Edenhope & District Memorial Hospital

ANNUAL REPORT 2016

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REPORT OF OPERATIONS: BOARD PRESIDENT AND CHIEF EXECUTIVE OFFICER

On behalf of the Board of management, Executive and staff of Edenhope and District Memorial Hospital (EDMH) we are pleased to present this Annual Report for the year ending 30th June 2016. The Annual Report is a business and financial overview of the year, designed to be read in conjunction with the Quality of Care report which gives further detail on our services, achievements and improvements over the year.

We would like to take this opportunity to thank everyone associated with EDMH for their commitment, hard work and dedication over the year which has assisted EDMH to continue to provide high quality healthcare to the community.

Mr Anthony Kealy
Board President

Mr Kevin Mills
Chief Executive Officer

RESPONSIBLE BODIES DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Edenhope and District Memorial Hospital for the year ending 30 June 2016.

Mr Anthony Kealy
Board President

Edenhope
16th September 2016

DISCLOSURE INDEX

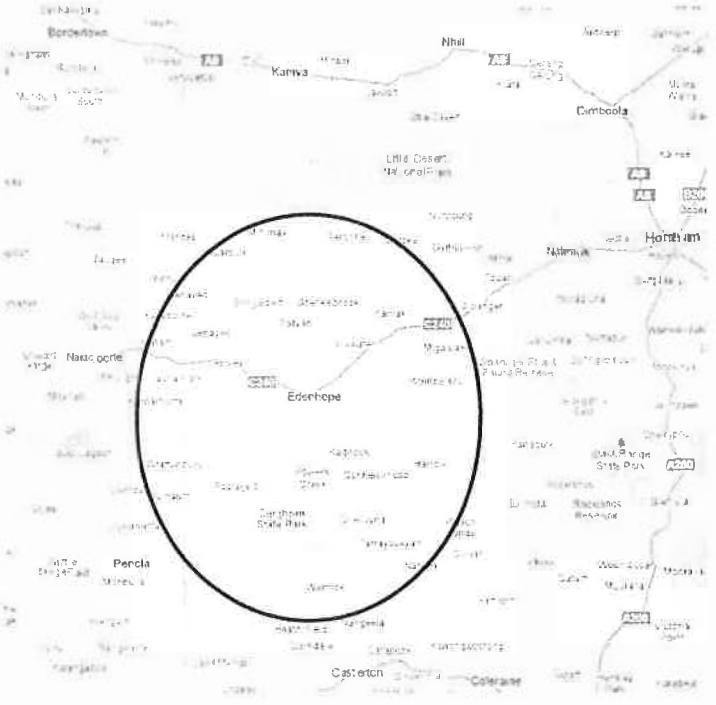
The Annual Report of Edenhope and District Memorial Hospital is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

LOCATION AND CONTACT DETAILS

Edenhope and District Memorial Hospital

Incorporating The Lakes Hostel, Kowree Nursing Home, Barkala Flats, Elsie Bennett Community Centre, and Edenhope Hospital Medical Clinic.

128-134 Elizabeth Street (PO Box 75),
Edenhope, Victoria, 3318
Phone 03 5585 9800
Fax 03 5585 9891
Email info@edmh.org.au
Web www.edmh.org..au (under redevelopment)



The township of Edenhope is located in Western Victoria, and is the major town in the West Wimmera Shire. Edenhope and District Memorial Hospital is the main health care provider for local communities in the region including Edenhope, Apsley, Harrow, Minimay and surrounding districts.

Edenhope is 395 kilometres from Melbourne, which provide the majority of the communities' requirements for tertiary health facilities.

Ballarat is 287 kilometres from Edenhope, and is the nearest rural tertiary health care facility. Horsham is 100 kilometres from Edenhope, and is the nearest sub-regional base hospital.

There are a number of similar or smaller sized Victorian health care facilities in the vicinity however none of these are located within an 80 kilometre radius of Edenhope.

OUR HISTORY

The Hospital began in 1910 as a privately owned and managed private Hospital. At that time it was situated in a house owned by Mrs Jerome Minogue, who was Mrs Daly's mother of Clunie at Harrow. This building was later owned by Mr Tabby Preece and is now known as 'Edenhope Antiques'.

The Hospital was rebuilt in 1930 on its present site, becoming two wards with a total of five beds. Donations for the construction were sought with the help of many district people and Mrs 'Tug' Kealy who ventured out to collect them via horse and cart. The Hospital continued to function as two wards until 1950, at which time management of the Hospital was transferred to the Hospitals and Charities Commission.

The 'Halahan Wing', which currently houses the Executive Offices, was the residence of Mr McDonald who operated Horsham Drays, a gravel contractor for the Kowree Shire. He also housed his horses at stables which were located where the current Elsie Bennett Community Centre stands today. In winter the stables were often flooded.

During 1961 the Hospital underwent an upgrade and was extended to a 23 bed facility. In 1981 approval was given for eight beds in the Nurses Home to be reallocated as Nursing Home beds, raising the total number of Hospital beds to 31.

In 1988-89 a new Nursing Home was built consisting of 18 beds. This created a facility of 20 acute beds and 18 Nursing Home beds.

In 1998 the Hospital opened a 17 bed Hostel which is now known as the Lakes Hostel, and the Elsie Bennett Community Health Centre.

The ownership of the Barkala Flats was transferred to Edenhope and District Memorial Hospital in 2001. Of the 19 flats, 18 are provided as independent living units for community members, and one is utilised by the Hospital for short term accommodation for staff, students and other visitors as required.

In 2003, five beds were added to the Hostel, providing a total of 22 Hostel beds.

Master planning for redevelopment of the Hospital concluded in 2009. The redevelopment will include a new Nursing

Home to be built co-located with the Hostel, extension of the Elsie Bennett Community Centre, and rebuild of the areas housing acute services, minor procedures, administration, and hotel services. Additionally, it is proposed that the Ambulance Station will be located on Hospital premises.

In 2011 the Hospital secured funding through the Australian Government National Rural and Remote Health Infrastructure Program to build a medical clinic on-site, which was opened October 2012.

In 2014the BOM allocated $2 million from retained earnings for the development of a 10 bedroom staff accommodation complex and a four bedroom executive residence to be built on the land directly opposite the hospital.

The accommodation complex allows staff and visiting specialists that work at Edenhope the opportunity to have first class accommodation while away from their homes and families. The complex was officially opened on 19th may 2016.

We are actively pursuing funding for the first stages of the Master Plan, which includes the Nursing Home and administration wing, and are hopeful this will be achieved in the near future.

MANAGEMENT AND STRUCTURE

The Board of Management is appointed by the Governor-in-Council from nominations received by EDMH. The Hospital is incorporated under and regulated by the *Health Service Act, 1988*. The responsible Ministers during the reporting period were
The Hon. Jill Hennessy MLA, Minister for Health, Minister for Ambulance Services
The Hon. Martin Foley MLA, Minister for Mental Health, Minister for Housing, Disability and Ageing

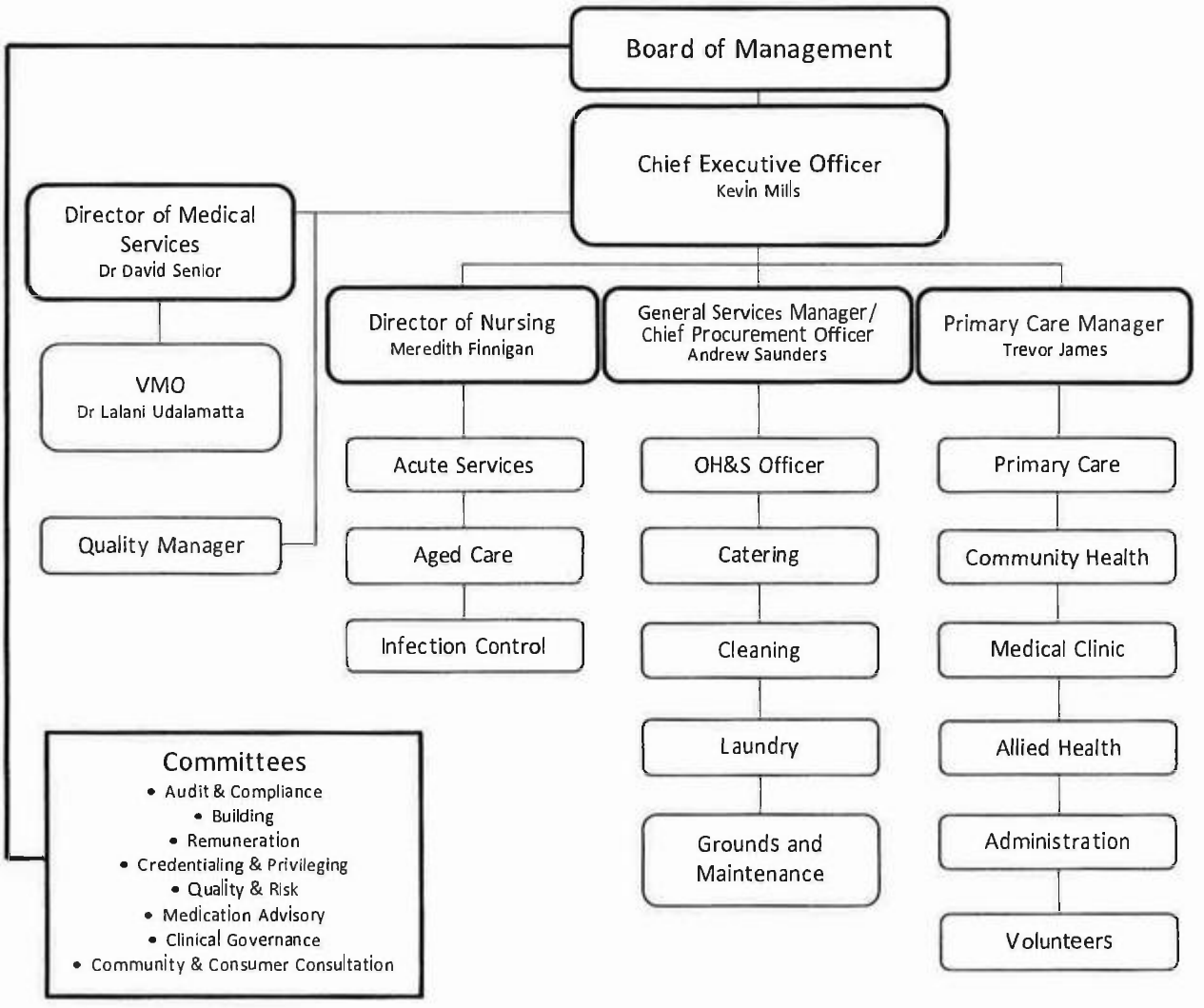
The role of the Board of Management is to ensure EDMH achieves its Mission and Strategic goals and objectives and, in doing so, meets all the legal and moral responsibilities accompanying 'best practice' corporate governance. Whilst the Board provide direction for the organisation and determine what must be done, the responsibility for determining how services are delivered is invested in the Chief Executive Officer.

Board of Management

Cr Ron Hawkins*, President
Mr Anthony Kealy*, Senior Vice President
Mr Michael Holland, Junior Vice President
Mrs Kate Hausler*, Treasurer
Mrs Christine McCann *, Assistant Treasurer
Mrs Jan Grigg, Board Member
Mr Robert Okely*, Board Member
Mrs Annie Osborn*, Board Member
Mrs Linda Guthridge, Board Member (1 July 2015 – 29 February 2016)

*denotes member of Audit and Compliance Committee

ORGANISATIONAL STRUCTURE



NATURE AND RANGE OF SERVICES PROVIDED BY EDMH

Edenhope and District Memorial Hospital is a public Agency established under the *Health Services Act 1988*. EDMH is authorised to provide public health and ancillary services as authorised under the *Health Service Act 1988*, and operate *Residential Care Services under the Aged Care Act 1997*.

Urgent Care Service

- 24 hour 7 day service (not registered)

Medical Services

- Haemodialysis
- Chemotherapy
- Acute Care

Medical Clinic

- GP consultations
- Antenatal clinic
- Blood collection

Visiting Specialists

- Optometrist
- Cardiology
- Geriatrics
- Psychiatry

Community Services

- Community Health Nurse
- District Nursing Service
- Post Acute Care
- Meals on Wheels
- Adult Day Centre
- Women's Health
- Cancer Resource Nurse
- Continence Nurse

Medical Imaging – Bendigo Radiology

- X-Ray

Pathology – St John of God Pathology

- Daily pick-up and testing
- iStat point of care testing on-site

Primary Care

- Audiology
- Dentistry
- Diabetes Education
- Dietetics
- Health Promotion
- Occupational Therapy
- Physiotherapy
- Podiatry
- Social Work
- Speech Pathology

Residential Aged Care

- Two residential aged care facilities co-located with the main hospital catering for a broad range of care needs
- 17 independent living units (Barkala Flats)
- Respite care

FINANCIAL PERFORMANCE

Comparative Financial Results for the Past Five Financial Years					
	2015/16	**2014/15**	**2013/14**	**2012/13**	**2011/12**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total Revenue	11,156	8,455	8,447	8,887	8,500
Total Expenses	9,508	9,456	9,169	8,621	7,910
Net Result for the Year (inc. Capital and Specific Items)	1,649	(1,001)	(722)	266	590
Retained Surplus/ (Accumulated Deficit)	1,631	(50)	909	1,631	1,365
Total Assets	15,903	14,146	14,261	11,581	11,598
Total Liabilities	4,840	4,764	3,920	3,415	3,698
Net Assets	11,064	9,382	10,341	8,166	7,900
Total Equity	11,064	9,382	10,341	8,166	7,900

WORKFORCE DATA DISCLOSURES

STAFF ARRAY				
Labour Category	JUNE Current Month FTE		JUNE YTDFTE	
	2016	*2015*	2016	*2015*
Nursing	33.8	37.25	36.23	35.95
Administration and Clerical	7.89	8.88	8.66	9.21
Medical Support	-	-	-	-
Hotel and Allied Services	28.53	29.22	28.40	28.25
Medical Officers	-	-	-	-
Hospital Medical Officers	-	-	-	-
Sessional Clinicians	-	-	-	-
Ancillary Staff (Allied Health)	3.00	3.10	2.98	2.74

STRATEGIC PLAN

The Edenhope & District Memorial Hospital Strategic Plan 2013 – 2018 can be found on our website.

www.edmh.org.au

OUR VISION

A healthy community in the Edenhope district

OUR MISSION

To competently care for our community with best practice health services.
To model best practice rural health care in Australia from a robust foundation primed for growth.
To embrace innovation in all aspects of our work.

OUR VALUES

Respect
For patients
For staff
For community

Pride
In our work
In our facilities
In our people

Excellence
In health services
In admission
In governance

Accountability
For quality
For sustainability

PERFORMANCE AGAINST THE STRATEGIC PLAN

GOAL 1: DELIVER THE BEST QUALITY CARE TO OUR COMMUNITY

Outcomes

- Range of services increased
- Community-wide needs analysis completed
- Significant increase in telehealth consultations
- Increased community health activities each year
- Increase in delivery of specialist and allied health services
- Flu staff Vaccination rates have increased from last year to 70% - target is 75%.

STRATEGY	ACTIONS	OUTCOMES 2015-16
1. **Increase the range of services available on site**	a. Mapping of Edenhope and District Memorial Hospital services and benchmarking with other small rural health services in 2014 b. Undertake a community-wide needs analysis to identify priority areas for service expansion. Develop other ways to collect information relating to changing needs in the community c. Increase the number of visiting medical specialists at of Edenhope and District Memorial Hospital d. Opportunistic service developments as resources become available, both funding and personnel	- Revised services provided and addressed key service gaps. Continence Nurse using Medical Clinic for consultations on a fortnightly basis. WHY Program Physiotherapist, Occupational therapist and Dietician visiting weekly. Ballarat Mental Health Staff offering on site consultations and Villa Maria Respite Worker in Elsie Bennett Community Centre one day per month. - Edenhope and District Memorial Hospital links with a number of key stakeholders to collect community information and gain community feedback, including Wimmera Primary Care Partnership, Census data, West Wimmera Shire Council, Wimmera Development Association and via the of Edenhope and District Memorial Hospital Community and Consumer Consultation Committee and Tea and Talk afternoons. - Video consultation service to cardiologist continuing. - Weekly video conferencing with Wimmera Health Care Group Discharge Coordinator and Edenhope and District Memorial Hospital Acute Unit Manager to discuss more timely transfers of patients back to Edenhope. - Continence nurse from Kaniva provides regular service – commenced 13 November. Bladder scanner purchased for use in expanded service. - New Optometry service introduced in 2016.

2. **Embrace new models of care**	a. Increase use of e-health by building confidence amongst patients and specialists in our capacity b. Identify and respond effectively to emerging trends in service delivery and report annually in the Quality of Care report c. Embed the Active Service Model philosophy (encouraging independence) within Primary Care	- Increased provision of telehealth, particularly in Hospital Medical Clinic - Cancer Wellness Nurse training and clinic launched - Quality of Care report published in December 2014 - Palliative approach and end of life pathways fully implemented into aged care and acute wards – staff training completed and all documentation updated. - Active service model e-learning module now available for all staff to access. - New Hub model- Wimmera Health Care Group will be the hub of an information network being used as a resource to provide practitioners in small hospitals advice on patient treatment and care. - Grampians Emergency and critical care Committee have developed a list of minimum requirements for emergency departments. - As a member of the Wimmera Southern Mallee Health Alliance, project started on e-health support for Urgent Care Centres.
3. **Invest in community health programs**	a. Ongoing implementation of the Grampians community health plan with local stakeholders b. Develop a range of strategies to engage the community to better target planning and participation in community health programs	- Ongoing work with Wimmera Primary Care Partnership including Chronic Disease Network to implement local community health plan. - Cancer Resource Nurse has been providing support to several individuals and anticipates more referrals of clients and carers from the new Social Worker. Numerous community events held including the stage show Four Funerals which was extremely well attended and numerous screenings of the Sugar Film. - Building works to enclose the Elsie Bennett Community Centre front veranda to allow exercise equipment to be set up permanently.

<table>
<tr>
<td>4. Work collaboratively to enhance existing services</td>
<td>a. Participate effectively in regional networks. Identify improvements in annual Quality of Care report
b. Identify opportunities for collaboration and be ready to pilot new processes, technologies, equipment and work practices
c. Review local patient transport service 3-yearly and seek options for improving outcomes</td>
<td>- Ongoing participation in the Wimmera Southern Mallee Health Alliance, a variety of Department and public health peer networks including the Clinical Capability Framework, and Department and Local Government emergency management groups.
- Participation in pilot programs for Victor Paediatric escalation of care, and Age appropriate observation charts, with the Royal Children's Hospital. – Introduced age specific observation charts – made available, paediatric procedures reviewed and updated.
Liaising with Wimmera Health Care Group to have regular videolink discharge planning meetings to increase discharges back to Edenhope and District Memorial Hospital.
- Not due in reporting period.
- Data trending 2013-2014-2015 of urgent care presentations completed. Overall dropped from 800/year to 630/year following the opening of the medical clinic. Progressive downward trending.
<table>
<tr><th></th><th>2013</th><th>2014</th><th>2015</th></tr>
<tr><td>Triage 4 (non urgent)</td><td>205</td><td>185</td><td>169</td></tr>
<tr><td>Triage 5 (less urgent)</td><td>454</td><td>303</td><td>285</td></tr>
</table>
- Ongoing participation in the West Wimmera Shire Council Municipal Emergency Management Planning Committee
- Participate in the Grampians Region Procurement Reform Steering Committee to establish positive purchasing outcomes for our region
- Working with Volunteering Western Victoria on volunteer transport options.</td>
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PERFORMANCE AGAINST THE STRATEGIC PLAN

GOAL 2: OPERATE EDMH AT MAXIMUM EFFICIENCY

Outcomes

- EDMH is a high performer in governance procedures
- Alternative funding sources contribute to non-core activities
- Low vacancy and high retention rates for staff
- Staff are valued and rewarded for their work

STRATEGY	ACTIONS	DELIVERED 2014-15
1. **Achieve excellence in governance**	a. Develop Board training and development strategy including an annual audit of Board effectiveness b. Develop tools to assist the Board to more effectively monitor, plan and manage its responsibilities e.g. Annual Work plan, Property Development Register c. Each year develop clear directions for the Chief Executive Officer relating to budget expectations and Chief Executive Officer work plan d. Develop a calendar of regular reviews of the implementation of the 2013-18 Strategic Plan and report to stakeholders e. Increase transparency in Board operations through regular community engagement activities	- Implemented - Implemented, including regular presentations from staff regarding service activities, challenges and opportunities for the future. Review of Hospital Key Performance Indicator's and presentation format undertaken. - Implemented - Implemented - Open access board meeting planned for 2016. Board members attended West Wimmera Health Service Open Board Meeting and provided feedback to Board Meeting

2. **Review alternative funding strategy**	a. Identify and capture private patient revenue where applicable b. Review strategy for commercial hotel services activities c. 3-yearly review of corporate business activities in 2015 d. Implement Environmental Policy re reducing energy usage, recycling and reducing use of natural resources	- Communication to patients regarding the benefits of private admission is improving, demonstrated by increasing number of private admissions. - New contract to provide personal linen services to West Wimmera Health Service. - Renewal of West Wimmera Shire Council Meals on Wheels supply contract. - Review of Barkala Flat Rent undertaken and implemented. - 3-yearly review of corporate business activities in 2015, not due in reporting period. - Environmental policy currently under review. - Environmental performance data reported regularly - Ongoing funding sought for installation of a solar energy system. - Department of Health and Human Services ageing and aged care branch funding - $10,000 for Nursing home equipment; $4,300 Comprehensive health assessment training; $3,500 Dementia therapeutic aids and resources. - Ongoing arrangement with West Wimmera Health Service for the provision of Personal Laundering. Continuing to supply Meals on Wheels to the community through the West Wimmera Shire Council - Environmental data reporting enhanced through the implementation of Eden Suite data collection process

3. **Develop a workforce to meet current and future needs**	a. Create a Workforce Development Plan by 2015, focusing on recruitment, induction (including in the community), retention of GPs, Registered Nurses and other staff, and replacement of retiring staff b. Build on existing professional development programs and strengthen links to performance reviews c. Formalize career pathways across the organisation including suitable leadership training d. Recognise the valuable contributions and achievements of staff	- Not due in reporting period - Day Centre Staff enrolled in Certificate IV in Disability. New Social Worker employed. - Nursing leadership training undertaken by senior nursing staff. Customer Service Training undertaken by staff members Nurse Unit Manager was employed for the Lakes Hostel, Succession planning being considered for key roles in hospital. - Employee recognition program promoted and staff regularly encouraged to nominate a colleague, policy updated to include monetary allocation to employee of month and year winners to go towards improvements to their departments or an identified project. - Two graduate nurses appointed 19 January 2015, two trainees 27 January 2016 Federation University. Leadership and training coaching and mentoring commenced for 8 senior nurses. - Appointment of Hostel Nurse Unit Manager 18 May 2015. - Fulltime staff member resignation – replaced by full time graduate nurse position. - Two Enrolled Nurses funded to upgrade qualifications to Medication Endorsed. - Clinical Educator role reviewed – uptake to Quality Manager position . - Planning staff hours in the Acute wards to maximise available hours and improve efficiency. - General Services Manager attended Emotional Intelligence training to enhance understanding of people's behaviours. - Adult Apprentice Chef appointed from existing staff. Staff training as Relief Chef. - Three Hotel Services staff nominated as Employees of the month for managing the kitchen so professionally in the absence of the Chef.

PERFORMANCE AGAINST THE STRATEGIC PLAN

GOAL 3: BUILD OUR FUTURE

Outcomes

- The redevelopment of the EDMH is underway and being managed effectively
- Barkala Flats strategic management plan is in place 2013
- Adequate staff and student accommodation is available and in use

STRATEGY	ACTIONS	DELIVERED 2014-15
1. **Actively seek capital redevelopment funding**	a. Keep staff and community informed on progress with implementing the Master plan, actively seeking feedback at every stage b. Progress project to 'investment ready stage' c. Continue liaising with State and Federal Governments regarding funding options and requirements Community fundraising to augment capital redevelopment and demonstrate community support to the project	- Master plan progress regularly discussed at All Staff meeting and Community and Consumer Consultation Committee meetings. Regular articles in the local newspaper to update the community and seek input. - Some progress toward planning of future fire management systems undertaken to ensure project is 'shovel ready' should funding be granted. - Ongoing consultation with State and Federal governments and funding applications submitted whenever possible. Discussions regarding the likelihood of a six bed unit being built undertaken with DHHS. Successful application for Significant Refurbishment Grants for Hostel and Nursing Home upgrades
2. **Manage the impact of the redevelopment during construction**	a. Develop comprehensive contingency plan to ensure service delivery during construction b. Conduct community and staff consultations advising of contingency plans during construction c. Ensure ongoing service delivery during construction or alternative service options	- Awaiting funding announcement prior to further action. - Tea and Talk sessions held in December and April, community invited to sharing of information, Notice board erected at accommodation building site - Awaiting funding announcement prior to further action.
3. **Build collaborative ownership and operation of the Barkala Flats**	a. Development management plan for operation of the Barkala Flats and seek potential partners b. Ensure ongoing communication and comprehensive consultations for any planned changes, in recognition of the community sensitivity of the project c. Develop a strategy for funding, operating and maintaining the properties by 2013 and review annually	- implemented - Structural works undertaken on all flats, reroofing and some verandas replaced and re-concreting. Two flats completely refurbished and tenanted in May. Various letters and a Residents meeting held regarding the ongoing works at the flats and the accommodation project. Community open day held to view refurbished flat. - Funding strategy completed and five year timeline for renovations approved by Board of Management - Flat 15 renovation complete and the unit occupied - Ongoing renovations to the flats as funds become available

4. **Develop staff and student accommodation**	a. Assess current and future accommodation requirements based on workforce development plan, update annually in Annual Report b. Acquisition of new or refurbished long-term accommodation options, including exploring partnerships with training and education organisations, alternative funding options and asset management implications 2016	- Funding submission approved, plans for 10 room staff accommodation and executive accommodation confirmed and sent to tender. Contracts signed and Building Permit applied for. Building works began in February 2015, with handover to occur in April 2016. Rental agreement for private residence for student and staff accommodation entered into to ensure of Edenhope and District Memorial Hospital can meet workforce accommodation demands while building works are completed. - All potential funding opportunities investigated and applications submitted as they become available. - Newly completed Accommodation Complex is currently meeting the accommodation needs of staff.

PERFORMANCE AGAINST THE STRATEGIC PLAN

GOAL 4: SHOW PRIDE IN OUR WORK

Outcomes

- Strong, positive reputation with community, partners, funders and staff, leading to stronger relationships
- Increased community activities at EDMH site
- Community members actively involved in planning, feedback and evaluation of services

STRATEGY	ACTIONS	DELIVERED 2013-14
1. **Develop EDMH as a community Hub**	a. Provide ongoing opportunities for community use of facilities b. Promote Edenhope and District Memorial Hospital as a community gathering place for a range of events, meetings and activities c. Better integrate Edenhope and District Memorial Hospital with other community events and activities	- In partnership with Grampians Integrated Cancer Service providing Cancer Wellness support services to the community at Edenhope Library. - Regular movie nights, exercise programs, community meetings held at the Elsie Bennett Community Centre in reporting period. - Participation in RUOK day, heart health week, mental health and men's health nights with Edenhope Football and Netball club, support in relocation of Edenhope Mens' Shed and associated committee development, coordination of breast check buses to Horsham, of Edenhope and District Memorial Hospital team in Murray to Moyne.

2. **Develop a community engagement and communication plan**	a. Develop and progressively implement the plan and processes by 2015 b. Update the branding of the organisation to convey a more contemporary image	- Consumer Participation and Engagement Strategy developed and submitted at Community and Consumer Consultation Committee for Community feedback. - New logo adopted 2013. Roll-out complete.
3. **Enhance the Community Consultative Committee**	a. Annually review the role of the Committee and establish shared expectations of members' role to progressively enhance its effectiveness. Report in the annual Quality of Care report b. Establish protocols for two-way flow of information between Committee, Executive and Board c. Equip members with information and tools to act as ambassadors and researchers in the community	- Membership drive for committee conducted - Reviewed process to ensure a board member always present at Committee meetings. Minutes of meeting circulated to board. - Committee members provided with full briefing of hospital activities and empowered to act as advocates of the facility. Further, committee members are encouraged to feed community views back to the organisation.

STATEMENT OF PRIORITIES 2015-16

Part A Strategic Overview

Edenhope and District Memorial Hospital

Statement of Priorities

Strategic Priorities for 2015–16

Priority	Action	Deliverable	Outcome
Patient Experience and outcomes	Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Review organisational policy and procedures in regard to end of life care. Implement the end of life pathway into the acute and aged care facilities. Work with the Palliative Aged Care Team from the Grampians Region Palliative Care Consortium to implement the Residential Aged Care Palliative Approach Toolkit throughout the organisation.	All policies and procedures have been updated. COMPLETE Policies and procedures are in place. COMPLETE Residential Aged Care Palliative Approach Toolkit has been implemented in both aged care facilities and the acute ward. Three staff training sessions have been delivered. COMPLETE
	Strengthen the response of health services to family violence. This includes implementing interventions, processes and systems to prevent; identify and respond appropriately to family violence at an individual and community level.	Develop and implement a policy, including a staff education component aimed at increasing the awareness of and appropriate response to suspected or actual incidents of elder abuse particularly in community settings.	Social Worker is included in multidisciplinary patient discussions. Social Worker is included in the weekly discharge planning meetings. Elder abuse policy is in place. Referral pathway implemented. COMPLETE
	Use consumer feedback and develop participation processes to improve person and family centred care, health service practice and patient experiences.	Review our current patient experience process and use the Victorian Healthcare Experience Survey as a template to collect data. Review specific areas where we rated low in the annual report and develop an appropriate action plan to address them.	Patient experience report was distributed to Community and Consumer Consultation Committee for feedback. Meeting held with Rural Northwest Health to discuss consumer luncheon and to utilise their terms of reference as a basis of implementation at of Edenhope and District Memorial Hospital. First Luncheon to be held September 2016
Governance, leadership and culture	Demonstrate an organisational commitment to Occupational Health and Safety, including mental health and wellbeing in the workplace. Ensure accessible and affordable support services are available for employees experiencing mental ill health. Work collaboratively with the Department of Health and Human Services and professional bodies to identify and address systemic issues of mental ill health amongst the medical professions.	Evaluate employee satisfaction and access to current Employee Assistance Program across the organisation to determine effectiveness of the program and implement improvements where required.	An additional service provider has been added. We have also had a high percentage of those seeking assistance utilise our social worker. No negative feedback received and no staff requiring/requesting additional sessions.
	Monitor and publically report incidents of occupational violence. Work collaboratively with the Department of Health and Human Services to develop systems to prevent the occurrence of occupational violence.	Update the emergency manual in consultation with the Occupational Health and Safety Representatives to develop clear flow charts and instructions for all emergencies. Embed code grey procedure within the organisation by updating policies and procedures which include; training a staff member in	Reviewed and updated. Flow charts not required. We have had a staff member partially complete Management of Clinical Aggression training. Currently working with West Wimmera Health Service to support and implement appropriate program and training across both organisations.

		management of clinical aggression so they can train staff in de-escalation of aggression and educate staff to identify code grey incidents and report via incident management system. Participate in the development of regional code grey standards, including participation in staff training in the Management of Clinical Aggression and commence in-house education for staff. Review current Occupational Health and Safety and emergency reporting procedures to identify issues of occupational violence for reporting in the 2015-2016 Annual Report as required.	Working with Management of Clinical Aggression group to develop code grey training relative to small hospitals. Edenhope and District Memorial Hospital also utilise online training. Developing regional policies and procedures in conjunction with code grey regional meetings. In house education completed. Reviewed. There were no incidents of occupational violence reported in 2015–16.
	Promote a positive workplace culture and implement strategies to prevent bullying and harassment in the workplace. Monitor trends of complaints of bullying and harassment and identify and address organisational units exhibiting poor workplace culture and morale.	Develop an operational plan from the feedback received in the people matters survey results, to respond to any identified issues	Customer service training provided and expected to improve results. Providing an incentive scheme to increase participation in current survey to gain greater value in data. Complete. Poor response rate despite efforts to increase participation.
	Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.	Conduct an annual board assessment based on the Australian Institute of Company Directors governance systems by 30 November 2015. Implement improvement strategies identified through the assessment process by June 2016.	COMPLETE Various Board training completed. Discussed at board of management meeting 4 April 2016 to review next training opportunities when new board appointments are made. COMPLETE
Safety and Quality	Ensure management plans are in place to prevent, detect and contain Varbapenem Resistant Enterobacteriaceae as outlined in the Hospital Circular 02/15 (issued 16 June 2016).	In collaboration with the Grampians Region Infection Control Group facilitate preparedness for the management of Carbapenem Resistant Enterobacteriaceae through the development of a Carbapenem Resistant Enterobacteriaceae resource kit which will include personal protection training for staff, policy and procedure, flow chart for detection and management and emergency department signage.	Policy and Procedure template developed by Grampians Regional Infection Group. Power point education presentation developed for all staff. Emergency Department Infectious Diseases Quick Reference Guide Poster including triage triggers has been developed. Audit tool developed. All these resources are now available. COMPLETE
	Implement effective antimicrobial stewardship practices and increase awareness of antimicrobial resistance, its implications and actions to combat it, through effective communication, education, and training.	In collaboration with the Grampians Region Infection Control Group, reaffirm existing stewardship policies and practices through a planned education program to support improved antimicrobial awareness.	COMPLETE

	Ensure that emergency response management plan is in place, regularly exercised and updated, including trigger activation and communication arrangements.	Implement and train all staff in the updated emergency management plans and undertake two exercises for each code.	Major codes only completed. Three exercises complete in Fire, two in Evacuation. COMPLETE
Financial Sustainability	Improve cash management processes to ensure that financial obligations are met as they are due.	Implement a rolling cash flow projection to be presented at Audit and Compliance Committee Meetings	Request has been placed with Accounting & Audit Solutions Bendigo to provide as part of board reports. Due to strong financial position (cash flow) seen as low priority. Initiated, to be presented as part of 2016/17 board reports.
	Work with Health Purchasing Victoria to implement procurement savings initiatives	Implement the Health Purchasing Victoria contract for Non-Emergency Transport and review all relevant consumable purchases to ensure compliance with Health Purchasing Victoria policy	Ongoing, recently completed: - Food - Meat - Waste - Utilities Sign off complete on Health Purchasing Victoria compliance report
Access	Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians.	Undertake a review of the Financial Disadvantaged component of the diversity plan to ensure improved access and responses for disadvantaged Victorians	Review of Edenhope and District Memorial Hospital Diversity Plan indicated that financial disadvantage is not a priority at this point in time in West Wimmera Shire as: has the lowest rental housing rate (5.9%) and highest home ownership and affordability rate in Victoria. Health Healthy Food Basket Survey indicates that food costs are consistent with most other centres in Australia. Edenhope and District Memorial Hospital monitoring situation via participation in Drought Recovery response Edenhope and District Memorial Hospital provided the Sustainable Farm Families program in June 2016.

Part B: Performance Priorities

Safety and quality performance

Key performance indicator	Target	2015–16 Result
Compliance with NSQHS Standards accreditation	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Cleaning standards – Overall compliance with standards	Full compliance	Achieved
Very high risk (Category A)	90	N / A
High risk (Category B)	85	Achieved
Moderate risk (Category C)	85	Achieved
Compliance with the Hand Hygiene Australia program	80%	98%
Percentage of healthcare workers immunised for influenza	75%	70%
Submission of infection surveillance data to VICNISS1	Full compliance	Achieved

Patient experience and outcomes performance

Key performance indicator	Target	2015–16 Result
Victorian Healthcare Experience Survey - data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	97.3%
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	<42 responses
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	<42 responses

Governance, leadership and culture performance

Key performance indicator	Target	2015–16 Result
People Matter Survey - percentage of staff with a positive response to safety culture questions	80%	84%

[1] VICNISS is the Victorian Hospital Acquired Infection Surveillance System

Financial sustainability performance

Key performance indicator	Target	2015–16 Actual
Finance		
Operating result ($m)	0.01	-0.24
Trade creditors	< 60 days	30.02
Patient fee debtors	< 60 days	34.46
Asset management		
Asset management plan	Full compliance	Achieved
Adjusted current asset ratio	0.7	1.47
Days of available cash	14 days	10 days

Part C: Activity and Funding

Funding type	2015–16 Activity Achievement
Small Rural	
Small Rural Acute	342
Small Rural Primary Health	7580
Small Rural Residential Care	14,059
Small Rural HACC	17,399

SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR.

Edenhope & District Memorial Hospital reports a Net Operating Surplus/Deficit of -$0.24m before capital and specific items against a budget target of $0.01m. Factors impacting the ability to deliver a balanced budget include:

- Private Patient in-fees $120,000.00 under budget
- IT Contributions to Grampians Rural Health Alliance for Capital Refresh Program $47,000.00 and Cisco Power Supply $22,000.00
- DVA Recall $27,000.00 ($10,000.00 relating to the previous financial year)

STATUTORY REPORTING REQUIREMENTS

Building and Maintenance

All building works have been designed in accordance with the Department of Human Service's Guidelines and comply with the *Building Act 1993*.

Carer's Recognition Act 2012

The *Carers Recognition Act 2012* formally recognises and values the role of carers and the importance of care relationships in the Victorian community. EDMH complies with the philosophy and intent of this Act.

Consultancies

There was no consultancy over $10,000

Ex-Gratia Expenses

No ex-gratia payments were made during the reporting period.

Financial Management Act 1994

In accordance with the Minister for Finance directive, information requirements have been prepared and are available to the relevant Minster, Members of Parliament and the public on request to the Chief Executive Officer.

Freedom of Information

There were no requests under the *Freedom of Information Act 1982*

Freedom of Information requests should be in writing and addressed to the Freedom of Information Officer, EDMH, PO Box 75, Edenhope, Vic, 3318.

National Competition Policy

EDMH complies with all government policies regarding competitive neutrality with respect to all tender applications, including the requirements of the Government policy statement, *Competitive Neutrality Policy Victoria*, and subsequent reforms.

Occupational Health and Safety

EDMH has a responsibility to ensure the provision of a safe environment for all staff, patients, residents and visitors.

During the reporting period there were no serious injuries, diseases or workplace deaths.

Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* is designed to protect people who disclose information about serious wrongdoings within the Victorian Public Sector and to provide a framework for the investigation of these matters.

EDMH's policies and procedures are consistent and compliant with the *Protected Disclosure Act 2012*.

Disclosures of improper conduct by EDMH or its employees may be made to:

The Protected Disclosure Officer – Kevin Mills
Ph 03 5585 9806
Email kevinm@edmh.org.au

or

The Ombudsman Victoria
Level 22, 459 Collins St
Melbourne, 3000
Ph 03 9613 6222, Toll Free 1800 806 314
www.ombudsman.vic.gov.au

Publications

Information in publications such as patient information brochures are reviewed regularly to ensure currency. The Annual and quality of Care Reports are presented each year at Edenhope and District Memorial Hospital's Annual General Meeting, and are available on our website: www.edmh.org.au. No media advertising of greater value than $150,000 took place during the reporting period.

Responsible Person and Executive Disclosures

Members of the Board of Management and Executive Management are required to declare their pecuniary interest in any matter that may be discussed by the board or board committees.

Victorian Industry Participation Policy

EDMH complies with the *Victorian Industry Participation Policy (VIPP) Act 2003*. No contracts at EDMH were commenced nor completed which required information disclosure under this *Act* in the reporting period.

Workforce Data Disclosures

A total of 121 people were employed by EDMH: Full time 35; Part time 54; Casual 32.

There was no lost time due to industrial disputes.

EDMH has an ongoing commitment to eliminate discrimination and inefficient work practices and to promote Equal Employment Opportunities in its workplace in accordance with the Public Authorities (Equal Employment Opportunity) Act of 1990.

It bases its employment decisions on merit, treats employees fairly and reasonably; provides employees with an avenue of redress against unfair or unreasonable treatment and does not discriminate, directly or indirectly on the basis of various individual proclivities, personal characteristics, beliefs or social activities.

ATTESTATION ON DATA INTEGRITY

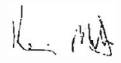
I, Kevin Mills certify that Edenhope and District Memorial Hospital has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Edenhope and District Memorial Hospital has critically reviewed these controls and processes during the year.

Kevin Mills
Chief Executive Officer

Edenhope
16th September 2016

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

I, Kevin Mills certify that Edenhope and District Memorial Hospital has complied with the Ministerial Standing Direction 4.5.5– Risk Management Framework and Process. The Edenhope and District Memorial Hospital Audit Committee verifies this.



Kevin Mills
Chief Executive Officer

Edenhope
16th September 2016

ENVIRONMENTAL PERFORMANCE

Edenhope & District Memorial Hospital is committed to sustainability and reducing its carbon footprint. New and ongoing energy saving initiatives include turning off computers, heaters and lights at the end of the day; photocopiers and printers defaulted to black and white print; blinds drawn each evening during summer and winter to assist with heating/cooling.

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2015-16 is $254,505 (excluding GST) with the details shown below.

Business as usual (BAU) ICT Expenditure	**Non-Business as Usual (non-BAU) ICT expenditure**		
	Total expenditure	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
$218,314	$254,505	$181,407	$73,098

OCCUPATIONAL VIOLENCE STATISTICS

1. Workcover accepted claims with an occupational violence cause per 100 FTE.	0
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents reported.	0
4. Number of occupational violence incidents reported per 100 FTE.	0
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition.	0

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

We certify that the attached financial statements for Edenhope and District Memorial Hospital have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

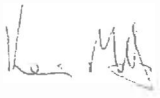
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, present fairly the financial transactions during the year ended 30 June 2016 and the financial position of Edenhope and District Memorial Hospital at 30 June 2016.

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

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

Mr Anthony Kealy
President and Member of Board

Edenhope
16th September 2016



Mr Kevin Mills
Chief Executive Officer
Chief Finance and Accounting Officer

Edenhope
16th September 2016

ADDITIONAL INFORMATION

Consistent with FRD 22G (Section 6.18) the items listed below have been retained by Edenhope and District Memorial Hospital and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements):

a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
c) details of publications produced by the entity about itself, and how these can be obtained;
d) details of changes in prices, fees, charges, rates and levies charged by the entity;
e) details of any major external reviews carried out on the entity;
f) details of major research and development activities undertaken by the entity;
g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
h) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
i) details of assessments and measures undertaken to improve the occupational health and safety of employees;
j) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
k) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
l) details of all consultancies and contractors including:
    i. consultants/contractors engaged;
    ii. services provided;
    iii. expenditure committed to for each engagement.

EDENHOPE AND DISTRICT MEMORIAL HOSPITAL
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue from Operating Activities	2	8,202,738	8,001,542
Revenue from Non-Operating Activities	2	161,378	213,748
Employee Expenses	3	(6,140,279)	(6,059,172)
Non Salary Labour Costs	3	(682,141)	(665,685)
Supplies and Consumables	3	(442,154)	(413,593)
Administration Expenses	3	(673,007)	(752,994)
Other Expenses from Continuing Operations	3	(668,139)	(713,555)
Net Result Before Capital and Specific Items		**(241,604)**	**(389,709)**
Capital Purpose Income	2	2,792,305	239,492
Expenditure using Capital Purpose Income	3	(128,789)	(26,741)
Depreciation	4	(773,015)	(824,492)
Net Result After Capital and Specific Items		**1,648,897**	**(1,001,450)**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	2a	0	11,763
Revaluation of Long Service Leave	13	32,838	30,144
Total other economic flows included in net result		**32,838**	**41,907**
NET RESULT FOR THE YEAR		**1,681,735**	**(959,543)**
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	16	0	0
COMPREHENSIVE RESULT		**1,681,735**	**(959,543)**

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

EDENHOPE AND DISTRICT MEMORIAL HOSPITAL
BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	2,692,650	3,311,800
Receivables	6	252,132	311,387
Investments and Other Financial Assets	7	3,739,729	2,359,807
Inventories	8	25,684	20,252
Non-Financial Assets Classified as Held for Sale	10	156,875	0
Prepayments and Other Assets	9	74,791	30,319
Total Current Assets		**6,941,861**	**6,033,565**
Non-Current Assets			
Receivables	6	157,946	173,119
Property, Plant and Equipment	11	8,803,428	7,939,399
Total Non-Current Assets		**8,961,374**	**8,112,518**
TOTAL ASSETS		**15,903,235**	**14,146,083**
LIABILITIES			
Current Liabilities			
Payables	12	355,574	347,527
Provisions	13	1,771,181	1,737,680
Other Liabilities	15	2,589,730	2,553,720
Total Current Liabilities		**4,716,485**	**4,638,927**
Non-Current Liabilities			
Provisions	13	123,243	125,384
Total Non-Current Liabilities		**123,243**	**125,384**
TOTAL LIABILITIES		**4,839,728**	**4,764,311**
NET ASSETS		**11,063,507**	**9,381,772**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	16a	5,174,189	5,174,189
Restricted Specific Purpose Surplus	16a	276,268	276,268
Contributed Capital	16b	3,981,684	3,981,684
Accumulated Surpluses / Deficits	16c	1,631,366	(50,369)
TOTAL EQUITY		**11,063,507**	**9,381,772**
Commitments for Expenditure	19		
Contingent Assets and Contingent Liabilities	20		

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

EDENHOPE AND DISTRICT MEMORIAL HOSPITAL
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Property, Plant and Equipment Revaluation Surplus $	Restricted Specific Purpose Surplus $	Contributed Capital $	Accumulated Surpluses/ (Deficits) $	Total $
Balance at 1 July 2014		5,174,189	276,268	3,981,684	909,174	10,341,315
Net result for the year	16c	0	0	0	(959,543)	(959,543)
Other comprehensive income for the year	16a	0	0	0	0	0
Balance at 30 June 2015		**5,174,189**	**276,268**	**3,981,684**	**(50,369)**	**9,381,772**
Net result for the year	16c	0	0	0	1,681,735	1,681,735
Other comprehensive income for the year	16a	0	0	0	0	0
Balance at 30 June 2016		**5,174,189**	**276,268**	**3,981,684**	**1,631,366**	**11,063,507**

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

EDENHOPE AND DISTRICT MEMORIAL HOSPITAL
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $ Inflows / (Outflows)	2015 $ Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		6,320,151	6,285,228
Capital Grants from State Government		467,283	45,024
Patient and Resident Fees Received		1,258,568	1,297,256
Donations and Bequests Received		2,022,864	18,668
GST (Paid to)/received from ATO		30,919	(61,390)
Interest Received		190,731	220,633
Other Receipts		517,392	505,913
Total Receipts		***10,807,908***	***8,311,332***
Employee Expenses Paid		(6,076,081)	(5,949,131)
Non-Salary Labour Costs		(682,141)	(665,685)
Payments for Supplies and Consumables		(1,635,171)	(1,726,139)
Total Payments		***(8,393,393)***	***(8,340,955)***
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	17	**2,414,515**	**(29,623)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(1,746,197)	(772,365)
Proceeds from Sale of Non-Financial Assets		0	32,000
(Purchase) / Redemption of Investments		1,102,754	(595,441)
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**(643,443)**	**(1,335,806)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**1,771,072**	**(1,365,429)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		736,239	2,101,668
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	**2,507,311**	**736,239**

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Edenhope and District Memorial Hospital (ABN 19 442 911 836) for the period ending 30 June 2016. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Edenhope and District Memorial Hospital on:
31st August 2016.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

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

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

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are reassessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;

- The fair value of assets other than land is generally based on their depreciated replacement value.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

The Valuer-General Victoria (VGV) is Edenhope And District Memorial Hospital's independent valuation agency.

Edenhope And District Memorial Hospital, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

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

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

(c) Reporting Entity

The financial statements includes all the controlled activities of Edenhope and District Memorial Hospital.

Its principal address is:
128 - 132 Elizabeth Street
Edenhope Vic 3318

A description of the nature of Edenhope and District Memorial Hospital's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

Objectives and funding

Edenhope and District Memorial Hospital's overall objective is to provide the highest standard of care and health related services that is responsive to community needs, as well as improve the quality of life to Victorians.

Edenhope and District Memorial Hospital is predominately funded by accrual based grant funding for the provision of outputs.

(d) **Principles of Consolidation**

In accordance with AASB 10 Consolidated Financial Statements:

- The consolidated financial statements of Edenhope and District Memorial Hospital incorporates the assets and liabilities of all entities controlled by Edenhope and District Memorial Hospital as at 30 June 2016, and their income and expenses for that part of the reporting period in which control existed; and
- The consolidated financial statements exclude bodies of Edenhope and District Memorial Hospital that are not controlled by Edenhope and District Memorial Hospital, and therefore are not consolidated.
- Control exists when Edenhope and District Memorial Hospital has the power to govern the financial and operating policies of a Health Service so as to obtain benefits from it's activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

There are no entities controlled by Edenhope and District Memorial Hospital.

Intersegment Transactions

Transactions between segments within Edenhope and District Memorial Hospital have been eliminated to reflect the extent of Edenhope and District Memorial Hospital's operations as a group.

Jointly controlled assets or operations

Interest in jointly controlled assets or operations are not consolidated by Edenhope and District Memorial Hospital, but are accounted for in accordance with the policy outlined in Note 1(j) Investments in Joint Operations.

(e) **Scope and presentation of financial statements**

Fund Accounting

The Edenhope and District Memorial Hospital operates on a fund accounting basis and maintains one fund:
Capital Funds. Edenhope and District Memorial Hospital's Capital Funds include unspent capital donations and receipts from fundraising activities conducted solely in respect of these funds.

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

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

Residential Aged Care Service

The Kowree Nursing Home and Lakes Hostel operations are an integral part of the Edenhope and District Memorial Hospital and shares its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in note 2b to the financial statements.

The Kowree Nursing Home and Lakes Hostel are substantially funded from Commonwealth bed-day subsidies.

Comprehensive operating statement

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

(e) Scope and presentation of financial statements (Continued)

Comprehensive operating statement (Continued)

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

* Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works and plant and equipment.
  It also includes donations of plant and equipment (refer note 1(f)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided;

* Specific income/expense, comprises the following items, where material:
  * Voluntary departure packages
  * Write-down of inventories
  * Non-current asset revaluation increments/decrements
  * Non-current assets lost or found
  * Forgiveness of loans
  * Reversals of provisions
  * Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board);

* Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (j);

* Depreciation, as described in note 1(g);

* Assets provided or received free of charge, as described in note 1 (f); and

* Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold, or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Balance sheet

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

Statement of changes in equity

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

Cash flow statement

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

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

Rounding

All amounts shown in the financial statements are expressed to the nearest $1.

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

(f) **Income from transactions**

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

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

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

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

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

Indirect Contributions from the Department of Health and Human Services

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

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as provision of meals to external users is recognised at the time the invoices are raised.

Donations and Other Bequests

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

Interest Revenue

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

Sale of investments

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

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

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

(g) **Expense recognition**

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

Employee expenses

Employee expenses include:

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

(g) **Expense recognition (Continued)**

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

The name and details of the major employee superannuation funds and contributions made by Edenhope and District Memorial Hospital are disclosed in Note 14: *Superannuation*.

Depreciation

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

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

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

	2016	2015
Buildings		
- Structure Shell Building Fabric	5 to 38 years	5 to 38 years
- Site Engineering Services and Central Plant	5 to 38 years	5 to 38 years
Central Plant		
- Fit Out	5 to 38 years	5 to 38 years
- Trunk Reticulated Building Systems	5 to 38 years	5 to 38 years
Plant and Equipment	10 years	10 years
Medical Equipment	5 to 10 years	5 to 10 years
Computers and Communication	2 to 3 years	2 to 3 years
Furniture and Fittings	3 to 5 years	3 to 5 years
Motor Vehicles	4 to 5 years	4 to 5 years

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

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

(g) Expense recognition (Continued)

Other operating expenses

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

Supplies and Consumables

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

Bad and Doubtful Debts

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

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

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

(h) Other economic flows included in net result

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

Net Gain / (Loss) on Non-Financial Assets

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

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

Refer to note 1(j) revaluations of non financial physical assets.

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 and is the difference between proceeds and the carrying value of the asset at the time.

Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 1 (j) Assets.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

a. The revaluation of the present value of the long service leave liability due to changes in the bond interest rates. This will include the impact of changes related to moving from the 2004 long service leave model; and

b. Transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(i) 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 Edenhope and District Memorial Hospital's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

The following refers to financial instruments unless otherwise stated.

(i) **Financial Instruments (Continued)**

Categories of non-derivative financial instruments

Loans and receivables

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

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

Financial Liabilities at Amortised Cost

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

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

(j) **Assets**

Cash and Cash Equivalents

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

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

Receivables

Receivables consist of:

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

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

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

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

(j) **Assets (Continued)**

Investments and Other Financial Assets

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

Investments are classified in the following categories:
- Financial assets at fair value through profit or loss;
- Held-to-maturity;
- Loans and receivables; and
- Available-for-sale financial assets.

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

Edenhope and District Memorial Hospital assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

Inventories

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

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

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

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

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

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

Property, plant and equipment

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 11 *Property, plant and equipment* .

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

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

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

(j) **Assets (Continued)**

Revaluations of non-current physical assets

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

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

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

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

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

In accordance with FRD 103F Edenhope and District Memorial Hospital's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required. This assessment did not identify any significant movements that would require a revaluation.

Prepayments

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

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(h) - 'other economic flows included in net result'.

Impairment of non-financial assets

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

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

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

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

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

(j) **Assets (Continued)**

Investments in joint operations

In respect of any interest in joint operations, Edenhope and District Memorial Hospital recognises in the financial statements:
- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Derecognition of financial assets

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

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

Impairment of financial assets

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

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

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

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

In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, Edenhope and District Memorial Hospital obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution This value was compared against valuation methodologies provided by the issuer as at 30 June 2016. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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

Net gain/(loss) on financial instruments

Net Gain/(Loss) on financial instruments includes:
- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or loss or held-for-trading;
- Impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

(k) Liabilities

Payables

Payables consist of:

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

- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision. When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

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

Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off

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

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

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

(k) **Liabilities (Continued)**

Termination Benefits

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

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

On-Costs

Provisions for on-costs, such as payroll tax, workers compensation, superannuation are recognised separately from the provision for employee benefits.

Superannuation Liabilities

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

(l) **Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

For service concession arrangements, the commencement of the lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

Operating leases

Entity as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received by the lessee to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished.

Leasehold Improvements

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

(m) Equity

Contributed capital

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

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

Property, plant and equipment revaluation surplus

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

Restricted specific purpose surplus

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

(n) Commitments

Commitments for expenditure are not recognised on the balance sheet. Commitments for expenditure 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 individual projects are stated.

(o) Contingent assets and contingent liabilities

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

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

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

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

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

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

(q) AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for 30 June 2016 reporting period. DTF assesses the impact of all these new standards and advises Edenhope and District Memorial Hospital of their applicability and early adoption where applicable.

As at 30 June 2016, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Moyne Health Services has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: - The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and - Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.

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

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2014-1 *Amendments to* Australian Accounting Standards *[Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-4 *Amendments to* Australian Accounting *Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]*	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: - establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; - prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 January 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	The assessment has indicated there will be no significant impact for the public sector.
AASB 2014-9 *Amendments to* Australian Accounting *Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]*	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]*	AASB 2014-10 amends *AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates* to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: - a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and - a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 January 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.

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

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2015-6 *Amendments to* Australian Accounting *Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]*	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 January 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15	This standards defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 &AASB 141]
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative - Amendments to AASB107

(r) **Category Groups**

Edenhope and District Memorial Hospital has used the following category groups for reporting purposes for the current and previous financial years.

Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patients services, where services are delivered in public hospitals.

Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

Primary, Community and Dental Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

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

Other Services not reported elsewhere - (Other) comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Note 2: ANALYSIS OF REVENUE BY SOURCE

	Admitted Patients 2016 $	Residential Aged Care 2016 $	Aged Care 2016 $	Primary Health 2016 $	Other 2016 $	TOTAL 2016 $
Government Grants	3,260,798	2,550,191	339,516	224,731	78,515	6,453,751
Indirect Contributions by Department of Health and Human Services	(3,547)	(2,745)	(201)	(201)	0	(6,694)
Patient and Resident Fees	118,441	746,198	5,017	5,665	361,106	1,236,427
Catering	0	0	0	0	75,286	75,286
Property Income	0	0	0	0	109,199	109,199
Other Revenue from Operating Activities	67,608	57,696	5,463	15,094	188,908	334,769
Total Revenue from Operating Activities	**3,443,300**	**3,351,340**	**349,795**	**245,289**	**813,014**	**8,202,738**
Interest and Dividends	85,531	66,165	4,841	4,841	0	161,378
Total Revenue from Non-Operating Activities	**85,531**	**66,165**	**4,841**	**4,841**	**0**	**161,378**
Capital Purpose Income (excluding interest)	67,283	579,109	0	0	2,145,913	2,792,305
Capital Interest	0	0	0	0	0	0
Total Capital Purpose Income	**67,283**	**579,109**	**0**	**0**	**2,145,913**	**2,792,305**
Total Revenue	**3,596,114**	**3,996,614**	**354,636**	**250,130**	**2,958,927**	**11,156,421**

Note 2: ANALYSIS OF REVENUE BY SOURCE (Continued)

	Admitted Patients 2015 $	Residential Aged Care 2015 $	Aged Care 2015 $	Primary Health 2015 $	Other 2015 $	TOTAL 2015 $
Government Grants	3,135,312	2,448,824	338,559	211,218	52,015	6,185,928
Indirect Contributions by Department of Health and Human Services	2,651	2,050	150	150	0	5,001
Patient and Resident Fees	230,365	728,204	4,587	10,377	320,024	1,293,557
Catering	0	0	0	0	89,783	89,783
Property Income	0	0	0	0	108,362	108,362
Other Revenue from Operating Activities	86,995	28,411	2,506	25,317	175,682	318,911
Total Revenue from Operating Activities	**3,455,323**	**3,207,489**	**345,802**	**247,062**	**745,866**	**8,001,542**
Interest and Dividends	113,287	87,637	6,412	6,412	0	213,748
Total Revenue from Non-Operating Activities	**113,287**	**87,637**	**6,412**	**6,412**	**0**	**213,748**
Capital Purpose Income	45,024	157,969	0	0	26,015	229,008
Capital Interest	0	10,484	0	0	0	10,484
Total Capital Purpose Income	**45,024**	**168,453**	**0**	**0**	**26,015**	**239,492**
Total Revenue	**3,613,634**	**3,463,579**	**352,214**	**253,474**	**771,881**	**8,454,782**

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

NOTE 2a: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	2016 $	2015 $
Proceeds from Disposal of Non-Current Assets		
- Motor Vehicles	0	32,000
Total Proceeds from Disposal of Non-Current Assets	**0**	**32,000**
Less: Written Down Value of Non-Current Assets Disposed		
- Motor Vehicles	0	(20,237)
Total Written Down Value of Non-Current Assets Disposed	**0**	**(20,237)**
NET GAIN / (LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	**0**	**11,763**

Note 3: ANALYSIS OF EXPENSE BY SOURCE

	Admitted Patients 2016 $	Residential Aged Care 2016 $	Aged Care 2016 $	Primary Health 2016 $	Other 2016 $	TOTAL 2016 $
Employee Expenses	2,284,175	3,091,152	324,782	204,175	203,157	6,107,441
Non Salary Labour Costs	274,376	14,864	1,087	62,780	329,034	682,141
Supplies and Consumables	172,809	222,097	3,485	36,327	7,436	442,154
Administration Expenses	323,585	254,651	48,312	29,906	16,553	673,007
Other Expenses	199,660	227,505	5,687	21,485	213,802	668,139
Total Expenditure from Operating Activities	**3,254,605**	**3,810,269**	**383,353**	**354,673**	**769,982**	**8,572,882**
Depreciation (refer note 4)	0	0	0	0	773,015	773,015
Expenditure using Capital Purpose Income	0	0	0	0	128,789	128,789
Total Other Expenses	**0**	**0**	**0**	**0**	**901,804**	**901,804**
Total Expenses	**3,254,605**	**3,810,269**	**383,353**	**354,673**	**1,671,786**	**9,474,686**

	Admitted Patients 2015 $	Residential Aged Care 2015 $	Aged Care 2015 $	Primary Health 2015 $	Other 2015 $	TOTAL 2015 $
Employee Expenses	2,290,529	3,019,859	314,122	166,677	237,841	6,029,028
Non Salary Labour Costs	281,228	8,586	628	70,514	304,729	665,685
Supplies and Consumables	159,220	212,249	3,199	31,370	7,555	413,593
Administration Expenses	393,111	276,713	45,857	21,269	16,044	752,994
Other Expenses	218,857	243,424	5,379	9,614	236,281	713,555
Total Expenditure from Operating Activities	**3,342,945**	**3,760,831**	**369,185**	**299,444**	**802,450**	**8,574,855**
Depreciation (refer note 4)	0	0	0	0	824,492	824,492
Expenditure using Capital Purpose Income	0	0	0	0	26,741	26,741
Total Other Expenses	**0**	**0**	**0**	**0**	**851,233**	**851,233**
Total Expenses	**3,342,945**	**3,760,831**	**369,185**	**299,444**	**1,653,683**	**9,426,088**

Note 3a: ANALYSIS OF EXPENSES AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	2016	2015	2016	2015
	$	$	$	$
Commercial Activities				
Private Practice	541,929	550,975	439,869	372,148
Property Expense / Revenue	33,280	66,829	77,319	66,390
Total	575,209	617,804	517,188	438,538

NOTE 4: DEPRECIATION

	2016	2015
	$	$
Depreciation		
Buildings	651,619	664,448
Plant and Equipment		
- Plant	75,288	74,673
- Major Medical	16,936	38,371
- Computers and Communication	6,875	22,173
- Motor Vehicles	2,201	3,262
- Furniture and Fittings	20,096	21,565
TOTAL DEPRECIATION	**773,015**	**824,492**

NOTE 5: CASH AND CASH EQUIVALENTS

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

	2016	2015
	$	$
Cash on Hand	600	600
Cash at Bank	294,738	147,982
Deposits at Call	2,397,312	3,163,218
TOTAL CASH AND CASH EQUIVALENTS	**2,692,650**	**3,311,800**
Represented by:		
Cash for Health Service Operations (as per cash flow statement)	2,507,311	736,239
Cash for Grampians Rural Health Alliance	78,285	21,841
Cash for Monies Held in Trust		
- Cash at Bank	107,054	102,428
- Deposits at Call	0	2,451,292
TOTAL CASH AND CASH EQUIVALENTS	**2,692,650**	**3,311,800**

NOTE 6: RECEIVABLES

	2016	2015
CURRENT	$	$
Contractual		
Trade Debtors - Health Service	21,608	59,970
Patient / Resident Debtors	79,134	101,275
Accrued Investment Income	37,320	66,673
Accrued Revenue - Other	33,857	10,029
Receivables - Grampians Rural Health Alliance	47,543	17,372
Less Allowance for Doubtful Debts	(30,000)	(37,320)
	189,462	217,999
Statutory		
GST Receivable - Health Service	62,469	93,388
GST Receivable - Grampians Rural Health Alliance	201	0
	62,670	93,388
TOTAL CURRENT RECEIVABLES	**252,132**	**311,387**

NOTE 6: RECEIVABLES (Continued)	2016	2015
NON CURRENT	$	$
Statutory		
Long Service Leave - Department of Health and Human Services	157,946	173,119
TOTAL NON-CURRENT RECEIVABLES	157,946	173,119
TOTAL RECEIVABLES	410,078	484,506

(a) Ageing analysis of receivables
Please refer to note 17(b) for the ageing analysis of receivables.

(b) Nature and extent of risk arising from receivables
Please refer to note 17(b) for the nature and extent of credit risk arising from receivables.

NOTE 7: INVESTMENTS AND OTHER FINANCIAL ASSETS	Capital Fund		Total	
	2016	2015	2016	2015
CURRENT	$	$	$	$
Loans and Receivables				
Term Deposit				
Aust. Dollar Term Deposits > 3 Months	3,739,729	2,359,807	3,739,729	2,359,807
TOTAL CURRENT OTHER FINANCIAL ASSETS	3,739,729	2,359,807	3,739,729	2,359,807
Represented by:				
Investments - Health Service	1,257,053	2,359,807	1,257,053	2,359,807
Investments - Monies Held in Trust	2,482,676	0	2,482,676	0
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	3,739,729	2,359,807	3,739,729	2,359,807

(a) Ageing analysis of other financial assets
Please refer to note 17(b) for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets
Please refer to note 17(b) for the nature and extent of credit risk arising from other financial assets.

NOTE 8: INVENTORIES	2016	2015
	$	$
CURRENT		
Pharmaceuticals - at cost	7,297	7,737
Catering Supplies - at cost	4,599	3,216
Housekeeping Supplies - at cost	5,392	3,296
Medical and Surgical Lines - at cost	8,396	6,003
TOTAL INVENTORIES	25,684	20,252

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

NOTE 9: PREPAYMENTS AND OTHER ASSETS	2016	2015
	$	$
CURRENT		
Prepayments - Health Service	68,356	27,792
Prepayments - Grampians Rural Health Alliance	6,435	2,527
TOTAL OTHER ASSETS	74,791	30,319

NOTE 10: NON FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE INCLUDING DISPOSAL GROUPS	2016 $	2015 $
(A) Non-financial physical assets including disposal group assets classified as held for sale		
189 Elizabeth Street Edenhope	156,875	0
Total Non-financial physical assets classified as held for sale	**156,875**	**0**

The Health Service has listed the above mentioned property for sale with a local real estate agent.

(B) Fair value measurement of non-financial physical assets held for sale

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: Level 1 (1)	Level 2 (1)	Level 3 (1)
	$	$	$	$
189 Elizabeth Street Edenhope (i)	156,875	0	156,875	0
	156,875	**0**	**156,875**	**0**

Note
(1) Classified in accordance with the fair value hierarchy, see Note 1
(i) Non-physical assets classified as held for sale are carried at fair value less cost to disposal.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (a) Gross carrying amount and accumulated depreciation	2016 $	2015 $
Land		
- Land at Fair Value	608,000	638,000
Total Land	**608,000**	**638,000**
Buildings		
- Buildings Under Construction at Cost	0	586,233
- Buildings at Fair Value	8,750,060	6,806,258
Less Accumulated Depreciation	1,297,942	664,448
	7,452,118	6,143,810
Total Buildings	**7,452,118**	**6,730,043**
Plant and Equipment		
- Plant and Equipment at Fair Value	817,571	707,333
Less Accumulated Depreciation	443,903	368,615
Total Plant and Equipment	**373,668**	**338,718**
Medical Equipment		
- Medical Equipment at Fair Value	372,880	361,067
Less Accumulated Depreciation	324,300	307,363
Total Medical Equipment	**48,580**	**53,704**
Computers and Communication		
- Grampians Rural Health Alliance at Fair Value	108,999	87,477
Less Accumulated Depreciation	22,056	48,469
- Computers and Communication at Fair Value	219,169	204,320
Less Accumulated Depreciation	206,265	199,391
Total Computers and Communications	**99,847**	**43,937**
Motor Vehicles		
- Grampians Rural Health Alliance at Fair Value	1,947	1,951
Less Accumulated Depreciation	494	285
- Motor Vehicles at Fair Value	205,492	146,046
Less Accumulated Depreciation	148,247	146,046
Total Motor Vehicles	**58,698**	**1,666**

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)	2016 $	2015 $
Furniture and Fittings		
- Furniture and Fittings at Fair Value	265,604	216,322
Less Accumulated Depreciation	103,087	82,991
Total Furniture and Fittings	**162,517**	**133,331**
TOTAL	**8,803,428**	**7,939,399**

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

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers & Communication	Motor Vehicles	Furniture & Fittings	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2014	638,000	6,695,698	359,732	87,284	67,056	23,499	139,811	8,011,080
Additions	0	698,793	53,659	4,791	0	0	15,085	772,328
Disposals	0	0	0	0	0	(20,237)	0	(20,237)
Grampians Rural Health Alliance	0	0	0	0	(946)	1,666	0	720
Depreciation (note 4)	0	(664,448)	(74,673)	(38,371)	(22,173)	(3,262)	(21,565)	(824,492)
Balance at 1 July 2015	**638,000**	**6,730,043**	**338,718**	**53,704**	**43,937**	**1,666**	**133,331**	**7,939,399**
Additions	0	1,500,569	110,238	11,812	14,850	59,446	49,282	1,746,197
Disposals	0	0	0	0	0	0	0	0
Classified as Held for Sale	(30,000)	(126,875)	0	0	0	0	0	(156,875)
Grampians Rural Health Alliance	0	0	0	0	47,935	(213)	0	47,722
Depreciation (note 4)	0	(651,619)	(75,288)	(16,936)	(6,875)	(2,201)	(20,096)	(773,015)
Balance at 30 June 2016	**608,000**	**7,452,118**	**373,668**	**48,580**	**99,847**	**58,698**	**162,517**	**8,803,428**

Land and Buildings Carried at Valuation
An independent valuation of Edenhope & District Memorial Hospital's property was performed by the *Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. The effective date of the valuation is 30 June 2014.

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
	$	$	$	$
Land at fair value				
Non-Specialised land	280,000	0	280,000	0
Specialised land	328,000	0	0	328,000
Total of land at fair value	608,000	0	280,000	328,000
Buildings at fair value				
Non-Specialised buildings	673,125	0	673,125	0
Specialised buildings	6,778,993	0	0	6,778,993
Total of building at fair value	7,452,118	0	673,125	6,778,993
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	58,698	0	58,698	0
- Plant and equipment	684,612	0	0	684,612
Total of plant, equipment and vehicles at fair value	743,310	0	58,698	684,612

Note
(i) Classified in accordance with the fair value hierarchy, see Note 1
There have been no transfers between levels during the period.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)
(c) Fair value measurement hierarchy for assets (Continued)

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
	$	$	$	$
Land at fair value				
Non-Specialised land	310,000	0	310,000	0
Specialised land	328,000	0	0	328,000
Total of land at fair value	638,000	0	310,000	328,000
Buildings at fair value				
Non-Specialised buildings	800,000	0	800,000	0
Specialised buildings	5,930,043	0	0	5,930,043
Total of building at fair value	6,730,043	0	800,000	5,930,043
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	1,666	0	1,666	0
- Plant and equipment	569,690	0	0	569,690
Total of plant, equipment and vehicles at fair value	571,356	0	1,666	569,690

Note
(i) Classified in accordance with the fair value hierarchy, see Note 1
There have been no transfers between levels during the period.

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by 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 2014.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

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

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

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

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

Vehicles
The Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

There were no changes in valuation techniques throughout the period to 30 June 2016.

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

(d) Reconciliation of Level 3 fair value at 30 June 2016	Land	Buildings	Plant and equipment
	$	$	$
Opening Balance	328,000	5,930,043	569,690
Purchases / (sales)	0	1,500,569	234,117
Transfers in (out) of Level 3	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(651,619)	(119,195)
Subtotal	328,000	6,778,993	684,612
Items recognised in other comprehensive income			
- Revaluation	0	0	0
Subtotal	0	0	0
Closing Balance	328,000	6,778,993	684,612

There have been no transfers between levels during the period.

Reconciliation of Level 3 fair value at 30 June 2015

	Land	Buildings	Plant and equipment
	$	$	$
Opening Balance	328,000	5,895,698	653,883
Purchases/ (sales)	0	698,793	72,589
Transfers in (out) of Level 3	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(664,448)	(156,782)
Subtotal	328,000	5,930,043	569,690
Items recognised in other comprehensive income			
- Revaluation	0	0	0
Subtotal	0	0	0
Closing Balance	328,000	5,930,043	569,690

There have been no transfers between levels during the period.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)
(e) Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique	Significant unobservable inputs
Specialised land	Market Approach	Community Service Obligation (CSO)
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated Replacement Cost	Cost per Unit Useful life of PPE
Vehicles	Depreciated Replacement Cost	Cost per Unit Useful life of vehicles

NOTE 12: PAYABLES	**2016 $**	**2015 $**
CURRENT		
Contractual		
Trade Creditors	156,683	79,146
Payables - Grampians Rural Health Alliance	29,149	8,898
Other Accrued Expenditure	106,442	62,128
	292,274	150,172
Statutory		
GST Payable - Grampians Rural Health Alliance	0	455
Department of Health and Human Services	63,300	196,900
	63,300	197,355
TOTAL PAYABLES	**355,574**	**347,527**

(a) Maturity analysis of payables
Please refer to note 18(c) for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables
Please refer to note 18(c) for the nature and extent of risks arising payables.

NOTE 13: PROVISIONS

	2016	2015
Current Provisions	$	$
Employee Benefits (Note 13(a)) (i)		
Annual Leave, Accrued Days Off, Accrued Salaries and Wages (Note 13(a))		
- unconditional and expected to be settled within 12 months	673,276	616,576
- unconditional and expected to be settled after 12 months (ii)	23,400	71,828
Long Service Leave (Note 13(a))		
- unconditional and expected to be settled within 12 months	108,000	114,000
- unconditional and expected to be settled after 12 months (ii)	769,708	742,201
	1,574,384	1,544,605
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months	97,658	91,321
- unconditional and expected to be settled after 12 months (ii)	99,139	101,754
	196,797	193,075
Total Current Provisions	**1,771,181**	**1,737,680**
Non-Current Provisions		
Employee Benefits (i) (Note 13(a)) (ii)		
Long Service Leave (Note 13(a))	109,549	111,452
Provisions related to employee benefit on-costs (Note 13(a) and Note 13(b))	13,694	13,932
Total Non-Current Provisions	**123,243**	**125,384**
Total Provisions	**1,894,424**	**1,863,064**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Annual Leave Entitlements	519,679	532,404
Accrued Salaries and Wages	238,662	209,926
Accrued Days Off	25,419	32,124
Unconditional Long Service Leave Entitlements	987,421	963,226
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements (ii)	123,243	125,384
Total Employee Benefits and Related On-Costs	**1,894,424**	**1,863,064**

Notes:
(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a separate provision.
(ii) The amounts disclosed are at present values

	2016	2015
(b) Movements in Provisions	$	$
Movement in Long Service Leave:		
Balance at start of year	1,088,610	1,088,610
Provision made during the year		
- Revaluations	32,838	30,144
- Expense Recognising Employee Service	76,456	97,881
Settlement made during the year	(87,240)	(128,025)
Balance at end of year	**1,110,664**	**1,088,610**

NOTE 14: SUPERANNUATION

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

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

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

Fund		Paid Contributions for the year		Outstanding Contributions at Year End	
		2016 $	2015 $	2016 $	2015 $
Defined Benefit Plans:	Health Super	38,850	39,963	0	0
Defined Contribution Plans:	Health Super/ HESTA / Other	469,722	435,493	0	0
Total		508,572	475,456	0	0

NOTE 15: OTHER LIABILITIES

	2016 $	2015 $
CURRENT		
Monies Held in Trust*		
- Patient Monies Held in Trust	48,994	47,401
- Accommodation Bonds (Refundable Entrance Fees)	2,482,676	2,451,292
- Other	58,060	55,027
TOTAL CURRENT	**2,589,730**	**2,553,720**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to Note 5)	107,054	102,428
Deposits at Call (refer to Note 5)	0	2,451,292
Investments Call (refer to Note 7)	2,482,676	0
TOTAL OTHER LIABILITIES	**2,589,730**	**2,553,720**

NOTE 16: EQUITY

	2016 $	2015 $
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus[1]		
Balance at beginning of the reporting period	5,174,189	5,174,189
Revaluation Increment/(Decrement)		
- Land	0	0
- Buildings	0	0
Balance at the end of the reporting period	**5,174,189**	**5,174,189**
Represented by:		
- Land	230,640	230,640
- Buildings	4,943,549	4,943,549
	5,174,189	**5,174,189**

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

Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	276,268	276,268
Balance at the end of the reporting period	**276,268**	**276,268**
Total Surpluses	**5,450,457**	**5,450,457**
(b) Contributed Capital		
Balance at the beginning of the reporting period	3,981,684	3,981,684
Capital Contribution received from Victorian Government	0	0
Balance at the end of the reporting period	**3,981,684**	**3,981,684**

NOTE 16: EQUITY (Continued)	2016 $	2015 $
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	(50,369)	909,174
Net Result for the Year	1,681,735	(959,543)
Balance at the end of the reporting period	1,631,366	(50,369)
(d) Total Equity at end of financial year	11,063,507	9,381,772

NOTE 17: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	2016 $	2015 $
NET RESULT FOR THE YEAR	1,681,735	(959,543)
Non-cash movements		
Depreciation	773,015	824,492
Share of Net Result from Joint Ventures	(118,650)	(3,317)
Movements included in investing and financing activities		
Net (Gain)/Loss from Disposal of Plant and Equipment	0	(11,763)
Movements in assets and liabilities		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	104,800	(55,986)
(Increase)/Decrease in Prepayments	(40,564)	31,601
Increase/(Decrease) in Payables	(11,749)	56,251
Increase/(Decrease) in Provisions	31,360	79,897
Change in Inventories	(5,432)	8,745
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	2,414,515	(29,623)

NOTE 18: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Edenhope & District Memorial Hospital's principal financial instruments comprise of:

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

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

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

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

The main purpose in holding financial instruments is to prudentially manage Edenhope & District Memorial Hospital's financial risk within the government policy parameters.

NOTE 18: FINANCIAL INSTRUMENTS (Continued)
(a) Financial Risk Management Objectives and Policies (Continued)

Categorisation of financial instruments

2016	Contractual financial assets - loans and receivables $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	2,692,650	0	2,692,650
Receivables	189,462	0	189,462
Available for sale	3,739,729	0	3,739,729
Total Financial Assets (i)	6,621,841	0	6,621,841
Financial Liabilities			
At amortised cost	0	2,882,004	2,882,004
Total Financial Liabilities(ii)	0	2,882,004	2,882,004

2015	Contractual financial assets - loans and receivables $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	3,311,800	0	3,311,800
Receivables	217,999	0	217,999
Available for sale	2,359,807	0	2,359,807
Total Financial Assets (i)	5,889,606	0	5,889,606
Financial Liabilities			
At amortised cost	0	2,703,892	2,703,892
Total Financial Liabilities(ii)	0	2,703,892	2,703,892

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

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

	Net holding gain/(loss) $	Total interest (expense) $	Fee income/ (expense) $	Impairment loss $	Total $
2016					
Financial Assets					
Cash and cash equivalents(i)	0	161,378	0	0	161,378
Total Financial Assets	0	161,378	0	0	161,378
Financial Liabilities					
At amortised cost (ii)	0	0	0	0	0
Total Financial Liabilities	0	0	0	0	0
2015					
Financial Assets					
Cash and cash equivalents(i)	0	224,232	0	0	224,232
Total Financial Assets	0	224,232	0	0	224,232
Financial Liabilities					
At amortised cost (ii)	0	0	0	0	0
Total Financial Liabilities	0	0	0	0	0

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

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

NOTE 18: FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk

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

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

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

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

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

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

2016	Financial Institutions (Min BBB credit rating) $	Government agencies (AAA credit rating) $	Other (min BBB credit rating $	Total $
Financial Assets				
Cash and Cash Equivalents	815,526	1,876,524	600	2,692,650
Loans and Receivables				
- Trade Debtors	0	0	70,742	70,742
- Other Receivables (i)	0	0	118,720	118,720
- Term Deposit	3,739,729	0	0	3,739,729
Total Financial Assets	4,555,255	1,876,524	190,062	6,621,841
2015				
Financial Assets				
Cash and Cash Equivalents	3,311,200	0	600	3,311,800
Loans and Receivables				
- Trade Debtors	0	0	123,925	123,925
- Other Receivables (i)	0	0	94,074	94,074
- Term Deposit	1,619,506	740,301	0	2,359,807
Total Financial Assets	4,930,706	740,301	218,599	5,889,606

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

NOTE 18: FINANCIAL INSTRUMENTS (Continued)
(b) Credit Risk (Continued)

Ageing analysis of financial asset as at 30 June

			Past Due But Not Impaired				
2016	Carrying Amount $	Not Past due and not impaired $	Less than 1 Month $	1 - 3 Months $	3 Months - 1 Year $	1 - 5 Years $	Impaired Financial Assets $
Financial Assets							
Cash and Cash Equivalents	2,692,650	2,692,650	0	0	0	0	0
Loans and Receivables (i)							
- Trade Debtors	70,742	35,291	4,138	84	233	30,996	0
- Other Receivables	118,720	118,720	0	0	0	0	0
- Term Deposit	3,739,729	3,739,729	0	0	0	0	0
Total Financial Assets	**6,621,841**	**6,586,390**	**4,138**	**84**	**233**	**30,996**	**0**
2015							
Financial Assets							
Cash and Cash Equivalents	3,311,800	3,311,800	0	0	0	0	0
Loans and Receivables (i)							
- Trade Debtors	123,925	59,897	0	250	26,458	37,320	0
- Other Receivables	94,074	94,074	0	0	0	0	0
- Term Deposit	2,359,807	2,359,807	0	0	0	0	0
Total Financial Assets	**5,889,606**	**5,825,578**	**0**	**250**	**26,458**	**37,320**	**0**

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

Contractual financial assets that are neither past due or impaired
There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

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

NOTE 18: FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity Risk

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

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

- Term Deposits and cash held at financial institutions are managed with variable maturity dates and take into consideration cash flow requirements of the Health Service from month to month.

The following table discloses the contractual maturity analysis for Edenhope & District Memorial Hospital financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Maturity analysis of financial liabilities as at 30 June

			Maturity Dates			
2016	Total Carrying Amount $	Nominal Amount $	Less than 1 Month $	1 - 3 Months $	3 Months - 1 Year $	1 - 5 Years $
Financial Liabilities						
At amortised cost						
Payables	292,274	292,274	289,881	1,104	1,289	0
Other Financial Liabilities (i)						
- Monies Held in Trust	2,589,730	2,589,730	48,994	0	2,540,736	0
Total Financial Liabilities	**2,882,004**	**2,882,004**	**338,875**	**1,104**	**2,542,025**	**0**
2015						
Financial Liabilities						
At amortised cost						
Payables	150,172	150,172	134,049	7,638	8,485	0
Other Financial Liabilities (i)						
- Monies Held in Trust	2,553,720	2,553,720	47,401	0	2,506,319	0
Total Financial Liabilities	**2,703,892**	**2,703,892**	**181,450**	**7,638**	**2,514,804**	**0**

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

(d) Market Risk

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

Currency Risk

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

Interest Rate Risk

Exposure to interest rate risks arise primarily through the Edenhope & District Memorial Hospital's other financial assets. Minimisation of risk is achieved by mainly holding fixed rate or non-interest bearing financial instruments. For financial assets the Health Service mainly holds financial assets with relatively even maturity profiles.

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

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

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

NOTE 18: FINANCIAL INSTRUMENTS (Continued)

(d) Market Risk

Other Price Risk

The Health Service is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Health Service on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
2016		$	Fixed Interest Rate $	Variable Interest Rate $	Non - Interest Bearing $
Financial Assets					
Cash and Cash Equivalents	1.90	2,692,650	0	2,692,050	600
Loans and Receivables (i)					
- Trade Debtors	0.00	70,742	0	0	70,742
- Other Receivables	0.00	118,720	0	0	118,720
- Term Deposit	2.51	3,739,729	3,739,729	0	0
Total Financial Assets		**6,621,841**	**3,739,729**	**2,692,050**	**190,062**
Financial Liabilities					
At amortised cost					
Payables (i)	0.00	292,274	0	0	292,274
Other Financial Liabilities					
- Monies Held in Trust	0.00	2,589,730	0	0	2,589,730
Total Financial Liabilities		**2,882,004**	**0**	**0**	**2,882,004**
2015					
Financial Assets					
Cash and Cash Equivalents	2.15	3,311,800	2,451,292	859,908	600
Loans and Receivables (i)					
- Trade Debtors	0.00	123,925	0	0	123,925
- Other Receivables	0.00	94,074	0	0	94,074
- Term Deposit	3.06	2,359,807	2,359,807	0	0
Total Financial Assets		**5,889,606**	**4,811,099**	**859,908**	**218,599**
Financial Liabilities					
At amortised cost					
Payables (i)	0.00	150,172	0	0	150,172
Other Financial Liabilities					
- Monies Held in Trust	0.00	2,553,720	0	0	2,553,720
Total Financial Liabilities		**2,703,892**	**0**	**0**	**2,703,892**

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

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Edenhope & District Memorial Hospital Service believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 6%; and
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%.

NOTE 18: FINANCIAL INSTRUMENTS (Continued)
(d) Market Risk (Continued)

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

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2016	$	$	$	$	$	$	$	$	$
Financial Assets									
Cash and Cash Equivalents	2,692,050	(26,921)	(26,921)	26,921	26,921	0	0	0	0
Loans and Receivables (i)									
- Trade Debtors	70,742	0	0	0	0	0	0	0	0
- Other Receivables	118,720	0	0	0	0	0	0	0	0
- Term Deposit	3,739,729	(37,397)	(37,397)	37,397	37,397	0	0	0	0
Financial Liabilities									
At amortised cost									
Payables	292,274	0	0	0	0	0	0	0	0
Other Financial Liabilities (i)									
- Monies Held in Trust	2,589,730	0	0	0	0	0	0	0	0
		(64,318)	(64,318)	64,318	64,318	0	0	0	0
2015									
Financial Assets									
Cash and Cash Equivalents	3,311,200	(33,112)	(33,112)	33,112	33,112	0	0	0	0
Loans and Receivables (i)									
- Trade Debtors	123,925	0	0	0	0	0	0	0	0
- Other Receivables	94,074	0	0	0	0	0	0	0	0
- Term Deposit	2,359,807	(23,598)	(23,598)	23,598	23,598	0	0	0	0
Financial Liabilities									
At amortised cost									
Payables	150,172	0	0	0	0	0	0	0	0
Other Financial Liabilities (i)									
- Other	2,553,720	0	0	0	0	0	0	0	0
		(56,710)	(56,710)	56,710	56,710	0	0	0	0

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

(e) Fair Value
The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

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

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

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

NOTE 18: FINANCIAL INSTRUMENTS (Continued)
(e) Fair Value (Continued)

Comparison between carrying amount and fair value

	Total Carrying Amount 2016 $	Fair Value 2016 $	Total Carrying Amount 2015 $	Fair Value 2015 $
Financial Assets				
Cash and Cash Equivalents	2,692,650	2,692,650	3,311,800	3,311,800
Loans and Receivables (i)				
- Trade Debtors	70,742	70,742	123,925	123,925
- Other Receivables	118,720	118,720	94,074	94,074
-Term Deposits	3,739,729	3,739,729	2,359,807	2,359,807
Total Financial Assets	6,621,841	6,621,841	5,889,606	5,889,606
Financial Liabilities				
At amortised cost				
Payables	292,274	292,274	150,172	150,172
Other Financial Liabilities (i)				
- Monies Held in Trust	2,589,730	2,589,730	2,553,720	2,553,720
Total Financial Liabilities	2,882,004	2,882,004	2,703,892	2,703,892

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

NOTE 19: COMMITMENTS FOR EXPENDITURE	2016 $	2015 $
a) Commitments other than public private partnerships		
Capital expenditure commitments		
Payable:		
Land and Buildings	0	1,187,939
Total capital expenditure commitments	0	1,187,939
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	7,845	35,784
Total lease commitments	7,845	35,784
Operating leases - motor vehicles		
Operating lease for two motor vehicles and two photocopiers payable as follows:		
Cancellable	7,845	35,784
Total operating lease commitments	7,845	35,784
Total Commitments other than public private partnerships	7,845	1,223,723
b) Commitments payable		
Capital expenditure commitments payable		
Land and Buildings - Staff Accommodation		
No later than one year	0	1,187,939
Total	0	1,187,939
Total capital expenditure commitments expenditure	0	1,187,939

NOTE 19: COMMITMENTS FOR EXPENDITURE (Continued)	2016 $	2015 $
Lease commitments payable		
Photocopiers		
Less than 1 year	1,246	4,611
Longer than 1 year but not longer than 5 years	0	1,246
Motor Vehicles		
Less than 1 year	6,598	23,329
Longer than 1 year but not longer than 5 years	0	6,598
Total lease commitments	7,845	35,784
Total commitments (inclusive of GST)	7,845	1,223,723
Less GST recoverable from the Australian Taxation Office	713	111,248
Total commitments (exclusive of GST)	7,132	1,112,475

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no known contingent liabilities and contingent assets for Edenhope & District Memorial Hospital as at the date of this report (2015: Nil).

NOTE 21: OPERATING SEGMENTS

	HEALTH SERVICES		RACS		OTHER SERVICES		TOTAL	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
REVENUE								
External Segment Revenue	4,105,667	4,093,211	3,930,449	3,375,942	2,958,927	783,644	10,995,043	8,252,797
Total Revenue	**4,105,667**	**4,093,211**	**3,930,449**	**3,375,942**	**2,958,927**	**783,644**	**10,995,043**	**8,252,797**
EXPENSES								
External Segment Expenses	(3,992,631)	(4,011,574)	(3,810,269)	(3,760,831)	(1,671,786)	(1,653,883)	(9,474,686)	(9,426,088)
Segment Result	113,036	81,637	120,180	(384,889)	1,287,141	(870,039)	1,520,357	(1,173,291)
Net Result from ordinary activities	**113,036**	**81,637**	**120,180**	**(384,889)**	**1,287,141**	**(870,039)**	**1,520,357**	**(1,173,291)**
Interest Income	95,213	126,111	66,165	87,637	0	0	161,378	213,748
Net Result for Year	**208,249**	**207,748**	**186,345**	**(297,252)**	**1,287,141**	**(870,039)**	**1,681,735**	**(959,543)**
OTHER INFORMATION								
Segment Assets	5,208,299	4,681,855	3,391,533	3,048,963	0	0	8,599,831	7,730,819
Unallocated Assets	0	0	0	0	7,303,404	6,415,264	7,303,404	6,415,264
Total Assets	**5,208,299**	**4,681,855**	**3,391,533**	**3,048,963**	**7,303,404**	**6,415,264**	**15,903,235**	**14,146,083**
Segment Liabilities	1,049,797	1,032,419	685,671	674,321	0	0	1,735,468	1,706,739
Unallocated Liabilities	0	0	0	0	3,104,260	3,057,572	3,104,260	3,057,572
Total Liabilities	**1,049,797**	**1,032,419**	**685,671**	**674,321**	**3,104,260**	**3,057,572**	**4,839,728**	**4,764,311**
Acquisition of property, plant and equipment	967,657	428,007	632,022	279,551	146,518	64,807	1,746,197	772,365
Depreciation expense	(428,367)	(456,893)	(279,786)	(298,418)	(64,862)	(69,181)	(773,015)	(824,492)
Non cash expenses other than depreciation	(3,949)	2,951	(2,745)	2,050	0	0	(6,694)	5,001

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

Business Segments	**Services**
Health Services	Acute Hospital services
	Aged Care services
	Primary Health services
Residential Aged Care	Nursing Home facilities
	Hostel facilities

Geographical Segment
Edenhope & District Memorial Hospital Service operates predominantly in Edenhope, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Edenhope, Victoria.

NOTE 22: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest 2016 %	Ownership Interest 2015 %
Grampians Rural Health Alliance	Information Systems	3.69	3.69

Edenhope & District Memorial Hospital interest in assets employed in the above jointly controlled operations and assets is detailed below.
The amounts are included in the financial statements under their respective categories:

	2016 $	2015 $
Current Assets		
Cash and Cash Equivalents	78,285	21,841
Receivables	47,744	17,372
Prepayments	6,435	2,527
Total Current Assets	132,464	41,740
Non Current Assets		
Property Plant and Equipment	88,396	40,674
Total Non Current Assets	88,396	40,674
Total Assets	220,860	82,414
Current Liabilities		
Payables	29,149	9,353
Total Current Liabilities	29,149	9,353
Total Liabilities	29,149	9,353
Net Assets	191,711	73,061

Edenhope & District Memorial Hospital interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

Revenues		
Operating Income	188,185	178,712
Capital Income	123,049	0
Total Revenue	311,234	178,712
Expenses		
Information Technology and Administrative Expenses	181,407	171,316
Capital Expense	11,177	8,249
Total Expenses	192,584	179,565
Profit	118,650	(853)

Contingent Liabilities and Capital Commitments
There are no known contingent liabilities or capital commitments for Grampians Rural Health Alliance as at the date of this report.

NOTE 23a: RESPONSIBLE PERSON DISCLOSURES

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2015 - 30/06/2016
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/2015- 30/06/2016
Governing Boards	
Mr R Hawkins	01/07/2015- 30/06/2016
Mr A Kealy	01/07/2015- 30/06/2016
Mr M Holland	01/07/2015 - 30/06/2016
Mrs K Hausler	01/07/2015- 30/06/2016
Mrs J Grigg	01/07/2015- 30/06/2016
Mr R Okely	01/07/2015- 30/06/2016
Mrs C McCann	01/07/2015 - 30/06/2016
Mrs C Osborn	01/07/2015 - 30/06/2016
Mrs L Guthridge	01/07/2015- 29/02/2016
Accountable Officers	
Mr K Mills	01/07/2015 - 30/06/2016

Remuneration of Responsible Persons

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

Income Band	2016 No.	2015 No.
$0-$9,999	9	9
$20,000- $29,999	0	1
$130,000- $139,999	0	1
$150,000- $159,999	1	0
Total Numbers	10	11
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	$152,000	$158,160

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

Other Transactions of Responsible Persons and their Related Parties	2016 $	2015 $
Mr R Okely is the proprietor of Okely Farm Supplies which provides goods to the Health Service on normal commercial terms and conditions.	0	6,208
Mrs K Hausler is a director of the Edenhope & District Community Bank, a branch of Bendigo Bank that provides financial products to the Health Service on normal commercial terms and conditions. The balance of cash and investments held at reporting date.	2,667,537	3,468,652

NOTE 23b: EXECUTIVE OFFICER DISCLOSURES

Executive Officers' Remuneration

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns.

Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

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

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
$100,000- $109,999	1	1	1	1
$110,000-$119,999	2	2	2	2
Total	3	3	3	3
Total annualised employee equivalents (AEE) (i)	3.0	3.0	3.0	3.0
Total Remuneration	**$339,241**	**$329,878**	**$339,241**	**$329,878**

(i) Annualised employee equivalent is based on paid working hours of 36 ordinary hours per week over the 52 weeks for the reporting period.

NOTE 24: REMUNERATION OF AUDITORS

	2016	2015
Victorian Auditor-General's Office	$	$
Audit or review of financial statement	11,500	11,000
	11,500	11,000

NOTE 25: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no known events occurring after the balance sheet date that would materially effect the financial result.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Edenhope and District Memorial Hospital

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Edenhope and District Memorial Hospital which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Edenhope and District Memorial Hospital as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
7 September 2016

Dr Peter Frost
Acting Auditor-General

APPENDIX A - ALTERNATIVE PRESENTATION OF COMPREHENSIVE OPERATING STATEMENT

	2016 $	2015 $
Interest	161,378	224,232
Sales of goods and services	1,311,713	1,383,340
Grants	6,447,057	6,190,929
Other	3,236,273	656,281
Total Revenue	**11,156,421**	**8,454,782**
Employee expenses	6,140,279	6,059,172
Depreciation	773,015	824,492
Other operating expenses	2,594,230	2,572,568
Total Expenses	**9,507,524**	**9,456,232**
Net Result From Transactions - Net Operating Balance	**1,648,897**	**(1,001,450)**
Net gain/ (loss) on sale of non-financial assets	0	11,763
Other gains/ (losses) from other economic flows included in net result	32,838	30,144
Total Other Economic Flows Included in Net Result	**32,838**	**41,907**
Net Result	**1,681,735**	**(959,543)**

Information contained in this page does not form part of the audited financial statements.