

Financial Statements
Financial Year ended 30 June 2020

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 Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of Maryborough District Health Service at 30 June 2020.

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 17 September 2020.



Mr. Peter McAllister

Board Chair

Maryborough
17/09/2020



Mrs. Nickola Allan

Accountable Officer

Maryborough
17/09/2020



Mr. Cameron Olsen

Chief Finance and Accounting Officer

Maryborough
17/09/2020

**Maryborough District Health Service
Comprehensive Operating Statement
For the year ended 30 June 2020**

		Total 2020 \$'000	Total 2019 \$'000
Income from Transactions			
Operating activities	2.1	44,194	42,937
Non-operating activities	2.1	126	209
Total Income from Transactions		44,320	43,146
Expenses from Transactions			
Employee expenses	3.1	(34,976)	(33,211)
Supplies and consumables	3.1	(4,315)	(4,350)
Finance costs	3.1	(28)	-
Depreciation and amortisation	4.3	(3,767)	(3,302)
Other administrative expenses	3.1	(3,055)	(2,778)
Other operating expenses	3.1	(1,915)	(1,828)
Other non-operating expenses	3.1	-	(11)
Total Expenses from Transactions		(48,056)	(45,480)
Net Result from Transactions - Net Operating Balance		(3,736)	(2,334)
Other Economic Flows included in Net Result			
Net Gain/(Loss) on non-financial assets	3.2	(26)	(49)
Other Gain/(Loss) from other economic flows	3.2	(139)	(67)
Total Other Economic Flows included in Net Result		(165)	(116)
Net Result for the year		(3,901)	(2,450)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in property, plant and equipment revaluation surplus	4.2(b)	-	20,560
Total Other Comprehensive Income		-	20,560
Comprehensive Result for the Year		(3,901)	18,110

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

Maryborough District Health Service Balance Sheet as at 30 June 2020

	Note	Total 2020 \$'000	Total 2019 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	8,694	9,095
Receivables	5.1	793	1,214
Inventories	4.5	116	36
Other Financial Assets	4.1	-	250
Other Assets		174	199
Total Current Assets		9,777	10,794
Non-Current Assets			
Receivables	5.1	1,274	1,190
Property, Plant and Equipment	4.2 (a)	55,289	57,492
Investment Properties	4.4	793	823
Total Non-Current Assets		57,356	59,505
TOTAL ASSETS		67,133	70,299
Current Liabilities			
Payables	5.2	3,549	3,016
Borrowings	6.1	375	-
Provisions	3.4	7,643	7,200
Other Liabilities	5.3	4,557	5,227
Total Current Liabilities		16,124	15,443
Non-Current Liabilities			
Borrowings	6.1	59	-
Provisions	3.4	403	408
Total Non-Current Liabilities		462	408
TOTAL LIABILITIES		16,586	15,851
NET ASSETS		50,547	54,448
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	43,111	43,111
Restricted Specific Purpose Surplus	SCE	486	486
Contributed Capital	SCE	13,776	13,776
Accumulated Deficits	SCE	(6,826)	(2,925)
TOTAL EQUITY		50,547	54,448

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

**Maryborough District Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2020**

Total		Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Deficits	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018		22,551	486	13,776	(475)	36,338
Net result for the year		-	-	-	(2,450)	(2,450)
Other comprehensive income for the year		20,560	-	-	-	20,560
Balance at 30 June 2019		43,111	486	13,776	(2,925)	54,448
Net result for the year		-	-	-	(3,901)	(3,901)
Balance at 30 June 2020		43,111	486	13,776	(6,826)	50,547

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

Maryborough District Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2020

	Note	Total 2020 \$'000	Total 2019 \$'000
Cash Flows from Operating Activities			
Operating grants from government		36,868	34,915
Capital grants from government - State		305	2,118
Patient fees received		2,885	2,657
Private practice fees received		1,774	1,621
GST received from ATO		46	17
Interest and investment income received		126	226
Commercial income received		335	350
Other Receipts		2,660	1,952
Total Receipts		44,999	43,856
Employee expenses paid		(34,973)	(32,434)
Payments for supplies and consumables		(3,911)	(4,355)
Payments for medical indemnity insurance		(363)	(358)
Payments for repairs and Maintenance		(1,004)	(907)
Finance Costs		(28)	-
Cash outflow for leases		(12)	-
Other payments		(3,652)	(3,280)
Total Payments		(43,943)	(41,334)
Net Cash Flows from/(used in) Operating Activities	8.1	1,056	2,522
Cash Flows from Investing Activities			
Proceeds from disposal of investments		250	1,819
Purchase of non-financial assets		(1,534)	(2,965)
Capital Donations and Bequests Received		77	79
Proceeds from disposal of non-financial assets		52	60
Net Cash Flows from/(used in) Investing Activities		(1,155)	(1,007)
Cash Flows from Financing Activities			
Proceeds from borrowings		356	-
Net Receipt/(Refund) of accommodation deposits		(658)	716
Net Cash Flows from/(used in) Financing Activities		(302)	716
Net Increase/(Decrease) in Cash and Cash Equivalents Held		(401)	2,231
Cash and cash equivalents at beginning of year		9,095	6,864
Cash and Cash Equivalents at End of Year	6.2	8,694	9,095

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

Maryborough District Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

Basis of preparation

These financial statements are 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 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.

Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Maryborough District Health Service for the year ended 30 June 2020. The report provides users with information about Maryborough District Health Service's 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 AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

Maryborough District Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

(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, Victoria 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.

(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 have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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

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

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

The Maryborough District 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.

Maryborough District Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

(c) Basis of Accounting Preparation and Measurement (continued)

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 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 in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AABSs 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 4.2 Property, Plant and Equipment), 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 3.4 Employee Benefits in the Balance Sheet).

Covid-19

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Maryborough District Health Service.

In response, Maryborough District Health Service placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.2 Property, Plant and Equipment.

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 separately in the operating cash flow.

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

(d) 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 8.7 Jointly Controlled Operations).

**Maryborough District Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020**

(e) Equity

Contributed Capital

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 Maryborough District Health Service.

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

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

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus 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: 2 Funding delivery of our services

The Health Service's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Maryborough District Health Service is predominantly funded by accrual based grant funding for the provision of outputs. Maryborough District Health Service also receives income from the supply of services.

Structure

2.1 Income from transactions

Note 2.1: Income from Transactions

	Total 2020 \$'000	Total 2019 \$'000
Government grants (state) - Operating ¹	27,820	25,193
Government grants (Commonwealth) - Operating	8,451	8,723
Government grants (State) - Capital	305	2,118
Patient and resident fees	2,710	2,757
Private practice fees	1,774	1,621
Commercial activities ²	335	350
Assets received free of charge or for nominal consideration	120	79
Other revenue from operating activities (including non-capital donations)	2,679	2,096
Total Income from Operating Activities	44,194	42,937
Other interest	126	209
Total Income from Non-Operating Activities	126	209
Total Income from Transactions	44,320	43,146

¹ Government Grants (State) - Operating includes funding of \$2.04m for COVID-19 which was spent due to the impacts of COVID-19.

² Commercial activities represent business activities which health services enter into to support their operations.

Revenue Recognition

Impact of COVID-19 on revenue and income

As indicated at Note 1, Maryborough District Health Service's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Maryborough District Health Service incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on Maryborough District Health Service. Maryborough District Health Service also received essential personal protective equipment free of charge under the state supply arrangement.

Government Grants

Income from grants to construct major infrastructure is recognised when (or as) Maryborough District Health Service satisfies its obligations under the transfer. This aligns with Maryborough District Health Service's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Maryborough District Health Service has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Maryborough District Health Service recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Note 2.1: Income from Transactions

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred in deferred grant revenue liability (see note 5.2). If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

Performance obligations

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

- Activity based funding with identifiable targets,
- Grants requiring acquittal of services and/or expenditure.

For activity based funding, revenue is recognised as target levels are met. These performance obligations have been selected as they align with the terms and conditions of the funding provided. For this type of funding, there is minimal judgement required, as performance is measured in accordance with DHHS Policy and Funding Guidelines.

For grants requiring acquittal of services and/or expenditure, revenue is recognised in accordance with the funding agreement. Maryborough District Health Service exercises judgement over whether performance obligations are met, which includes assessment of total expenditure incurred and whether key performance indicators have been met.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Maryborough District Health Service without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Maryborough District Health Service recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Maryborough District Health Service recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Patient and Resident Fees

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Maryborough District Health Service provides accommodation. This is calculated on a daily basis and invoiced monthly.

Private Practice Fees

The performance obligations related to private practice fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Performance obligations related to commercial activities are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities.

Commercial activities

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities.

2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

	2020 \$'000	2019 \$'000
Cash donations and gifts	77	79
Assets received free of charge under State supply arrangements	43	-
Total fair value of assets and services received free of charge or for nominal consideration	120	79

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery and distributed the products to health services as resources provided free of charge.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

Voluntary Services: Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Maryborough District Health Service operates with minimal volunteer services and does not consider a reliable fair value can be determined.

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are 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 long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Maryborough District Health Service recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

2.1 (c) Other non operating income

	2020 \$'000	2019 \$'000
Other interest	126	209
Total other income	126	209

Interest Income

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

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the 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 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

Note 3.1: Expenses from Transactions

	Total 2020 \$'000	Total 2019 \$'000
Salaries and wages	29,649	28,195
On-costs	2,648	2,534
Agency expenses	8	-
Fee for service medical officer expenses	2,161	2,126
Workcover premium	510	356
Total Employee Expenses	34,976	33,211
Drug supplies	281	290
Medical and surgical supplies (including Prostheses)	2,128	2,249
Diagnostic and radiology supplies	741	693
Other supplies and consumables	1,165	1,118
Total Supplies and Consumables	4,315	4,350
Finance costs	28	-
Total Finance Costs	28	-
Other administrative expenses	3,055	2,778
Total Other Administrative Expenses	3,055	2,778
Fuel, light, power and water	557	577
Repairs and maintenance	721	643
Maintenance contracts	283	264
Medical indemnity insurance	363	358
Expenses related to leases of low value assets	12	-
Expenditure for capital purposes	(21)	(14)
Total Other Operating Expenses	1,915	1,828
Total Operating Expense	44,289	42,167
Depreciation and amortisation (refer Note 4.3)	3,767	3,302
Total Depreciation and Amortisation	3,767	3,302
Bad and doubtful debt expense	-	11
Total Other Non-Operating Expenses	-	11
Total Non-Operating Expense	3,767	3,313
Total Expenses from Transactions	48,056	45,480

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

Impact of Covid-19 on expenses

As indicated at Note 1(c), Maryborough and District Health Service's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional medical supplies, maintenance of salary levels for casual and part-time employees, acquisition of minor equipment for testing purposes and redeployment of staff where activities have been impacted by shutdowns.

Maryborough District Health Service has had no patient admissions relating directly to Covid-19, therefore the impact on the Health Service has been in preventative and preparatory costs only.

Note 3.1: Expenses from Transactions

Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses;
- Work cover premium.

Supplies and consumables

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

Finance costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

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

Non-operating expenses

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

Operating lease payments

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Note 3.2: Other economic flows included in net result

	Total 2020 \$'000	Total 2019 \$'000
<i>Net gain/(loss) on non-financial assets</i>		
Revaluation of investment property	(30)	59
Net gain on disposal of property plant and equipment	4	(108)
Total Net Gain/(Loss) on Non-Financial Assets	(26)	(49)
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability	(139)	(67)
Total other Gains/(Losses) from Other Economic Flows	(139)	(67)
Total Gains/(Losses) From Other Economic Flows	(165)	(116)

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/ (loss) on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment.)
- 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.

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.

Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Total 2020 \$'000	Total 2019 \$'000	Total 2020 \$'000	Total 2019 \$'000
Commercial Activities				
Cafeteria	-	-	-	1
Car park	-	-	1	1
Property	82	129	334	316
Total Commercial Activities	82	129	335	318
TOTAL	82	129	335	318

Note 3.4: Employee Benefits in the Balance Sheet

	Total 2020 \$'000	Total 2019 \$'000
CURRENT PROVISIONS		
Employee Benefits ⁱ		
Accrued days off		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	129	102
Annual leave		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	2,158	2,223
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	351	-
Long service leave		
- unconditional and expected to be settled wholly within 12 months ⁱⁱ	530	555
- unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	3,661	3,611
	6,829	6,491
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months ⁱⁱ	372	307
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	442	402
	814	709
TOTAL CURRENT PROVISIONS	7,643	7,200
NON-CURRENT PROVISIONS		
Conditional long service leave	359	367
Provisions related to employee benefit on-costs	44	41
TOTAL NON-CURRENT PROVISIONS	403	408
TOTAL PROVISIONS	8,046	7,608

ⁱ Employee benefits consist of amounts for accrued days off, 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.

Note 3.4: Employee Benefits in the Balance Sheet

(a) Employee Benefits and Related On-Costs

	Total 2020	Total 2019
	\$'000	\$'000
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	4,704	4,630
Annual leave entitlements	2,810	2,468
Accrued days off	129	102
Total Current Employee Benefits and Related On-Costs	7,643	7,200
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	403	408
Total Non-Current Employee Benefits and Related On-Costs	403	408
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	8,046	7,608

(b) Movement in On-Costs Provision

	Total 2020	Total 2019
	\$'000	\$'000
Balance at start of year	750	716
Additional provisions recognised	361	245
Unwinding of discount and effect of changes in the discount rate	(139)	(67)
Reduction due to transfer out	(114)	(144)
Balance at end of year	858	750

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of accrued days off, 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 Maryborough District 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.

Note 3.4: Employee Benefits in the Balance Sheet

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Maryborough District 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 annual leave and accrued days off are measured at:

Nominal 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.

Long Service Leave

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

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

The components of this current LSL liability are measured at:

- Nominal value – if 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.

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

Termination Benefits

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

On-Costs Related to Employee Benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.5: Superannuation

	Paid Contribution for the		Contribution Outstanding	
	Total 2020 \$'000	Total 2019 \$'000	Total 2020 \$'000	Total 2019 \$'000
Defined Benefit Plans:ⁱ				
First State Super	41	34	-	-
Defined Contribution Plans:				
First State Super	1,979	1,950	-	-
Hesta	628	550	-	-
Total	2,648	2,534	-	-

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

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

Note 3.5: Superannuation

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Maryborough District Health Service to the superannuation plans in respect of the services of current Maryborough District Health Service's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

Defined Contribution Superannuation Plans

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

Note 4: Key Assets to support service delivery

Maryborough District Health Service 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 Maryborough District Health Service to be utilised for delivery of those outputs.

Structure

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Depreciation and amortisation
- 4.4 Investment properties
- 4.5 Inventories

Note 4.1: Other Financial Assets

CURRENT

Term deposits > 3 months

TOTAL CURRENT

TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS

Represented by:

Health service investments

TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS

Operating Fund		Total	
2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
-	250	-	250
-	250	-	250
-	250	-	250
-	250	-	250
-	250	-	250

Note 4.1: Other Financial Assets

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.

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

Maryborough District Health Service's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

All financial assets, except for 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
- Maryborough District 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
- Maryborough District 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 Maryborough District Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Maryborough District Health Service's continuing involvement in the asset.

Impairment of Financial Assets

At the end of each reporting period, Maryborough District 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 the Comprehensive Income Statement, are subject to annual review for impairment.

In order to determine an appropriate fair value as at 30 June 2020 for its portfolio of financial assets, Maryborough District Health Service and its controlled entities used the market value of investments held provided by the portfolio managers.

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

Note 4.2: Property, plant and equipment

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. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. 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.

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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.

Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

Maryborough District Health Service recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

Subsequent measurement: Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

Right-of-use asset – Subsequent measurement

Maryborough District Health Service depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I [pending] however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-financial Physical Assets*. This revaluation process normally occurs 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 de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

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

Note 4.2: Property, plant and equipment

Fair value measurement

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

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

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

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

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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 AASB 13 Fair Value Measurement paragraph 29, Maryborough District Health Service has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Non-Specialised Land and Non-Specialised Buildings

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

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

Note 4.2: Property, plant and equipment

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

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

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

For Maryborough District Health Service, 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 Maryborough District 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 2019.

Motor Vehicles

The Maryborough District 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. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2020.

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

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Total 2020 \$'000	Total 2019 \$'000
Land - Crown	889	889
Land - Freehold	702	702
TOTAL LAND AT FAIR VALUE	1,591	1,591
Buildings at cost	128	-
Less accumulated depreciation	(2)	-
Sub-totals Buildings at Cost	126	-
Buildings at fair value	49,306	49,306
Less accumulated depreciation	(2,755)	-
Sub-totals Buildings at Fair Value	46,551	49,306
Building work in progress at cost	128	67
TOTAL BUILDINGS	46,805	49,373
Plant and equipment at fair value	2,697	2,044
Less accumulated depreciation	(848)	(637)
TOTAL PLANT AND EQUIPMENT	1,849	1,407
Motor vehicles at fair value	376	457
Less accumulated depreciation	(271)	(241)
TOTAL MOTOR VEHICLES	105	216
Medical equipment at fair value	6,178	5,791
Less accumulated depreciation	(2,780)	(2,307)
TOTAL MEDICAL EQUIPMENT	3,398	3,484
Computers and communication equipment at fair value	1,347	1,121
Less accumulated depreciation	(754)	(640)
TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT	593	481
Furniture and fittings at fair value	1,544	1,467
Less accumulated depreciation	(668)	(527)
TOTAL FURNITURE AND FITTINGS	876	940
Right of use- plant, equipment, furniture and fittings and vehicles	78	-
Less accumulated depreciation	(6)	-
TOTAL RIGHT OF USE - PLANT, EQUIPMENT, FURNITURE AND FITTINGS AND VEHICLES	72	-
TOTAL PROPERTY, PLANT AND EQUIPMENT	55,289	57,492

Note 4.2: Property, Plant and Equipment (Continued)

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

Total	Note	Land \$'000	Buildings \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computers & Communica tion Equipment \$'000	Furniture & Fittings \$'000	Right of use - PPE, F&V	Assets under constructio n	Total \$'000
Balance at 1 July 2018		767	32,069	829	230	2,474	368	573	-	127	37,437
Additions		-	-	278	99	1,606	214	479	-	289	2,965
Disposals		-	-	-	(33)	(135)	-	-	-	-	(168)
Revaluation increments/(decrements)		824	19,736	-	-	-	-	-	-	-	20,560
Net Transfers between classes		-	(158)	507	-	-	-	-	-	(349)	-
Depreciation	4.3	-	(2,341)	(207)	(80)	(461)	(101)	(112)	-	-	(3,302)
Balance at 30 June 2019	4.2 (a)	1,591	49,306	1,407	216	3,484	481	940	-	67	57,492
Recognition of right-of-use assets on initial application of AASB 16		-	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 July 2019		1,591	49,306	1,407	216	3,484	481	940	-	67	57,492
Additions		-	128	652	-	387	229	77	78	61	1,612
Disposals		-	-	-	(48)	-	-	-	-	-	(48)
Depreciation	4.3	-	(2,757)	(210)	(63)	(473)	(117)	(141)	(6)	-	(3,767)
Balance at 30 June 2020	4.2 (a)	1,591	46,677	1,849	105	3,398	593	876	72	128	55,289

Land and Buildings and Leased Assets Carried at Valuation

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

In compliance with FRD 103H, in the year ended 30 June 2020, Maryborough District Health Service's 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 2020.

The VGV indices, which are based on data to March 2020, indicate a range of nil to 3.0% movement across all land parcels and a 3% increase in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of Covid-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings, no managerial revaluation was required.

Note 4.2: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets

Balance at 30 June 2020

- Specialised land

Total Land at Fair Value

- Specialised buildings

Total Building at Fair Value

Plant and equipment at fair value

Motor vehicles at fair value

Medical equipment at fair value

Computers and communication equipment at fair value

Furniture and fittings at fair value

Right of use PPE, furniture & fittings and vehicles

Total Other Plant and Equipment at Fair Value

Total Property, Plant and Equipment

Note

	Total Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
	\$'000	\$'000	\$'000	\$'000
	1,591	-	-	1,591
4.2 (a)	1,591	-	-	1,591
	46,677	-	-	46,677
4.2 (a)	46,677	-	-	46,677
4.2 (a)	1,849	-	-	1,849
4.2 (a)	105	-	-	105
4.2 (a)	3,398	-	-	3,398
4.2 (a)	593	-	-	593
4.2 (a)	876	-	-	876
4.2 (a)	72	-	72	-
	6,893	-	72	6,821
	55,161	-	72	55,089

ⁱ Classified in accordance with the fair value hierarchy.

Note 4.2: Property, Plant and Equipment (Continued)

Balance at 30 June 2019

- Specialised land

Total Land at Fair Value

- Specialised buildings

Total Building at Fair Value

Plant and equipment at fair value

Motor vehicles at fair value

Medical equipment at fair value

value

Furniture and fittings at fair value

Total other plant and equipment at fair value

Total Property, Plant and Equipment

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

Total Carrying Amount	Fair value measurement at end of reporting period using:		
	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
\$'000	\$'000	\$'000	\$'000
1,591	-	-	1,591
1,591	-	-	1,591
49,306	-	-	49,306
49,306	-	-	49,306
1,407	-	-	1,407
216	-	-	216
3,484	-	-	3,484
481	-	-	481
940	-	-	940
6,528	-	-	6,528
57,425	-	-	57,425

ⁱ Classified in accordance with the fair value hierarchy.

ii There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2019.

Note 4.2: Property, Plant and Equipment (Continued)

(d) Reconciliation of Level 3 Fair Value ⁱ

Total	Note	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Medical Equipment \$'000	Computers & Comm \$'000	Furniture & Fittings \$'000
Balance at 1 July 2018	4.2 (b)	767	32,069	829	230	2,474	368	573
Additions/(Disposals)	4.2 (b)	-	-	278	66	1,471	214	479
Net Transfers between classes	4.2 (b)	-	(158)	507	-	-	-	-
Gains/(Losses) recognised in net result								
- Depreciation and amortisation	4.3	-	(2,341)	(207)	(80)	(461)	(101)	(112)
Items recognised in other comprehensive income								
- Revaluation		824	19,736	-	-	-	-	-
Balance at 30 June 2019	4.2 (c)	1,591	49,306	1,407	216	3,484	481	940
Additions/(Disposals)	4.2 (b)	-	128	652	(48)	387	229	77
Gains/(Losses) recognised in net result								
- Depreciation and Amortisation	4.3	-	(2,757)	(210)	(63)	(473)	(117)	(141)
Balance at 30 June 2020	4.2 (c)	1,591	46,677	1,849	105	3,398	593	876

ⁱ Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

Note 4.2 (e): Property, Plant and Equipment (Fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only) ^(c)
Specialised land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments ^(a)
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

^a A community Service Obligation (CSO) of x% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.

Note 4.2: Property, Plant and Equipment (Continued)

Note 4.2 (f): Property, Plant and Equipment Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus

Balance at the beginning of the reporting period

Revaluation Increment

- Land
- Buildings

Balance at the end of the Reporting Period*

* Represented by:

- Land
- Buildings

Note	Total 2020 \$'000	Total 2019 \$'000
	43,111	22,551
4.2 (b)	-	824
4.2 (b)	-	19,736
	43,111	43,111
	11,198	11,198
	31,913	31,913
	43,111	43,111

Note 4.3: Depreciation and Amortisation

Depreciation

- Buildings
- Plant and equipment
- Motor vehicles
- Medical equipment
- Computers and communication equipment
- Furniture and fittings
- Right of use assets
 - Right of use plant, equipment and vehicles

Total Depreciation

Total 2020 \$'000	Total 2019 \$'000
2,757	2,341
210	207
63	80
473	461
117	101
141	112
6	-
3,767	3,302

Depreciation

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

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

Note 4.3 (a): Useful life of non-current assets

	2020	2019
Buildings		
- Structure shell building fabric	20 to 50 years	20 to 50 years
- Site engineering services and central plant	10 to 40 years	10 to 40 years
Central Plant		
- Fit out	10 to 40 years	10 to 40 years
- Trunk reticulated building system	10 to 40 years	10 to 40 years
Plant and equipment		
Medical equipment	3 to 10 years	3 to 10 years
Computers and communication	3 to 10 years	3 to 10 years
Furniture and fitting	5 to 15 years	5 to 15 years
Motor vehicles	3 to 10 years	3 to 10 years

Note 4.4: Investment properties

(a) Movements in Carrying Value for Investment Properties as at 30 June 2020

	Total 2020 \$'000	Total 2019 \$'000
Balance at Beginning of Period	823	764
Net Gain/(Loss) from fair value adjustments	(30)	59
Balance at End of Period	793	823

(b) Fair Value Measurement Hierarchy for Investment Properties

	Carrying Amount as at 30 June 2020	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Investment properties	793	-	793	-
	793	-	793	-

	Carrying Amount as at 30 June 2019	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Investment properties	823	-	823	-
	823	-	823	-

⁽¹⁾ classified in accordance with the fair value hierarchy

Note 4.4: Investment properties

Investment properties

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

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

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

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

The fair value of the Health Service's investment properties at 30 June 2020 have been arrived on the basis of an independent valuation carried out by the 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.

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.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2020.

Note 4.5: Inventories

	Total 2020 \$'000	Total 2019 \$'000
Pharmacy supplies at cost	38	36
General stores at cost	78	-
Total Inventories	116	36

Inventories

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

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Maryborough District Health Service's operations.

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

Note 5.1: Receivables

	Notes	Total 2020 \$'000	Total 2019 \$'000
CURRENT			
Contractual			
Trade Debtors		485	612
Patient Fees		136	311
Accrued Revenue		-	38
Inter Hospital Debtors		172	-
<i>Allowance for Impairment (5.1(a))</i>			
Trade Debtors	7.1(c)	(95)	(47)
Patient Fees	7.1(c)	(1)	(55)
Sub-Total Contractual Receivables		697	859
Statutory			
Accrued Revenue - Department of Health and Human Services		35	248
GST Receivable		61	107
Sub-Total Statutory Receivables		96	355
TOTAL CURRENT RECEIVABLES		793	1,214
Statutory			
Long service leave - Department of Health and Human Services		1,274	1,190
Sub-Total Statutory Receivables		1,274	1,190
TOTAL NON-CURRENT RECEIVABLES		1,274	1,190
TOTAL RECEIVABLES		2,067	2,404

Note 5.1: Receivables

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

	Total 2020 \$'000	Total 2019 \$'000
Balance at beginning of year	102	32
Increase in allowance recognised in the net result	(6)	70
Balance at end of year	96	102

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Note 5.2: Payables

	Total 2020 \$'000	Total 2019 \$'000
CURRENT		
Contractual		
Trade creditors	970	904
Accrued salaries and wages	222	518
Accrued expenses	734	477
Deferred grant revenue	28	-
Contract Liabilities - income received in advance	1,557	1,117
Inter-hospital creditors	38	-
TOTAL CURRENT PAYABLES	3,549	3,016
TOTAL PAYABLES	3,549	3,016

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Maryborough District Health Service 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.

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

Note 5.2 (a) Deferred grant revenue

	2020 \$'000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	-
Grant consideration for capital works received during the year	28
Closing balance of deferred grant consideration received for capital works	28

Grant consideration was received for major infrastructure works. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Maryborough District Health Service satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) As a result, Maryborough District Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Note 5.2 (b) Contract liabilities

	2020 \$'000
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	1,117
Add: Payments received for performance obligations yet to be completed during the period	28,260
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(27,820)
Total contract liabilities	1,557
Represented by	
Current contract liabilities	1,557

Contract liabilities include consideration received in advance from customers in respect of specified targets and outcomes. Invoices are raised once the goods and services are delivered/provided.

Maturity analysis of payables

Please refer to Note 7.1(b) for the ageing analysis of payables.

Note 5.3: Other liabilities

	Total 2020 \$'000	Total 2019 \$'000
CURRENT		
Monies held in trust*: Patient monies held in trust	113	125
Monies held in trust*: Refundable accommodation deposits	4,444	5,102
Total Current	4,557	5,227
Total Other Liabilities	4,557	5,227

*** Total Monies Held in Trust Represented by the Following Assets:**

Cash assets	4,557	5,227
TOTAL	4,557	5,227

Refundable Accommodation Deposit (“RAD”)/Accommodation Bond liabilities

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

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

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

6.4 Non-cash financing and investing activities

Note 6.1: Borrowings

CURRENT

Lease liability ⁽ⁱ⁾

Advances from government ⁽ⁱⁱ⁾

Total Current Borrowings

NON CURRENT

Lease liability ⁽ⁱ⁾

Total Non Current Borrowings

Total Borrowings

	Total 2020 \$'000	Total 2019 \$'000
Lease liability ⁽ⁱ⁾	13	-
Advances from government ⁽ⁱⁱ⁾	362	-
Total Current Borrowings	375	-
Lease liability ⁽ⁱ⁾	59	-
Total Non Current Borrowings	59	-
Total Borrowings	434	-

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

(ii) These are unsecured loans which bear no interest.

(a) Maturity Analysis of Borrowings

Please refer to Note 7.1(b) for the ageing analysis of borrowings.

(b) Defaults and Breaches

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

(c) Lease Liabilities

Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	15	-	15	-
Later than 1 year and not later than 5 years	61	-	56	-
Later than 5 years	-	-	-	-
Minimum lease payments	76	-	71	-
Less future finance charges	(5)	-	-	-
TOTAL	71	-	71	-
Included in the financial statements as:				
Current borrowings - lease liability	13	-	13	-
Non-current borrowings - lease liability	59	-	59	-
TOTAL	72	-	72	-

The weighted average interest rate implicit in the finance lease is 6.0%.

Note 6.1: Borrowings (continued)

Leases

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

Maryborough District Health Service's leasing activities

Maryborough District Health Service has entered into leases related to the acquisition of motor vehicles.

For any new contracts entered into on or after 1 July 2019, Maryborough District Health Service considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Maryborough District Health Service assesses whether the contract meets three key evaluations which are whether:

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

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

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Maryborough District Health Services incremental borrowing rate.

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

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

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

Maryborough District Health Service has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Below market/Peppercorn lease

Maryborough District Health Service has no material below market/peppercorn leases.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Maryborough District Health Service to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

Presentation of right-of-use assets and lease liabilities

Maryborough District Health Service presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Note 6.1: Borrowings (continued)

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

There were no finance or operating leases that required reclassification in the comparative period.

Entity as lessee

Leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease assets are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with leases are recognised as an expense in the period in which they are incurred.

Borrowings

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

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

Note 6.2: Cash and Cash Equivalents

Cash on hand (excluding monies held in trust)
Cash at Bank (excluding monies held in trust)
Cash at Bank (monies held in trust)
Cash at Bank - CBS (excluding monies held in trust)
Term deposits < 3 months (excluding monies held in trust)

TOTAL CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

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

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

Total 2020 \$'000	Total 2019 \$'000
2	2
1,249	470
4,557	5,227
2,691	3,396
195	-
8,694	9,095

Note 6.3 : Commitments for expenditure

Capital Expenditure Commitments

Less than 1 year
Longer than 1 year but not longer than 5 years
5 years or more

Total Capital Expenditure Commitments

Total Commitments for Expenditure (inclusive of GST)

Less GST recoverable from the Australian Tax Office

TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)

2020 \$'000	2019 \$'000
2,798	2,600
1,100	1,000
-	-
3,898	3,600
3,898	3,600
(354)	(327)
3,544	3,273

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

Maryborough District Health Service has received funding of \$1,086,354 from the Department of Health and Human Services for the development of student accommodation. The budgeted capital expenditure to complete the development of the student accommodation is \$3,621,179. At the date of this report the Health Service is yet to enter into a formal contract for the development of the student accommodation.

Commitments

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

Note 6.4: Non-cash financing and investing activities

Acquisition of plant and equipment by means of
Finance Leases

Total Non-Cash Financing and Investing Activities

Total 2020 \$'000	Total 2019 \$'000
78	-
78	-

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

Note 7.1 (a): 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) Categorisation of financial instruments

Total 2020	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	8,694	-	8,694
Receivables - Trade Debtors	5.1	485	-	485
Other Receivables	5.1	308	-	308
Total Financial Assetsⁱ		9,487	-	9,487
Financial Liabilities				
Payables	5.2	-	3,549	3,549
Borrowings	6.1	-	434	434
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	4,444	4,444
Other Financial Liabilities - Patient monies held in trust	5.3	-	113	113
Total Financial Liabilitiesⁱ		-	8,540	8,540

Note 7.1 (a): Financial Instruments
(a) Categorisation of financial instruments

Total 2019	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	9,095	-	9,095
Receivables - Trade Debtors	5.1	612	-	612
Other Receivables	5.1	349	-	349
Investments and Other Financial Assets - Term Deposits	4.1	250	-	250
Total Financial Assetsⁱ		10,306	-	10,306
Financial Liabilities				
Payables	5.2	-	3,016	3,016
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	5,102	5,102
Other Financial Liabilities - Patient monies held in trust	5.3	-	125	125
Total Financial Liabilitiesⁱ		-	8,243	8,243

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).

Categories of Non-Derivative Financial Instruments

Financial assets at amortised cost

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

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

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

Maryborough District Health Service recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Note 7.1 (a): Financial Instruments

Categories of Non-Derivative Financial Instruments

Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Maryborough District Health Service's own credit risk. In this case, the portion of the change attributable to changes in Maryborough District Health Service's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Maryborough District Health Service recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Maryborough District Health Service has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Maryborough District Health Service does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Note 7.1 (a): Financial Instruments

Categories of Non-Derivative Financial Instruments

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

Maryborough District 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

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

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Maryborough District Health Service's business model for managing its financial assets has changes such that its previous model would no longer apply.

Note 7.1 (b): Payables and Borrowings Maturity Analysis

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

	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
				Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
2020								
Financial Liabilities at amortised cost								
Payables	5.2	3,549	3,549	3,549	-	-	-	-
Borrowings	6.1	434	434	1	4	10	419	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	4,444	4,444	-	-	4,444	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	113	113	113	-	-	-	-
Other Financial Liabilities	5.3	-	-	-	-	-	-	-
Total Financial Liabilities		8,540	8,540	3,663	4	4,454	419	-
2019								
Financial Liabilities at amortised cost								
Payables	5.2	3,016	3,016	3,016	-	-	-	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	5,102	5,102	-	-	5,102	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	125	125	-	-	125	-	-
Other Financial Liabilities	5.3	-	-	-	-	-	-	-
Total Financial Liabilities		8,243	8,243	3,016	-	5,227	-	-

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

Note 7.1 (c)

Contractual receivables at amortised cost

	1-Jul-19	Note	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total	
Expected loss rate			0.0%	0.0%	0.0%	63.4%			
Gross carrying amount of contractual receivables (\$'000s)		5.1	961	607	110	83	161	0	961
Loss allowance				-	-	-	(102)	-	(102)

	30-Jun-20		Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total	
Expected loss rate			0.0%	0.0%	0.0%	57.2%	0.0%		
Gross carrying amount of contractual receivables (\$'000s)		5.1	621	356	75	19	168	0	618
Loss allowance				-	-	-	(96)	-	(96)

Impairment of financial assets under AASB 9 *Financial Instruments*

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

Equity instruments are not subject to impairment under AASB 9 *Financial Instruments*. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments*. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments*, any identified impairment loss would be immaterial.

Contractual receivables at amortised cost

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

On this basis, the Maryborough District Health Service determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Note 7.1 (c) Contractual receivables at amortised cost (Continued)

Reconciliation of the movement in the loss allowance for contractual receivables

	Note	2020	2019
Balance at beginning of the year (\$'000s)		102	32
Opening retained earnings adjustment on adoption of AASB 9		-	-
Opening Loss Allowance	5.1	102	32
Modification of contractual cash flows on financial assets		-	-
Increase in provision recognised in the net result	3.1	(6)	70
Reversal of provision of receivables written off during the year as uncollectible		-	-
Reversal of unused provision recognised in the net result		-	-
Balance at end of the year	5.1	96	102

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

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables and debt investments at amortised cost

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

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

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 contingent liabilities for Maryborough District Health Service at the date of this report.

Note 8: Other disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible persons disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet Date
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 8.9 Correction of prior period error and revision of estimates
- 8.10 AASBs Issued that are not yet Effective

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Note	Total 2020 \$'000	Total 2019 \$'000
Net Result for the Year	OS	(3,901)	(2,450)
Non-Cash Movements:			
Depreciation and amortisation	4.3	3,767	3,302
Provision for Doubtful Debts	5.1 (a)	(6)	70
Revaluation of investment properties		30	(59)
Movements included in Investing and Financing Activities:			
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets		(4)	108
Less cash inflow/outflow from investing and financing activities		(77)	(79)
Movements in Assets and Liabilities:			
<i>Change in Operating Assets and Liabilities</i>			
(Increase)/Decrease in Receivables	5.1	343	(212)
(Increase)/Decrease in Prepayments		25	484
Increase/(Decrease) in Payables	5.2	533	519
Increase/(Decrease) in Other Liabilities		(12)	-
(Increase)/Decrease in Inventories		(80)	(5)
(Increase)/Decrease in employee benefits		438	844
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,056	2,522

Note 8.2: Responsible Persons

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

Responsible Ministers:

The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance
The Honourable Martin Foley, Minister for Mental Health
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

Governing Boards

Mr P. McAllister
Mrs K. Mason
Ms A. Ford
Mr G. Richmond
Ms C. Vincent
Dr T. Snell
Ms D. Thiele
Mr W. Main
Mr R. Eason
Ms R. Smith

Accountable Officers

Mr T. Welch (Chief Executive Officer)

Remuneration of Responsible Persons

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

Income Band

\$10,000 - \$19,999
\$290,000 - \$299,999
\$320,000 - \$329,999

Total Numbers

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

Period
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020

01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/10/2019 - 30/06/2020

01/07/2019 - 30/06/2020

Total 2020 No.	Total 2019 No.
10	11
-	1
1	-
11	12

2020 \$'000	2019 \$'000
\$364	\$307

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Maryborough District Health Services' financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.5)

Short-term Benefits
Post-employment Benefits
Other Long-term Benefits
Termination Benefits
Total Remunerationⁱ

Total Number of Executives

Total Annualised Employee Equivalentⁱⁱ

Total Remuneration	
2020	2019
\$'000	\$'000
397	264
37	25
11	16
-	-
445	305
3	2
2.6	2.0

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

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

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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.

Note 8.4: Related Parties

Maryborough District Health Services is a wholly owned and controlled entity of the State of Victoria. Related parties of the Maryborough District

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of a regional Information Technology Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

The Board of Directors, Chief Executive Officer and the Executive Directors of Maryborough District Health Services are deemed to be KMPs.

Entity	KMPs	Position Title
MDHS	Mr P. McAllister	Chair of the Board
MDHS	Mrs K. Mason	Board Member
MDHS	Ms A. Ford	Board Member
MDHS	Mr G. Richmond	Board Member
MDHS	Ms C. Vincent	Board Member
MDHS	Dr T. Snell	Board Member
MDHS	Ms D. Thiele	Board Member
MDHS	Mr W. Main	Board Member
MDHS	Mr R. Eason	Board Member
MDHS	Ms R. Smith	Board Member
MDHS	Mr T. Welch	Chief Executive Officer
MDHS	Ms N. Allan	Director of Clinical Services
MDHS	Ms L. Martin	Director of Finance
MDHS	Mr C. Olsen	Acting Director of Finance

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 - KMPs

Short-term Employee Benefits ⁱ	733	275
Post-employment Benefits	58	23
Other Long-term Benefits	19	9
Termination Benefits	-	-
Totalⁱⁱ	810	307

Total 2020 \$'000	Total 2019 \$'000
733	275
58	23
19	9
-	-
810	307

Prior year compensation for KMP's did not include executive officers as they were not previously recognised as holding a position that satisfied a Key Management Personnel role.

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 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Note 8.4: Related Parties

Significant Transactions with Government Related Entities

The Maryborough District Health Service received funding from the Department of Health and Human Services of \$27.92M (2019: \$25.98M) and indirect contributions of \$.113M (2019: \$0.097M). Balances outstanding as year end are \$0.35M (2019 \$0.248M)

Expenses incurred by the Maryborough District 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 the Victorian Managed Insurance Authority.

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

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with the Maryborough District Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

There were no related party transactions required to be disclosed for the Maryborough District Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2020.

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of the Financial Statements

TOTAL REMUNERATION OF AUDITORS

	Total 2020 \$'000	Total 2019 \$'000
	20	20
	20	20

Note 8.6: 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 Maryborough District Health Services 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.

The Covid-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Maryborough and District Health Service at the reporting date. As responses by government continue to evolve, management recognises it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Maryborough and District Health Service, its operations, its future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 11 October 2020 and the state of disaster remains in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Maryborough and District Health Service, the results of the operations or the state of affairs of Maryborough and District Health Service in the future financial years.

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2020 %	2019 %
Victorian Rural Health Alliance	The Member Entities have committed to the establishment of: Loddon Mallee Rural Health Alliance (LMRHA)	7.04	7.01

Maryborough District Health Services interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2020 \$'000 *	2019 \$'000 *
CURRENT ASSETS		
Cash and Cash Equivalents	437	322
Receivables	31	40
Inventory	78	-
Prepayments	91	87
TOTAL CURRENT ASSETS	637	449
NON-CURRENT ASSETS		
Property, Plant and Equipment	61	39
TOTAL NON-CURRENT ASSETS	61	39
TOTAL ASSETS	698	488
CURRENT LIABILITIES		
Payables	267	108
Accrued Expenses	39	-
Other Liabilities	28	-
TOTAL CURRENT LIABILITIES	334	108
TOTAL LIABILITIES	334	108
NET ASSETS	364	380
EQUITY		
Accumulated Surpluses/(Deficits)	364	380
TOTAL EQUITY	364	380

Maryborough District Health Services interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2020 \$'000 *	2019 \$'000 *
REVENUE		
Revenue from Operating Activities	718	542
Capital Purpose Income	41	14
Proceeds from Sale of Assets	1	-
TOTAL REVENUE	760	556
EXPENSES		
Other Expenses from Continuing Operations	768	537
Depreciation	7	8
TOTAL EXPENSES	775	545
NET RESULT	(15)	11

* Figures obtained from the unaudited LMRHA Joint Venture annual report.

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Note 8.8: Economic Dependency

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

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

Changes in accounting policy

There was no impact from changes in accounting policy relating to leases and recognition of revenue.

Note 8.10: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Maryborough District Health Services of their applicability and early adoption where applicable.

As at 30 June 2020, 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 Services has not and does not intend to adopt these standards early.

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*.
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.