5,199	1,301
Financial Liabilities					
Payables (I)		1,810	0	0	1,810
Other Financial Liabilities					
- Accommodation Bonds		6,477	0	0	6,477
- Other Liabilities		927	0	0	927
Total Financial Liabilities		9,214			9,214

NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(d) Market Risk (Continued)

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
2012					
Financial Assets					
Cash and Cash Equivalents	2.52	2,170	0	2,170	0
Receivables (i)					
- Trade Debtors		512	0	0	512
- Other Receivables		708	0	0	708
Other Financial Assets					
- Term Deposit	5.36	3,413	3,413	0	0
- Other Financial Assets	6.57	2,383	0	2,383	0
Total Financial Assets		9,186	3,413	4,553	1,220
Financial Liabilities					
Payables (i)		1,316	0	0	1,316
Borrowings	6.40	105	105	0	0
Other Financial Liabilities					
- Accommodation Bonds		5,843	0	0	5,843
- Other Liabilities		987	0	0	987
Total Financial Liabilities		8,251	105	0	8,146

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

Sensitivity Disclosure Analysis

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

- A shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%; and
- A movement of 15% up and down (2012 15%) for the top ASX 200 index.

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

	Carrying Amount \$'000	Interest Rate Risk			
		-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2013					
Financial Assets					
Cash and Cash Equivalents	2,649	(26)	(26)	26	26
Receivables					
- Trade Debtors	1,298	0	0	0	0
Other Financial Assets					
- Term Deposit	2,813	(28)	(28)	28	28
- Other Financial Assets	2,553	(26)	(26)	26	26
Financial Liabilities					
Payables	1,810	0	0	0	0
Other Financial Liabilities					
- Accommodation Bonds	6,477	0	0	0	0
- Other Liabilities	927	0	0	0	0
		(80)	(80)	80	80

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

(d) Market Risk (Continued)

	Carrying Amount \$'000	Interest Rate Risk			
		-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2012					
Financial Assets					
Cash and Cash Equivalents	2,170	(22)	(22)	22	22
Receivables					
- Trade Debtors	512	0	0	0	0
- Other Receivables	708	0	0	0	0
Other Financial Assets					
- Term Deposit	3,413	(34)	(34)	34	34
- Other Financial Assets	2,383	(24)	(24)	24	24
Financial Liabilities					
Payables	1,316	(13)	(13)	13	13
Borrowings	105	(1)	(1)	1	1
Other Financial Liabilities					
- Accommodation Bonds	5,843	(58)	(58)	58	58
- Other Liabilities	987	(10)	(10)	10	10
		(162)	(162)	162	162

(e) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

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

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

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

Comparison between carrying amount and fair value

	Carrying Amount 2013 \$'000	Fair Value 2013 \$'000	Carrying Amount 2012 \$'000	Fair Value 2012 \$'000
Financial Assets				
Cash and Cash Equivalents	2,649	2,649	2,170	2,170
Receivables (i)				
- Trade Debtors	1,298	1,298	512	512
- Other Receivables			708	708
Other Financial Assets				
- Term Deposits	2,813	2,813	3,413	3,413
- Other Financial Assets	2,553	2,553	2,383	2,383
Total Financial Assets	9,313	9,313	9,186	9,186
Financial Liabilities				
Payables	1,810	1,810	1,316	1,316
Borrowings	0	0	105	105
Other Financial Liabilities (i)				
- Accommodation Bonds	6,477	6,477	5,843	5,843
- Other Liabilities	927	927	987	987
Total Financial Liabilities	9,214	9,214	8,251	8,251

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

NOTE 20: COMMITMENTS FOR EXPENDITURE

Castlemaine Health has received a State Government budgeted commitment to fund \$10 Million of re-development of the main hospital building, including a second operating theatre and re-modelled main entrance. As at 30 June 2013 \$2.18 million had been expended.

	2013 \$'000	2012 \$'000
Capital Expenditure Commitments		
<u>Payable</u>		
Land and Buildings	7,800	8,917
Plant and Equipment	440	0
Total Capital Expenditure Commitments	<u>8,240</u>	<u>8,917</u>
 Commitments payable		
Land and Buildings		
Less than 1 year	6,800	4,000
Longer than 1 year but not longer than 5 years	1,000	4,917
Total	<u>7,800</u>	<u>8,917</u>
 Plant and Equipment		
Less than 1 year	440	0
Longer than 1 year but not longer than 5 years	0	0
Total	<u>440</u>	<u>0</u>
 Total capital expenditure commitments	<u>8,240</u>	<u>8,917</u>

NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no known contingent assets or liabilities for Castlemaine Health as at the date of this report.

NOTE 22: OPERATING SEGMENTS

	RAC		ACUTE		OTHER SERVICES	TOTAL	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2012 \$'000
REVENUE							
External Segment Revenue	11,512	12,322	20,872	21,369		0	32,383
Unallocated Revenues		0		0	7,762	4,166	7,762
Total Revenue	11,512	12,322	20,872	21,369	7,762	4,166	40,145
EXPENSES							
External Segment Expenses	(13,078)	(12,587)	(20,691)	(20,127)	0	0	(33,769)
Unallocated Expense		0	0	0	(9,556)	(9,921)	(9,556)
Total Expenses	(13,078)	(12,587)	(20,691)	(20,127)	(9,556)	(9,921)	(43,325)
Net Result from ordinary activities	(1,567)	(265)	181	1,242	(1,794)	(5,755)	(3,180)
Interest Expense	0	0	0	0	(4)	(16)	(4)
Interest Income	517	0	0	0	0	684	517
Net Result for Year	(1,050)	(265)	181	1,242	(1,797)	(5,087)	(2,666)
OTHER INFORMATION							
Segment Assets	21,156	21,488	0	0	0	0	21,156
Unallocated Assets	0	0	0	0	26,478	26,894	26,478
Total Assets	21,156	21,488	0	0	26,478	26,894	47,634
Segment Liabilities	7,546	6,830	0	0	0	0	7,546
Unallocated Liabilities	0	0	0	0	10,892	9,858	10,892
Total Liabilities	7,546	6,830	0	0	10,892	9,858	16,688
Acquisition of property, plant and equipment and intangible assets	0	0	0	0	3,398	1,169	3,398
Depreciation expense	0	0	0	0	3,956	4,120	3,956

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

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

Geographical Segment

Castlemaine Health operates predominantly in the Municipalities of Mt Alexander & Macedon Ranges in the State of Victoria. More than 80% of revenue, net surplus from ordinary activities and segment assets relate to operations in those areas.

NOTE 23: JOINTLY CONTROLLED OPERATIONS AND ASSETS

(i.e. investments accounted for using the proportionate consolidated method)

Name of Entity	Principal Activity	Ownership Interest	
		2013	2012
		%	%
Loddon Mallee Rural Health Alliance	Information Systems	8.24	8.30

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:

	2013	2012
	\$'000	\$'000
Current Assets		
Cash and Cash Equivalents	280	334
Receivables	177	31
Other	15	12
Total Current Assets	<u>472</u>	<u>377</u>
Non Current Assets		
Property Plant and Equipment	9	11
Total Non Current Assets	<u>9</u>	<u>11</u>
Total Assets	<u>481</u>	<u>388</u>
Current Liabilities		
Payables	45	49
Total Current Liabilities	<u>45</u>	<u>49</u>
Total Liabilities	<u>45</u>	<u>49</u>
Net Assets	<u>436</u>	<u>339</u>

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

Revenues		
Operating Activities	329	315
Non-Operating Activities	136	0
Total Revenue	<u>465</u>	<u>315</u>
Expenses		
Information Technology and Administrative Expenses	597	542
Depreciation	11	16
Total Expenses	<u>607</u>	<u>558</u>
Net Result	<u>(142)</u>	<u>(243)</u>

Commitments for Expenditure

There are no commitments for capital expenditure at the date of this report.

Contingent Liabilities and Capital Commitments

There are no contingencies or capital commitments.

NOTE 24a: RESPONSIBLE PERSON DISCLOSURES

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

Responsible Ministers:

The Honourable David Davis, MLC, Minister for Health and Ageing
The Honourable Mary Wooldridge, MLA, Minister for Mental Health

Governing Boards

Mr G Sutherland
Ms L Bower
Mr I McKenzie
Dr L Fitzgerald
Mrs E Grainger
Ms M Simpson
Ms C Wallace
Ms S Fraser
Mr A Sevdalis

Accountable Officers

Mr G Kelly
Mrs R Williams
Mr I Fisher

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999
\$40,000 - \$49,999
\$50,000 - \$59,999
\$80,000 - \$89,999
\$240,000 - \$249,999

Total Numbers

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

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

Other Transactions of Responsible Persons and their Related Parties

Mr R Waller is a director of Waller Realty Pty Ltd which provides property services to Castlemaine Health on normal commercial terms and conditions.

Period
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 30/06/2013
01/07/2012 - 14/09/2012
15/09/2012 - 13/01/2013
14/01/2013 - 30/06/2013

Total Remuneration	
2013	2012
No.	No.
9	12
1	0
1	0
1	0
0	1
12	13
184,477	241,670

2013	2012
\$	\$
0	5

NOTE 24b: EXECUTIVE OFFICER DISCLOSURES

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

\$100,000 - \$109,999
\$110,000 - \$119,999
\$120,000 - \$129,999
\$130,000 - \$139,999
\$140,000 - \$149,999

Total number of executives

Total annualised employee equivalent (AEE)

(Based on working 38 ordinary hours per week over the reporting period)

Total Remuneration

Total Remuneration		Base Remuneration	
2013	2012	2013	2012
No.	No.	No.	No.
0	0	0	1
0	0	0	1
2	0	2	0
1	0	1	0
0	2	0	0
3	2	3	2
385,405	290,902	226,344	226,344

Termination payout amounts have been included in the total remuneration amount for 2012.

NOTE 25: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no events subsequent to the reporting date which require further disclosure.

NOTE 26: ECONOMIC DEPENDENCY

Castlemaine Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health. The Department of Health has provided confirmation that it will continue to provide Castlemaine Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2014.

NOTE 27: GLOSSARY

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense and actual experience

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

NOTE 27: GLOSSARY (Continued)

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia payments

Ex gratia payment is the gratuitous payment of money where no legal obligation exists.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

NOTE 27: GLOSSARY (Continued)

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Investment properties

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

Joint ventures

Joint ventures are contractual arrangements between the Department and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

NOTE 27: GLOSSARY (Continued)

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

