2021 - 2022

MDHS

Annual Report

Contents

Acknowledgment to country

"I would like to acknowledge and extend my appreciation for the Dja Dja Wurrung people, the traditional owners of the land that we are standing on today and all other lands represented. Today, we pay our respects to leaders and Elders past, present and emerging for they hold the memories, the traditions, the culture and the hopes of all Indigenous Peoples. We express our gratitude in sharing of this land, our sorrow for the personal, spiritual and cultural costs of that sharing and our hope that we may walk forward together in harmony and in the spirit of healing."

Maryborough District Health Service

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75-87 Clarendon Street
Maryborough, Victoria 3465

Phone: +61 3 5461 0333
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Incorporating:
Community Services
PO Box 155
75-87 Clarendon Street
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Phone: +61 3 5461 0333
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Avoca Campus
10 Templeton Street
PO Box 75
Avoca, Victoria 3467

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

Dunolly Campus
20 Havelock Street
Dunolly, Victoria 3462

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

Vision, Purpose, Values

Vision

Changing the Healthcare story with our community

Purpose

Connecting our community to GREAT healthcare

Pillars

Connecting our community to care

Purposeful partnerships

Our Team

Sustainability

We Value

Genuine

Being consistently honest, trustworthy and accountable.

Respect

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

Excellence

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

Accountability

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

Togetherness

Working together to support common values and vision for shared goals.

Report of Operations

Establishment of the Health Service

Maryborough District Health Service is a health service established under the *Health Services Act 1988* (Vic). Maryborough District Health Service is located across the Local Government Areas of Central Goldfields and Pyrenees Shires in Central Victoria and provides a comprehensive range of services including urgent care, theatre, acute inpatient, residential care, home and community based services to the local population of around 15,000 people.

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

Annual Report

The annual report is a legal document prepared in accordance with the Health Services Annual Reporting Guidelines for 2021 - 2022 under the *Financial Management Act 1994* (Vic).

The Annual Report 2021 -2022 includes the Report of Operations and the Financial Report.

Responsible Ministers
Responsible Ministers for the reporting period

From 1 July 2021 to 26 June 20202
The Hon. Martin Foley MP,
Minister for Health
Minister for Ambulance Services
Minister for Equality

From 1 July 2021 to 26 June 2022
The Hon. James Merlino MP,
Minister for Mental Health

From 27 June 2022 to 30 June 2022
The Hon. Mary-Anne Thomas MP,
Minister for Health
Minister for Ambulance Services

From 27 June 2022 to 30 June 2022
The Hon. Gabrielle Williams MP,
Minister for Mental Health

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Maryborough District Health Service for the year ending 30 June 2022.

Kelly Mason
Chair, Board of Directors
Maryborough District Health Service

8 July 2022

Services and Programs

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

Clinical Services	Acute - Medical/Surgical	Allied Health Support for Inpatient Care	Central Sterilizing Department	Pre-Admission Clinic
	Dialysis	Drug & Alcohol Detoxification	Maternity Services	Urgent Care Centre
	Palliative Care	Theatre – Same day & Overnight	Oncology	Medical Imaging
Aged Care	Residential	Respite Care	Transition Care Program	
Community Services	District Nursing	Chronic Disease Management	Oral Health Services	Health Promotion
	Housing	Occupational Therapy	Physiotherapy	Social Support
	Speech Pathology	Dietetics	Dental	Alcohol & Drug
	Post-Acute Care	NDIS - National Disability Insurance Scheme	Orange Door	Multi-Agency Risk Assessment and Management / Strengthening Hospital Responses to Family Violence
	NEST – Community Program	School Readiness	Occupational therapy	Exercise physiologists
Support Services	Administration	Building Services	Emergency Management	Finance
	Health Information	Hotel Services	Human Resources	Occupational Health & Safety
	Quality & Risk	Staff Education	Student Management	Procurement & Supply

Year in Review

Chairs Report

The Board of Directors at Maryborough District Health Service (MDHS) consists of 11 community members, with abreadth of professional skills and interests independently appointed by Department of Health and Human Services.

The objective of the Board of Directors is to ensure we maintain robust governance systems, provide strategic direction and support thedelegation of operational day-to-day management of the Health Service to the Chief Executive. I take this opportunity to thank fellow Board Directors and the Executive team on another great year of achievements.

As my first year as Chair, and my 7th year as a Board Member, I continue to be overwhelmed with the community support for MDHS. Across all of our catchment, be it in Avoca, Dunolly or in Maryborough, we have enjoyed a year of strong partnership and engagement.

At 30 June, we said goodbye to Peter, Tony and Dianne and thank them for their time, support and passion for the health service whilst being on the Board of Directors. We also experienced the value of the previously appointed members (Liz and Judy) come to the forefront. This expanded our portfolio of skills on the Board – Liz with Chief Operating Officer within health, and Judy with speech pathologist, aged care and extensive research in the health sector.

The professionalism and endurance afforded by our Executive and Staff teams during the ongoing challenges of COVID cannot be understated. The Board are extremely proud of how the Service has 'held together' to provide our community the most professional of care across many fronts that need to be battled in this ongoing pandemic. This significant issue will be with usfor the foreseeable future and I am proud to say our team is up for the challenge in the most caring manner.

The Master Plan (Maryborough Hospital rebuild) has progressed with allocation of funds in the last State budget. The team is excited that this project is progressing at the normal pace of a project of this magnitude and importance. Further emphasis will be directed on this project with appropriate internal resourcing so as not to hinder our excellent service provision. This is coupled by the ongoing progress of the Student Accommodation project.

This is also an opportunity for me to acknowledge the many volunteers and auxiliaries who are an integral part of the MDHS fabric. With significant changes/reforms required to manage the COVID situation, each of these parties have successfully engaged in modified service activities to meet community requirements.

The Board of Directors are really excited about the opportunities that lie ahead to provide a better healthcare experience for our patients, their families and carers, and we have so much confidence in the team at MDHS to do this.

Our culture around safety and quality improvements at MDHS, is driven by our staff who are committed to excellence by working together to support shared goals to achieve the highest standard of care. Our vision is to change the healthcare story with our community and we are well placed to do this.

Kelly Mason

Board Chair

Chief Executive's Report

This report has been written off the back of the continued challenges of the COVID-19 pandemic, which have carried over into the 2021-2022 year not only at MDHS but across Australia.

This year, like last year, our staff and communities' commitment to protecting and caring for each other was abundantly clear. To say I am proud of all of our achievements would be an understatement.

Our values of GREAT have been displayed every single day, and our ability to succeed in service delivery based on need has been unwavering. This has seen the launch of our new Maternity Model of Care and our strategic plan, built off the feedback from our community. This is a wonderful example of our teams continued focus to deliver the best care to our community, in many different ways.

Organisationally we have seen a wonderful response to the changing demands of the COVID response, but also state based initiatives to reduce the surgical waiting lists across our region. We have also implemented an innovative response to the Royal commission into Aged Care, commencing our wellness and reablement team who support individualised care for our residents.

As we continued through this pandemic, we maintained focus on staff wellbeing and introduced fun back into the workplace, with initiatives such as the WISH program (**W**orking together to **I**nspire **S**taff **H**ealth), the festival of fun and dress up days across the health service. The fatigue of COVID-19 cannot be underestimated and focus on support and empathy has been front of mind.

While the year will always be remembered for the pandemic, it also remained a year of high achievement and outcomes. The highlights of the year include:-

- Record service levels across multiple departments
- Launch of our Reflect Reconciliation Action Plan, articulating our commitment to closing the gap
- Second intake of our Enrolled Nursing program in partnership with Bendigo Kangan Tafe
- Launch of New Model of Care for Maternity Services a model based on collaboration and local needs of our community
- Commencement of the Student Accommodation project
- Annual Golf Day raising $24,490.00 with funds committed to the local fundraising efforts for our oncology services
- Appointment of a dedicated Aboriginal Hospital Liaison Officer
- Art work project led by the Reconciliation Action Plan working group to create a culturally safe environment for our local Aboriginal and Torres Strait Islander community
- Successful Accreditation at Avoca, Dunolly and Wattle Rise Residential Aged care sites

We continue to plan our capital redevelopments with the announcement of a $100,000,000 in the budget to commence works on the new Masterplan, establishing MDHS as a state of the art hub of health. Completion of key funded projects including; Avoca dining room upgrade, and commencement of Wattle Rise bathroom upgrade, and early works for the masterplan.

We acknowledge and thank our amazing volunteers. With over 170 registered volunteers we have a robust support system. Our health service achieves so much as a result of their dedication and commitment. We are very excited for your return as soon as possible.

Thank you to those groups (too many to list) who have donated and supported MDHS in the past year. This support aids new equipment and developments, and overall enhances what we have to offer. It makes a huge difference.

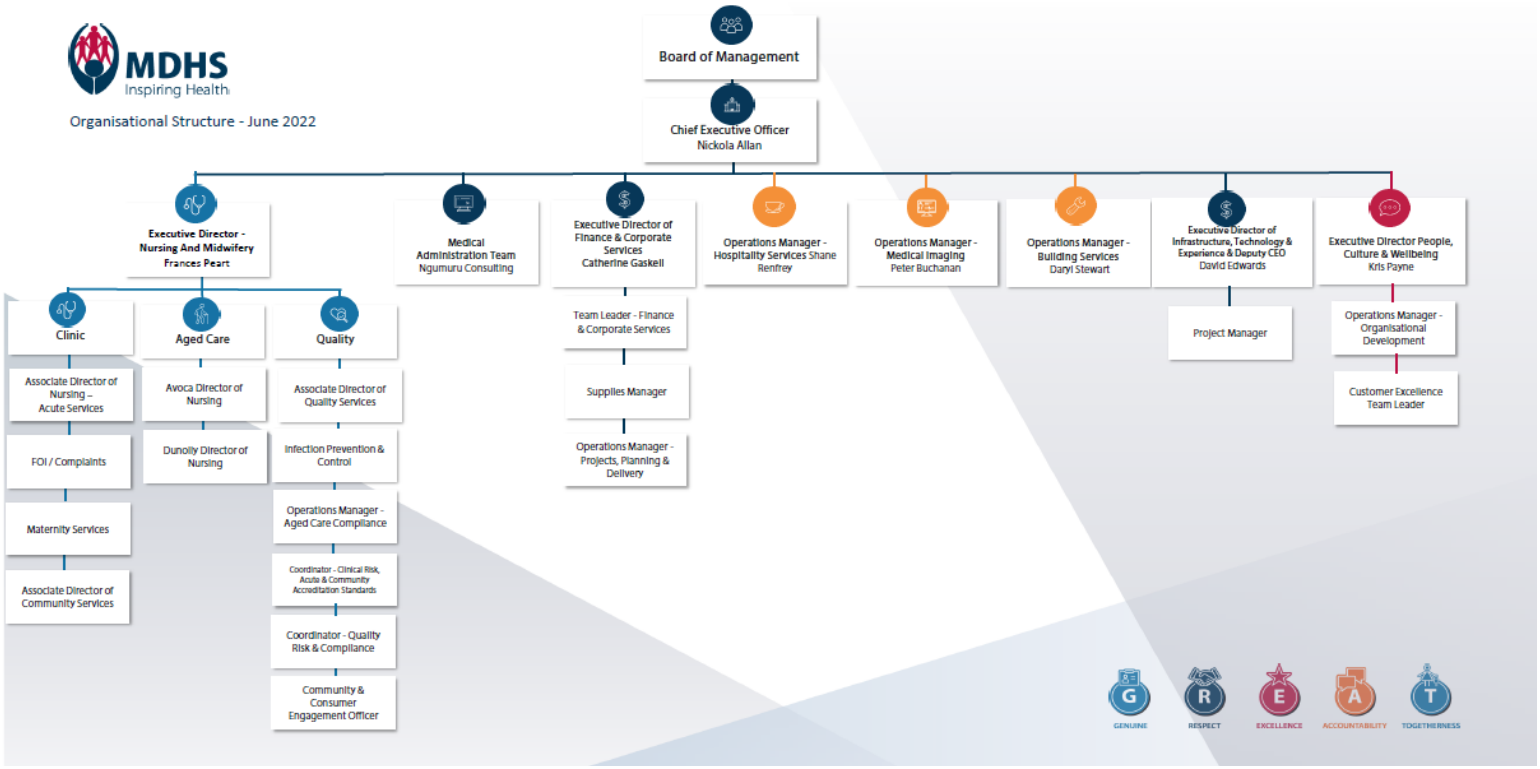
I want to acknowledge and thank the Board of Management for their overwhelming support and guidance. Under the leadership of Kelly Mason, the board have provided robust governance and vision to the organisation.

We hope you enjoy this report and look forward to what will be a very exciting 12 months at MDHS

Nickola Allan

CEO

Organisational Structure



Corporate Governance

Board of Directors

The Board of Directors administers MDHS according to established Corporate Governance practices and procedures, which are reviewed regularly. The Board of Directors are responsible for the governance and legislative compliance and works within the framework of the *Health Services Act 1998*(Vic) to establish policies and deliver, within its financial limitations, a strategic direction for the management of MDHS.

Members of the Board of Directors are appointed by the Governor-in-Council on the recommendation of the Minister for Health. The usual term of office is three years, with members able to seek re-appointment up a maximum term of 9 years. Members receive remuneration for activities associated with the Health Service Board of Directors.

Pecuniary and Conflict of Interest

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

Board of Directors as at 30 June 2022

Board Chair: Kelly Mason
B. Comm
Appointed: 2015
Term of Office: 01.07.18 – 30.06.24

Vice Board Chair: Peter McAllister
Appointed: 2013
Term of Office: 01.07.16 – 20.6.2022

Treasurer: Robert Camm
Appointed: 2020
Term of Office: 01.07.20 – 30.06.23

Member: Anthony Snell
MBChB, MRCP, FRACP
Appointed: 2016
Term of Office: 01.07.16 – 30.06.2022

Member: Ron Eason
Appointed: 2018
Term of Office: 01.07.18 – 30.06.24

Member: Robyn Smith
Appointed: 2018
Term of Office: 01.07.18 – 30.06.21
Observer: 01.07.2021 – 30.06.2022

Member: Dianne Thiele
Appointed: 2019
Term of Office: 01.07.2019 - 30.06.2022

Member: Shea Stewart
Appointed: 2020
Term of Office: 01.07.2020 – 30 .06.2023

Member: Thileepan Naren
Appointed: 2020
Term of Office: 01.07.2020 – 30 .06.2023

Member: Elizabeth Chatham
Appointed: 2021
Term of Office: 01.07.21 – 30.06.23

Member: Judy Lowthian
Appointed: 2021
Term of Office: 01.07.21 – 30.06.22

Audit

The Audit committee provides advice and oversight for the financial and risk management framework for MDHS, the performance and independence of the internal auditors and the effectiveness of management and other systems of internal control. The committee also monitors compliance with laws and regulations, its own code of conduct and the code of financial practice. HLB Mann Judd has been the appointed Internal Auditor for 2021-2022

Members:
- Rob Camm
- Ron Eason
- Peter McAllister
- Linda McNeill (Chair)
- Shannon Buckley
- John Watson

Attendees:
- HLB Mann Judd – Internal Auditor
- AccountPro - VAGO Auditors
- Chief Executive Officer
- Director Finance & Corporate Services
- Director Infrastructure, Technology & Experience

Clinical Governance

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

Members:
- Anthony Snell (Chair)
- All Board of Directors

Attendees:
- Chief Executive Officer
- Director Clinical & Quality Services
- Director of Finance & Corporate Services
- Director of People, Culture & Wellbeing
- Director of Infrastructure, Technology & Experience & Deputy CEO
- Associate Director of Nursing – Acute Services
- Associate Director of Quality Services
- Infection Control Coordinator
- Coordinator-Quality, Risk and Compliance
- Director Medical Services

Health & Community Collaborative

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

Members:
- Peter McAllister
- Dianne Thiele

Attendees:
- Chief Executive Officer
- Director Clinical and Quality Services

Workforce Data

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE*		AVERAGE MONTHLY FTE**	
	2021	2022	2021	2022
Nursing	170.44	150.98	171.28	151.99
Administration and Clerical	40.74	36.84	36.94	37.49
Medical Support	21.89	27.41	21.13	25.06
Hotel and Allied Services	44.67	48.88	48.68	46.66
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	31.24	23.79	31.33	23.74

Occupational Health and Safety

Occupational Health and Safety

Respect is a core value and part of business. Staff, visitors and contractors are required to respect themselves and those around them by ensuring they have regard for health and safety.

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

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

OCCUPATIONAL HEALTH AND SAFETY STATUS	2021-22	2020-21	2019-20	2018-19
Number of reported hazards/incidents for the year per 100 FTE	24.24	16.67	19.33	24.22
Number of lost time standard WorkCover claims for the year per 100 FTE	0.70	0.89	1.5	0.99
The average cost per WorkCover claim for the year (000)	$13,720	$12,772	$40,034	$65,235

Occupational Violence

STATISTICS	2021-22
WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,00,000 hours worked	0
Number of occupational incidents reported	69
Number of occupational incidents reported per 100 FTE	24.24
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	17%

Financial Information

OPERATING RESULTS	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000
Net operating result *	42	325	246	1243	440
Total revenue	54,197	49437	44320	43146	39491
Total expenses	52,978	52195	48056	45480	41603
Net result from transactions	1,219	-2758	-3736	-2450	-2100
Total other economic flows	-2,106	141	-165	-116	-22
Net results	5,246	-2617	-3901	-2450	-200
Total assets	73,452	66875	67133	70863	50098
Total liabilities	20,276	18945	16586	15832	13760
Net assets/Total equity	53,176	47930	50547	55031	36338

Reconciliation between the Net results from transactions reported in the model to the Operating result as agreed in theStatement of Priorities.

NET OPERATING RESULT	2021-22 $000
Net operating result *	42
Capital purpose items	3,616
Specific income COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	482
State Supply items consumed up to 30 June 2022	-482
Assets provided free of charge	1,395
Assets received for capital purposes	-
Depreciation and amortization	-3,825
Impairment of non-financial assets	-
Financial costs (other)	-9
Net result from transactions	1,219

Summary of financial results:

Maryborough District Health Service financial performance for 2021-22, along with our achievement of service activity targets, continued to be impacted by the COVID-19 pandemic. The Health Service response provided vaccination, testing and home monitoring clinics to the community, which increased income and expenditure by more than $2.34M. The COVID-19 impact on workforce availability saw an extended staffing code yellow called from January to April driven by our inability to effectively manage acute and residential aged care staffing rosters. The extended closure of our elective surgery department and phased reintroduction of services from the code yellow resulted in significant wage and salary cost savings. The alternative staff models enabled the maintenance of safe clinical care, although the achievement of service delivery targets was impacted.

Maryborough District Health Service achieved a net result of $1.219M. The comprehensive result for the year was $5.246M. Revenue and income from transactions for the year was $54.197M and expenses from transactions for the year $52.978M. Capital grants of $3.425M were received to carry out major projects, such as the new student accommodation and improved aged care facilities. A revaluation for land and buildings added $6.133M to our assets, while the recognition of impairment over a number of building subject to future demolition reduced values by $2.276K.

Consultancies Information

Details of consultancies (under $10,000)

In 2021-22, there were 12 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is $35,691.09 (excl. GST).

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

In 2021-22, there were 6 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is $379,136.88 (excl. GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2021-22 (excluding GST)	Future expenditure (excluding GST)
Visibility Co				$151,400.00	$151,400.00	
The Trustee for Naked Ambition Consulting Unit Trust				$146,361.70	$146,361.7	
The Leadership Place				$33,140.00	$33,140.00	
Carrtilage Consulting				$14,750.27	$14,750.27	
Bounce				$18,500.00	$18,500.00	
The Health Round Table				$14,984.94	$14,984.94	

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2021-2022 is $1.436 million (excluding GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	**Non-Business As Usual (non-BAU) ICT expenditure**		
Total (excluding GST)	**Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)**	**Operational expenditure (excluding GST) (a)**	**Capital expenditure (excluding GST) (b)**
$1,216,302.59	$219,940.06	$119,833.92	$90,037.87

Disclosures required under Legislation

Freedom of Information Action Act 1982

Access to documents and records held by MDHS may be requested under the *Freedom of Information Act 1982*. Members of the public wishing to access documents can apply in writing to the FOI Principal Officer, Nickola Allan at MDHS. Information can be found at: www.mdhs.vic.gov.au. 159 Freedom of information request all were granted but were unable to fulfil 3 due to not having the required information that the request specified, 1 that was partly fulfilled as some information was redacted under section 34 of the FOI act.

Building Act 1993

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

Public Interest Disclosure Act 2012

The *Public Interest Disclosure Act 2012* (Vic) enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Public Interest Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. MDHS complies with the requirements of the Public Interest Disclosure Act 2012 and did not receive any disclosures in the 2021-22 financial year.

Statement of National Competition Policy

All competitive neutrality requirements were implemented and met in accordance with National Competition Policy, including compliance with the requirements of the policy statement 'Competitive Neutrality Policy Victoria' and any subsequent reforms.

Carers Recognition Act 2012

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

Local Jobs First Act 2003

In 2021-2022 there were no contracts requiring disclosure under the Local Jobs First Policy.

Financial Management Act 1994 (Vic)

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

Safe Patient Care Act 2015 (Vic)

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

Gender Equality Act 2020

The Maryborough District Health Service Gender Equality Action Plan (GEAP) was approved by the Commission for Gender Equality on the 20th June 2022.

MDHS's Gender Equality Objective is for, *"our workforce to complement the diversity of the community we serve and engage with by creating a working environment and conditions in which we operate, learn, work and age in as a focus of all action plans and strategies"*.

In order to achieve this objective, MDHS has focussed on 3 key priority areas, being:

- **Priority 1** The MDHS workplace is a sector-wide gender equality leader where all women and gender diverse people, with intersectional characteristics, are acknowledged, celebrated and recognised in a way that supports people to succeed.
- **Priority 2** MDHS applies inclusive and bias-free practices when assessing its talent pool to achieve a gender-balanced workforce with pay equity, while also striving to have a workforce that is increasingly representative of the local community.

- **Priority 3** MDHS has zero tolerance for sexism, discrimination, bullying and sexual harassment with all staff empowered to recognise, address and respond to it.

Each of the above key priority areas has specific action plans in place, which directly relate to the 7 indicators of gender equality. The implementation and monitoring of each action plan is to be undertaken by the MDHS Gender Equality Action Plan Committee. Given the GEAP was approved by the Commission for Gender Equality in late June, 2022 – the first meeting of the Gender Equality Action Plan Committee will be in July 2022.

Environmental Performance

MDHS remains committed to improving our environmental impact and strives to provide health care in an environmentally sound and sustainable manner. MDHS will ensure that environmental sustainability is a high priority for the future of our master plan project.

Energy Consumption	2019/20	2020/21	2021/22
Total stationary energy purchased by energy type (GJ)			
Electricity	5090	4993	5343
LPG	2948	1273	1186
Natural Gas	245	1812	1784
Total	**8,282**	**8,078**	**8,313**
Normalised stationary energy consumption			
Energy per unit of floor space (GJ/m2)	0.48	0.47	0.49
Energy per unit of Separations (GJ/Separations)	1.55	1.51	1.66
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.19	0.18	0.19

Greenhouse gas emissions	2019/20	2020/21	2021/22
Total greenhouse gas emissions (tonnes C02e)			
Scope 1	191	171	164
Scope 2	1442	1359	1350
Total	**1633**	**1530**	**1514**
Normalised greenhouse gas emission			
Emissions per unit of floor space (kgCO2e/m2)	95,385	89,339	88,435
Emissions per unit of Separations (kgCO2e/Separations)	305,173	285,403	303,221
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	36,953	34,558	34,626

Water Consumption	2019/20	2020/21	2021/22
Total greenhouse gas emissions (tonnes C02e)			
Class A Recycled Water	N/A	N/A	N/A
Portable Water	14,782	13,583	13,297
Reclaimed Water	N/A	N/A	N/A
Total	**14,782**	**13,583**	**13,297**
Normalised water consumption (portable + Class A)			
Water per unit of floor space (kL/m2)	0.86	0.79	0.78
Water per unit of Separations (kL/Separations)	2.76	2.53	2.66
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.33	0.31	0.30

Waste & Recycling	2019/20	2020/21	2021/22
Waste type			
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	167,096	170,112	171,036
Total waste to landfill generated (kg clinical waste+kg general waste)	139,624	138,762	140,263
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.82	2.80	2.88
Recycling rate % (kg recycling / (kg general waste+kg recycling))	17.49	19.69	19.28

Normalisers	2019/20	2020/21	2021/22
Area M2	17,123	17,123	17,123
1000km (Corporate)	N/A	N/A	N/A
1000km (Non-emergency)	N/A	N/A	N/A
Aged Care OBD	32,183	33,168	33,073
ED Departures	0	0	0
FTE	295	301	288
LOS	12,015	11,098	10,659
OBD	44,198	44,266	43,732
PPT	49,550	49,626	48,726
Separations	5,352	5,360	4,994

Social Procurement

Victoria's Social Procurement Framework (SPF) is a Victorian Government policy that enables Maryborough District Health Service (MDHS) to increase the value of procured goods, services, and construction by pursuing social and sustainable outcomes, in accordance with the SPF.

During the year FY 2019-20, Maryborough District Health Service developed their social procurement strategy which aligns with our strategic goals, namely,

- Opportunities for Victorian Aboriginal people
- Opportunities for disadvantaged Victorians
- Sustainable Victorian Regions

FY 2019-20: Priority SPF objectives and outcomes

Maryborough District Health Service strategic priorities for 2019-20 sought the following SPF objectives and corresponding outcomes through our procurement activities.

Priority SPF objectives	Priority SPF outcomes sought
1. Opportunities for Victorian Aboriginal people	Despite the suspension of a number of procurement activities due to the COVID-19 pandemic, social considerations to pursue SPF outcomes to promote Victorian Aboriginal people has been incorporated into MDHS's Reconciliation Action Plan.
2. Opportunities for Victorians with disability	MDHS has undertaken direct social procurement by purchasing from Asteria Services, which

	provide tailored disability support and commercial services to the people of central Victoria.
3. Sustainable Victorian regions	Despite a number of procurement activities being suspended due to COVID-19, new social procurement considerations were successfully incorporated into 5 procurement activities, including MDHS Function Catering & Staff Development.

Social procurement capability development activities

During the year we undertook the following activities to build social procurement capability at an organisational level.

- Appointed a dedicated social procurement staff member to manage the implementation of the strategy for Maryborough District Health Services.
- Two MDHS Staff Members from procurement and corporate service attended 5 of the strategic & operational working groups held by HealthShare Victoria.
- Established a social procurement baseline spend with suppliers to inform our social procurement strategy.
- Completed reading assessments associated within the learning modules in HealthShare Victoria's learning management system, ECHO, to understand strategic and operational requirements.
- Accessed standalone social procurement implementation toolkit developed by HealthShare Victoria including invitation to supply & contract management templates, social procurement requirements planning tool, and direct social procurement guide.
- During the year, we undertook 1 procurement activity for which a social procurement opportunity and risk analysis, consistent with the Framework, was undertaken as part of requirements planning.
- We have updated all relevant procurement documentation to enable effective and efficient handling of supplier/project information for use in benefits measurement and benefits reporting.

SPF achievements and Commitments (where available)

Direct approach to social procurement is purchasing of goods, services or construction (by government) from:

- Victorian social enterprises
- Victorian Aboriginal businesses

Summary of direct social procurement engagement for FY 2019-20
Number of social benefit suppliers engaged during the reporting period: 6 Total amount spent with social benefit suppliers during the reporting period: $28,183.13

- other social benefit suppliers, including Victorian Australian Disability Enterprises

Indirect social procurement engagement

Indirect approach to social procurement is requiring mainstream tenderers (suppliers who are not social benefit suppliers) to pursue social and sustainable outcomes, in accordance with the SPF.
Despite a number. of procurement activities being suspended because of Co-vid 19, social considerations were successfully incorporated into 6 procurement activities

Privacy

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

Details in respect of the items listed below have been retained by MDHS and are available to the relevant Ministers, Members of Parliament and the public on request (subject to freedom of information requirements:

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

Attestation for Financial Management Compliance

I, Kelly Mason on behalf of the Responsible Body, certify that Maryborough District Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and instructions.

Kelly Mason
Responsible Officer
Maryborough District Health Service

8 July 2022

Attestation for Integrity, Fraud and Corruption

I, Nickola Allan certify that Maryborough District Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Maryborough District Health Service.

Nickola Allan
Accountable Officer
Maryborough District Health Service

8 July 2022

Attestation for Data Integrity

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

Nickola Allan
Accountable Officer
Maryborough District Health Service

8 July 2022

Attestation for Conflict of Interest

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

Nickola Allan
Accountable Officer
Maryborough District Health Service

8 July 2022

Compliance Disclosure Index

Disclosure Index

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

Legislation	Requirement	Page Reference
FRD 22	Application and operation of The Public Interest *Act 2012*	14
FRD 22	Statement on National Competition Policy	14
FRD 22	Application and operation of *Carers Recognition Act 2012*	14
FRD 22	Summary of the entity's environmental performance	15
FRD 22	Additional information available on request	18
Other relevant reporting directives		
FRD 25	Local Jobs First Policy disclosures	14
SD 5.1.4	Financial Management Compliance attestation	19
SD 5.2.3	Declaration in report of operations	4
Attestations		
Attestation for Financial Management Compliance		19
Attestation on Data Integrity		19
Attestation on managing Conflicts of Interest		19
Attestation on Integrity, fraud and corruption		19
Other reporting requirements		
• Reporting of outcomes from Statement of Priorities 2021-22		22
• Occupational Violence reporting		11
• Reporting obligations under the *Safe Patient Care Act 2015*		14
• Gender Equality Act 2020		14
• Reporting of compliance regarding Car Parking Fees (if applicable)		NA

Statement of Priorities

In 2021-2022 Maryborough District Health Service assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

Strategic priorities

Maintain robust COVID-19 readiness and response, working with the department to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for the community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of the COVID-19 vaccine immunisation program rollout, ensuring the local community's confidence in the program.

Outcomes:

- MDHS worked collaboratively as part of the Grampians Public Health Unit team to provide designated fever clinic for COVID-19 testing for the 2021-2022 reporting period. MDHS facilitated over 9000 doses of COVID-19 vaccine during this time.
- MDHS also worked actively in the High Risk Accommodation Response (HRAR) area to establish relationships with local Supported Residential Service providers and assisted them during a COVID outbreak, also working with our housing team to reach our most at risk community members to get vaccinated.

Actively collaborate on the development and delivery of priorities within the Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivery against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines.*

Outcomes:

- MDHS has actively participated in the Grampians Health Service Partnership to support regional priorities, contribute to works plans and prioritise activity in 2021-2022. Our CEO has been part of the regional maternity services group as part of these works.
- MDHS has been a regular attendee as part of the Grampians Public Health Unit meetings and planning to support safe pandemic responsiveness and actions.

Engage with the community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with the Health Service Partnership to:

- Implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
- Improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.

Outcomes:

- MDHS achieved and exceeded its elective surgery blitz target in the 2021-2022 period.
- MDHS worked collaboratively to support our COVID at home monitoring program actively supporting telehealth appointments for consumers.
- MDHS has successfully recruited to our new Better at Home role.

Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in the Health Service Partnership and through the Partnership's engagement with Regional Mental Health and Wellbeing Boards.

Outcomes:

- MDHS has established relationships with Bendigo Health to support our community accessing mental health services within our catchment. We have clear referral pathways to support access for urgent care attendances and for inpatients requiring additional levels of care.
- MDHS is an active participant in the Health Service Partnership which is supporting the regional responses to enhanced mental health activities.

Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into the organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.

Outcomes:

- MDHS has successfully launched and had endorsement by Reconciliation Australia of the Reflect Reconciliation Action Plan, describing our commitment to closing the gap.
- MDHS successful recruited its first Aboriginal Hospital Liaison Officer.
- MDHS embedded our Reconciliation Artwork into our corporate uniform.
- MDHS collated an art project to create safe environment in conjunction with members of Dja Dja Wurrung.
- MDHS provided Senior Leaders with White Privilege training.
- MDHS completed registration of its Innovate Reconciliation Action Plan supported by our Reconciliation Action Plan Working Group.

Performance Priorities

High quality and safe care

Key performance measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	92%
Percentage of healthcare workers immunised for influenza	92%	98%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	74%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	100%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	86%
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	0.0%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0.0%

Strong governance, leadership and culture

Key performance measure	Target	Result
Organisational culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	68%

Effective financial management

Key performance measure	Target	Result
Operating result ($m)	$0.00	$0.042
Average number of days to receive patient fee debtors	60 days	12
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.85
Actual number of days available cash, measured on the last day of each month.	14 days	34 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	$42,000

Activity & Funding

MDHS Activity Achievements 2021 – 22

Funding Type	Activity	
Consolidated Activity Funding		
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	3,795.05	NWAU
Acute Admitted		
National Bowel Cancer Screening Program NWAU	0.00	NWAU
Acute admitted DVA	35.20	NWAU
Acute admitted TAC	1.89	NWAU
Acute Non-Admitted		
Home Enteral Nutrition NWAU	12	NWAU
Aged Care		
Residential Aged Care	33,485	Beddays
HACC	4,465	Service Hours
Primary Health		
Community Health/ Primary Care Programs	21,580	Service Hours

Donations

Each year we receive generous contributions through donations, sponsorships, bequests and philanthropic grants. We thank the numerous community members and organisations who have made a donation to MDHS this year. Total donations for the 2021-22 year $180,706.00

MDHS Charity Golf Day

MDHS in conjunction with its major sponsor, True Foods, held our annual Charity Golf Day, the event raised $24,490.00.
We thank True Foods and all the hole sponsors for another successful event.

Major Community Supporters

- Avoca Football and Netball Club
- Carisbrook Lions Club
- Carisbrook Football and Netball Club
- Maryborough Squash Club
- Maryborough Golf and Bowls Club
- Maryborough Rotary Club
- Maryborough Lions Club
- Maryborough Highland Society
- Maryborough Education Centre
- Maryborough District Advertiser
- Maryborough Professionals
- Maryborough IGA
- Maryborough Harness Racing Club
- Maryborough Sports & Leisure
- Maryborough Senior Citizens Club
- Maryborough Auxiliary
- Maryborough Toyota
- True Foods
- Edlyn Foods
- Empower Foods
- Sonac
- Manildra Group
- VISY
- Cancer Care Australia
- Bequest of the late Margaret Ann Fowler
- Bequest of the late Elizabeth Tunkin
- Centre State Printing
- Carramar Nursery
- Doran Earth Moving
- First National Real Estate
- Bi Rite Electrical
- Sludgebusters
- Clarendon Street Dental Practice
- Phil Hooper Insurance Brokers
- Driscoll Ag
- Lisa Winkel
- Donald Calder
- McArdle Transport
- Arktika Vodka
- Hutchins & Rowles Transport
- Central Victorian Transport
- Alchemy Performance Packaging
- Allround Packaging
- Bendigo Bank
- Azelis Australia PTY LTD
- AFS & Associates

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

Maryborough District Health Service

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mdhs.vic.gov.au

If the financial report is not attached and you would like a copy, please contact 54610333.

2021-
2022

MDHS

Annual Financial Report

Contents

Maryborough District Health Service

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Avoca, Victoria 3467

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Fax: +61 3 5465 3533

Dunolly Campus
20 Havelock Street
Dunolly, Victoria 3462

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

Financial Statements
Financial Year ended 30 June 2022

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 2022 and the financial position of Maryborough District Health Service at 30 June 2022.

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 8 September 2022.

Board member	**Accountable Officer**	**Chief Finance & Accounting Officer**
		
Chair	Chief Executive Officer	Chief Finance and Accounting Officer
Maryborough 08 / 09 / 2022	Maryborough 08 / 09 /2022	Maryborough 08 / 09 / 2022

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Maryborough District Health Service

Opinion	I have audited the financial report of Maryborough District Health Service (the health service) which comprises the: • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's, and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Other Information	My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
5 October 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Maryborough District Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Revenue and income from transactions			
Operating activities	2.1	54,025	49,277
Non-operating activities	2.1	172	160
Total revenue and income from transactions		**54,197**	**49,437**
Expenses from transactions			
Employee expenses	3.1	(37,704)	(37,866)
Supplies and consumables	3.1	(5,179)	(4,612)
Finance costs	3.1	(9)	(3)
Depreciation	3.1	(3,825)	(3,875)
Other administrative expenses	3.1	(3,710)	(3,843)
Other operating expenses	3.1	(2,484)	(1,996)
Other non-operating expenses	3.1	(67)	-
Total Expenses from transactions		**(52,978)**	**(52,195)**
Net result from transactions - net operating balance		**1,219**	**(2,758)**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	(2,196)	71
Net gain/(loss) on financial instruments	3.2	(111)	-
Other gain/(loss) from other economic flows	3.2	201	70
Total other economic flows included in net result		**(2,106)**	**141**
Net result for the year		**(887)**	**(2,617)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.1(b)	6,133	-
Total other comprehensive income		**6,133**	**-**
Comprehensive result for the year		**5,246**	**(2,617)**

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

Maryborough District Health Service
Balance Sheet
As at 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Current assets			
Cash and cash equivalents	6.2	11,348	11,096
Receivables and contract assets	5.1	2,123	1,121
Inventories		41	38
Prepaid expenses		770	685
Total current assets		**14,282**	**12,940**
Non-current assets			
Receivables and contract assets	5.1	1,146	990
Property, plant and equipment	4.1(a)	57,799	51,945
Right of use assets	4.2(a)	45	58
Investment Properties	4.5(a)	180	942
Total non-current assets		**59,170**	**53,935**
Total assets		**73,452**	**66,875**
Current liabilities			
Payables and contract liabilities	5.2	5,936	5,178
Borrowings	6.1	46	13
Employee benefits	3.3	7,344	7,868
Other liabilities	5.3	6,281	5,472
Total current liabilities		**19,607**	**18,531**
Non-current liabilities			
Borrowings	6.1	-	46
Employee benefits	3.3	669	368
Total non-current liabilities		**669**	**414**
Total liabilities		**20,276**	**18,945**
Net assets		**53,176**	**47,930**
Equity			
Property, plant and equipment revaluation surplus	4.3	49,244	43,111
Restricted specific purpose reserve	SCE	486	486
Contributed capital	SCE	13,776	13,776
Accumulated deficit	SCE	(10,330)	(9,443)
Total equity		**53,176**	**47,930**

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 2022

Total	Note	Property, Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Reserve $'000	Contributed Capital $'000	Accumulated Surplus/(Deficits) $'000	Total $'000
Balance at 30 June 2020		**43,111**	**486**	**13,776**	**(6,826)**	**50,547**
Net result for the year		-	-	-	(2,617)	(2,617)
Transfer from/(to) accumulated deficits		-	-	-	-	-
Balance at 30 June 2021		**43,111**	**486**	**13,776**	**(9,443)**	**47,930**
Net result for the year		-	-	-	(887)	(887)
Other comprehensive income for the year		6,133	-	-	-	6,133
Transfer from/(to) accumulated deficits		-	-	-	-	-
Balance at 30 June 2022		**49,244**	**486**	**13,776**	**(10,330)**	**53,176**

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 2022

	Note	Total 2022 $'000	Total 2021 $'000
Cash Flows from operating activities			
Operating grants from State government		31,708	31,651
Operating grants from Commonwealth government		8,628	8,628
Capital grants from government - State		3,435	318
Patient fees received		2,423	2,825
Private practice fees received		1,993	2,156
GST received from ATO		989	882
Interest and investment income received		54	56
Commercial Income Received		214	166
Other receipts		2,480	2,842
Total receipts		**51,924**	**49,524**
Employee expenses paid		(37,811)	(37,042)
Payments for supplies and consumables		(4,272)	(4,054)
Payments for medical indemnity insurance		(497)	(463)
Payments for repairs and maintenance		(1,558)	(1,087)
Finance Costs		(9)	(3)
Cash outflow for leases		(25)	(25)
Other payments		(4,890)	(5,136)
Total payments		**(49,061)**	**(47,810)**
Net cash flows from/(used in) operating activities	8.1	**2,863**	**1,714**
Cash Flows from investing activities			
Purchase of property, plant and equipment		(3,572)	(665)
Capital donations and bequests received		181	475
Net cash flows from/(used in) investing activities		**(3,391)**	**(190)**
Cash flows from financing activities			
Repayment of borrowings		(13)	(33)
Receipt of accommodation deposits		2,329	1,750
Repayment of accommodation deposits		(1,536)	(839)
Net cash flows from /(used in) financing activities		**780**	**878**
Net increase/(decrease) in cash and cash equivalents held		**252**	**2,402**
Cash and cash equivalents at beginning of year		11,096	8,694
Cash and cash equivalents at end of year	6.2	**11,348**	**11,096**

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 2022

Note 1: Basis of preparation

Structure

Maryborough District Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Maryborough District Health Service for the year ended 30 June 2022. The report provides users with information about Maryborough District Health Service's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, 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 (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Maryborough District Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are in Australian dollars.

Maryborough District Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

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

The annual financial statements were authorised for issue by the Board of Maryborough District Health Service on 8 September 2022.

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, Maryborough District Health Service has:

- introduced restrictions on non-essential visitors
- utilised telehealth services
- deferred elective surgery and reduced activity
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Maryborough District Health Service has revised some measures where appropriate including returning to work onsite, recommencement of surgical activities and opening access for visitors during periods where we are able.

Where financial impacts of the pandemic are material to Maryborough District Health Service, they are disclosed in the explanatory notes. For Maryborough District Health Service, this includes:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.

Maryborough District Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 1.3 Abbreviations and terminology used in the financial statements
The following table sets out the common abbreviations used throughout the financial statements:

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

Note 1.4 Joint arrangements

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

Maryborough District Health Service has the following joint arrangements:

- Loddon Mallee Rural Health Alliance - Joint Operation

Details of the joint arrangements are set out in Note 8.7.

Note 1.5 Key accounting estimates and judgements
Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Note 1.8 Reporting Entity

The financial statements include all the 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.

Note 2: Funding delivery of our services

Maryborough District 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 grant funding for the provision of outputs. Maryborough District Health Service also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions
2.2 Fair value of assets and services received free of charge or for nominal consideration
2.3 Other income

Telling the COVID-19 story

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

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

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

- increased staffing costs to service vaccination hubs
- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- costs related to the expansion of emergency services

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

		Total 2022 $'000	Total 2021 $'000
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		19,593	15,425
Government grants (Commonwealth) - Operating		8,431	8,653
Patient and resident fees		2,623	2,821
Private practice fees		1,993	2,156
Commercial activities [1]		214	166
Total revenue from contracts with customers	Note 2.1(a)	**32,854**	**29,221**
Other sources of income			
Government grants (State) - Operating		12,410	15,209
Government grants (Commonwealth) - Operating		706	701
Government grants (State) - Capital		3,435	318
Capital donations		181	475
Assets received free of charge or for nominal consideration	Note 2.2	1,877	304
Other revenue from operating activities (including non-capital donations)		2,562	3,049
Total other sources of income		**21,171**	**20,056**
Total revenue and income from operating activities		**54,025**	**49,277**
Non-operating activities			
Income from other sources			
Other interest		54	56
Other revenue from non-operating activities		118	104
Total other sources of income		**172**	**160**
Total income from non-operating activities		**172**	**160**
Total revenue and income from transactions		**54,197**	**49,437**

1. Commercial activities represent business activities which Maryborough District Health Service enter into to support their operations.

Note 2.1 Revenue and income from transactions

Note 2.1(a): Timing of revenue from contracts with customers

	Total 2022 $'000	Total 2021 $'000
Maryborough District Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	32,640	29,055
Over time	214	166
Total revenue from contracts with customers	**32,854**	**29,221**

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Maryborough District Health Service assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers* .

When both these conditions are satisfied, the health service:

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

If a contract liability is recognised, Maryborough District Health Service recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Maryborough District Health Service's goods or services. Maryborough District Health Services funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

Note 2.1 Revenue and income from transactions (continued)

This policy applies to each of Maryborough District Health Service's revenue streams, with information detailed below relating to Maryborough District Health Service's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix for acute and sub-acute patients.	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG). WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training. Services not transitioning at this time include mental health and small rural services.
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services. NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.
Commonwealth Residential Aged Care Grants	Funding is provided for the provision of care for aged care residents within facilities at Maryborough District Health Service. The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers. Revenue is recognised at the point in time when the service is provided within the residential aged care facility.

Capital grants

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

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

Patient and resident fees

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

Note 2.1 Revenue and income from transactions (continued)

Private practice fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial activities

Revenue from commercial activities includes items such as meal sales and provision of accommodation. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

How we recognise other income

Rental income – investment properties

Rental income from investment properties is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Interest Income

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

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

	Total 2022 $'000	Total 2021 $'000
Plant and equipment	-	2
Land at fair value	652	-
Buildings at fair value	743	-
Personal protective equipment	482	302
Total fair value of assets and services received free of charge or for nominal consideration	**1,877**	**304**

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

Donations and bequests

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

Personal protective equipment

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

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Maryborough District Health Service as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Voluntary Services

Maryborough District Health Service receives volunteer services from members of the community to support and assist our residents in aged care and patients within the hospital setting.

Maryborough District Health Service recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Maryborough District Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Maryborough District Health Service as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Maryborough District Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	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 Hospital Circular.

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions
3.2 Other economic flows
3.3 Employee benefits in the balance sheet
3.4 Superannuation

Telling the COVID-19 story

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

Additional costs were incurred to deliver the following additional services:

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Maryborough District Health Service applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Maryborough District Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Maryborough District Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	Maryborough District Health Service applies significant judgment when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1 Expenses from transactions

	Note	Total 2022 $'000	Total 2021 $'000
Salaries and wages		31,410	31,858
On-costs		2,933	2,835
Agency expenses		93	6
Fee for service medical officer expenses		2,997	2,826
Workcover premium		271	341
Total employee expenses		**37,704**	**37,866**
Drug supplies		248	249
Medical and surgical supplies (including Prostheses)		2,765	2,127
Diagnostic and radiology supplies		911	1,020
Other supplies and consumables		1,255	1,216
Total supplies and consumables		**5,179**	**4,612**
Finance costs		9	3
Total finance costs		**9**	**3**
Other administrative expenses		3,710	3,843
Total other administrative expenses		**3,710**	**3,843**
Fuel, light, power and water		554	470
Repairs and maintenance		720	663
Maintenance contracts		696	451
Medical indemnity insurance		497	463
Expenses related to leases of low value assets		25	25
Expenditure for capital purposes		(8)	(76)
Total other operating expenses		**2,484**	**1,996**
Total operating expense		**49,086**	**48,320**
Depreciation	4.4	3,825	3,875
Total depreciation		**3,825**	**3,875**
Bad and doubtful debt expense		67	-
Total other non-operating expenses		**67**	**-**
Total non-operating expense		**3,892**	**3,875**
Total expenses from transactions		**52,978**	**52,195**

Note 3.1 Expenses from transactions

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

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:

- 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 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 assets and services provided free of charge or for nominal consideration.

Note 3.2 Other economic flows included in net result

	Total 2022 $'000	Total 2021 $'000
Impairment of property plant and equipment (including intangible assets)	(2,276)	-
Net gain/(loss) on revaluation of investment property	88	149
Net gain/(loss) on disposal of property plant and equipment	(8)	(78)
Total net gain/(loss) on non-financial assets	**(2,196)**	**71**
Allowance for impairment losses of contractual receivables	(111)	-
Total net gain/(loss) on financial instruments	**(111)**	**-**
Net gain/(loss) arising from revaluation of long service liability	201	70
Total other gains/(losses) from other economic flows	**201**	**70**
Total gains/(losses) from other economic flows	**(2,106)**	**141**

How we recognise other economic flows

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates and;
- reclassified amounts relating to equity instruments from the reserves to retained surplus/(deficit) 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:

- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.1 Investments and other financial assets) and
- disposals of financial assets and derecognition of financial liabilities.

Note 3.3 Employee benefits in the balance sheet

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [i]	89	107
	89	**107**
Annual leave		
Unconditional and expected to be settled wholly within 12 months [i]	2,440	2,452
Unconditional and expected to be settled wholly after 12 months [ii]	351	351
	2,791	**2,803**
Long service leave		
Unconditional and expected to be settled wholly within 12 months [i]	523	587
Unconditional and expected to be settled wholly after 12 months [ii]	3,172	3,598
	3,695	**4,185**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [i]	361	372
Unconditional and expected to be settled after 12 months [ii]	408	401
	769	**773**
Total current employee benefits and related on-costs	**7,344**	**7,868**
Non-current provisions and related on-costs		
Conditional long service leave [ii]	592	331
Provisions related to employee benefit on-costs [ii]	77	37
Total non-current employee benefits and related on-costs	**669**	**368**
Total employee benefits and related on-costs	**8,013**	**8,236**

[i] The amounts disclosed are nominal amounts.
[ii] The amounts disclosed are discounted to present values.

Note 3.3 (a) Employee benefits and related on-costs

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Unconditional accrued days off	89	107
Unconditional annual leave entitlements	3,092	3,104
Unconditional long service leave entitlements	4,163	4,657
Total current employee benefits and related on-costs	**7,344**	**7,868**
Conditional long service leave entitlements	669	368
Total non-current employee benefits and related on-costs	**669**	**368**
Total employee benefits and related on-costs	**8,013**	**8,236**
Attributable to:		
Employee benefits	7,167	7,426
Provision for related on-costs	846	810
Total employee benefits and related on-costs	8,013	8,236

Note 3.3 (b) Provision for related on-costs movement schedule

	Total 2022 $'000	Total 2021 $'000
Carrying amount at start of year	810	858
Additional provisions recognised	141	37
Net gain/(loss) arising from revaluation of long service liability	(24)	8
Amounts incurred during the year	(81)	(93)
Carrying amount at end of year	**846**	**810**

Employee benefits and related on-costs

How we recognise employee benefits

Employee benefit recognition

Employee benefits are accrued for 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.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2022 $'000	Total 2021 $'000	Total 2022 $'000	Total 2021 $'000
Defined benefit plans:[i]				
Aware Super	36	48	-	-
Defined contribution plans:				
Aware Super	1,772	1,504	-	72
Hesta	564	677	-	-
Other	561	606	-	-
Total	**2,933**	**2,835**	**-**	**72**

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

How we recognise superannuation

Employees of Maryborough District Health Service are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by 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 DTF 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.

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

Note 4: Key assets to support service delivery

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Maryborough District Health Service assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Maryborough District Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.

Key judgements and estimates (continued)

Key judgements and estimates	Description
Identifying indicators of impairment	At the end of each year, Maryborough District Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1 Property, plant and equipment

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2022 $'000	Total 2021 $'000
Land at fair value - Crown	889	889
Land at fair value - Freehold	3,219	702
Total land at fair value	**4,108**	**1,591**
Buildings at fair value	44,802	49,454
Less accumulated depreciation	-	(5,525)
Total buildings at fair value	**44,802**	**43,929**
Works in progress at fair value	**3,073**	**241**
Total land and buildings	**51,983**	**45,761**
Plant and equipment at fair value	2,978	2,698
Less accumulated depreciation	(1,198)	(955)
Total plant and equipment at fair value	**1,780**	**1,743**
Motor vehicles at fair value	376	376
Less accumulated depreciation	(327)	(301)
Total motor vehicles at fair value	**49**	**75**
Medical equipment at fair value	6,152	6,042
Less accumulated depreciation	(3,406)	(2,954)
Total medical equipment at fair value	**2,746**	**3,088**
Computer equipment at fair value	1,223	1,148
Less accumulated depreciation	(752)	(598)
Total computer equipment at fair value	**471**	**550**
Furniture and fittings at fair value	1,374	1,343
Less accumulated depreciation	(749)	(615)
Total furniture and fittings at fair value	**625**	**728**
Plant & Equipment under construction	**145**	**-**
Total plant, equipment, furniture, fittings and vehicles at fair value	**5,816**	**6,184**
Total property, plant and equipment	**57,799**	**51,945**

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

	Note	Land $'000	Buildings $'000	Building works in progress $'000	Plant & equipment $'000	Motor vehicles $'000	Medical Equipment $'000	Computer Equipment $'000
Balance at 1 July 2020		**1,591**	**46,677**	**128**	**1,849**	**105**	**3,398**	**593**
Additions		-	46	113	103	-	211	161
Disposals		-	-	-	(8)	-	(13)	(19)
Net transfers between classes		-	(26)	-	26	-	-	-
Depreciation	4.4	-	(2,768)	-	(227)	(30)	(508)	(185)
Balance at 30 June 2021	4.1 (a)	**1,591**	**43,929**	**241**	**1,743**	**75**	**3,088**	**550**
Additions		-	58	2,832	279	-	155	72
Assets received free of charge		652	743	-	-	-	-	-
Disposals		-	-	-	-	-	(8)	-
Impairment recognised		-	(2,276)	-	-	-	-	-
Revaluation increments/(decrements)		1,695	4,438	-	-	-	-	-
Net Transfers between classes		170	680	-	-	-	-	-
Depreciation	4.4	-	(2,770)	-	(242)	(26)	(489)	(151)
Balance at 30 June 2022	4.1 (a)	**4,108**	**44,802**	**3,073**	**1,780**	**49**	**2,746**	**471**

	Note	Furniture & Fittings $'000	Plant & Equip in Progress $'000	Total $'000
Balance at 1 July 2020		**876**	**-**	**55,217**
Additions		34	-	668
Disposals		(38)	-	(78)
Net transfers between classes		-	-	-
Depreciation	4.4	(144)	-	(3,862)
Balance at 30 June 2021	4.1 (a)	**728**	**-**	**51,945**
Additions		31	145	3,572
Assets received free of charge		-	-	1,395
Disposals		-	-	(8)
Impairment recognised		-	-	(2,276)
Revaluation increments/(decrements)		-	-	6,133
Net Transfers between classes		-	-	850
Depreciation	4.4	(134)	-	(3,812)
Balance at 30 June 2022	4.1 (a)	**625**	**145**	**57,799**

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Maryborough District Health Services 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 dates of the valuation was 30 June 2019 for buildings and 30 June 2022 for land.

How we recognise property, plant and equipment

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

Initial recognition

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

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.

Subsequent measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

Revaluation

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

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

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

An independent valuation of Maryborough District Health Service's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- increase in fair value of land of 106% ($1.695M)
- increase in fair value of buildings of 10.30% ($4.526M)

As the cumulative movement was greater than 10% for buildings since the last revaluation a managerial revaluation adjustment was required as at 30 June 2022.

As the cumulative movement was greater than 40% for land since the last independent revaluation an interim independent valuation was required as at 30 June 2022 and an adjustment was recorded.

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

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

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

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

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	Total 2022 $'000	Total 2021 $'000
Right of use vehicles at fair value	78	78
Less accumulated depreciation	(33)	(20)
Total right of use vehicles at fair value	**45**	**58**
Total right of use vehicles at fair value	**45**	**58**
Total right of use assets	**45**	**58**

Note 4.2(b) Reconciliations of the carrying amounts of each class of asset

	Note	Right-of-use Vehicles $'000	Total $'000
Balance at 1 July 2020		**72**	**72**
Depreciation	4.4	(14)	(14)
Balance at 30 June 2021	4.2(a)	**58**	**58**
Depreciation	4.4	(13)	(13)
Balance at 30 June 2022	4.2(a)	**45**	**45**

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased vehicles	2 to 5 years

Initial recognition

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

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

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

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.3 Revaluation Surplus

	Note	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the reporting period		43,111	43,111
Revaluation increment			
- Land	4.1 (b)	1,695	-
- Buildings	4.1 (b)	4,438	-
Balance at the end of the Reporting Period*		**49,244**	**43,111**
*** Represented by:**			
- Land		12,893	11,198
- Buildings		36,351	31,913
		49,244	**43,111**

Note 4.4 Depreciation

	Total 2022 $'000	Total 2021 $'000
Depreciation		
Buildings	2,770	2,768
Plant and equipment	242	227
Motor vehicles	26	30
Medical equipment	489	508
Computer equipment	151	185
Furniture and fittings	134	144
Total depreciation - property, plant and equipment	**3,812**	**3,862**
Right-of-use assets		
Right of use - vehicles	13	13
Total depreciation - right-of-use assets	13	13
Total depreciation	**3,825**	**3,875**

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding land) 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 lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

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

	2022	2021
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	3 to 15 years	3 to 10 years
Medical equipment	3 to 10 years	3 to 10 years
Computers and communication	5 to 15 years	5 to 15 years
Furniture and fitting	3 to 10 years	3 to 10 years
Motor Vehicles	3 to 10 years	3 to 10 years

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

Note 4.5 Investment Property

Note 4.5(a) Gross Carrying amount

	Total 2022 $'000	Total 2021 $'000
Investment Property at fair value	180	942
Total Investment property at fair value	**180**	**942**

Note 4.5 (b) Reconciliations of the carrying amount

	Total 2022 $'000	Total 2021 $'000
Balance at Beginning of Period	942	793
Additions	-	-
Other acquisitions	-	-
Disposals and transfer to held for sale	(850)	-
Net gain/(loss) from fair value adjustments	88	149
Balance at End of Period	**180**	**942**

How we recognise 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.

Initial recognition

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 measurement

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 2022 have been arrived on the basis of an independent valuation carried out by Countrywide Valuers (S. Waters) who are certified practising valuers. The valuation was determined with reference to market evidence of properties including location, condition and lease terms.

Further information regarding fair value measurement is disclosed in Note 7.4.

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

Note 4.6: Impairment of assets

How we recognise impairment

At the end of each reporting period, Maryborough District Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Maryborough District Health Service which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Maryborough District Health Service compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Maryborough District Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Maryborough District Health Service recorded an impairment loss for the year ended 30 June 2022 of $2.276M (2021:Nil).

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 and contract liabilities
5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 5.1 Receivables and contract assets

	Notes	Total 2022 $'000	Total 2021 $'000
Current receivables and contract assets			
Contractual			
Inter hospital debtors		154	264
Trade receivables		844	554
Patient fees		332	132
Allowance for impairment losses - Patient Fees	5.1(a)	(152)	(97)
Contract assets	5.1(b)	548	-
Accrued revenue		190	154
Total contractual receivables		**1,916**	**1,007**
Statutory			
GST receivable		207	114
Total statutory receivables		**207**	**114**
Total current receivables and contract assets		**2,123**	**1,121**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		1,146	990
Total contractual receivables		**1,146**	**990**
Total non-current receivables and contract assets		**1,146**	**990**
Total receivables and contract assets		**3,269**	**2,111**
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))			
Total receivables and contract assets		3,269	2,111
GST receivable		(207)	(114)
Total financial assets	7.1(a)	**3,062**	**1,997**

Note 5.1 Receivables and contract assets (continued)

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

	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the year	97	96
Increase/(decrease) in allowance	122	1
Amounts written off during the year	-	-
Reversal of allowance written off during the year as uncollectable	(67)	-
Balance at the end of the year	**152**	**97**

How we recognise receivables

Receivables consist of:

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

- **Statutory receivables**, includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. 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.

Impairment losses of contractual receivables

Refer to Note 7.1 (a) for Maryborough District Health Service's contractual impairment losses.

Note 5.1 (b) Contract assets

	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the year	-	-
Add: Additional costs incurred that are recoverable from the customer	548	-
Total contract assets	**548**	**-**
*** Represented by:**		
- Current assets	548	-
	548	**-**

How we recognise contract assets

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

Note 5.2 Payables and contract liabilities

	Note	Total 2022 $'000	Total 2021 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		2,024	728
Accrued salaries and wages		701	786
Accrued expenses		854	1,016
Deferred capital grant income	5.2(a)	1,799	1,446
Contract liabilities	5.2(b)	-	453
Inter hospital creditors		142	185
Amounts payable to governments and agencies		416	564
Total contractual payables		**5,936**	**5,178**
Total current payables and contract liabilities		**5,936**	**5,178**
Total payables and contract liabilities		**5,936**	**5,178**
(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables and contract liabilities		5,936	5,178
Deferred capital grant income		(1,799)	(1,446)
Contract liabilities		-	(453)
Total financial liabilties	7.1(a)	**4,137**	**3,279**

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Maryborough District Health Service prior to the end of the financial year that are unpaid.

- **Statutory payables** comprises Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2 (a) Deferred capital grant income

	Total 2022 $'000	Total 2021 $'000
Opening balance of deferred capital grant income	1,446	28
Grant consideration for capital works received during the year	3,788	1,446
Deferred grant revenue recognised as revenue due to completion of capital works	(3,435)	(28)
Closing balance of deferred capital grant income	**1,799**	**1,446**

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health to support the construction of major infrastructure, including student accommodation facilities. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Maryborough District Health Service satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, 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

	Total 2022 $'000	Total 2021 $'000
Opening balance of contract liabilities	453	1,557
Grant consideration for sufficiently specific performance obligations received during the year	19,140	22,974
Revenue recognised for the completion of a performance obligation	(19,593)	(24,078)
Total contract liabilities	**-**	**453**
*** Represented by:**		
- Current contract liabilities	-	453
	-	**453**

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

Maturity analysis of payables
Please refer to Note 7.2(b) for the ageing analysis of payables.

Note 5.3 Other liabilities

	Notes	Total 2022 $'000	Total 2021 $'000
Current monies held it trust			
Patient monies		133	117
Refundable accommodation deposits		6,148	5,355
Total current monies held in trust		**6,281**	**5,472**
Total other liabilities		**6,281**	**5,472**
*** Represented by:**			
- Cash assets	6.2	6,281	5,472
		6,281	**5,472**

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Maryborough District Health Service 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 provides additional, specific financial instrument disclosures.

Structure

6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	Maryborough District Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service: • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Maryborough District Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	Maryborough District Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Maryborough District Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Maryborough District Health Service is reasonably certain to exercise such options. Maryborough District Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: • If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. • The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	Note	Total 2022 $'000	Total 2021 $'000
Current borrowings			
Lease liability [(i)]	6.1 (a)	46	13
Total current borrowings		**46**	**13**
Non-current borrowings			
Lease liability [(i)]	6.1 (a)	-	46
Total non-current borrowings		**-**	**46**
Total borrowings		**46**	**59**

[i] Secured by the assets leased.

How we recognise borrowings

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

Initial recognition

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

Subsequent measurement

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

Maturity analysis

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

Defaults and breaches

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

Note 6.1 (a) Lease liabilities

Maryborough District Health Service's lease liabilities are summarised below:

	Total 2022 $'000	Total 2021 $'000
Total undiscounted lease liabilities	47	62
Less unexpired finance expenses	(1)	(3)
Net lease liabilities	**46**	**59**

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	Total 2022 $'000	Total 2021 $'000
Not longer than one year	47	14
Longer than one year but not longer than five years	-	48
Longer than five years	-	-
Minimum future lease liability	**47**	**62**
Less unexpired finance expenses	(1)	(3)
Present value of lease liability	**46**	**59**
*** Represented by:**		
- Current liabilities	46	13
- Non-current liabilities	-	46
	46	**59**

How we recognise lease liabilities

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

To apply this definition, Maryborough District Health Service ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to 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.

Maryborough District Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased vehicles	2 to 3 years

Note 6.1 (a) Lease liabilities

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. The following low value, short term and variable lease payments are recognised in profit or loss:

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than $10,000	Minor equipment

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.

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. Our lease liability has been discounted by rates of between 3% to 5%.

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.

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

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

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.

Note 6.2 Cash and Cash Equivalents

	Note	Total 2022 $'000	Total 2021 $'000
Cash on hand (excluding monies held in trust)		1	2
Cash at bank (excluding monies held in trust)		649	1,021
Cash at bank - CBS (excluding monies held in trust)		4,370	4,489
Term deposits < 3 months (excluding monies held in trust)		47	112
Total cash held for operations		**5,067**	**5,624**
Cash at bank (monies held in trust)		6,281	5,472
Total cash held as monies in trust		**6,281**	**5,472**
Total cash and cash equivalents	7.1 (a)	**11,348**	**11,096**

How we recognise 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.

Note 6.3 Commitments for expenditure

	Total 2022 $'000	Total 2021 $'000
Capital expenditure commitments		
Less than one year	3,448	736
Longer than one year but not longer than five years	-	-
Five years or more	-	-
Total capital expenditure commitments	**3,448**	**736**
Total commitments for expenditure (exclusive of GST)	**3,448**	**736**
Less GST recoverable from Australian Tax Office	(313)	(67)
Total commitments for expenditure (exclusive of GST)	**3,135**	**669**

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

The Health Service has confirmed capital grants of $105,339,000 from the Department of Health for the development of the new hospital, student accommodation and residential aged care renovations. The budgeted capital expenditure (net of capital commitments disclosed above under existing contract arrangements) to complete these works is estimated at $105,999,000. At the date of this report the Health Service is yet to enter into formal contracts for the construction of the new hospital.

How we disclose our commitments

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

Expenditure 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.

Short term and low value leases

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

Refer to Note 6.1(a) for further information.

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 Financial risk management objectives and policies
7.3 Contingent assets and contingent liabilities
7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, Maryborough District Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Maryborough District Health Service uses a range of valuation techniques to estimate fair value, which include the following: ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Maryborough District Health Service's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Maryborough District Health Service's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach. ▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Maryborough District Health Service does not this use approach to measure fair value. The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Maryborough District Health Service does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Maryborough District Health Service categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Maryborough District Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial instruments

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

Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2022	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	11,348	-	11,348
Receivables and contract assets	5.1	3,062	-	3,062
Total Financial Assets [i]		**14,410**	**-**	**14,410**
Financial Liabilities				
Payables	5.2	-	4,137	4,137
Borrowings	6.1	-	46	46
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	6,148	6,148
Other Financial Liabilities - Patient monies held in trust	5.3	-	133	133
Total Financial Liabilities [i]		**-**	**10,464**	**10,464**

Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2021	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	11,096	-	11,096
Receivables and contract assets	5.1	1,997	-	1,997
Total Financial Assets [i]		**13,093**	**-**	**13,093**
Financial Liabilities				
Payables	5.2	-	3,279	3,279
Borrowings	6.1	-	59	59
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	5,355	5,355
Other Financial Liabilities - Patient monies held in trust	5.3	-	117	117
Total Financial Liabilities [i]		**-**	**8,810**	**8,810**

[i] The carrying amount excludes statutory receivables (i.e. GST receivable and DH receivable) and statutory payables (i.e. Revenue in Advance and DH payable).

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Note 7.1 (a) Categorisation of financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost 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 solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are 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)

Note 7.1 (a) Categorisation of financial instruments

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

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

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

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) Categorisation of 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

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

A financial liability reclassification is not permitted.

Note 7.2 (b) Payables and borrowings maturity analysis

				Maturity Dates				
Total		**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 Months**	**3 months - 1 Year**	**1-5 Years**	**Over 5 years**
30 June 2022	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	**5.2**	4,137	4,137	4,137	-	-	-	-
Borrowings	**6.1**	46	46	4	12	30		-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	6,148	6,148	-	-	6,148	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	133	133	133	-	-	-	-
Total Financial Liabilities		**10,464**	**10,464**	**4,274**	**12**	**6,178**	**-**	**-**

				Maturity Dates				
Total		**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 Months**	**3 months - 1 Year**	**1-5 Years**	**Over 5 years**
30 June 2021	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities at amortised cost								
Payables	**5.2**	3,279	3,279	3,279	-	-	-	-
Borrowings	**6.1**	59	59	1	4	10	44	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	5,355	5,355	-	-	5,355	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	117	117	117	-	-	-	-
Total Financial Liabilities		**8,810**	**8,810**	**3,397**	**4**	**5,365**	**44**	**-**

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

Note 7.2: Financial risk management objectives and policies

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

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

Maryborough District Health Service's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. Maryborough District Health Service manages these financial risks in accordance with its financial risk management policy.

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

Note 7.2 (a) Credit risk

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

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

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

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

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

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

There has been no material change to Maryborough District Health Service's credit risk profile in 2021-21.

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9

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

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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.

Contractual receivables at amortised cost

Maryborough District Health Service applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. 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, Maryborough District Health Service determines the closing loss allowance at the end of the financial year as follows:

Note 7.2 (a) Contractual receivables at amortised cost

30 June 2022	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%	44.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	1,475	42	205	346	0	**2,068**
Loss allowance		-	-	-	**(152)**	-	**(152)**

30 June 2021	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%	45.5%	0.0%	
Gross carrying amount of contractual receivables	5.1	734	133	24	213	0	**1,104**
Loss allowance		-	-	-	**(97)**	-	**(97)**

Note 7.2 (a) Contractual receivables at amortised cost

Statutory receivables and debt investments at amortised cost

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 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, no loss allowance has been recognised.

Note 7.2 (b) Liquidity risk

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

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

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

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

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.

Note 7.3: Contingent assets and contingent liabilities

At balance date, the Board are not aware of any contingent assets or liabilities.

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 7.4: Fair Value Determination

How we measure fair value

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.

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets
- Investment properties

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

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.

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. There have been no transfers between levels during the period.

Maryborough District Health Service monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Maryborough District Health Service's independent valuation agency for property, plant and equipment.

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.

Note 7.4 (a) Fair value determination of non-financial physical assets

	Note	Total carrying amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Specialised land		4,108	-	-	4,108
Total land at fair value	4.1 (a)	**4,108**	**-**	**-**	**4,108**
Specialised buildings		44,802	-	-	44,802
Total buildings at fair value	4.1 (a)	**44,802**	**-**	**-**	**44,802**
Plant and equipment at fair value	4.1 (a)	1,780	-	-	1,780
Motor vehicles at fair value	4.1 (a)	49	-	-	49
Medical equipment at Fair Value	4.1 (a)	2,746	-	-	2,746
Computer equipment at fair value	4.1 (a)	471	-	-	471
Furniture and fittings at fair value	4.1 (a)	625	-	-	625
Total plant, equipment, furniture, fittings and vehicles at fair value		**5,671**	**-**	**-**	**5,671**
Right of use vehicles at fair value	4.2 (a)	45	-	-	45
Total right-of-use assets at fair value		**45**	**-**	**-**	**45**
Total non-financial physical assets at fair value		**54,626**	**-**	**-**	**54,626**

		Total carrying amount 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Specialised land		1,591	-	-	1,591
Total land at fair value	4.1 (a)	**1,591**	**-**	**-**	**1,591**
Specialised buildings		43,929	-	-	43,929
Total buildings at fair value	4.1 (a)	**43,929**	**-**	**-**	**43,929**
Plant and equipment at fair value	4.1 (a)	1,743	-	-	1,743
Motor vehicles at fair value	4.1 (a)	75	-	-	75
Medical equipment at Fair Value	4.1 (a)	3,088	-	-	3,088
Computer equipment at fair value	4.1 (a)	550	-	-	550
Furniture and fittings at fair value	4.1 (a)	728	-	-	728
Total plant, equipment, furniture, fittings and vehicles at fair value		**6,184**	**-**	**-**	**6,184**
Right of use vehicles at fair value	4.2 (a)	58	-	-	58
Total right-of-use assets at fair value		**58**	**-**	**-**	**58**
Total non-financial physical assets at fair value		**51,762**	**-**	**-**	**51,762**

[i] Classified in accordance with the fair value hierarchy.

Note 7.4 (a) Fair value determination of non-financial physical assets

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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 highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-specialised land, non-specialised buildings and investment properties

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

Specialised land and specialised buildings

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

During the reporting period, 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 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 effective date of the valuation is 30 June 2019.

Note 7.4 (a) Fair value determination of non-financial physical assets

How we measure fair value of non-financial physical assets

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).

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2022

7.4 (b): Reconciliation of level 3 fair value measurement

Total	Note	Land $'000	Buildings $'000	Plant, equipment, furniture, fittings and vehicles $'000	ROU Vehicles $'000
Balance at 1 July 2020		**1,591**	**46,677**	**6,821**	**72**
Additions/(Disposals)		-	46	431	-
Net Transfers between classes		-	(26)	26	-
Gains/(Losses) recognised in net result					
- Depreciation		-	(2,768)	(1,094)	(14)
Items recognised in other comprehensive income					
- Revaluation		-	-	-	-
Balance at 30 June 2021	7.4 (a)	**1,591**	**43,929**	**6,184**	**58**
Additions/(Disposals)		-	58	529	-
Assets provided free of charge		652	743	-	-
Net Transfers between classes		170	680	-	-
Gains/(Losses) recognised in net result		-	-	-	-
- Depreciation and Amortisation		-	(2,770)	(1,042)	(13)
- Impairment loss		-	(2,276)	-	-
Items recognised in other comprehensive income		-	-	-	-
- Revaluation		1,695	4,438	-	-
Balance at 30 June 2022	7.4 (a)	**4,108**	**44,802**	**5,671**	**45**

[i] Classified in accordance with the fair value hierarchy, refer Note 7.4.

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments [(i)]
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach Depreciated replacement cost approach	N/A - Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

(i) A community service obligation (CSO) of between 25 -30% was applied to Maryborough District Health Service's specialised land.

Note 8: Other disclosures

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

Structure

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

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

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

	Note	Total 2022 $'000	Total 2021 $'000
Net result for the year		(887)	(2,617)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	8	78
(Gain)/Loss on revaluation of investment property	3.2	(88)	(149)
Depreciation of non-current assets	4.4	3,825	3,875
Impairment of non-current assets	3.4	2,276	-
Assets and services received free of charge	2.2	(1,395)	(2)
Bad and doubtful debt expense	5.1(a)	55	1
Other non-cash movements		(181)	(475)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(1,213)	(45)
(Increase)/Decrease in inventories		(3)	78
(Increase)/Decrease in prepaid expenses		(85)	(511)
Increase/(Decrease) in payables and contract liabilities		758	1,287
Increase/(Decrease) in employee benefits		(223)	190
Increase/(Decrease) in other liabilities		16	4
Net cash inflow from operating activities		**2,863**	**1,714**

Note 8.2 Responsible persons

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

	Period
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Governing Boards	
Mrs K. Mason	1 Jul 2021 - 30 Jun 2022
Mr P. McAllister	1 Jul 2021 - 30 Jun 2022
Mr R. Camm	1 Jul 2021 - 30 Jun 2022
Dr T. Snell	1 Jul 2021 - 30 Jun 2022
Ms R. Smith	1 Jul 2021 - 30 Jun 2022
Mr R. Eason	1 Jul 2021 - 30 Jun 2022
Ms D. Thiele	1 Jul 2021 - 30 Jun 2022
Ms Shea Stewart	1 Jul 2021 - 30 Jun 2022
Dr T. Naren	1 Jul 2021 - 30 Jun 2022
Ms E. Chatham	1 Jul 2021 - 30 Jun 2022
Ms J Lowthian	1 Jul 2021 - 30 Jun 2022
Accountable Officers	
Ms Nickola Allan	1 Oct 2021 - 30 Jun 2022

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band	Total 2022 No	Total 2021 No
$10,000 - $19,999	11	9
$90,000 - $99,999	-	1
$140,000 - $149,999	-	1
$200,000 - $209,999	1	-
Total Numbers	**12**	**11**

	Total 2022 $'000	Total 2021 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$239**	**$264**

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

Note 8.3 Remuneration of executives

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	Total Remuneration	
	2022 $'000	2021 $'000
Short-term benefits	553	359
Post-employment benefits	54	35
Other long-term benefits	18	12
Termination benefits	-	53
Total remuneration [i]	**625**	**459**
Total number of executives	5	5
Total annualised employee equivalent [ii]	3.0	3.0

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.

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 (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related Parties

Maryborough District Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the Loddon Mallee Rural Health Alliance and
- all health services 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 Service, directly or indirectly.

Key management personnel

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

Entity	KMPs	Position Title
Maryborough District Health Service	Mrs K. Mason	Board Chair
Maryborough District Health Service	Mr P. McAllister	Board Member
Maryborough District Health Service	Mr R. Camm	Board Member
Maryborough District Health Service	Dr T. Snell	Board Member
Maryborough District Health Service	Ms R. Smith	Board Member
Maryborough District Health Service	Mr R. Eason	Board Member
Maryborough District Health Service	Ms D. Thiele	Board Member
Maryborough District Health Service	Ms Shea Stewart	Board Member
Maryborough District Health Service	Dr T. Naren	Board Member
Maryborough District Health Service	Ms E. Chatham	Board Member
Maryborough District Health Service	Ms J Lowthian	Board Member
Maryborough District Health Service	Ms N. Allan	Chief Executive Officer
Maryborough District Health Service	Mrs W. Giddings	Director of Clinical Services
Maryborough District Health Service	Mrs L Martin	Director of Finance & Corporate Services
Maryborough District Health Service	Mrs C Gaskell	Director of Finance & Corporate Services (Acting)
Maryborough District Health Service	Mr D Edwards	Director of Infrastructure, Technology and Experience
Maryborough District Health Service	Mr K Payne	Director People, Culture and Wellbeing

Note 8.4: Related Parties

Key management personnel

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 State's Annual Financial Report.

Compensation - KMPs	Total 2022 $'000	Total 2021 $'000
Short-term Employee Benefits [i]	767	593
Post-employment Benefits	73	58
Other Long-term Benefits	24	19
Termination Benefits	-	53
Total [ii]	**864**	**723**

[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.

Significant transactions with government related entities

Maryborough District Health Service received funding from the Department of Health of $34.33 m (2021: $30.21 m) and indirect contributions of $0.32 m (2021: $0.91 m). Balances recallable as at 30 June 2022 are $1.4 m (2021 $1.59 m)

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

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

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

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 HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Maryborough District Health Service, there were no related party transactions that involved key management personnel, their close family members or 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 2022 (2021: none).

There were no related party transactions required to be disclosed for Maryborough District Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: none).

Note 8.5: Remuneration of Auditors

	Total 2022 $'000	Total 2021 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	40	17
Total remuneration of auditors	**40**	**17**

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7 Joint arrangements

Entity	Principal Activity	Ownership Interest 2022 %	Ownership Interest 2021 %
Loddon Mallee Rural Health Alliance (LMRHA)	Information Technology Services	6.91	6.7

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

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	550	432
Receivables	38	73
Prepaid expenses	169	100
Total current assets	**757**	**605**
Non-current assets		
Property, plant and equipment	57	65
Total non-current assets	**57**	**65**
Total assets	**814**	**670**
Current liabilities		
Payables	281	178
Other Liabilities	17	19
Total current liabilities	**298**	**197**
Total liabilities	**298**	**197**
Net assets	**516**	**473**
Equity		
Accumulated surplus	516	473
Total equity	**516**	**473**

Note 8.7 Joint arrangements

Maryborough District Health Services interest in revenues and expenses resulting from joint arrangements are detailed below:

	2022 $'000	2021 $'000
Revenue		
Operating Activities	857	1,394
Capital Purpose Income	13	83
Total revenue	**870**	**1,477**
Expenses		
Other Expenses from Continuing Operations	828	1,365
Depreciation	14	13
Total expenses	**842**	**1,378**
Net result	**28**	**99**

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the joint arrangements at balance date.

Note 8.8: Equity

Contributed capital

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

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

Note 8.9: Economic dependency

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

Maryborough District Health Service

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