MDHS
Inspiring Health

2017-2018

Annual Report

Contents

Maryborough District Health Service

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Maryborough, Victoria 3465

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Incorporating:

Community Services
PO Box 155
75-87 Clarendon Street
Maryborough, Victoria 3465

Phone: +61 3 5461 0333
Fax: +61 3 5461 4828

Avoca Campus
10 Templeton Street
PO Box 75
Avoca, Victoria 3467

Phone: +61 3 5465 1202
Fax: +61 3 5465 3533

Dunolly Campus
20 Havelock Street
Dunolly, Victoria 3462

Phone: +61 3 5468 2900
Fax: +61 3 5468 1188

Vision, Mission Values

Vision

Healthy Community

Mission

Our vision will be achieved by:

Promoting Health

Providing Optimal Services

Developing Our Workforce

Collaborating Through Partnerships

We Value

Genuine

Being consistently honest, trustworthy and accountable

Respect

This is a reflection in our behaviours, attitudes and words, always being fair honest and caring to those we work with and come in contact with.

Excellence

Only the best by us will do, achieving the highest standards of service and care

Accountability

We consistently do what we say we are going to do by supporting and holding each other to account

Togetherness

Working together to support common values and vision for shared goals

Report of Operations

Establishment of the Health Service

Maryborough District Health Service was established in 1993 under the *Health Services Act 1988*.

Maryborough District Health Service is located across the Local Government Areas of Central Goldfields and Pyrenees Shires in Central Victoria and provides a comprehensive range of services including urgent care, theatre, acute inpatient, residential care, home and community based services to the local population of around 15,000 people.

The main campus is located in Maryborough with other services delivered from the Avoca and Dunolly campuses. The strong clinical and social links that have been developed and nurtured between the three campuses ensure that the community is cared for by trained staff who are committed to high standards of person centred care.

Annual Report

The annual report is a legal document prepared in accordance with the Health Services Annual Reporting Guidelines for 2017-2018 under the *Financial Management Act 1994.*

The Annual Report 2017-2018 includes the Report of Operations and the Financial Report. Appendices report on the five year statistical information and Part B and Part C of the Statement of Priorities

Responsible Ministers
Responsible Ministers for the reporting period

The Honourable Jill Hennessy MLA
Minister for Health

Martin Foley MLA
Minister for Mental Health

Jenny Mikakos MLC
Minister for Families and Children

Services and Programs

Located in Maryborough are acute beds, Urgent Care Centre, Diagnostic Services and Community Services with Allied Health and Community Health. The Dunolly site also includes four acute beds alongside the Nursing home. Community programs are delivered throughout the region managed by MDHS. Aged Care services are delivered at all three campuses along with Social Support at Maryborough and Dunolly. Programs and services are continually monitored and reviewed to ensure they meet expectations and reflect the health care needs of the changing community demographics.

	AVOCA	DUNOLLY	MARYBOROUGH
Inpatient Beds	0	4	28
Residential High Care Beds	19	15	43
Residential Low Care Beds	10	4	0
Respite Beds	1	0	0
Urgent Care Trolleys	0	0	4
Haemodialysis Chairs	0	0	6
Day Surgery Trolleys	0	0	4
Day Surgery Chairs	0	0	6
Transition Care Beds	MDHS provides 2 inpatient TCP beds at either Dunolly or Maryborough and 2 community based places = total of 4 Transition Care Beds		

Clinical Services	Acute - medical/surgical	Allied Health Support for inpatient care	Central Sterilizing Department	Pre-Admission Clinic
	Dialysis	Drug & Alcohol Detoxification	Maternity Services	Urgent Care Centre
	Palliative Care	Theatre – Same day & Overnight	Post-Acute Care	Medical Imaging
Aged Care	Residential	Respite Care	Transition Care Program	
Community Services	District Nursing	Chronic Disease Management	Oral Health services	Health Promotion
	Housing	Occupational Therapy	Physiotherapy	Social Support D
	Speech Pathology	Dietetics	Community Health	Alcohol & Drug
Support Services	Administration	Building Services	Emergency Management	Finance
	Health Information	Hotel Services	Human Resources	Occupational Health & Safety
	Quality & Risk	Staff Education	Student Management	Supply

Statement of Priorities – Part A

The Statement of Priorities - Part B: Performance Priorities and Part C: Activity and Funding can be found in Appendix A of the attached Financial Report.
Five year statistical information will also appear as an appendix.

The Victorian Government's priorities and policy directions are outlined in the Victorian Health Priorities Framework 2012-2022.

In 2017-18 Maryborough District Health Service contributed to the achievement of these priorities by:

GOALS	STRATEGIES	DELIVERABLES	OUTCOME
Better Health	Reduce Statewide Risks	Through the Family Violence Subcommittee host a minimum of two Multi Agency Information Sharing review meetings for cases associated with family violence to ensure services are supporting women and children impacted by family violence.	**ACHIEVED** Through committee working evolved a model of shared information and service coordination supporting women and victims of violence
	Build Healthy Neighborhoods	Continue to embed the Cancer Resource Nurse Role to provide support and education to the community.	**ACHIEVED** Cancer Resource Nurse commenced July, 2017. To date 92 referrals have been received. Look Good Feel Better Workshops ran along with education and exercise sessions facilitated frequently.
	Target health gaps	In partnership with Central Highland Water pursue installation of public drinking fountains for improved access to fluoridated water across the catchment.	**ACHIEVED** MDHS partnered with Central Highlands Water to install 1 external fountain at the front of the Maryborough Campus for community and consumers. Another fountain was installed internally near the Urgent Care Centre waiting area.
		Host Inspiring Health Week in partnership with community groups in March 2018.	**ACHIEVED** MDHS was successful in hosting 5 events in the communities of Avoca and Maryborough. Over 1000 consumers participated. The Opening of the Health and Movement Centre was attended by Ms Jaala Pullford. The Avoca Footy & Food Clinic. An event almost solely run by the community in partnership with MDHS.

		Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	**ACHIEVED** Hospital wide initiative have reduced restrictive practices including policy and procedure alignment.
Better Access		Develop a service model for a Hospital in the Home Program	**ACHIEVED** MDHS undertook a needs assessment, which identified that currently there is inadequate demand for a Hospital in the Home Program.
		Expand surgical services to provide increased access for the local community, inclusive of Saturday theatre lists.	**ACHIEVED** From 1 July 17- 30 June 2018, 36 out of 45 available Saturday sessions were utilised, to support improved procedures locally.
		Through the exploration of visual aides and investigation into suitable spaces. To improve the opportunities for ASTI people to access services at MDHS.	**ACHIEVED** Waiting room for community services is currently under refurbishment, MDHS celebrated NAIDOC week 2017 across 3 campuses.
		Commence the delivery of public chemotherapy services as an outreach service in partnership with Ballarat Health Service.	**ACHIEVED** MDHS in partnership with key stakeholders pursuing collaborative conversations.
Better Care	**Better Care** Put Quality First Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care **Mandatory deliverables against 'Target zero avoidable harm';**	Engage onsite training for the board, management, and staff on bullying and appropriate behaviours through the Custodians of Culture program.	**ACHIEVED** Leaders and management attended a locally developed program based on values and behaviours
		Engage a Workforce Capability and Wellbeing manager.	**ACHIEVED** Full time Workforce Capability and Wellbeing Manager recruited and appointed in August, 2017.
		Consult with consumers regarding the restructure of the Health and Community Collaborative process for improved consumer engagement across all service levels.	**ACHIEVED** MDHS is working with the Health Issues Centre (HIC) to further enhance Standard 2 – partnering with consumers. Partnering with HIC to undertake community consultations to inform to development of a Well Women's model. 400 community survey responses were received.

Better Care	Develop and implement a plan to educate staff about obligations to report patient safety concerns	Develop and implement an education program around “No Blame” and the embedment of a “just culture.	**ACHIEVED** Process implemented whereby standards of behaviour and organisational values are embedded, inclusive of a ‘No Blame Culture’.
	Establish agreements to involve with external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review).	Work with the Loddon Mallee Regional Clinical Council to develop roles of external specialists in clinical reviews in partnership with Bendigo Health and Ballarat Health Service.	**ACHIEVED** Active participation in Regional leadership forums in both Loddon Mallee and Grampians Region. Service engagement with Ballarat Health Service in particular oncology and dialysis service delivery along with pharmacy and medication review support.
	In partnership with consumers, identify 3 priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each.	Utilise Patient Experience Trackers to support actions in response to the Victorian Health Experience Survey data, which will support and enhance discharge planning processes.	**ACHIEVED** Patient Experience process developed and implemented across acute. Plans to further enhance the process by implementing My Rounding across MDHS as a useful engagement tool.
		Establish a Monday to Friday volunteer concierge service to support ease of access into the Health Service.	**ACHIEVED** Welcome Ambassador program implemented at Maryborough Campus effective September, 2017. Volunteers currently are available to assist consumers 6 days a week, with uniforms introduced and marketing to enhance the profile of the volunteer service. Positive patient stories received whereby the service has reduced anxiety, provided support and guidance for consumers visiting or accessing services.
		Implement pre-assessment phone calls prior to the initial assessment for all community based services.	**ACHIEVED** Review completed of current intake model, May 2018. Further enhancement of process has occurred with pre assessment calls commenced for community based clients.

Year in Review

President's Report

The Board of Management (BOM) at Maryborough District Health Service (MDHS) consists of nine community members, with a breadth of professional skills and interests and a demonstrated commitment to the health and wellbeing of our community.

The role of the BOM is to work within the framework of the Health Services Act including:

- Establishing policies for governance;
- Establish reporting frameworks for sound governance models both clinically and at the corporate level;
- Providing strategic direction of the organisation;
- Delegating the operational day-to-day management of the Health Service to the Chief Executive.

The BOM is appointed and accountable to the Minister of Health. The key focus of the Board includes:

- Ensuring effective and efficient management of the Health Service;
- The Provision of high quality care and service delivery;
- Meeting the needs of the community;
- Meeting financial and non-financial performance targets;
- Engaging with the communities linked to Maryborough District Health Service including Avoca, Dunolly and Maryborough;
- Empowering staff to deliver quality service and be satisfied and safe within the workplace.

As President I continue to be overwhelmed with community support for the health service. Across all of our catchment, be it in Avoca, Dunolly or in Maryborough we have enjoyed a year of strong partnership and engagement.

There have been enormous highlights which as a Board we attend with great pride. The opening of the Centre of Inspired Learning and the MDHS Night of Celebrations were two outstanding events for our service.

On behalf of the Board, I thank everyone involved with these events and to those who volunteer across our campuses. I remain overwhelmed at our volunteers, their commitment and dedication to our services and the support they provide is simply inspirational. The auxiliaries and other community groups who so generously fundraise for us I say thank you. This makes an enormous difference to the health service and the community we serve.

This year we have continued on our journey of improved governance systems across the organisation. As a board we must at all times ensure the optimum delivery of service while maintaining a viable business model.

The community can be assured that as a board with our governance systems and with a leadership team driving clinical service delivery of the highest standard, we are a recognised high performing health service. As President, I and all of the Board have great confidence in the systems established and services we provide.

We are incredibly fortunate to have a well-credentialed, exceptional leadership team right across the organisation. Their engagement and team approach is driving the organisation forward with a commitment to on-going improvement. Terry Welch our CEO is an inspiring leader whose vision and drive is reflective of the high performing health service MDHS is today. We thank Terry and the entire staff at MDHS for their service and commitment.

Peter McAllister

Chief Executive's Report

It gives me great pleasure to again provide my Chief Executive Officer report on behalf of the staff at MDHS.

We have enjoyed another tremendous year across all of areas of our service.

Firstly I want to acknowledge our magnificent team of staff. Across all of our areas, I see and enjoy their work and achievements daily as we continue to focus on Inspiring Health for our whole community. Our team live and breathe our values, as we aim to deliver a GREAT service every time.

The year has been filled with many achievements, but none are more satisfying then the incredible improvement in the satisfaction of our patients with our service.

We have grown exponentially, our enhanced service focus couldn't be more demonstrated then the terrific work of clinical services, with a number of key services now six days per week including dialysis and our Saturday Theatre program which has allowed over 400 additional procedures to be completed.

We have had some openings which include: -

- The opening of Wattle Rise; a beautiful morning celebrating the journey of this facility as the Montessori principles have become embedded. The team within this facility are delivering amazing care to our residents and we are aiming to continue to improve this residential community to reflect this care.
- The opening of the Centre of Inspired Learning (CoIL) was a historic day. To have the Victorian Minister for Health - The Hon Jill Hennessy MP, join us to open this centre, plus announce $4.1 million in funding, was an amazing surprise. The upgrade of the Maryborough kitchen (the "Karen Grant" Grant) and the student accommodation will be tremendous projects for MDHS and the community.
- We opened refurbished bathrooms at Avoca which is a great outcome for our residents. We are delighted with the bathrooms and these rooms are now the benchmark standard for our facilities.
- Recently, we opened the Health and Movement Centre. This Centre is proving to be a fantastic addition for clients and staff, while the staff gym model is evolving to try and accommodate as many staff as possible.

I am very proud that the Board of Management has continued the Family Violence subcommittee. This committee, partners with Police and other key service providers to enhance services and response to victims of family violence. This committee is making terrific progress and I am confident will continue to result in greatly improved support and provisions for victims of this disgusting crime.

Throughout the year we have appreciated feedback from our consumers, the people who have used our service. There has been positive feedback for improvements, suggestions of how we can improve and compliments regarding our consumers experience. We welcome such feedback and I hope this continues into the future as we want to continue to learn and improve.

In support of the amazing General Practitioners (GPs) of MDHS, we introduced a Nurse Practitioner model for afterhour's coverage, particularly on the weekends. This has been enormously successful in reducing the demands on our GP's along with terrific clinical advancements.

I am very fortunate to be working with the highly dynamic Board of Management. They have embraced our journey, and provided the support and inspiration to enable us as a health service to achieve so much. I thank the current Board members who donate their time on a voluntary basis to govern our organisation, for their commitment, support and preparedness to challenge the team as we strive for our strategic goals.

I want to acknowledge Bob Osborne, at the end of June Bob retires as board member after 10 amazing years of service. Bob's legacy will be his commitment to community, strong advocacy, governance expertise and an amazing supporter of the health service and staff.

We couldn't do what we do without our amazing volunteers. This year we opened the Welcome Ambassador - concierge desk at the front of the health service. This has been an amazing success where our dedicated volunteers meet people as they present to the service and help them find their way. This service along with the raft of volunteer led services provide just amazing support and engagement across our organisation.

I also want to acknowledge the Department of Health and Human Services both at the Central and Regional office (Loddon Mallee). The support and leadership they provide to us is greatly appreciated.

I thank my colleagues and all staff who make MDHS the vibrant, focused and enjoyable place to work.

Terry Welch

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Maryborough District Health Service for the year ending 30 June 2018.

Peter McAllister
President, Board of Management
Maryborough District Health Service

24 August 2018

Corporate Governance

Board of Management

The Board of Management (BOM) administers Maryborough District Health Service according to established Corporate Governance practices and procedures, which are reviewed regularly. The BOM is responsible for governance and legislative compliance and works within the framework of the *Health Services Act* to establish policies and deliver, within its financial limitations, a strategic direction for the management of Maryborough District Health Service.

Members of the Board of Management are appointed by the Governor-in-Council on the recommendation of the Minister for Health. The usual term of office is three years, with members able to seek re-appointment. Members receive no remuneration for activities associated with the Health Service BOM.

Pecuniary and Conflict of Interest

At the commencement of each Board meeting, members are asked to declare pecuniary and conflict of interest. None were recorded for the year.

Board of Management as at 30 June 2018

President: Peter McAllister
Appointed: 2013
Term of Office: 01.07.16 – 30.06.19

Vice-President: Kelly Mason
B. Comm
Appointed: 2015
Term of Office: 01.07.15 – 30.06.18

Treasurer: Gerard Richmond
BBus,FCPA,MAICD
Appointed: 2016
Term of Office: 01.07.17 – 30.06.20

Member: Robert Osborne
DipAppChem, DipEd(Sec)
Appointed: 2008
Term of Office: 01.07.15 – 30.06.18

Member: Kylie Moloney
BSc,LIB
Appointed: 2015
Term of Office: 01.07.15 – 30.06.18

Member: Kim Lovett
B. Comm
Appointed: 2016
Term of Office: 01.07.17 – 30.06.20

Member: Barbara Hilder
Appointed: 2016
Term of Office: 01.07.16 – 30.06.19

Member: Anthony Snell
MBChB, MRCP, FRACP
Appointed: 2016
Term of Office: 01.07.16 – 30.06.19

Member: Darren Murrell
Appointed: 2010
Term of Office: 01.07.16 – 30.06.19

Audit

The Audit committee is responsible for the operation of the financial and risk management framework of MDHS, the performance and independence of internal auditors and the effectiveness of management and other systems of internal control. The committee also monitors compliance with laws and regulations and its own code of conduct and code of financial practice. HLB Mann Judd has been the appointed Internal Auditor for 2017-2018.

Members:
- Gerard Richmond
- Kim Lovett
- Darren Murrell

Attendees:
- HLB Mann Judd – Internal Auditor
- PPT - VAGO Auditors
- Chief Executive Officer
- Director Finance and Corporate Services

Clinical Governance

The Clinical Governance committee is responsible for ensuring that client services are provided within an organisational wide quality program and culture. This is assured through monitoring, reporting, evaluation and improvement. It ensures that MDHS is compliant with all legal, regulatory and government standards and provides advice on clinical risk management planning processes and progress.

Members:
- Anthony Snell (Chair)
- Kelly Mason (vice Chair)
- Kylie Moloney
- Peter McAllister
- Darren Murrell
- Kim Lovett
- Gerard Richmond
- Robert Osborne
- Barbara Hilder

Attendees:
- Chief Executive Officer
- Director Clinical Services
- Performance Quality & Risk Manager
- Primary Preventative Health Manager

Health & Community Collaborative

The Health & Community Collaborative (HCC), comprising of community representatives, advises the BOM on major strategic issues and initiatives relevant to the health of the community. Members participate in broad strategic planning, policy development processes and act as a conduit with the community, all of which contribute to the advancement of MDHS' services in the community.

Members:
- Robert Osborne (chair)
- Barbara Hilder(vice Chair)
- Peter McAllister

Attendees:
- Chief Executive Officer
- Director Clinical Services
- Performance Quality & Risk Manager
- Manager of Consumer Experience and Organisational Development

Medical Credentialing and Privileging

Meets on a regular basis to review registration and scope of practice of all medical staff. Operates credentialing and scope of practice systems in keeping with industry standards.

Members:
- Director Medical Services, Eric Kennelly (chair)
- Kylie Moloney
- Peter McAllister
- Robert Osborne
- Visiting Medical Officers representatives

Attendees:
- Chief Executive Officer
- Director Clinical Services
- Associate Director of Nursing
- Performance Quality & Risk Manager

Family Violence

The Family Violence committee is a forum for MDHS Board, management and key service providers to enhance services and response to victims of family violence. It ensures systematic improvements and management strategies to mitigate risk of family violence is focus of all agencies involved.

Members:

- Kim Lovett
- Kylie Moloney

Attendees:

- Victoria Police
- Maryborough Rotary
- Centre for Non Violence
- Go Goldfields

Organisational Committees

MDHS has a range of committees to oversee operational business activity and clinical governance for the health service and to provide advice and recommendations to the Board with respect to clinical safety and standards.

Performance Committee

Occupational Health Safety & Environment

Residential Care

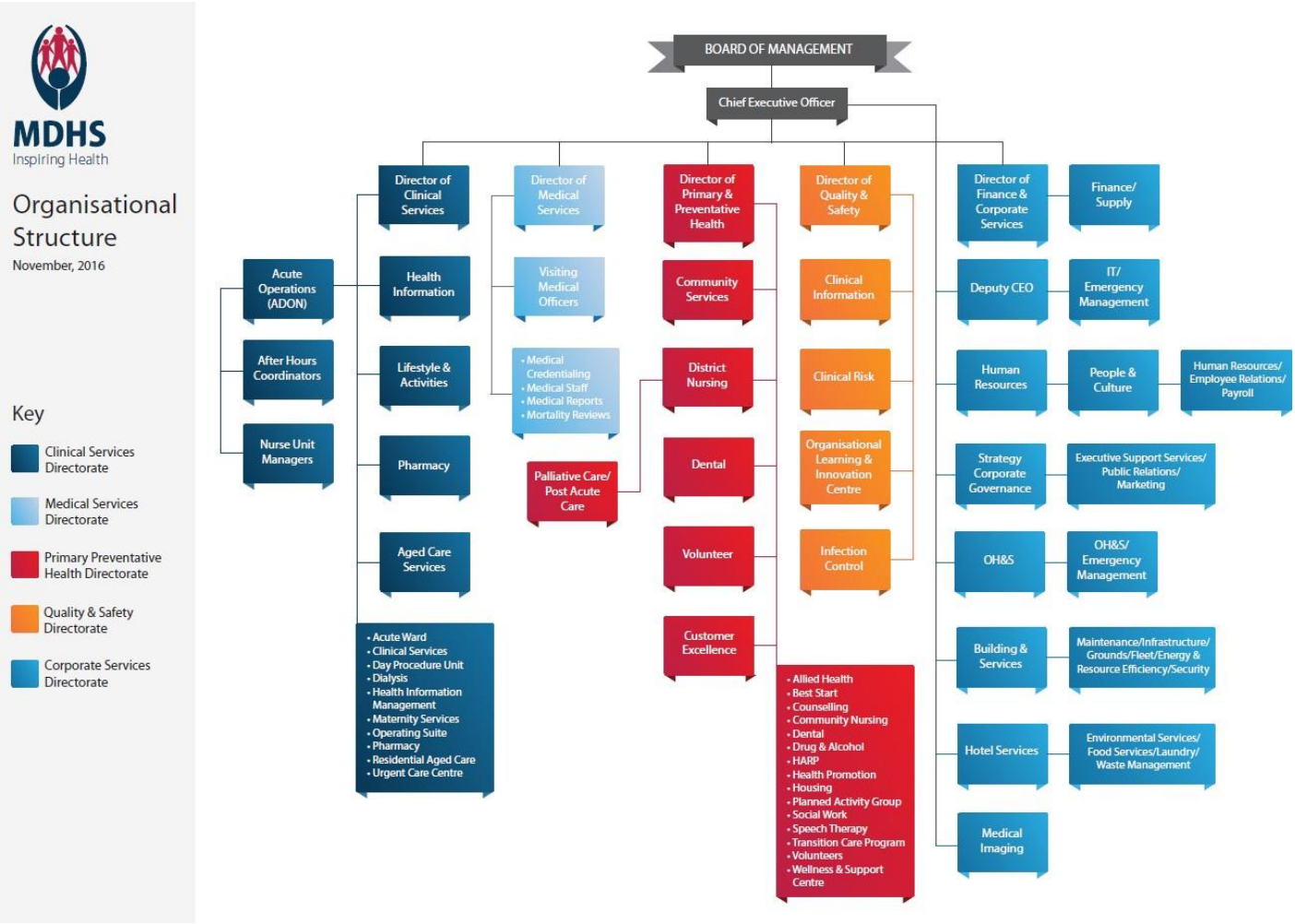
Visiting Medical Officers

Maternity & Obstetrics

Perioperative Governance

Urgent Care Governance

Organisational Chart



Legislative Compliance

Attestation for Financial Management Compliance

I, Peter McAllister on behalf of the Responsible Body, certify that Maryborough District Health Service has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Peter McAllister
Accountable Officer
Maryborough District Health Service

24 August 2018

Attestation for Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Peter McAllister, certify that Maryborough District Health Service has put in place appropriate internal controls and processes to ensure it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Service Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Peter McAllister
Accountable Officer
Maryborough District Health Service

24 August 2018

Attestation for Data Integrity

I, Peter McAllister certify that Maryborough District Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance.
Maryborough District Health Service has critically reviewed these controls and processes during the year.

Peter McAllister
Accountable Officer
Maryborough District Health Service

24 August 2018

Attestation forConflictofInterest

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

Peter McAllister
Accountable Officer
Maryborough District Health Service

24 August 2018

Compliance Information

Building and Maintenance

All building works have been designed in accordance with the Department of Health's Capital Development Guidelines and comply with the *Building Act 1993*, Building Regulations 2006 and Building Code of Australia, relevant at the time of works. All contractors are appropriately qualified. There were no Occupancy Permits issued during the financial year. There were no Building Permits issued during the financial year.

Recognition of Carers

MDHS recognises and values the unique relationship between clients and their carers and operates in an environment responsive to all parties and applies the overarching principles of the *Carer's Recognition Act 2012*.

Safe Patient Care Act 2015

The hospital has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.'

Competitive Neutrality

All competitive neutrality requirements were met in accordance with Government costing policies for public hospitals.

Complaints

MDHS is committed to providing the best quality health care in the region. We value and encourage feedback from patients, clients and their families as well as visitors to our service. In this way we understand how and where we need to improve the way in which we deliver our programs.

This year we received 136 compliments and 42 formal concerns. All issues were satisfactorily resolved within MDHS.

Compliance with DataVic Access Policy

The tables in this Annual Report will be submitted to DataVic to be made available at http://www.data.vic.gov.au/category/health

Declaration of Pecuniary Interest

All necessary declarations have been completed and none reported at Board meetings.

Employment and Conduct Principles

MDHS is an equal opportunity employer and upholds the principles defined in the *Public Administration Act 2004* as to how employees can expect to be treated when applying for jobs, working together, seeking development or resolving disputes. The MDHS Code of Conduct reflects the public sector value of Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human Rights.

Environmental Impacts

MDHS remains committed to improving our environmental impact and strives to provide health care in an environmentally sound and sustainable manner. Our Environmental Sustainability Committee oversees environmental sustainability initiatives such as the installation of 385 solar panels for the Maryborough site producing 100 kW of power. Following the success of this initiative we will look to roll this out to other sites.

Ex-Gratia Payments

There were no ex-gratia payments during the 2017-2018 year.

ICT Costs 2018

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE
The total ICT expenditure incurred during 2017-18 (excluding GST) is $785,994 with the details shown below

Business as Usual (BAU) ICT expenditure Total (excl GST)	Non-Business as Usual ICT Expenditure Total (excl GST)	Operational ICT Expenditure (excl GST)	Capital ICT Expenditure (excl GST)
$890,599	$0	$625,599	$265,000

Car Parking
Maryborough District Health Service complies with the Department of Health and Human Services circular on car parking fees. Maryborough District Health Service does not charge or collect fees for car parking.

Fees
Maryborough District Health Service charges fees in accordance with the Commonwealth Department of Health and Aged Care, the Commonwealth Department of Family Services and the Department of Human Services (Vic) directives, issued under Regulation 8 of the Hospital and Charities (Fees) Regulations 1986, as amended.

Financial Management Act 1994
In accordance with the Direction of the Minister for Finance part 9.1.3 (iv), information requirements have been prepared and are available to the relevant Minister, Members of Parliament and the public on request.

Freedom of Information (FOI)
Access to documents and records held by MDHS may be requested under the *Freedom of Information Act 1982*. Members of the public wishing to access documents can apply in writing to the FOI Principal Officer, Nickola Allan at MDHS. This year 41 requests were received.

Hazardous Substances
The number of hazardous substances held on site has been reviewed and minimised, with risk assessments ongoing to ensure effective control of substances remaining in use. There have been no incidents related to hazardous substances or waste management practices for 2017-18. All staff who come into direct contact with hazardous substances undertake training in the management of these substances.

National Competition Policy
MDHS complied with all government policies regarding competitive neutrality with respect to tender applications.

Occupational Health and Safety
Valuing respect as a core business requirement, staff, visitors and contractors are required to respect themselves and those around them by ensuring they have regard for health and safety.

In line with legislative requirements risks have been identified relating to MDHS' business. A variety of process improvements, mechanical aids and policies and procedures have been implemented to reduce the potential of a staff member or visitor becoming ill or injured at one of the Organisation's campuses.

Utilising the Victorian Health Incident Management System (VHIMS) staff are encouraged to report all incidents and near misses relating to their health and safety whilst at work. Reports from this system are presented to the Occupational Health & Safety Committee and Performance Committee which in turn report to the BOM.

Protected Disclosure Act 2012

The Protected Disclosure Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. MDHS complies with the requirements of the Protected Disclosure Act 2012 and did not receive any disclosures in the 2017-18 financial year.

Privacy

MDHS recognises and is committed to the protection of the privacy of patient, resident, client and staff information. The Health Service has in place policies to ensure compliance with the *Health Records Act (Victoria) 2001*, *Privacy Act 2000* and the *Information Privacy Act 2000*. Patients, residents and clients are informed of their rights on first contact with the health service that all health information collected and medical records held in relation to their treatment is respected and confidentially maintained.

Publications

MDHS publishes a range of publications for consumers that is available on request at all campuses. The range includes information on health promotion, Community Services, the Annual and Quality of Care Report.

Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* aims to ensure that local suppliers can participate in procurement and industry assistance activities across Government, wherever they offer the best value for money. MDHS complies with the requirements of this Act.

Workforce Data

WORKFORCE STASTICICS LABOUR CATEGORY	JUNE CURRENT MONTH FTE		JUNE YEAR TO DATE FULL-TIME EQUIVALENT	
	2017	2018	2017	2018
Nursing	158.28	160.38	149.45	157.91
Administration and Clerical	30.31	31.47	29.49	30.03
Medical Support	15.34	13.18	13.25	14.64
Hotel and Allied Services	49.92	53.3	50.54	50.87
Medical Officers				
Hospital Medical Officers	0.11	0.11	0.11	0.11
Sessional Clinicians				
Ancillary Staff (Allied Health)	21.75	27.93	21.12	26.45

OCCUPATIONAL VIOLENCE STASTISITCS	2017-2018
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per	0
Number of occupational incidents reported	27
Number of occupational incidents reported per 100 FTE	10.60
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.0%

For the purposes of the above statistics the following definitions apply:

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2016-17.

Lost time – is defined as greater than one day.

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

Compliance Disclosure Index

The Annual Report of Maryborough District Health Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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FRD 22H	Purpose, functions, powers and duties	
FRD 22H	Initiatives and key achievements	
FRD 22H	Nature and range of services provided	
Management & Structure		
FRD 22H	Organisational structure	
Financial and other information		
FRD 10A	Disclosure Index	
FRD 11A	Disclosure of ex-gratia payments	
FRD 21C	Responsible person and executive officer disclosures	
FRD 22H	Application and operation of *Protected Disclosure Act 2012*	
FRD 22H	Application and operation of *Carers Recognition Act 2012*	
FRD 22H	Application and operation of *Freedom of Information Act 1982*	
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	
FRD 22H	Details of consultancies over $10,000	
FRD 22H	Details of consultancies under $10,000	
FRD 22H	Employment and conduct principles	
FRD 22H	Information and Communication Technology Expenditure	
FRD 22H	Major changes or factors affecting performance	
FRD 22H	Occupational Violence	
FRD 22H	Operational and budgetary objectives and performance against objectives	
FRD 22H	Summary of the entity's environmental position during the year	
FRD 22H	Significant changes in financial position during the year	
FRD 22H	Statement on National Competition Policy	
FRD 22H	Subsequent events	
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FRD 22H	Additional information available on request	
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and other conduct principles	
FRD 25C	Victorian Industry Participation Policy disclosures	
FRD 29C	Workforce Data disclosures	
FRD 103F	Non-Financial Physical Assets	
FRD 110A	Cash Flow Statements	
FRD 112D	Defined Benefit Superannuation Obligations	
SD 5.2.3	Declaration in report of Operations	
SD 3.7.1	Financial Management Compliance Attestation	
Other requirements under Standing Directions 4.2		
SD 5.2.2	Declaration in financial statements	
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	
SD 5.2.1(a)	Compliance with Ministerial Directions	

Legislation

Freedom of Information Act 1982	19
Protected Disclosure Act 2012	19
Carers Recognition Act 2012	18
Victorian Industry Participation Policy Act 2003	20
Building Act 1993	18
Financial Management Act 1994	19
Safe Patient Care Act 2015	18

FR - Financial Report

Additional information (FRD 22F)

In compliance with the requirements of FRD 22F Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by Maryborough District Health Service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

(a) A statement of pecuniary interest has been completed;

(b) Details of shares held by senior officers as nominee or held beneficially;

(c) Details of publications produced by the Department about the activities of the Health Service and where they can be obtained;

(d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service; (e) Details of any

major external reviews carried out on the Health Service;

(f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;

(g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

(h) Details of major promotional, public relations and marketing activities undertaken by the Board to develop community awareness of the Board and its services;

(i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;

(j) General statement on industrial relations within the Board and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;

(k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;

(l) Details of all consultancies and contractors including consultants/contractors engaged, services provided and expenditure committed for each engagement.

Glossary

ACHS	Australian Council on Healthcare Standards
ACSAA	Aged Care Standards Accreditation Agency
ATSI	Aboriginal and Torres Strait Islander
BHS	Ballarat Health Services
BOM	Board of Management consisting of community members appointed by the Government in Council
Burden of Disease	DOH's comprehensive information on health issues in communities across Victoria and the underlying risk factors
CALD	Culturally and Linguistically Diverse
CGSC	Central Goldfields Shire Council
CPI	Consumer Participation Indicator
CT	Computed Tomography
CVHA	Central Victorian Health Alliance
DHSV	Dental Health Services Victoria
DOH	Department of Health
DOS	Day of Surgery
EGHS	East Grampians Health Service
EQuIP National	Accreditation Program; assessment against 10 National Safety and Quality Health Standards, along with 5 EQuIPNational Standards derived from key elements of the former EQuIP program
ES	Environmental Sustainability
ESWL	Elective Surgery Waiting List
FOI	Freedom of Information
GML	Grampians Medicare Local
GP	General Practitioner
HACC	Home and Community Care
HARP	Hospital Admission Risk Program
HH	Hand Hygiene
HS	Hotel Services
HPV	Health Purchasing Victoria
HSRG	Health Service Reference Group
ICAP	Improving Care for Aboriginal and Torres Strait Islander Patients
ICT / IT	Information Communications Technology / Information Technology
KPI	Key Performance Indicator
LMMML	Loddon Mallee Murray Medicare Local
LMR	Loddon Mallee Region
LOS	Length of Stay
LSOP / BCOP	Long Stay Older Persons / Better Care for Older People
MDHS	Maryborough District Health Service
MEC	Maryborough Education Centre
PAC	Post-Acute Care
PCP	Primary Care Partnership
RAC	Residential Aged Care
RPFANC	Regional Patient Flow and Nursing Collaborative
RPHS	Rural Primary Health Services
SSA	**State Services Authority**
SRH	Stawell Regional Health
TCP	Transition Care Program
UCC	*Urgent Care Centre*
VCAL	Victorian Certificate of Applied Learning
VHIMS	Victorian Health Incident Management System
VICNISS	Healthcare Associated Infection Surveillance System
VMIA	Victorian Managed Insurance Authority
VMO	Visiting Medical Officer
VPSM	Victorian Patient Satisfaction Monitor
WIES	Weighted Inlier Equivalent Separations
WoSSP	Whole of System Student Placement Program

Donations

Each year we receive generous contributions through donations, sponsorships, bequests and philanthropic grants. We thank the numerous community members and organisations who have made a donation to Maryborough District Health Service this year.

Centre of Inspired Learning (COIL)

In February 2018, Maryborough District Health Service celebrated the official opening of the Centre of Inspired Learning. The Centre of Inspired Learning is a state of the art simulation centre, providing opportunities for education through simulation. The Avoca Community Bank Maryborough Branch St Arnaud Agency kindly donated $30,000 to the development. We would not have been able to complete this project without their continued support.

MDHS Charity Golf Day

Maryborough District Health Service in conjunction with its major sponsor, True Foods, held their annual Charity Golf Day. Over $25,000 was raised with funds used to purchase new simulation equipment for COIL and for use across the health service. We thank True Foods and all the hole sponsors for another successful event.

Major Community Supporters

We also wish to thank the following supporters throughout the year:

- Avoca , Dunolly and Maryborough Auxiliaries
- Maryborough IGA
- Maryborough Senior Citizens Club
- Maryborough Probus
- Rheola Charity Carnival

Thank you to all our donors who made a contribution during the year to support the Health Service in delivering care to our community.

APPENDIX A

Statement of Priorities Part B

Financial sustainability

KEY PERFORMANCE INDICATOR	TARGET	2017-2018 ACTUALS
Annual Operating Result ($)	0	($440,000)
Trade Creditors	<60 days	47 days
Patient Fee debtors	<60 days	23 days
Adjusted current asset ratio	0.7	1.10
Days of available cash	14 days	45.1 days

Service performance

OPERATING RESULT	TARGET	2017-2018 ACTUALS
WIES (public & private) performance to target	2783	2,765

QUALITY AND SAFETY	TARGET	2017-2018 ACTUALS
Health Service accreditation	Full Compliance	Full Compliance
Cleaning standards	Full Compliance	Full Compliance
Healthcare worker immunization – Influenza (%)	75%	88%
Hand Hygiene Australia program	80%	87%
Victorian Healthcare Experience Survey – patient experience	95% positive experience	98%
Victorian Healthcare Experience Survey- discharge care	75% positive experience	82%

PATIENT EXPERIENCEES AND OUTCOMES	TARGET	2017-2018 ACTUALS
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – patient experience (Q1)	95% positive experience	99%
Victorian Healthcare Experience Survey – patient experience (Q2)	95% positive experience	97%
Victorian Healthcare Experience Survey – patient experience (Q3)	95% positive experience	99%
Victorian Healthcare Experience Survey – discharge care (Q1)	75% positive experience	79%
Victorian Healthcare Experience Survey – discharge care (Q2)	75% positive experience	81%
Victorian Healthcare Experience Survey – discharge care (Q3)	75% positive experience	86%

GOVERNANCE, LEDERSHIP & CULTURE	TARGET	2017-2018 ACTUALS
People Matter Survey - percentage of staff with a positive response to safety culture questions	80%	86%

Statement of Priorities Part C

ACTIVITY WEIGHTED INLIER EQUIVALENT SEPARATIONS (WIES)	2017-2018 ACTIVITY ACHIEVEMENT
WIES Public	2,480
WIES Private	285
WIES DVA	62
WIES TAC	2
Other Admitted	0
Subacute, Non-Acute Admitted & Aged Care	
Maintenance Public	12
Health Independence Program	1193
Residential Aged Care	31036
HACC	18348
Primary Health	
Community Health/ Primary Care Programs	12795

The changes arising in the WIES funding model following the introduction of AR-DRG version 8 in 2016-17 have impacted Maryborough District Health Services' ability to recognise WIES activity in 2017-18.

The department has acknowledged these issues at a system level and provided assurances around minimum funding levels throughout 2017-18.

MDHS
Inspiring Health

Maryborough District Health Service

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75-87 Clarendon Street
Maryborough, Victoria 3465

Phone: +61 3 5461 0333
Fax: +61 3 5461 4480

mdhs@mdhs.vic.gov.au

mdhs.vic.gov.au

If the financial report is not attached and you would like a copy, please contact MDHS on 5461 0333.

MDHS
Inspiring Health

2017-
2018

Financial Report

Contents

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Dunolly, Victoria 3462

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Maryborough District Health Service

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of Maryborough District Health Service at 30 June 2018.

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

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

Peter Mcallister	Terrence Welch	Laura Martin
Chairperson	Chief Executive Officer	Chief Finance & Accounting Officer
Maryborough	Maryborough	Maryborough
24/08/2018	24/08/2018	24/08/2018

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Maryborough District Health Service

Opinion	I have audited the financial report of Maryborough District Health Service (the health service) which comprises the: • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
27 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

Maryborough District Health Service
Comprehensive Operating Statement
For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue from operating activities	**2.1**	37,859	35,036
Revenue from non-operating activities	**2.1**	196	210
Employee expenses	**3.1**	(28,244)	(25,393)
Non salary labour costs	**3.1**	(3,583)	(3,270)
Supplies and consumables	**3.1**	(2,251)	(2,087)
Other expenses	**3.1**	(4,417)	(4,218)
Net Result Before Capital and Specific Items		(440)	278
Capital purpose income	**2.1**	1,439	1,324
Expenditure for capital purpose	**3.1**	(60)	(29)
Depreciation	**4.4**	(3,048)	(2,966)
Net Result After Capital and Specific Items		(2,109)	(1,393)
Other Economic Flows Included in Net Result			
Net gain/(loss) on non-financial assets	**7.2**	(3)	(9)
Revaluation of long service leave	**3.2**	12	175
Total Other Economic Flows Included in Net Result		9	166
NET RESULT FOR THE YEAR		**(2,100)**	**(1,227)**
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	**8.1a**	-	-
Total Other Comprehensive Income		-	-
COMPREHENSIVE RESULT		**(2,100)**	**(1,227)**

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

Maryborough District Health Service
Balance Sheet
As at 30 June 2018

	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	**6.1**	6,864	5,789
Receivables	**5.1**	1,128	1,433
Investments and other financial assets	**4.1**	2,069	3,473
Inventories	**5.2**	31	28
Prepayments and other assets	**5.4**	682	544
Total current assets		10,774	11,267
Non-current assets			
Receivables	**5.1**	1,123	915
Property, plant and equipment	**4.2**	37,437	38,057
Investment properties	**4.4**	764	751
Total non-current assets		39,324	39,723
TOTAL ASSETS		50,098	50,990
Current liabilities			
Payables	**5.5**	1,967	1,547
Provisions	**3.2**	6,728	6,413
Other current liabilities	**5.3**	4,511	4,101
Total current liabilities		13,206	12,061
Non-current liabilities			
Provisions	**3.2**	554	491
Total non-current liabilities		554	491
TOTAL LIABILITIES		13,760	12,552
NET ASSETS		**36,338**	**38,438**
EQUITY			
Property, plant and equipment revaluation surplus	**8.1a**	22,551	22,551
Restricted specific purpose surplus	**8.1b**	486	486
Contributed capital	**8.1b**	13,776	13,776
Accumulated surpluses	**8.1c**	(475)	1,625
TOTAL EQUITY	**8.1d**	**36,338**	**38,438**
Commitments	**6.2**		
Contingent assets and contingent liabilities	**7.2**		

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

Maryborough District Health Service
Statement of Changes in Equity for the year ended 30 June 2018

	Note	Property, plant & equipment revaluation surplus $'000	Restricted specific purpose surplus $'000	Contribution by owners $'000	Accumulated surpluses/ (deficits) $'000	Total $'000
Balance at 1 July 2016		22,551	486	13,776	2,852	39,665
Net result for the year		-	-	-	(1,227)	(1,227)
Other comprehensive income for the year	**8.1a**	-	-	-	-	-
Balance at 30 June 2017		**22,551**	**486**	**13,776**	**1,625**	**38,438**
Net result for the year		-	-	-	(2,100)	(2,100)
Other comprehensive income for the year	**8.1a**	-	-	-	-	-
Balance at 30 June 2018		**22,551**	**486**	**13,776**	**(475)**	**36,338**

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

Maryborough District Health Service
Cash Flow Statement
For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		31,425	29,356
Capital grants from government		1,298	1,153
Patient and resident fees received		2,862	2,656
Private practice fees received		1,483	1,417
Capital donations and bequests received		128	175
GST received from/(paid to) ATO		30	(58)
Interest received		210	202
Other receipts		2,175	1,062
Total receipts		**39,611**	**35,963**
Employee expenses paid		(28,071)	(24,706)
Non-salary labour costs		(3,583)	(3,281)
Payments for supplies and consumables		(2,254)	(2,093)
Other payments		(4,011)	(4,508)
Total payments		**(37,919)**	**(34,588)**
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	**8.2**	**1,692**	**1,375**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from/(purchase of) investments		1,402	(1,641)
Payments for non-financial assets		(2,493)	(1,340)
Proceeds from sale of non-financial assets		62	85
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(1,029)**	**(2,896)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		663	(1,521)
Cash and cash equivalents at beginning of financial year		1,690	3,211
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**6.1**	**2,353**	**1,690**

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

BASIS OF PRESENTATION

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparing these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions, contributions by owners* (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the health service.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contribution by owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to owners.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Maryborough District Health Service Service (ABN 44 836 142 460) for the year ended 30 June 2018. 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 Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB101 *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.

Maryborough District 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 Maryborough District Health Service on 22nd August 2018.

(b) Reporting Entity

The financial statements include all the controlled activities of Maryborough District Health Service.

Its principal address is:
75-87 Clarendon Street
Maryborough VIC 3465

A description of the nature of Maryborough District Health Service'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

Maryborough District Health Service's overall objective is to provide outstanding local care, as well as improve the quality of life to Victorians.

Maryborough District Health Service is predominately funded by accrual based grant funding for the provision of outputs.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis.

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

All amounts shown in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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.

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.3 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.3 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.2 Employee Benefits in the Balance Sheet)

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 Australian Taxation Office (ATO). 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 ATO 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 ATO, are presented as operating cash flow.

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

(d) Principles of Consolidation

Intersegment Transactions

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Maryborough District Health Service recognises in the financial statements:

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

Maryborough District Health Service is a Member of the Loddon Mallee Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.9)

Note 2: Funding Delivery of Our Services

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

To enable the hospital to fulfil its objective it receives income based on parliamentary appropriations. The hospital also receives income from the supply of services.

Structure
2.1 Analysis of Revenue by Source

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 $'000	Non Admitted 2018 $'000	EDS 2018 $'000	RAC 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other* 2018 $'000	Total 2018 $'000
Government Grants	16,150	751	1,784	8,089	1,070	2,588	900	31,332
Indirect Contributions by Department of Health and Human Services	235	-	-	-	-	-	-	235
Patient and Resident Fees	318	124	-	2,178	95	22	12	2,749
Private Practice and Other Patient Activities Fees	-	-	-	-	-	-	1,483	1,483
Property Income	33	-	-	1	-	-	260	294
Catering	-	-	-	-	-	-	54	54
Loddon Mallee Rural Health Alliance	-	-	-	-	-	-	519	519
Other Revenue from Operating Activities	921	27	1	2	-	220	22	1,193
Total Revenue from Operating Activities	**17,657**	**902**	**1,785**	**10,270**	**1,165**	**2,830**	**3,250**	**37,859**
Interest and Dividends	-	-	-	-	-	-	196	196
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**196**	**196**
Capital Purpose Income	-	-	-	-	-	-	141	141
Capital Grants	-	-	-	-	-	-	1,298	1,298
Net Gain/(Loss) on Non-Financial Assets	-	-	-	-	-	-	(3)	(3)
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**1,436**	**1,436**
Total Revenue	**17,657**	**902**	**1,785**	**10,270**	**1,165**	**2,830**	**4,882**	**39,491**

Note 2.1: Analysis of Revenue by Source (Continued)

	Admitted Patients 2017 $'000	Non Admitted 2017 $'000	EDS 2017 $'000	RAC 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	Other* 2017 $'000	Total 2017 $'000
Government Grants	14,709	705	1,751	7,743	1,152	2,584	795	29,439
Indirect Contributions by Department of Health and Human Services	132	-	-	-	-	-	-	132
Patient and Resident Fees	369	117	-	2,096	68	23	21	2,694
Private Practice and Other Patient Activities Fees	-	-	-	-	-	-	1,417	1,417
Property Income	28	-	-	-	-	-	247	275
Catering	-	-	-	-	-	-	55	55
Loddon Mallee Rural Health Alliance	-	-	-	-	-	-	509	509
Other Revenue from Operating Activities	267	42	1	6	-	173	26	515
Total Revenue from Operating Activities	**15,505**	**864**	**1,752**	**9,845**	**1,220**	**2,780**	**3,070**	**35,036**
Interest and Dividends	-	-	-	-	-	-	210	210
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**210**	**210**
Capital Purpose Income	-	-	-	-	-	-	171	171
Capital Grants	-	-	-	-	-	-	1,153	1,153
Net Gain/(Loss) on Non-Financial Assets	-	-	-	-	-	-	(9)	(9)
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**1,315**	**1,315**
Total Revenue	**15,505**	**864**	**1,752**	**9,845**	**1,220**	**2,780**	**4,595**	**36,561**

* Other Programs include Commercial Activities, Special Purpose Funds, Joint Venture Alliance results and Capital.
The Department of Health and Human Services makes certain payments on behalf of the Health Service.
These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

Revenue Recognition
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 Maryborough District Health Service and the income can be reliably measured at fair value. 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.

Note 2.1: Analysis of Revenue by Source (Continued)

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017.

Patient and Resident Fees

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

Private Practice Fees

Private Practice fees are recognised as revenue at the time invoices are raised.

Revenue from Commercial Activities

Revenue from commercial activities such as provision of meals to external users is recognised on an accrual basis.

Donations and Other Bequests

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

Interest Revenue

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

Sale of Investments

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

Other Income

Other income includes recoveries, sundry sales and minor facility charges.

Category Groups

Maryborough District Health Service has used the following category groups for reporting purposes for the current and previous financial years.

- **Admitted Patient Services (Admitted Patients)** comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.
- **Non Admitted Services** comprises acute and subacute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.
- **Emergency Department Services (EDS)** comprises all emergency department services.
- **Aged Care** comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.
- **Primary, Community and Dental Health** comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.
- **Residential Aged Care including Mental Health (RAC incl. Mental Health)** referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the department 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 not reported elsewhere - (Other)** comprises 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, 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 3: The Cost of Delivering Services

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

Structure

3.1 Analysis of Expenses by Source
3.2 Employee Benefits in the Balance Sheet
3.3 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 $'000	Outpatients 2018 $'000	EDS 2018 $'000	RAC 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other* 2018 $'000	Total 2018 $'000
Employee Expenses	13,592	784	1,419	7,896	1,413	2,088	1,052	28,244
Other Operating Expenses								
Non Salary Labour Costs	1,231	576	273	463	19	2	1,019	3,583
Supplies and Consumables	1,549	47	136	407	28	16	68	2,251
Medical Indemnity Insurance	328	-	-	-	-	-	-	328
Fuel, Light, Power and Water	385	-	-	158	-	-	5	548
Repairs and Maintenance	528	14	17	251	11	34	132	987
Other Expenses from Continuing Operations	2,280	5	8	97	17	90	57	2,554
Total Expenditure from Operating Activities	**19,893**	**1,426**	**1,853**	**9,272**	**1,488**	**2,230**	**2,333**	**38,495**
Expenditure for Capital Purposes	-	-	-	-	-	-	60	60
Depreciation (refer to Note 4.3)	-	-	-	-	-	-	3,048	3,048
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**3,108**	**3,108**
Total Expenses	**19,893**	**1,426**	**1,853**	**9,272**	**1,488**	**2,230**	**5,441**	**41,603**

	Admitted Patients 2017 $'000	Outpatients 2017 $'000	EDS 2017 $'000	RAC 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	Other* 2017 $'000	Total 2017 $'000
Employee Expenses	11,522	565	1,409	7,660	1,272	1,949	1,016	25,393
Other Operating Expenses								
Non Salary Labour Costs	1,787	208	21	525	-	7	722	3,270
Supplies and Consumables	1,438	31	150	267	30	23	148	2,087
Medical Indemnity Insurance	291	-	-	-	-	-	-	291
Fuel, Light, Power and Water	292	-	-	130	-	-	7	429
Repairs and Maintenance	473	17	12	201	1	11	143	858
Other Expenses from Continuing Operations	2,327	14	23	98	20	119	39	2,640
Total Expenditure from Operating Activities	**18,130**	**835**	**1,615**	**8,881**	**1,323**	**2,109**	**2,075**	**34,968**
Expenditure for Capital Purposes	-	-	-	-	-	-	29	29
Depreciation (refer to Note 4.3)	-	-	-	-	-	-	2,966	2,966
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**2,995**	**2,995**
Total Expenses	**18,130**	**835**	**1,615**	**8,881**	**1,323**	**2,109**	**5,070**	**37,963**

* Other Programs include Commercial Activities, Special Purpose Funds, Joint Venture Alliance results and Capital.

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

Note 3.1: Analysis of Expenses by Source (Continued)

Employee Expenses

Employee expenses include:

- Wages and salaries;
- Fringe benefits tax;
- 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.

Grants and Other Transfers

These 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 expensed when distributed.

• 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.

Net Gain / (Loss) on Non-Financial Assets

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

• Revaluation gain/ (losses) of non-financial physical assets (Refer to Note 4.2 Property, Plant and Equipment)

• Net gain/(loss) on disposal of Non-Financial Assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes:

• Revaluation gain/ (losses) of non-financial physical assets (Refer to Note 4.2 Property, Plant and Equipment)

• Net gain/(loss) on disposal of Non-Financial Assets

Note 3.1: Analysis of Expenses by Source (Continued)

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired.
Refer to Note 4.1 *Investments and other financial assets.*

Other Gains/(Losses) from Other Economic Flows

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Derecognition of financial liabilities

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

Financial Guarantee

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

Note 3.2: Employee Benefits in the Balance Sheet

	2018 $'000	2017 $'000
CURRENT		
Employee Benefits (i)		
Annual Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	2,098	1,952
Accrued Wages and Salaries		
- unconditional and expected to be settled wholly within 12 months (ii)	390	310
Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months (ii)	90	75
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	300	300
- unconditional and expected to be settled wholly after 12 months (iii)	3,194	3,092
	6,072	**5,729**
Provision Related to Employee Benefit On-Costs		
- unconditional and expected to be settled wholly within 12 months (ii)	295	295
- unconditional and expected to be settled wholly after 12 months (iii)	361	389
	656	**684**
TOTAL CURRENT PROVISIONS	**6,728**	**6,413**
NON CURRENT		
Employee Benefits (i)	494	433
Provisions Related to Employee Benefit On-Costs	60	58
TOTAL NON CURRENT PROVISIONS	**554**	**491**

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

(a) Employee Benefits and Related On-Costs

CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Annual Leave Entitlements	2,329	2,186
Accrued Wages and Salaries	390	310
Accrued Days Off	90	75
Unconditional Long Service Leave Entitlements	3,919	3,842
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional Long Service Leave Entitlements (iii)	554	491
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**7,282**	**6,904**

Note 3.2: Employee Benefits in the Balance Sheet (Continued)

b) Movements in Provision

	2018 $'000	2017 $'000
Movement in Long Service Leave:		
Balance at start of year	4,333	4,099
- Revaluations	(12)	(175)
- Expense recognising employee service	641	826
Settlement made during the year	(489)	(417)
Balance at end of year	**4,473**	**4,333**

Employee Benefit Recognition

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

Provisions

Provisions are recognised when 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 liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

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

Wages and Salaries, Annual Leave and Accrued Days Off

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

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

- Undiscounted value – if Maryborough District Health Service expects to wholly settle within 12 months; or
- Present value – if Maryborough District Health Service does not expect to wholly settle within 12 months.

Note 3.2: Employee Benefits in the Balance Sheet (Continued)

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

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

Termination Benefits

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

On-Costs Related to Employee Expense

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

Note 3.3: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Defined benefit plans (i):				
Health Super	-	23	-	-
Defined contribution plans:				
Health Super	2,316	1,683	-	-
HESTA	-	418	-	-
Total	2,316	2,124	-	-

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

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.

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.

Maryborough District 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 items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service.

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

Note 4: Key Assets to Support Service Delivery

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

Structure

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Total	Total
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
CURRENT				
Loans and Receivables				
Term Deposits				
Australian Dollar Term Deposits > 3 Months (i)	2,069	3,473	2,069	3,473
Total Current	**2,069**	**3,473**	**2,069**	**3,473**
Represented by:				
Health Service Investments	1,786	3,203	1,786	3,203
Accommodation bonds	-	2	-	2
Joint Venture Investments	283	268	283	268
TOTAL	**2,069**	**3,473**	**2,069**	**3,473**

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

Note 4.1 Investment Recognition

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 as loans, receivables and cash financial assets.

The Health Service classifies its other financial assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset.
The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Maryborough District Health Service investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management.

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

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.

Note 4.1: Investments and Other Financial Assets (Continued)

Impairment of Financial Assets

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

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense.
Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows in the net result.

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	2018 $'000	2017 $'000
Land		
- Land at Fair Value	767	767
Total Land	**767**	**767**
Buildings		
- Buildings Under Construction at Cost	127	296
- Buildings at Fair Value	41,649	41,396
- Less Accumulated Depreciation	9,580	7,233
Total Buildings	**32,196**	**34,459**
Plant and Equipment		
- Plant and Equipment at Fair Value	1,356	830
- Less Accumulated Depreciation	481	403
Total Plant and Equipment	**875**	**427**
Medical Equipment		
- Medical Equipment at Fair Value	4,700	3,262
- Less Accumulated Depreciation	2,226	1,844
Total Medical Equipment	**2,474**	**1,418**
Computers and Communications		
- Computers and Communication at Fair Value	841	580
- Less Accumulated Depreciation	519	421
Total Computers and Communications	**322**	**159**
Furniture and Fittings		
- Furniture and Fittings at Fair Value	988	816
- Less Accumulated Depreciation	415	342
Total Furniture and Fittings	**573**	**474**
Motor Vehicles		
- Motor Vehicles at Fair Value	423	510
- Less Accumulated Depreciation	193	157
Total Motor Vehicles	**230**	**353**
TOTAL PROPERTY PLANT AND EQUIPMENT	**37,437**	**38,057**

Note 4.2: Property, Plant and Equipment (Continued)

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

	Land $'000	WIP $'000	Buildings $'000	Plant and Equipment $'000	Medical Equipment $'000	Computers and Commnctns $'000	Furniture and Fittings $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2016	**767**	**18**	**36,265**	**448**	**1,288**	**188**	**459**	**344**	**39,777**
Additions	-	278	283	62	416	52	84	170	1,345
LMRHA additions	-	-	-	(5)	-	-	-	-	(5)
Disposals	-	-	-	(2)	(5)	(2)	(2)	(83)	(94)
Depreciation (refer Note 4.4)	-	-	(2,385)	(76)	(281)	(79)	(67)	(78)	(2,966)
Balance at 30 June 2017	**767**	**296**	**34,163**	**427**	**1,418**	**159**	**474**	**353**	**38,057**
Additions	-	-	84	490	1,438	265	172	11	2,460
LMRHA additions	-	-	-	33	-	-	-	-	33
Transfer between Classes	-	(169)	169	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	(65)	(65)
Depreciation (refer Note 4.4)	-	-	(2,347)	(75)	(382)	(102)	(73)	(69)	(3,048)
Balance at 30 June 2018	**767**	**127**	**32,069**	**875**	**2,474**	**322**	**573**	**230**	**37,437**

Note 4.2: Property, Plant and Equipment (Continued)

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

The effective date of the valuation is 30 June 2014.

In compliance with FRD 103F, in the year ended 30 June 2018, Maryborough District Health Service management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2018.

There was no material financial impact on change in fair value of land or buildings for the year ended 30 June 2018.

Managerial Revaluation
Managerial assessments were conducted of plant and equipment including motor vehicles with reference to existing second-hand markets or obtaining equivalent asset depreciated replacement costs. Management have concluded the current depreciated replacement cost is an accurate representation of fair value at 30 June 2018.

(c) Fair value measurement hierarchy for assets	**Carrying amount as at 30 June 2018**	**using:** Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value				
Specialised land	767	-	-	767
Total of land at fair value	767	-	-	767
Buildings at fair value				
Specialised buildings	32,069	-	-	32,069
Total of building at fair value	32,069	-	-	32,069
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	230	-	230	-
- Plant and equipment	875	-	-	875
- Computer and Communications	322	-	-	322
- Furniture and Fittings	573	-	-	573
Total of plant, equipment and vehicles at fair value	2,000	-	230	1,770
Medical equipment at fair value	2,474	-	-	2,474
Total medical equipment at fair value	2,474	-	-	2,474

(i) Classified in accordance with the fair value hierarchy
(ii) Vehicles are categorised to Level 2 assets as a market approach is appropriate for vehicles with an active resale market available.

There have been no transfers between levels during the period.

Note 4.2: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets (Continued)

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
	$'000	$'000	$'000	$'000
Land at fair value				
Specialised land	767	-	-	767
Total of land at fair value	767	-	-	767
Buildings at fair value				
Specialised buildings	34,163	-	-	34,163
Total of building at fair value	34,163	-	-	34,163
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	353	-	353	-
- Plant and equipment	427	-	-	427
- Computer and Communications	159	-	-	159
- Furniture and Fittings	474	-	-	474
Total of plant, equipment and vehicles at fair value	1,413	-	353	1,060
Medical equipment at fair value	1,418	-	-	1,418
Total medical equipment at fair value	1,418	-	-	1,418

(i) Classified in accordance with the fair value hierarchy
(ii) Vehicles are categorised to Level 2 assets as a market approach is appropriate for vehicles with an active resale market available.

There have been no transfers between levels during the period.

Note 4.2: Property, Plant and Equipment (Continued)

(d) Reconciliation of Level 3 fair value

30-Jun-18

	Land	Buildings	Plant and equipment	Medical equipment
	$'000	$'000	$'000	$'000
Opening Balance	767	34,163	1,060	1,418
Purchases (Sales) & Reclassifications	-	253	960	1,438
Gains or losses recognised in net result				
- Depreciation	-	(2,347)	(250)	(382)
- Impairment loss	-	-	-	-
Subtotal	767	32,069	1,770	2,474
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Subtotal	-	-	-	-
Closing Balance	767	32,069	1,770	2,474

There have been no transfers between levels during the period.

30-Jun-17

	Land	Buildings	Plant and equipment	Medical equipment
	$'000	$'000	$'000	$'000
Opening Balance	767	36,265	1,095	1,288
Purchases (Sales) & Reclassifications	-	283	187	411
Gains or losses recognised in net result				
- Depreciation	-	(2,385)	(222)	(281)
- Impairment loss	-	-	-	-
Subtotal	767	34,163	1,060	1,418
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Subtotal	-	-	-	-
Closing Balance	767	34,163	1,060	1,418

There have been no transfers between levels during the period.

Note 4.2: Property, Plant and Equipment (Continued)

(e) Fair Value Determination

Asset Class	Examples of types assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/Freehold)	- Land subject to restriction as to use and/or sale - Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligation Adjustments
Specialised Buildings (a)	Specialised buildings with limited alternative uses and/or substantial customisation eg. Hospitals	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	If there is no active resale market	Level 2	Market approach	n.a.
Plant and equipment	Specialised items with limited alternative uses and/or substantial cutomisation	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life
Medical Equipment	Specialised items with limited alternative uses and/or substantial cutomisation	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life

(a) AASB 13 Fair Value Measurement provides an exemption for not for profit public sector entities from disclosing the sensitivity analysis relating to 'unrealised gains/(losses) on non-financial assets' if the assets are held primarily for their current service potential rather than to generate net cash inflows.

Initial Recognition
Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

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 physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

Note 4.2: Property, Plant and Equipment (Continued)

Subsequent Measure

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

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

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

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

The Valuer-General Victoria (VGV) is Maryborough District Health Service 's independent valuation agency.

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

Fair value measurement

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

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

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

In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:
External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

Note 4.2: Property, Plant and Equipment (Continued)

Valuation hierarchy

Health Services need to use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

Identifying unobservable inputs (level 3) fair value measurements

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

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

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e. it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and the Health Service has determined that the transaction price or quoted price does not represent fair value.

A Health Service shall develop unobservable inputs using the best information available in the circumstances, which might include the Health Service's own data. In developing unobservable inputs, a Health Service may begin with its own data, but it shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to the Health Service that is not available to other market participants. A Health Service need not undertake exhaustive efforts to obtain information about other market participant assumptions. However, a Health Service shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

Note 4.2: Property, Plant and Equipment (Continued)

Specialised land and specialised buildings

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

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

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

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

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

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

Vehicles

The Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. Vehicles have been categorised to Level 2 assets as a market approach is appropriate for vehicles with an active resale market available.

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

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

Note 4.2: Property, Plant and Equipment (Continued)

Revaluations of Non-current Physical Assets

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

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

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

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

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

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

Note 4.3: Depreciation

	2018 $'000	2017 $'000
Depreciation		
Buildings	2,347	2,385
Computers and Communication	102	79
Medical Equipment	382	281
Plant and Equipment	75	76
Furniture and Fittings	73	67
Motor Vehicles	69	78
Total Depreciation	**3,048**	**2,966**

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 is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 *Property, Plant and Equipment*).

Note 4.3: Depreciation (Continued)

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. If a Health Service has items such as patents, trademarks, computer software or development expenses that are being capitalised, these should be included under 'Intangible Assets' (refer AASB 138 *Intangible Assets*) and amortised.

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	20 to 50 years	45 to 60 years
- Site Engineering Services and Central Plant	10 to 40 years	20 to 30 years
- Fit Out	10 to 40 years	20 to 30 years
- Trunk Reticulated Building Systems	10 to 40 years	30 to 40 years
Plant and Equipment	5 to 20 years	5 to 20 years
Medical Equipment	3 to 10 years	3 to 10 years
Computers and Communication	3 to 10 years	3 to 10 years
Furniture & Fittings	5 to 15 years	5 to 14 years
Motor Vehicles	3 to 10 years	10 years

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

Note 4.4: Investment Properties

(a) Movements in carrying value for investment properties as at 30 June 2018

	2018 $'000	2017 $'000
Balance at Beginning of Period	751	755
Transfers to/(from) Investment Properties	-	-
Net Gain/(Loss) from Fair Value Adjustments	13	(4)
Balance at End of Period	**764**	**751**

(b) Fair value measurement hierarchy for investment properties

	Carrying amount as at 30 June 2018	using: Level 1 (i)	Level 2 (i)	Level 3 (i)
Investment Properties	764	-	764	-
	764	-	764	-

	Carrying amount as at 30 June 2017	using: Level 1 (i)	Level 2 (i)	Level 3 (i)
Investment Properties	751	-	751	-
	751	-	751	-

(i) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2018.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of the Health Service's investment properties at 30 June, 2018 have been arrived on the basis of an independent valuation carried out by independent valuers Valuer General Victoria. The Valuation was determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

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 Maryborough District Health Service.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to Maryborough District Health Service.

Subsequent to initial recognition at cost, investments properties are revalued to fair value, determined annually be independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight line basis over the lease term.

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the hospital's operations.

Structure
5.1 Receivables
5.2 Inventories
5.3 Other Liabilities
5.4 Prepayments and Other Assets
5.5 Payables

Note 5.1: Receivables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade Debtors	506	558
Patient Fees	211	324
Accrued Revenue	139	218
Receivables - LMRHA	29	13
Accrued Investment Income	17	31
Less Allowance for Doubtful Debts		
Trade Debtors	(24)	(17)
Patient Fees	(8)	(25)
	870	1,102
Statutory		
GST Receivable	149	177
Commonwealth Grant Funding Receivable	34	-
State Grant Funding Receivable	75	154
	258	331
TOTAL CURRENT RECEIVABLES	**1,128**	**1,433**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	1,123	915
TOTAL NON CURRENT RECEIVABLES	**1,123**	**915**
TOTAL RECEIVABLES	**2,251**	**2,348**

(a) Movement in the Allowance for doubtful debts	2018 $'000	2017 $'000
Balance at beginning of year	42	22
Increase/(decrease) in allowance recognised in net result	(10)	20
Balance at end of year	**32**	**42**

Note 5.1: Receivables (Continued)

Receivables

Receivables consist of:

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

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

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

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.

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 an impairment loss has occurred. Bad debts are written off when identified.

Note 5.2: Inventories

	2018 $'000	2017 $'000
CURRENT		
Pharmaceuticals - at cost	24	25
Other Stores on Hand - at cost	7	3
TOTAL INVENTORIES	**31**	**28**

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 excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories 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 for all other inventory is measured on the basis of weighted average cost.

Note 5.3: Other Liabilities

	2018 $'000	2017 $'000
CURRENT		
Monies Held in Trust		
- Patient Monies Held in Trust	67	76
- Accommodation Bonds (Refundable Entrance Fees)	4,444	4,025
Total Other Liabilities	**4,511**	**4,101**
*** Total Monies Held in Trust Represented by the following assets:**		
- Cash Assets (refer Note 6.1)	4,511	4,099
- Investments and Other Financial Assets (refer Note 4.1)	-	2
TOTAL	**4,511**	**4,101**

Note 5.4: Prepayments and Other Non-Financial Assets

	2018 $'000	2017 $'000
Prepayments	644	501
Prepayments - LMRHA	38	43
TOTAL PREPAYMENTS	**682**	**544**

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.

Note 5.5: Payables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade Creditors	1,449	999
Payables - LMRHA	92	84
Accrued Expenses	353	224
	1,894	1,307
Statutory		
GST Payable	25	23
Australian Taxation Office - PAYG	-	217
Department of Health and Human Services	48	-
	73	240
TOTAL PAYABLES	**1,967**	**1,547**

Note 5.5: Payables (Continued)

Payables consist of:

• contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represents liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid; and

• statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Note 5.5 (a) Maturity analysis of financial liabilities as at 30 June

The following table discloses the contractual maturity analysis for Maryborough District Health Service '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

			Maturity Dates			
2018	Carrying Amount $'000	Nominal Amount $'000	Less than 1 Month $'000	1-3 Months $'000	3 months - 1 Year $'000	1-5 Years $'000
Financial Liabilities						
At Amortised Cost						
Payables	1,894	1,894	1,894	-	-	-
Other Financial Liabilities (i)						
- Patient Trust	67	67	-	-	67	-
- Accommodation Bonds	4,444	4,444	-	-	4,444	-
Total Financial Liabilities	**6,405**	**6,405**	**1,894**	**-**	**4,511**	**-**
2017						
Financial Liabilities						
At Amortised Cost						
Payables	1,512	1,512	1,512	-	-	-
Other Financial Liabilities (i)						
- Patient Trust	78	78	-	-	78	-
- Accommodation Bonds	3,241	3,241	-	-	3,241	-
Total Financial Liabilities	**4,831**	**4,831**	**1,512**	**-**	**3,319**	**-**

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

Note 6: How We Finance Our Operations

This section provides information on the sources of finance utilised by the hospital during its operations and other information related to financing activities of the hospital.

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

Structure

Note 6.1: Cash and Cash Equivalents

	2018 $'000	2017 $'000
Cash on hand	2	2
Cash at bank	6,794	5,668
Total	**6,796**	**5,670**
Cash at bank - Joint Venture	68	119
Total	**6,864**	**5,789**
Represented by:		
Cash for Health Service Operations	2,353	1,690
Cash for Health Service Operations (as per Cash Flow Statement)	**2,353**	**1,690**
Cash for Monies Held in Trust	4,511	4,099
Total	**6,864**	**5,789**

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of less than 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.

Note 6.2: Commitments for Expenditure

There are no known commitments for expenditure as at the 30 June 2018 (2017: Nil)

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure
7.1 Financial Instruments
7.2 Net Gain/(Loss) on Disposal of Non-Financial Assets

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Maryborough District Health Service'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.

(a) Financial Instruments: Categorisation

2018	Contractual financial assets - loans and receivables	Financial liabilities at amortised cost	Total $'000
Financial Assets			
Cash and cash equivalents	6,864	-	6,864
Loans and receivables	2,939	-	2,939
Total Financial Assets (i)	**9,803**	**-**	**9,803**
Financial Liabilities			
At amortised cost	-	6,405	6,405
Total Financial Liabilities (ii)	**-**	**6,405**	**6,405**

2017	Contractual financial assets - loans and receivables	Financial liabilities at amortised cost	Total $'000
Cash and cash equivalents	5,789	-	5,789
Loans and receivables	4,575	-	4,575
Total Financial Assets (i)	**10,364**	**-**	**10,364**
Financial Liabilities			
At amortised cost	-	5,408	5,408
Total Financial Liabilities (ii)	**-**	**5,408**	**5,408**

(i) The carrying amount excludes statutory receivables (i.e. GST Receivable and DHHS Receivable) and statutory payables (i.e. Revenue in advance and DHHS payable).

Note 7.1: Financial Instruments (Continued)

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

	Total interest income/ (expense) $'000	Total $'000
2018		
Financial Assets		
Cash and cash equivalents (i)	94	94
Loans and receivables (i)	102	102
Total Financial Assets	**196**	**196**
Financial Liabilities		
At amortised cost (ii)	-	-
Total Financial Liabilities	**-**	**-**
2017		
Financial Assets		
Cash and cash equivalents (i)	83	83
Loans and receivables (i)	127	127
Total Financial Assets	**210**	**210**
Financial Liabilities		
At amortised cost (ii)	-	-
Total Financial Liabilities	**-**	**-**

(i) For cash and cash equivalents and loans or receivables, 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.

(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.

Categories of financial instruments

Loans and receivables and cash
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 6.2), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost
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 value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.
The Health Service recognises the following liabilities in this category:
- payables (excluding statutory payables);
-borrowings (including finance lease liabilities).

Note 7.1: Financial Instruments (Continued)

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

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:
- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where 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, the Health Service 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 or loss, are subject to annual review for impairment.

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. 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.

Reclassification of financial instruments

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for sale financial instrument assets that meet the definition of loans and receivables may be classified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

Derecognition of financial liabilities

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

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

Note 7.2: Contingent Assets and Contingent Liabilities

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

There are no known contingent assets or liabilities as at the 30 June 2018 (2017: Nil)

Note 8: Other Disclosures

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

Structure

8.1 Equity
8.2 Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities
8.3 Responsible Persons Disclosures
8.4 Executive Officer Disclosures
8.5 Related Parties
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8.8 Events Occurring after the Balance Sheet Date
8.9 Jointly Controlled Operations and Assets
8.10 Alternative Presentation of Comprehensive Operating Statement
8.11 Economic Dependency

Note 8.1: Equity

	2018 $'000	2017 $'000
(a) Surpluses		
Physical Asset Revaluation Surplus		
Balance at the beginning of the reporting period	22,551	22,551
Revaluation Increment/(Decrement)		
- Land	-	-
- Buildings	-	-
- Motor Vehicles	-	-
	-	-
Balance at end of reporting period*	22,551	22,551
*Represented by:		
- Land	254	254
- Buildings	21,968	21,968
- Motor Vehicles	132	132
- Plant and Equipment	197	197
	22,551	22,551
(1) The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.		
(b) Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	486	486
Balance at the end of the reporting period	486	486
Total Surpluses	**23,037**	**23,037**
Contributed Capital		
Balance at beginning of the reporting period	13,776	13,776
Balance at the end of the reporting period	**13,776**	**13,776**
(c) Accumulated Surpluses		
Balance at beginning of the reporting period	1,625	2,852
Net Result for the Year	(2,100)	(1,227)
Balance at the end of the reporting period	**(475)**	**1,625**
(d) Total Equity at end of financial year	**36,338**	**38,438**

Contributed Capital

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

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

Note 8.1: Equity (Continued)

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.

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

Restricted Specific Purpose Reserve
A specific restricted purpose reserve is established where Maryborough District 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.

Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2018 $'000	2017 $'000
Net Result for the Year	(2,100)	(1,227)
Depreciation	3,048	2,966
Provision for Doubtful Debts	(10)	20
Net (Gains)/Loss from Sale of Property, Plant and Equipment	3	9
Unrealised (Gain)/Loss on Investment Properties	(13)	4
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	107	(450)
(Increase)/Decrease in Inventories	(3)	(6)
(Increase)/Decrease in Prepayments	(138)	(107)
Increase/(Decrease) in Payables	420	(316)
Increase/(Decrease) in Employee Benefits	378	482
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1,692**	**1,375**

Note 8.3: Responsible Persons Disclosures

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

Responsible Ministers:	**Period**
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2017 - 30/06/2018
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/2017 - 30/06/2018

Governing Board	**Period**
Mr P. McAllister	01/07/2017 - 30/06/2018
Mrs K. Mason	01/07/2017 - 30/06/2018
Mr R.J. Osborne	01/07/2017 - 30/06/2018
Mr G. Richmond	01/07/2017 - 30/06/2018
Mr D. J. Murrell	01/07/2017 - 30/06/2018
Dr T. Snell	01/07/2017 - 30/06/2018
Mrs K. Lovett	01/07/2017 - 30/06/2018

Accountable Officer	**Period**
Mr T. Welch	01/07/2017 - 30/06/2018

Remuneration of Responsible Persons

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

	Consol'd	
	2018	**2017**
Income Band	**No.**	**No.**
$0 - $9,999	7	9
$290,000 - $299,999	-	1
$340,000 - $349,999	1	-
Total Numbers	8	10

	2018	**2017**
	$'000	**$'000**
Total remuneration received or due and receivable by Responsible Persons from the reporting entitiy amounted to:	341	294

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.5.

Note 8.4: Executive Officer Remuneration

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period. Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

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

Post-employment Benefits
Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits
Long service leave, other long-service benefit or deferred compensation.

Termination benefits
Termination of employment payments, such as severance packages.

Remuneration of Executive Officers	**Total Remuneration**	
	2018	**2017**
	$	**$**
Short-term employee benefits	358,268	377,282
Post-employment benefits	33,323	33,351
Other long-term benefits	20,542	9,626
Termination benefits	-	-
Total Remuneration	412,133	420,259
Total Number of executives (i)	3	3
Total annualised employee equivalent (AEE) (ii)	3	3

Notes:
(i) The total number of executive officers includes persons, other than Ministers and Accountable Officers, who may meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures. The Health Service does not consider any executive officers meet the definition of KMP.
(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

Note 8.5: Related Parties

The health service is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:
• all key management personnel and their close family members;
• all cabinet ministers and their close family members; and
• Jointly Controlled Operation - A member of the Loddon Mallee Rural Health Alliance; and
• all health service's and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

The Board of Directors and the Executive Directors of Maryborough District Health Service are deemed to be KMPs.

Entity	KMP's	Position Title
Maryborough District Health Service	Mr P. McAllister	Chair of the Board
Maryborough District Health Service	Mrs K. Mason	Board Member
Maryborough District Health Service	Mr R.J. Osborne	Board Member
Maryborough District Health Service	Mr G. Richmond	Board Member
Maryborough District Health Service	Dr T. Snell	Board Member
Maryborough District Health Service	Mr D. J. Murrell	Board Member
Maryborough District Health Service	Mrs K. Lovett	Board Member
Maryborough District Health Service	Mr T. Welch	Chief Executive Officer

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968, and is reported within the Department of Parliamentary Services' Financial Report.

COMPENSATION	2018 $	2017 $
Short term employee benefits	302,606	267,574
Post-employment benefits	25,149	20,662
Other long-term benefits	12,774	5,610
Termination benefits	-	-
Total	**340,529**	**293,846**

(i)Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.
(ii)KMPs are also reported in Note 8.3 Resposible Persons or Note 8.4 Remuneration of Executives.

Note 8.5: Related Parties (Continued)

Significant transactions with government-related entities

Maryborough District Health Service received funding from the Department of Health and Human Services of $23,122,000 (2017: $21,600,000).

During the year, Maryborough District Health Service had the following other government-related entity transactions:
- Dental Health Services Victoria totalling $900,000 (2017: $800,000).

Maryborough District Health Service held investments at 30 June 2018 totalling $2,100,000 (2017:$3,100,000) with Treasury Corporation Victoria.

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

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require the Health Service to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

Transactions with key management personnel and other related parties

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

Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.
There were no related party transactions required to be disclosed for Maryborough District Health Service Board of Directors and Executive Directors in 2018.

Note 8.6: Remuneration of auditors

	2018 $'000	2017 $'000
Victorian Auditor-General's Office		
Audit of financial statements	18	18
Total	18	18

Note 8.7: AASBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2018, 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. Maryborough District Health Service 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 9 *Financial Instruments*	The key changes introduced by AASB 9 include simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The assessment has identified the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014‑1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014‑7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AAS's to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	The assessment has indicated there will be no significant impact for the public sector.

Note 8.7: AASBs issued that are not yet effective (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends as follows: - Trade receivables that do not have a significant financing component, are to be measured at their transaction price at initial recognition. - Dividends are recognised in the profit and loss only when: * the entity's right to receive payment of the dividend is established; * it is probable the economic benefits associated with the dividend will flow to the entity; and	01/01/2018 except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated there will be no significant impact for the public sector.
AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2108	1 January 2018	The amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: - A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; - For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and - For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 January 2018	The assessment has indicated there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit-Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit-entities from 1 January 2018 to 1 January 2109.	1 January 2019	The amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

Note 8.7: AASBs issued that are not yet effective (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit-Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 January 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 - Statutory receivables are recognised and measured similarly to financial assets. AASB 15 - The "customer" does not need to be the recipient of goods and/or services; - The "contract" could include an arrangement entered into under the direction of another party; - Contracts are enforceable if they are enforceable by legal or "equivalent means"; - Contracts do not have to have commercial substance, only economic substance; and - Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

Note 8.7: AASBs issued that are not yet effective (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 1058 Income of Not-for-Profit-Entities	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 January 2019	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

Note 8.8: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Health Service and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no known events occurring after the balance sheet date which would require adjustment in this financial report.

Note 8.9: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %
Loddon Mallee Rural Health Alliance	Information Systems	6.98	6.67

Maryborough District Health Service interest in assets employed above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2018 $'000	2017 $'000
Current Assets		
Cash and cash equivalents	68	119
Investments	283	268
Receivables	1	21
Inventory	7	2
Other Current Assets	38	43
Total Current Assets	**397**	**453**
Non Current Assets		
Property, Plant and Equipment	40	10
Total Non Current Assets	**40**	**10**
Total Assets	**437**	**463**
Current Liabilities		
Trade Creditors	92	74
Accrued Expenses	15	10
Total Current Liabilities	**107**	**84**
Net Assets	**330**	**379**

Maryborough District Health Service interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2018 $'000	2017 $'000
Revenues		
Revenue from Operating Activities	519	510
Capital Purpose Income	-	-
Total Revenue	**519**	**510**
Expenses		
Information Technology and Administrative Expenses	529	460
Expenditure Using Capital Purpose Income	17	11
Depreciation	4	8
Total Expenses	**550**	**479**
(Loss)	**(31)**	**31**

Commitments for Expenditure

There are no known commitments for expenditure as at 30 June 2018.

Note 8.9: Jointly Controlled Operations and Assets (Continued)

Contingent Assets and Contingent Liabilities

There are no known contingent assets or liabilities as at 30 June 2018.

Investments in Joint Operations

In respect of any interest in joint operations, Maryborough District Health Service recognises in the financial statements:

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

Note 8.10: Alternative Presentation of Comprehensive Operating Statement

	2018 $'000	2017 $'000
Grants		
Operating	31,712	29,571
Capital	1,153	1,153
Interest	196	210
Sales of goods and services	4,286	4,166
Other income	2,147	1,470
Revenue From Transactions	**39,494**	**36,570**
Employee expenses	28,244	25,393
Depreciation	3,048	2,966
Other operating expenses	10,311	9,604
Expenses from Transactions	**41,603**	**37,963**
Net Result from Transactions - Net Operating Balance	**(2,109)**	**(1,393)**
Other economic flows included in net result		
Net gain/ (loss) on sale of non-financial assets	(3)	(9)
Other gains/ (losses) from other economic flows included in net result	12	175
Total Other Economic Flows Included In Net Result	**9**	**166**
NET RESULT FOR THE YEAR	**(2,100)**	**(1,227)**

Note 8.11: Economic Dependency

The Health Service is dependent on the Department of Health and Human Services for the majority of it revenue used to operate the entity.
At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support the Health Service.

Appendix B:

Five Year Statistical Information

Financial sustainability

KEY PERFORMANCE INDICATOR	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
Total Revenue	39,491	36,561	33,789	32,977	30,151
Total Expenses	41,603	37,963	35,694	34,683	32,595
Other operating flows included in the net result for the year	9	166	(132)	-	-
Operating Result	1,625	278	998	509	196
Total Assets	50,098	50,990	51,263	52,064	52,691
Total Liabilities	13,760	12,552	11,598	10,494	9,415
Net Assets	36,338	38,438	39,665	41,570	43,276
Total Equity	36,338	38,438	39,665	41,570	43,276

Appendix C:

Consultancies

Details of consultancies (under $10,000)

In 2017-18, there were 16 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2017-18 in relation to these consultancies is 74,342 (excl. GST).

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

In 2017-18, there were 5 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies is $173,937(excl. GST). Details of individual consultancies can be viewed at www.mdhs.vic.gov.au.

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