







2018-2019 ANNUAL REPORT

Edenhope & District Memorial Hospital

Edenhope & District Memorial Hospital recognises Indigenous Australians as the traditional custodians of our lands, and we seek to create a safe and welcoming hospital environment for Aboriginal patients and their families.

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REPORT OF OPERATIONS: BOARD CHAIRPERSON & CHIEF EXECUTIVE OFFICER

On behalf of the Board of Directors, Executive team and staff of Edenhope & District Memorial Hospital (EDMH), we are pleased to present this Annual Report for the year ending 30th June 2019. The Annual Report is a business and financial overview of the year, designed to be read in conjunction with the Quality Account 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 Philip Sabien
Chairperson, Board of Directors
2019-2020

Mr Andrew Saunders
Chief Executive Officer

RESPONSIBLE BODIES DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for EDMH for the year ending 30 June 2019.

Mr Philip Sabien
Chairperson, Board of Directors
EDMH
6 September 2019

DISCLOSURE INDEX

The Annual Report of EDMH 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.

**FR = data included in the financial reports*

MANAGEMENT AND STRUCTURE

The Board of Directors is appointed by the Governor-in-Council from recommendations made by the EDMH and endorsed by the Minister for Health. The Hospital is a public agency established under the *Health Services Act 1988.* The responsible Ministers during the reporting period were:

The Hon. Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2018 – 29/11/2018
Jenny Mikakos, Minister for Health, Minister for Ambulance Services	29/11/2018 – 30/06/2019
The Hon. Luke Donnellan MP, Minister for Disability, Ageing and Carers	Dec 2018 – Present
The Hon. Martin Foley MP, Minister for Mental Health	01/07/2019 – 30/06/2019
The Hon. Richard Wynne MP, Minister for Housing	Nov 2018 – Present

The role of the Board of Directors is to ensure EDHM achieves its mission and strategic goals and objectives and, in doing so, meets all the legal and moral responsibilities accompanying 'best practice' corporate and clinical 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 DIRECTORS

Mr Anthony Kealy, President
Mr Chris McCann, Chairperson
Mr David Kennedy, Board Director
Mrs Annie Osborn*, Board Director
Mrs Avril Hogan, Board Director
Mrs Jo Murdoch, Board Director
Dr Abhishek K Verma, Board Director**
Dr Ajai Verma, Board Director**
Mr Phillip Sabien, Board Director**
Annette Jones, Board Director

*Member of Audit and Compliance Committee
**Joined October 2018

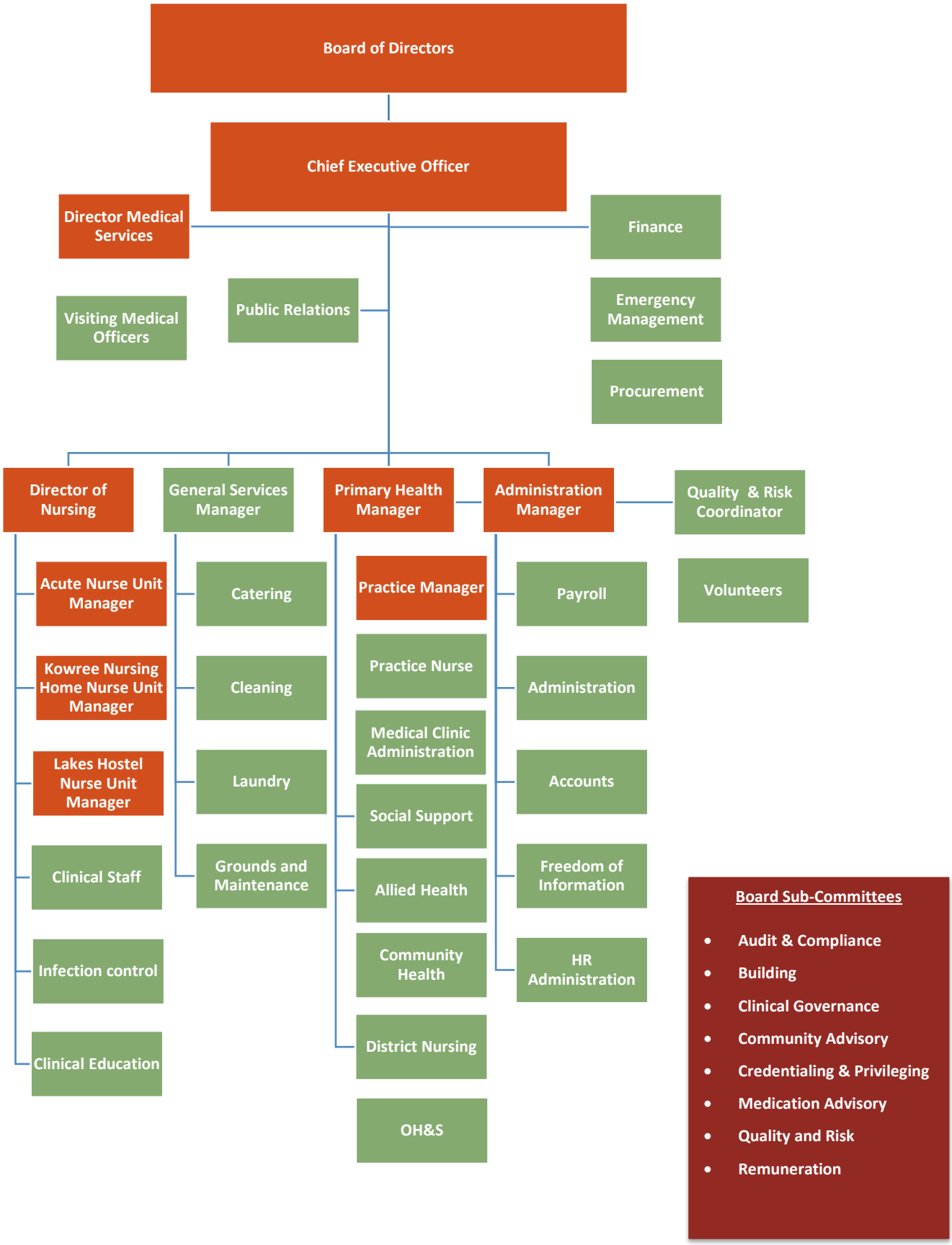
EXECUTIVE MEMBERS OF AUDIT & COMPLIANCE COMMITTEE

Andrew Saunders	CEO
Rosemary Medlock	Primary Health Manager

SENIOR OFFICERS

Andrew Saunders	CEO
Joseph Bermudo	Director of Nursing
Rosemary Medlock	Primary Health Manager
Shelley Hartle	Administration Manager (Jul-Dec)
Sara McDonnell	Administration Manager (Jan – June)
Debra Taylor	Quality & Risk Coordinator
Kurtis Stringer	General Service Manager
Kirily Ryan	Occupational Health & Safety Officer
Debbie McLeish	Acute Nurse Unit Manager
Tricia McInnes	Acute Nurse Unit Manager
Darryl Atchison	Kowree Nursing Home Unit Manager
Gill Harding	Hostel Nurse Unit Manager
Angelique Manwill	Edenhope Hospital Medical Clinic Manager

ORGANISATIONAL STRUCTURE



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

The township of Edenhope is located in Western Victoria, and is the major town in the West Wimmera Shire. EDMH 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 community's requirements for tertiary health facilities.

Ballarat is 287 kilometres from Edenhope, and is the nearest regional 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 including 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. The Elsie Bennett Community Health Centre was also opened in 1998.

The ownership of the Barkala Flats was transferred to EDMH in 2001. The 19 flats are provided as independent living units for community members.

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. 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 2014 the Board of Directors allocated $2m 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 who work in Edenhope, the opportunity to have first class accommodation while away from their homes and families. The complex was officially opened on 19th May 2016.

In 2017 the Hospital secured funding through the Rural Health Infrastructure Fund for the first stage of the Master Plan, which includes the redevelopment of the Nursing Home. Design work commenced in October 2017, and building work commenced in May 2019. The new combined Aged Care Facility, the first stage is due to be completed in March 2020. The completion of the project is expected to be June 2021.

We are also actively seeking funding for stage 2 which includes the Acute Ward, Urgent Care and administration services, and are hopeful this will be achieved in the near future.

NATURE AND RANGE OF SERVICES PROVIDED BY EDMH

EDMH was established as a public agency in 1930 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*.

FINANCIAL PERFORMANCE

	18/19 $000	17/18 $000	16/17 $000	15/16 $000	14/15 $000
OPERATING RESULT *	(637)	89	(339)	(242)	(390)
– Total revenue	12,565	12,313	10,007	11,156	8,447
– Total expenses	11,446	10,423	10,198	9,508	9,399
– **Net result from transactions**	1,119	1871	(191)	1649	(1001)
– Total other economic flows	(33)	11	0	33	N/A
– **Net result**	1,087	1,881	(339)	1,649	(960)
– Total assets	24,036	18,647	16,613	15,903	14,146
– Total liabilities	7,327	5,893	5,741	4,840	4,764
– **Net assets/Total equity**	16,709	12,754	10,872	11,064	9,382

** The operating result is the result for which the health service is monitored in its Statement of Priorities.*

Reconciliation between the *Net result from transactions* reported in the model to the *Operating Result* as agreed in the Statement of Priorities

	2019 $000	2018 $000	2017 $000	2016 $000	2015 $000
NET OPERATING RESULT *	(637)	89	(339)	(242)	(390)
Capital and specific items					
Capital purpose income	2,615	2,607	930	2,792	239
Specific income	0	0	0	0	0
Assets provided free of charge	0	0	0	0	0
Assets received free of charge	0	0	0	0	0
Expenditure for capital purpose	29	33	0	129	27
Depreciation and amortisation	830	792	782	773	824
Impairment of non financial assets	0	0	0	0	0
Finance costs (other)	0	0	0	0	0
Net result from transactions	1,119	1871	(191)	1649	(1001)

** The Net operating results is the result which the health service is monitored against in its Statement of Priorities.*

WORKFORCE DATA DISCLOSURES

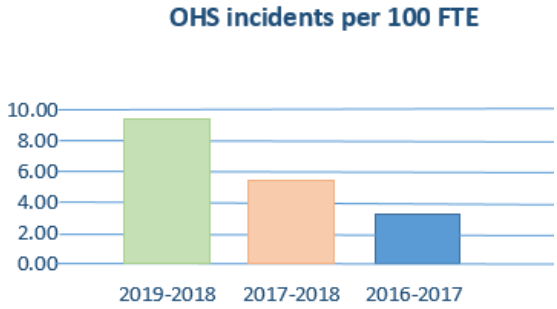
Hospitals labour category	JUNE current month FTE*		Average Monthly FTE**	
	2018	2019	2018	2019
Nursing	34.74	34.72	34.66	35.22
Administration and Clerical	12.06	13.77	8.38	12.29
Medical Support				
Hotel and Allied Services	30.96	29.62	32.81	30.38
Medical Officers	-	-	-	-
Hospital Medical Officers	-	-	-	-
Sessional Clinicians	-	-	-	-
Ancillary Staff (Allied Health)	**1.32**	**2.32**	**1.82**	2.15

* 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.

VISION, MISSION AND VALUES

OCCUPATIONAL HEALTH AND SAFETY

EDMH provides a safe and healthy work environment for staff and suppliers. This includes ensuring safe and healthy living environments for residents, patients and visitors, and meeting moral and legal responsibilities toward the local community.



Year	Total Incidents	Lost time claims	Average cost per claim
18/19	76	0	0
17/18	44	1	$64,503.00
16/17	26	2	$22,211.00

Explanation of significant variance

- Staff Education on completing VHIMs incident reports
- Greater awareness and encouragement to report Occupational Violence incidents has resulted in an increase
- Increase in vehicle accidents reported from 0 to 4

SUMMARY OF KEY OUTCOMES OF THE STRATEGIC PLAN

The EDMH Strategic Plan 2013 – 2018 can be found on our website. The 2019-2024 Strategic Plan is currently being drafted and will be available from September 2018

GOAL 1: DELIVER THE BEST QUALITY CARE TO OUR COMMUNITY

Outcomes

- ✓ Range of services increased including the introduction of Primary Mental Health Services
- ✓ Community-wide needs analysis completed
- ✓ Significant increase in telehealth consultations
  - Introduction of a new partnership with the Royal Flying Doctor Service, Rural Northwest Health and Swinburne University for a new Telehealth model linking Edenhope to an expanding number of specialists.
- ✓ Increased community health activities each year
- ✓ Increase in delivery of specialist and allied health services
- ✓ Staff flu vaccination rates have increased to 75%.

GOAL 2: OPERATE EDENHOPE AND DISTRICT MEMORIAL HOSPITAL AT MAXIMUM EFFICIENCY

Outcomes

- ✓ EDMH is a high performer in governance procedures
  - Ongoing Board development and training
  - Open access board meeting completed. Board members attended West Wimmera Health Service Open Board Meeting and provided feedback to Board Meeting
  - Accreditations achieved, Standards 9.43 and 12.8.1 Met with Merit
- ✓ Alternative funding sources contribute to non-core activities
  - Grants received for projects such as HelpDem and Telehealth and Verily
- ✓ Low vacancy and high retention rates for staff
- ✓ Staff are valued and rewarded for their work through staff recognition programs and non-formal feedback

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
- ✓ Ongoing renovations to the flats as funds become available with a further three flat renovations completed in 2018.
- ✓ Adequate staff and student accommodation is available and in use
  - Newly completed executive accommodation and 10 room staff accommodation complex is extensively utilised
- ✓ Significant Refurbishment Grants for Hostel and Nursing Home upgrade
- ✓ Successful grant application to Regional Health Infrastructure Fund to rebuild nursing home. $8M project

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
  - Regular movie nights, exercise programs, community meetings held at the Elsie Bennett Community Centre
- ✓ Community members actively involved in planning, feedback and evaluation of services
  - 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.

Part A: Strategic Priorities

Goals	Strategies	Health Service Deliverables	Outcome
Better Health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Work with the Wimmera Southern Mallee Health Alliance member agencies and East Wimmera Health Service to enhance our whole of health service response to family violence, including strengthening local partnerships, improving referral pathways, advocating for support service improvements and enhancing staff competence in being able to recognise, refer and respond appropriately.	Frontline staff training (DV-Alert) with max 22 attendees from all health services held in Warracknabeal on October 9 & 10. Monthly Executive sponsored meetings continue, with 100% meeting attendance. All staff training ongoing – to be complete by 2019 as a part of Mandatory Training programs. Equal Opportunity training complete with 44 staff trained. 4/5 HS present to support the role of the FV contact officer. Participation in and led community events during 16 days of activism (EDMH and West Wimmera Shire Council combined event, guest speakers, community walk, & breakfast, school events).
Better Access Care is always there when people need it More access to care in the home and community	**Better Access** Plan and invest Ensure fair access Unlock innovation	Partner with the Wimmera Southern Mallee Health Alliance on Safer Care Victoria sponsored Leadership training for Healthcare Executives.	Wimmera Southern Mallee Health Alliance (WSMHA) were successful in their application to a sponsored Safer Care Victoria / DHHS Leadership training program. EDMH Executive completed the 360 degree and Strengths and Weaknesses feedback sessions. EDMH senior executive staff attended the first 3 sessions based on emotional intelligence programs and training with positive feedback and learnings.

Goals	Strategies	Health Service Deliverables	Outcome
People are connected to the full range of care and support they need There is equal access to care	Provide easier access	Implement the actions of the Wimmera Southern Mallee Health Alliance on the transfer of care (hospital to hospital) project work.	Started to get a lot of momentum. Innovation project group has conducted an audit of all sites in the WSMHA and is addressing wound care as a trial group to assist everyone across the region using internet based Health direct. Cancer care project is now business as usual. A Video Clip has been created to demonstrate how to make appointments using Health direct. Feedback from patients has been overwhelmingly positive. McGrath Nurse and Pulmonary health consultations progressing well. Project plan and minutes to be presented to support the reporting process.
Better Care Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	**Better Care** Put Quality First Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Participate in the regional Clinical Governance Committee to identify clinical governance gaps, build capability, identify and prioritise regional strategies for improvement.	Grampians Clinical Governance Network Health Service update report updated on 3rd June by EDMH DON covering Clinical Governance, Partnering with Consumers, Prevent and Controlling Health Care Associated Infection, Medication Safety, Personal and Clinical Care, Safe Communication, Blood Management and Recognising and Responding to Acute Deterioration.
		Undertake clinical audits to identify gaps and implement actions based on findings.	Clinical Audit undertaken at EDMH. EDMH involved in conducting audits at other sites. EDMH DON participating in the Governance Group and identifying innovation that can be shared across the region.

Goals	Strategies	Health Service Deliverables	Outcome
Specific 2018-19 priorities (mandatory)	**Disability Action Plans** Draft disability action plans are completed in 2018-19.	Submit a draft disability action plan to the department by 30 June 2019. The draft plan will outline the approach to full implementation within three years of publication.	Draft Disability Action Plan completed and currently out with the community and staff for consultation.
	Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Develop a clear and defined system for the orientation, support, recognition and management of volunteers ensuring that volunteering remains a mutually beneficial activity and that all programs and involvement are governed appropriately. Implement a tool for monitoring volunteer engagement.	Volunteer policy, Volunteer Recruitment and Management procedure, Application form, orientation checklist and attendance log are all available on PROMPT our policy & procedure database. Volunteer Coordination is incorporated into the Quality and Risk Coordinator's role. Training in and implementation of the 'Way to go' Toolkit for Volunteer Management. Implemented a sign-in/out sheet to monitor volunteer engagement in each department. Volunteer data-base used to record volunteer engagement, including years of service, training attendances, and compliance records.
	Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff	Reduce all forms of workplace bullying or harassment by maintaining a culture of openness, support and accountability.	No reported incidents of bullying over the last 6 months. 10 staff trained as contact officers to support staff in reporting incidents of bullying when they occur. Weekly all staff email developed to support communication of information to all staff on a single basis, like a mini newsletter. Newsletter developed to include staff good news stories to promote understanding and knowledge of our co-workers. WSMHA leadership program is underway with all executive staff undertaking this training. In addition, leadership training is being conducted for line managers to improve communications and

Goals	Strategies	Health Service Deliverables	Outcome
			management skills for managers to better understand behaviours. Working on implementation of Safer Care Victoria supported Gathering of Kindness ideals into EDMH culture.
		Develop and implement an action plan based on People Matters survey findings associated with potential risks of bullying and harassment.	Sourced Contact Officer training of which 10 staff attended and 5 have now volunteered to take of the role of Contact Officer. These staff are the first point of contact if there are any issues in relation to discrimination, sexual harassment, vilification or victimisation.
	Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Work with the Grampians region Occupational Health and Safety Committee to design and implement training for staff in occupational violence and aggression that reflects the unique environment of rural health and the principle of the department.	OVA Risk assessments completed for all areas of the facility and submitted to DHHS. Work has started on addressing priority safety concerns. MOCA (Management of Clinical Aggression) program facilitated by Ballarat Health Service. EDMH to continue the rollout to staff.

Goals	Strategies	Health Service Deliverables	Outcome
	Environmental Sustainability Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	In partnership with the Wimmera Healthcare Group Environmental Sustainability Committee, implemented shared priorities related to reducing paper usage and water and energy consumption through investment in solar panels, LED replacement and water saving initiatives. Implement Environmental Sustainability Training and education programs for staff.	First WSMHA environmental sustainability meeting held on 11 October with executive representatives from all four health services present, along with Wimmera Health Care Group experts. Group agreed to undertake a common environmental audit, capturing existing efforts and engage DHHS for guidance for short-term and direction. Audit of current programs and actions taken being completed. WSMHA to provide executive sponsorship of the project. Group to develop organisational specific programs and to meet quarterly to share information and improvements.
	LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings.	Update the health services equity plan and policies to reflect the deliverable of the department's Rainbow eQuality guide. In partnership with the Wimmera and Southern Mallee Health Alliance, recognise and celebrate international Day against Homophobia, Transphobia and Biphobia (IDAHBOIT) on 17 May 2019 and in liaison with the LGBTI community educate our health care services workforce on the rights of gender, trans and intersex equality.	LGBTI policy and procedures developed. LGBTI training provided as part of the staff training matrix via E-learning module. Strategic plan draft complete with specific reference to diversity and respect embedded within the document. DON has attended the 2 day workshop focused in responding to the lived experiences of the members of the LGBTQIA+ community.

Part B: Performance Priorities

High Quality and Safe Care

Key performance indicator	Target	2018 –19 Results
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	80.6%
Percentage of healthcare workers immunised for influenza	75%	90%
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to question is discharge care – Quarter 1	75% very positive response	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to question is discharge care – Quarter 2	75% very positive response	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to question is discharge care – Quarter 3	75% very positive response	Full Compliance*
70% positive experienve	70% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70% positive experience	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70% positive experience	Full Compliance*

Key performance indicator	Target	2018 –19 Results
* Less than 10 responses were received for the period due to the relative size of the Health Service		
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	Nil	Nil

Strong Governance, Leadership and Culture

Key performance indicator	Target	2018 –19 Results
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	90%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	100%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	89%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	95%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	85%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	98%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	82%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	86%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	86%

Effective Financial Management

Key performance indicator	Target	2018 –19 Results
Finance		
Operating result ($m)	$0.02	-$0.64
Average number of days to paying trade creditors	60 days	49 days
Average number of days to receiving patient fee debtors	60 days	12 Days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	achieved
Number of days of available cash	14 days	29.9 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	29.9 days
Measures the accuracy of forecasting the New result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	$1,850,000

Part C: Activity and funding –

Funding type	Activity
Small Rural	
Small Rural Acute	301.94
Small Rural Primary Health & HACC	108
Small Rural HACC	
- Nursing	Service hours -23
- Planned Activity Group	Service hours – 9929
Small Rural Residential Care	11808
Health Workforce	Number of students (T&D graduate) - 3

SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR

EDMH reports a Net Operating deficit of $0.64m before capital and specific items against a budget surplus target of $0.02m. Significant factors impacting on the financial result include:

- Reduction in aged care occupancy which led to fees and funding being $571K less than the previously financial year.
- Additional locum GP support led to a $234K increase in Visiting Medical Officer fees.
- Personal leave increased from $198K to $272K for the year.
- A regional electronic medical records system was implemented across the region leading to an additional $50K in costs.
- Patient transport costs increased by $30K on 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.

Freedom of Information

There were 6 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.

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 – Andrew Saunders
Phone 03 5585 9806
Email andrews@edmh.org.au

or

The Ombudsman Victoria
570 Bourke Street
Melbourne, 3000
Phone 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 Account are presented each year at EDMH'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.

Local Jobs First Act 2003

EDMH complies with the *Local Jobs First Act 2003.*

There was one contract(s) in 2018-19 to which the Local Jobs Frist Act (2003) (incorporating the Victorian Industry Participation Policy Act (2003)) applied.

Safe Patient Care Act 2015

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

ATTESTATION OF COMPLIANCE WITH HEALTH PURCHASING VICTORIA

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

Andrew Saunders
Chief Executive Officer
EDMH
6 September 2019

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 5.1.4 – FINANCIAL MANAGEMENT COMPLIANCE

I, Philip Sabien, on behalf of the Responsible Body, certify that EDMH has complied with the applicable Standing Directions 2018 under the Financial Management Act 1994 and Instructions.

Philip Sabien
Chairperson, Board of Directors
EDMH
6 September 2019

CONFLICT OF INTEREST

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

Andrew Saunders
Chief Executive Officer
EDMH
6 September 2019

DATA INTEGRITY

I, Andrew Saunders, certify that EDMH has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. EDMH has critically reviewed these controls and processes during the year.

Andrew Saunders
Chief Executive Officer
EDMH
6 September 2019

INTEGRITY, FRAUD AND CORRUPTION

I, Andrew Saunders, certify that EDMH has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruptions risks have been reviewed and addressed at EDMH during the year.

Andrew Saunders
Chief Executive Officer
EDMH
6 September 2019

ENVIRONMENTAL PERFORMANCE

EDMH 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. Stage 1 masterplan funding was received in 2016 and construction will include environmental sustainability in the design. EDMH has been successfully selected for funding for 99kw of solar generation. Installation will occur as part of the roll out as managed by Health Purchasing Victoria.

CONSULTANCIES INFORMATION

Details of consultancies (under $10,000)

In 2018-19, there were 2 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2018-19 in relation to these consultancies is $18,690 (excl. GST).

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

In 2018-19, there was 1 consultancy where the total fees payable to the consultants was $10,000 or greater. The total expenditure incurred during 2018-19 in relation to this consultancy is $25,601.64 (excl. GST).

Details of individual consultancies can be viewed at http://disruptivemedia.com.au/.

($thousand)

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2018-19 (excluding GST)	Future Expenditure (excluding GST)
Disruptive Media	Strategic Plan			$25.601		

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2018-19 is $384,824.06 (excluding GST) with the details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	**Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)**	**Operational expenditure (excluding GST) (a)**	**Capital expenditure (excluding GST) (b)**
$(c) million	$(a+b) million	$(a) million	**$(b) million**
.38	**-**	**-**	**-**

OCCUPATIONAL VIOLENCE STATISTICS

Occupational violence statistics	2018–19
Workcover accepted claims with an occupational violence cause per 100 FTE	0%
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	6
Number of occupational violence incidents reported per 100 FTE	.07
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 EDMH have been prepared in accordance with Standing Direction 5.2 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of EDMH at 30 June 2019.

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

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

Mr Philip Sabien Chairperson,
Board of Directors EDMH
6 September 2019

Mr Andrew Saunders
Chief Executive Officer
Chief Finance and Accounting Officer
EDMH
6 September 2019

ADDITIONAL INFORMATION

Consistent with FRD 22H (Section 5.19) details in respect of the items listed below have been retained by EDMH and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

(a) Declarations of pecuniary interests have been duly completed by all relevant officers;

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

(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 Health Service;

(e) Details of any major external reviews carried out on the Health Service;

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

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

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

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

(j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;

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

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

EDENHOPE AND DISTRICT MEMORIAL HOSPITAL

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

The attached financial statements for Edenhope and District Memorial Hospital have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994,* applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Edenhope and District Memorial Hospital at 30 June 2019.

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

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

Philip Sabien	Andrew Saunders	Andrew Arundell
Board Chair	Accountable Officer	Chief Finance & Accounting Officer (Contract)
Edenhope	Edenhope	Edenhope
6th September 2019	6th September 2019	6th September 2019

EDENHOPE AND DISTRICT MEMORIAL HOSPITAL
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Income from Transactions			
Operating Activities	2.1	12,363,166	12,129,130
Non-operating Activities	2.1	202,036	184,315
Total Income from Transactions		**12,565,202**	**12,313,445**
Expenses from Transactions			
Employee Expenses	3.1	8,329,772	7,575,456
Supplies and Consumables	3.1	500,375	578,687
Depreciation	4.3	830,137	792,231
Other Operating Expenses	3.1	1,785,655	1,496,556
Total Expenses from Transactions		**11,445,939**	**10,442,930**
Net Result from Transactions - Net Operating Balance		**1,119,263**	**1,870,515**
Other Economic Flows Included in Net Result			
Net gain/(loss) on Non-Financial Assets		14,036	10,000
Other Gain/(Loss) from Other Economic Flows	3.2	(46,564)	902
Total Other Economic Flows Included in Net Result		(32,528)	10,902
Net Result for the year		**1,086,735**	**1,881,417**
Other Comprehensive Income			
Items that will not be classified to Net Result			
Changes in Property, Plant & Equipment Revaluation Surplus	4.2 (b)	2,868,259	0
Total Other Comprehensive Income		2,868,259	0
Comprehensive Result for the year		**3,954,994**	**1,881,417**

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

EDENHOPE AND DISTRICT MEMORIAL HOSPITAL
BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.1	9,168,618	3,761,782
Receivables	5.1	485,165	288,679
Investments and Other Financial Assets	4.1	1,882,035	5,785,742
Inventories		23,198	26,755
Prepayments and Other Assets		103,853	56,042
Total Current Assets		**11,662,869**	**9,919,000**
Non-Current Assets			
Receivables	5.1	211,655	227,619
Property, Plant and Equipment	4.2	12,161,354	8,500,539
Total Non-Current Assets		**12,373,009**	**8,728,158**
TOTAL ASSETS		**24,035,878**	**18,647,158**
LIABILITIES			
Current Liabilities			
Payables	5.3	1,141,221	595,021
Provisions	3.4	1,735,745	1,506,619
Other Liabilities	5.2	4,290,523	3,609,850
Total Current Liabilities		**7,167,489**	**5,711,490**
Non-Current Liabilities			
Provisions	3.4	159,673	181,946
Total Non-Current Liabilities		**159,673**	**181,946**
TOTAL LIABILITIES		**7,327,162**	**5,893,436**
NET ASSETS		**16,708,716**	**12,753,722**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2 (f)	8,042,448	5,174,189
Restricted Specific Purpose Surplus		276,268	276,268
Contributed Capital		3,981,684	3,981,684
Accumulated Surpluses		4,408,316	3,321,581
TOTAL EQUITY		**16,708,716**	**12,753,722**

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 2019

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	$	$	$	$	$
Balance at 1 July 2017	5,174,189	276,268	3,981,684	1,440,164	10,872,305
Net result for the year	0	0	0	1,881,417	1,881,417
Other comprehensive income for the year	0	0	0	0	0
Balance at 30 June 2018	**5,174,189**	**276,268**	**3,981,684**	**3,321,581**	**12,753,722**
Net result for the year	0	0	0	1,086,735	1,086,735
Other comprehensive income for the year	2,868,259	0	0	0	2,868,259
Balance at 30 June 2019	**8,042,448**	**276,268**	**3,981,684**	**4,408,316**	**16,708,716**

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 2019

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Operating Grants from Government		7,712,610	7,509,992
Capital Grants from Government		2,585,257	2,562,549
Other Capital Receipts		29,847	0
Patient and Resident Fees Received		927,520	1,400,660
Donations and Bequests Received		26,482	149,780
GST (Paid to)/received from ATO		(15,820)	(7,768)
Interest Received		236,508	175,980
Other Receipts		1,030,563	459,925
Total Receipts		***12,532,967***	***12,251,118***
Employee Expenses Paid		(8,237,071)	(7,418,799)
Payments for Supplies and Consumables		(496,818)	(135,858)
Payments for Medical Indemnity Insurance		(26,506)	(32,639)
Payments for Repairs and Maintenance		(168,693)	(190,195)
Other Payments		(1,172,766)	(1,496,556)
Total Payments		***(10,101,854)***	***(9,274,047)***
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	8.1	**2,431,113**	**2,977,071**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) / Proceeds of Investments		3,903,707	(843,858)
Purchase of Non-Financial Asset		(1,622,693)	(843,717)
Proceeds from Sale of Non-Financial Assets		14,036	10,000
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**2,295,050**	**(1,677,575)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt / (Repayment) of Accommodation Deposits and Monies in Trust		680,673	(5,519)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		**680,673**	**(5,519)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**5,406,836**	**1,293,977**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		3,761,782	2,467,805
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	**9,168,618**	**3,761,782**

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

BASIS OF PRESENTATION

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

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Edenhope & District Memorial Hospital (ABN 24 620 742 736) for the year ended 30 June 2019. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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 AASB's.

(b) 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.

(c) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

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

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

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

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

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

BASIS OF PRESENTATION (Continued)

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

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

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

- The fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 4.2);
- Defined benefit superannuation expense (refer to Note 3.5);
- Employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4); and

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

(d) Principles of Consolidation

Intersegment Transactions

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

(e) Jointly Controlled Operation

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

In respect of any interest in joint operations, the Health Service recognises in the financial statements:
- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint venture 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.

Edenhope & District Memorial Hospital is a Member of the Grampians Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations and Assets).

(f) Equity

Contributed Capital

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

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

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

BASIS OF PRESENTATION (Continued)

(f) Equity (Continued)

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Edenhope and District Memorial Hospital has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 2: FUNDING DELIVERY OF OUR SERVICES

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

The hospital is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure
2.1 Income from Transactions

Note 2.1: INCOME FROM TRANSACTIONS

	TOTAL 2019 $	TOTAL 2018 $
Government Grants - Operating	7,538,359	7,326,871
Government Grants - Capital	2,585,257	2,562,549
Other Capital Purpose Income	29,847	33,264
Patient and Resident Fees	906,649	1,013,618
Commercial Activities 1	646,607	581,679
Other Revenue from Operating Activities (Including Non-Capital Donations)	656,447	611,149
Total Income from Operating Activities	**12,363,166**	**12,129,130**
Interest	202,036	184,315
Total Income from Non-Operating Activities	**202,036**	**184,315**
Total Income from Transactions	**12,565,202**	**12,313,445**

1. Commercial activities represent business activities which health service enter into to support their operations.

Revenue Recognition
Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to 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.

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

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.

Non-cash contributions from the Department of Health and Human Services
The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) - revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular

Patient and Resident Fees
Patient and resident fees are recognised as revenue on an accrual basis.

Private Practice Fees
Private Practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for use of Hospital facilities.

Revenue from commercial activities
Revenue from commercial activities such as medical clinic and property rental are recognised on an accrual basis.

Note 2.1: INCOME FROM TRANSACTIONS (Continued)

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.

Note 3: THE COST OF DELIVERING OUR SERVICES

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

Structure

3.1 Expenses from Transactions
3.2 Other Economic Flows
3.3 Analysis of expense and revenue by internally managed and restricted specific purpose funds
3.4 Employee benefits in the Balance Sheet
3.5 Superannuation

Note 3.1: EXPENSES FROM TRANSACTIONS

	TOTAL 2019 $	TOTAL 2018 $
Salaries and Wages	6,717,058	6,140,967
On-Costs	618,165	568,864
Agency Expenses	8,917	15,513
Fee for Service Medical Officer Expenses	910,972	785,856
WorkCover Premium	74,660	64,256
Total Employee Expenses	**8,329,772**	**7,575,456**
Drug Supplies	26,492	35,631
Medical and Surgical Supplies (including Prostheses)	187,662	186,825
Diagnostic and Radiology Supplies	17,373	53,117
Other Supplies and Consumables	268,848	303,114
Total Supplies and Consumables	**500,375**	**578,687**
Fuel, Light, Power and Water	205,309	152,333
Repairs and Maintenance	135,430	153,353
Maintenance Contracts	33,263	36,842
Medical Indemnity Insurance	26,506	32,639
Other Administrative Expenses	1,356,636	1,087,112
Expenditure for Capital Purposes	28,511	34,277
Total Other Operating Expenses	**1,785,655**	**1,496,556**
Depreciation and Amortisation (refer Note 4.3)	830,137	792,231
Total Other Non-Operating Expenses	**830,137**	**792,231**
Total Expenses from Transactions	**11,445,939**	**10,442,930**

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

Employee expenses
Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-Costs
- Agency Expenses
- Fee for Service Medical Officer Expenses
- WorkCover Premium

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

Note 3.1: EXPENSES FROM TRANSACTIONS (Continued)

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

- Fuel, Light and Power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

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

NOTE 3.2: OTHER ECONOMIC FLOWS	**TOTAL**	**TOTAL**
	2019	**2018**
	$	**$**
Net gain/(loss) on sale of non-financial assets		
Net gain on disposal of property plant and equipment	14,036	10,000
Total net gain/(loss) on non-financial assets	**14,036**	**10,000**
Net gain/(loss) on financial instruments at fair value		
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(46,564)	902
Total other gains/(losses) from other economic flows	**(46,564)**	**902**
Total other gains/(losses) from economic flows	**(32,528)**	**10,902**

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

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

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

- Revaluation gain/ (losses) of non-financial physical assets (Refer to Note 4.2 Property, Plant and Equipment)
- Net gain/(loss) on disposal of Non-Financial Assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

NOTE 3.2: OTHER ECONOMIC FLOWS (Continued)

Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

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

Note 3.3: ANALYSIS OF EXPENSES AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Commercial Activities				
Private Practice	945,625	711,025	510,232	428,999
Property	69,528	74,087	136,375	152,679
Total	**1,015,153**	**785,112**	**646,607**	**581,678**

Note 3.4 EMPLOYEE BENEFITS IN THE BALANCE SHEET	**2019**	**2018**
Current Provisions	**$**	**$**
Employee Benefits (i)		
Annual Leave, Accrued Salaries and Wages and Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months (ii)	584,172	584,172
- unconditional and expected to be settled wholly after 12 months (iii)	0	0
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	81,000	93,000
- unconditional and expected to be settled wholly after 12 months (iii)	877,712	725,179
	1,542,884	1,402,351
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (ii)	83,147	13,621
- unconditional and expected to be settled after 12 months (iii)	109,714	90,647
	192,861	104,268
Total Current Provisions	**1,735,745**	**1,506,619**
Non-Current Provisions		
Conditional Long Service Leave (iii)	141,932	161,730
Provisions related to employee benefit on-costs	17,741	20,216
Total Non-Current Provisions	**159,673**	**181,946**
Total Provisions	**1,895,418**	**1,688,565**

Notes:
(i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal values.
(iii) The amounts disclosed are at present values.

	2019	**2018**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Annual Leave Entitlements	625,369	546,741
Accrued Days Off	31,825	39,427
Unconditional Long Service Leave Entitlements	1,078,551	920,451
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	159,673	181,946
Total Employee Benefits and Related On-Costs	**1,895,418**	**1,688,565**
b) Movements in Provisions	**$**	**$**
Movement in Long Service Leave:		
Balance at start of year	1,102,397	1,071,629
Provision made during the year		
- Revaluations	(46,564)	902
- Expense Recognising Employee Service	251,952	122,683
- Settlement made during the year	(69,561)	(92,817)
Balance at end of year	**1,238,224**	**1,102,397**

Note 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET (Continued)

Employee Benefit Recognition

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

Provisions

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off 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 annual leave and accrued days off are measured at:

- Nominal 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)

The liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- Nominal value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to settle a component of this current liability within 12 months

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

Termination Benefits

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

On-Costs related to employee expense

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

Note 3.5: SUPERANNUATION

Fund		Paid Contributions for the year		Outstanding Contributions at Year End	
		2019 $	**2018 $**	**2019 $**	**2018 $**
Defined Benefit Plans: (i)	Health Super	33,628	34,482	2,958	0
Defined Contribution Plans:	Health Super / HESTA / Other	531,130	531,636	46,782	0
Total		**564,759**	**566,118**	**49,740**	**0**

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

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

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

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

The Health service does not recognise any unfunded 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 disclosed above.

Note 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

Structure

4.1 Investments and other financial assets
4.2 Property, plant & equipment
4.3 Depreciation and amortisation

Note 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS	**Capital Fund**		**Total**	
	2019	**2018**	**2019**	**2018**
CURRENT	**$**	**$**	**$**	**$**
Loans and Receivables				
Term Deposit				
Aust. Dollar Term Deposits > 3 Months (i)	1,882,035	5,785,742	1,882,035	5,785,742
TOTAL CURRENT OTHER FINANCIAL ASSETS	**1,882,035**	**5,785,742**	**1,882,035**	**5,785,742**
Represented by:				
Investments - Health Service	1,882,035	2,523,889	1,882,035	2,523,889
Investments - Monies Held in Trust	0	3,261,853	0	3,261,853
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**1,882,035**	**5,785,742**	**1,882,035**	**5,785,742**

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

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

Investments are classified as loans and receivables or available-for-sale financial assets.

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

Edenhope and District Memorial Hospital's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management including Central Banking System.

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

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

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

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

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

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 2019 for its portfolio of financial assets, the Health Service used the market value of investments held provided by the portfolio managers.

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

Note 4.2: PROPERTY, PLANT AND EQUIPMENT

Initial Recognition
Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated
Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.
Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

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

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

Revaluations of non-current physical assets
Non-Current physical assets are measured at fair value and are revalued in accordance with FRD 103H 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 103H Edenhope and District Memorial Hospital's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

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

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

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

The Valuer-General Victoria (VGV) is Edenhope and District Memorial Hospitals independent valuation agency.

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

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

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

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.
In considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with Health Services. Health Services and their valuers therefore need to have a shared understanding of the circumstances of the assets. A Health Service has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.

In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Specialised land and specialised buildings

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

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

The market approach is used for specialised land 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 2019.

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).

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 2019.

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

Note 4.2: PROPERTY, PLANT AND EQUIPMENT **(a) Gross carrying amount and accumulated depreciation**	**2019** **$**	**2018** **$**
Land		
- Land at Fair Value	538,000	608,000
- Land Improvements at Fair Value	0	10,005
Less Accumulated Depreciation	0	(381)
Total Land	**538,000**	**617,624**
Buildings		
- Buildings at Fair Value	9,066,000	9,156,678
Less Accumulated Depreciation	0	(2,594,289)
	9,066,000	6,562,389
- Buildings Work in Progress at Cost	1,581,824	496,468
Total Buildings	**10,647,824**	**7,058,857**
Plant and Equipment		
- Plant and Equipment at Fair Value	888,467	885,709
Less Accumulated Depreciation	(661,594)	(594,145)
Total Plant and Equipment	**226,873**	**291,564**
Medical Equipment		
- Medical Equipment at Fair Value	465,936	439,904
Less Accumulated Depreciation	(361,944)	(348,335)
Total Medical Equipment	**103,992**	**91,569**
Computers and Communication		
- Grampians Rural Health Alliance at Fair Value	276,894	215,652
Less Accumulated Depreciation	(55,618)	(52,093)
- Computers and Communication at Fair Value	269,784	237,873
Less Accumulated Depreciation	(232,659)	(220,326)
Total Computers and Communications	**258,401**	**181,106**
Motor Vehicles		
- Grampians Rural Health Alliance at Fair Value	896	2,036
Less Accumulated Depreciation	(896)	(1,875)
- Motor Vehicles at Fair Value	333,018	242,539
Less Accumulated Depreciation	(109,956)	(155,658)
Total Motor Vehicles	**223,062**	**87,042**
Furniture and Fittings		
- Furniture and Fittings at Fair Value	345,203	326,295
Less Accumulated Depreciation	(182,001)	(153,518)
Total Furniture and Fittings	**163,202**	**172,777**
TOTAL	**12,161,354**	**8,500,539**

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)
(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 2017	617,874	7,025,567	322,672	48,693	159,943	69,006	182,160	8,425,915
Additions	0	682,978	43,426	53,134	3,813	43,435	16,931	843,717
Disposals	0	0	0	0	0	0	0	0
Grampians Rural Health Alliance	0	0	0	0	24,773	(1,635)	0	23,138
Depreciation (note 4.3)	(250)	(649,688)	(74,534)	(10,258)	(7,423)	(23,764)	(26,314)	(792,231)
Balance at 1 July 2018	**617,624**	**7,058,857**	**291,564**	**91,569**	**181,106**	**87,042**	**172,777**	**8,500,539**
Additions	0	1,296,290	2,758	26,032	31,912	189,236	18,909	1,565,137
Revaluation Increment / Decrement	(79,374)	2,947,633	0	0	0	0	0	2,868,259
Disposals	0	0	0	0	0	0	0	0
Grampians Rural Health Alliance	0	0	0	0	57,717	(161)	0	57,556
Depreciation (note 4.3)	(250)	(654,956)	(67,449)	(13,609)	(12,334)	(53,055)	(28,484)	(830,137)
Balance at 30 June 2019	**538,000**	**10,647,824**	**226,873**	**103,992**	**258,401**	**223,062**	**163,202**	**12,161,354**

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

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2019	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	165,000	0	165,000	0
Specialised land	373,000	0	0	373,000
Total of land at fair value	**538,000**	**0**	**165,000**	**373,000**
Buildings at fair value				
Non-Specialised buildings	720,000	0	720,000	0
Specialised buildings	8,346,000	0	0	8,346,000
Total of buildings at fair value	**9,066,000**	**0**	**720,000**	**8,346,000**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	223,062	0	223,062	0
- Plant and equipment	226,873	0	0	226,873
- Medical equipment	103,992	0	0	103,992
- Computers & Communication	258,401	0	0	258,401
- Furniture & Fittings	163,202	0	0	163,202
Total of plant, equipment and vehicles at fair value	**975,530**	**0**	**223,062**	**752,468**

Note
(i) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period.

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)
(c) Fair value measurement hierarchy for assets (Continued)

	Carrying amount as at 30 June 2018	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	337,624	0	0	337,624
Total of land at fair value	**617,624**	**0**	**280,000**	**337,624**
Buildings at fair value				
Non-Specialised buildings	673,125	0	673,125	0
Specialised buildings	5,889,264	0	0	5,889,264
Total of buildings at fair value	**6,562,389**	**0**	**673,125**	**5,889,264**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	87,042	0	87,042	0
- Plant and equipment	291,564	0	0	291,564
- Medical equipment	91,569	0	0	91,569
- Computers & Communication	181,106	0	0	181,106
- Furniture & Fittings	172,777	0	0	172,777
Total of plant, equipment and vehicles at fair value	**824,058**	**0**	**87,042**	**737,016**

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

(d) Reconciliation of Level 3 fair value

	Land	Buildings	Plant and equipment
	$	$	$
Balance at 1 July 2018	337,624	5,889,264	737,016
Additions / (Disposals)	0	210,934	137,328
Gains or losses recognised in net result			
- Depreciation	(250)	(654,956)	(121,876)
Items recognised in other comprehensive income			
- Revaluation	35,626	2,900,758	0
Balance at 30 June 2019	**373,000**	**8,346,000**	**752,468**

	Land	Buildings	Plant and equipment
	$	$	$
Balance at 1 July 2017	337,874	5,855,974	713,468
Additions / (Disposals)	0	682,978	142,077
Gains or losses recognised in net result			
- Depreciation	(250)	(649,688)	(118,529)
Items recognised in other comprehensive income			
- Revaluation	0	0	0
Balance at 30 June 2018	**337,624**	**5,889,264**	**737,016**

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)
(e) Fair Value Determination

Asset Class	Likely Valuation Approach	Significant Inputs (Level 3 Only)
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligation Adjustment 20%
Specialised Buildings	Market approach	- Cost per square metre - Useful Life
Vehicles	Market approach	- n.a
Plant and Equipment	Depreciated Replacement Cost	- Cost per unit - Useful Life

(f) Property, Plant and Equipment Revaluation Surplus

	2019	2018
Property, Plant and Equipment Revaluation Surplus	**$**	**$**
Balance at the beginning of the reporting period	5,174,189	5,174,189
Revaluation Increment		
- Land	(79,374)	-
- Buildings	2,947,633	-
Balance at the end of the reporting period*	**8,042,448**	**5,174,189**
***Represented by:**		
- Land	151,266	230,640
- Buildings	7,891,182	4,943,549
	8,042,448	**5,174,189**

Note 4.3: DEPRECIATION	2019	2018
	$	**$**
Depreciation		
Buildings	654,956	649,688
Land Improvements	250	250
Plant and Equipment		
- Plant	67,449	74,534
- Major Medical	13,609	10,258
- Computers and Communication	12,334	7,423
- Motor Vehicles	53,055	23,764
- Furniture and Fittings	28,484	26,314
TOTAL DEPRECIATION	**830,137**	**792,231**

Depreciation
All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 *Property, Plant and Equipment*).

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

	2019	2018
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	7 to 40 years	7 to 40 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.

Note 5: OTHER ASSETS AND LIABILITIES

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

Structure
5.1 Receivables
5.2 Other liabilities
5.3 Payables

Note 5.1: RECEIVABLES	**2019**	**2018**
CURRENT	**$**	**$**
Contractual		
Trade Debtors - Health Service	252,343	74,723
Patient / Resident Debtors	26,463	52,240
Accrued Investment Income	32,986	67,458
Accrued Revenue - Other	86,388	17,192
Receivables - Grampians Rural Health Alliance	9,965	10,772
Less Allowance for Impairment Losses of Contractual Receivables	0	(4,906)
	408,145	217,479
Statutory		
Department of Health and Human Services	0	10,000
GST Receivable - Health Service	77,020	61,200
	77,020	71,200
TOTAL CURRENT RECEIVABLES	**485,165**	**288,679**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	211,655	227,619
TOTAL NON-CURRENT RECEIVABLES	**211,655**	**227,619**
TOTAL RECEIVABLES	**696,820**	**516,298**

(a) Movement in the Allowance for Impairment Losses of Contractual Receivables	**2019**	**2018**
	$	**$**
Balance at beginning of year	4,906	7,821
Amounts written off during the year	(4,906)	(7,821)
Amounts recovered during the year	0	4,906
Balance at end of year	0	4,906

Note 5.1: RECEIVABLES (Continued)

Receivables Recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result an 'other economic flow'. However when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as a transaction. Accordingly at the same time, the amount in the provision together with its related impairment expense initially recognised as an 'other economic flow' will need to be reversed.

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual receivables at amortised costs for the Health Service's contractual impairment losses.

Note 5.2: OTHER LIABILITIES	**2019**	**2018**
	$	**$**
CURRENT		
Monies Held in Trust*		
- Resident Monies Held in Trust	12,787	58,712
- Refundable Accommodation Deposits	3,812,952	3,261,853
- Auspiced Funds	464,784	289,285
TOTAL CURRENT	**4,290,523**	**3,609,850**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to Note 6.1)	4,290,523	347,997
Investment and other Financial Assets (refer to Note 4.1)	0	3,261,853
TOTAL OTHER LIABILITIES	**4,290,523**	**3,609,850**

Note 5.3: PAYABLES	**2019**	**2018**
	$	**$**
CURRENT		
Contractual		
Trade Creditors	530,486	51,241
Payables - Grampians Rural Health Alliance	33,626	21,162
Other Accrued Expenditure	405,937	509,003
	970,049	581,406
Statutory		
Department of Health and Human Services	165,200	0
Commonwealth Government Residential Aged Care Funding	5,972	13,615
	171,172	13,615
TOTAL PAYABLES	**1,141,221**	**595,021**

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represents liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

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

Note 6: HOW WE FINANCE OUR OPERATIONS

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

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

Structure

Note 6.1: CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash on Hand	600	600
Cash at Bank	9,168,018	3,281,124
Deposits at Call	0	480,058
TOTAL CASH AND CASH EQUIVALENTS	**9,168,618**	**3,761,782**
Represented by:		
Cash for Health Service Operations	4,782,529	3,278,414
Cash for Grampians Rural Health Alliance	95,566	135,371
Cash for Monies Held in Trust	4,290,523	347,997
TOTAL CASH AND CASH EQUIVALENTS	**9,168,618**	**3,761,782**

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. The cash flow statement also includes monies held in trust.

Note 6.2: COMMITMENTS FOR EXPENDITURE

	2019 $	2018 $
a) Commitments		
Capital Expenditure Commitments		
Payable:		
Buildings - Residential aged care facility redevelopment	6,418,176	7,669,441
Total Capital Expenditure Commitments	6,418,176	7,669,441
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	7,963	10,693
Total lease commitments	7,963	10,693
Total Commitments	6,426,139	7,680,134
b) Commitments payable		
Capital Expenditure Commitments		
Buildings		
Less than 1 year	6,418,176	7,669,441
Total Capital Expenditure Commitments	6,418,176	7,669,441
Lease commitments payable		
Photocopiers		
Less than 1 year	2,730	2,730
Longer than 1 year but not longer than 5 years	5,233	7,963
Total lease commitments	7,963	10,693
Total commitments (inclusive of GST)	6,426,139	7,680,134
Less GST recoverable from the Australian Taxation Office	584,194	698,194
Total commitments (exclusive of GST)	5,841,944	6,981,940

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

Note 7: RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES

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

Structure

Note 7.1: FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Edenhope 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.*

(a) Financial Instruments: Categorisation

2019	Contractual financial assets at amortised cost $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	9,168,618	0	9,168,618
Receivables	408,145	0	408,145
Investments and Other Financial Assets	1,882,035	0	1,882,035
Total Financial Assets (i)	11,458,798	0	11,458,798
Financial Liabilities			
At amortised cost			
- Payables	0	970,049	970,049
- Other Liabilities	0	4,290,523	4,290,523
Total Financial Liabilities(i)	0	5,260,572	5,260,572

2018	Contractual financial assets - loans and receivables $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	3,761,782	0	3,761,782
Receivables	217,479	0	217,479
Investments and Other Financial Assets	5,785,742	0	5,785,742
Total Financial Assets (i)	9,765,003	0	9,765,003
Financial Liabilities			
At amortised cost			
- Payables	0	581,406	581,406
- Other Liabilities	0	3,609,850	3,609,850
Total Financial Liabilities(i)	0	4,191,256	4,191,256

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

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

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

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

The Department recognises the following assets in this category:

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

Note 7.1: FINANCIAL INSTRUMENTS (Continued)

Categories of financial assets previously under AASB 139

Loans and receivables and cash 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 (and for assets, less any impairment).

Loans and receivables category includes cash and deposits (refer to Note 6.1), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

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

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

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.

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

Impairment of financial assets

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

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

Note 7.1: FINANCIAL INSTRUMENTS (Continued)

Note 7.1 (b) Maturity analysis of financial liabilities as at 30 June

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

Maturity analysis of financial liabilities as at 30 June

			Maturity Dates			
2019	**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	970,049	970,049	968,772	1,277	0	0
Other Financial Liabilities (i)						
- Monies Held in Trust	4,290,523	4,290,523	12,787	0	635,000	3,642,736
Total Financial Liabilities	**5,260,572**	**5,260,572**	**981,559**	**1,277**	**635,000**	**3,642,736**
2018						
Financial Liabilities						
At amortised cost						
Payables	581,406	581,406	580,129	1,277	0	0
Other Financial Liabilities (i)						
- Monies Held in Trust	3,609,850	3,609,850	58,712	0	635,000	2,916,138
Total Financial Liabilities	**4,191,256**	**4,191,256**	**638,841**	**1,277**	**635,000**	**2,916,138**

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

Note 7.1: FINANCIAL INSTRUMENTS (Continued)
Note 7.1 (c): Contractual receivables at amortised costs

01-Jul-18	*Current*	*Less than 1 month*	*1-3 months*	*3 months - 1 year*	*1-5 years*	*Total*
Expected loss rate	0%	0%	0%	0%	100%	
Gross carrying amount of contractual receivables	212,042	103	25	403	4,906	217,479
Loss allowance	0	0	0	0	4,906	4,906

30-Jun-19	*Current*	*Less than 1 month*	*1-3 months*	*3 months - 1 year*	*1-5 years*	*Total*
Expected loss rate	0%	0%	0%	0%	100%	
Gross carrying amount of contractual receivables	393,416	0	1,162	13,567	0	408,145
Loss allowance	0	0	0	0	0	0

Impairment of financial assets under AASB 9 – applicable from 1 July 2018
From 1 July 2018, the Health Service has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

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

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

On this basis, the Health Service determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	2019	***2018***
Balance at the beginning of the year	4,906	7,821
Opening retained earnings adjustment on adoption of AASB 9	0	0
Opening Loss Allowance	4,906	7,821
Modification of contractual cash flows on financial assets	0	0
Increase in provision recognised in the net result	0	4,906
Reversal of provision of receivables written off during the year as uncollectible	(4,906)	(7,821)
Reversal of unused provision recognised in the net result	0	0
Balance at end of the year	0	4,906

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

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

Statutory receivables and debt investments at amortised cost [AASB2016-8.4]
The Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The Health Service also has investments in:
- Term Deposits in Australian approved deposit institutions

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

From 1 July 2018, the Health Service applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

NOTE 8: OTHER DISCLOSURES

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

Structure

8.1 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
8.2 Responsible persons disclosures
8.3 Executive officer disclosures
8.4 Related parties
8.5 Remuneration of auditors
8.6 Events occurring after the balance sheet date
8.7 Jointly controlled operations and assets
8.8 Economic dependency
8.9 AASBs issued that are not yet effective

Note 8.1: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	2019 $	2018 $
NET RESULT FOR THE YEAR	1,086,735	1,881,417
Non-cash movements		
Depreciation	830,137	792,231
Share of Net Result from Joint Ventures	0	(36,318)
Movements included in investing and financing activities		
Net (Gain)/Loss from Disposal of Plant and Equipment	(14,036)	(10,000)
Movements in assets and liabilities		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(180,522)	196,775
(Increase)/Decrease in Prepayments	(47,811)	(2,870)
Increase/(Decrease) in Payables	613,788	2,580
Increase/(Decrease) in Provisions	139,265	156,548
Change in Inventories	3,557	(3,292)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**2,431,113**	**2,977,071**

Note 8.2: RESPONSIBLE PERSON DISCLOSURES

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	01/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	01/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019
Governing Boards	
Mr A Kealy	01/07/2018 - 30/06/2019
Mr D Kennedy	01/07/2018 - 30/06/2019
Mrs C McCann	01/07/2018 - 30/06/2019
Mrs C Osborn	01/07/2018 - 30/06/2019
Mrs A Jones	01/07/2018 - 30/06/2019
Mrs J Murdoch	01/07/2018 - 30/06/2019
Ms A Hogan	01/07/2018 - 30/06/2019
Mr P Sabien	10/10/2018 - 30/06/2019
Dr Abhishek Verma	10/10/2018 - 30/06/2019
Dr Ajai Verma	10/10/2018 - 30/06/2019
Accountable Officers	
Mr K Mills	01/07/2018 - 19/09/2018
Mr A Saunders	20/09/2018 - 30/06/2019

Remuneration of Responsible Persons

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

	2019	2018
Income Band	**$**	**$**
$0 - $9,999	10	7
$60,000 - $69,999	1	0
$120,000 - $129,999	1	0
$190,000 - $199,999	0	1
Total Numbers	12	8
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	$225,102	$199,700

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.4.

Note 8.3: EXECUTIVE OFFICER DISCLOSURES

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

Remuneration of executive officers	**Total Remuneration**	
	2019	**2018**
	$	**$**
Short-term employee benefits	245,461	238,461
Post-employment benefits	13,321	21,610
Other long-term benefits	9,108	5,687
Total Remuneration	**267,890**	**265,758**
Total Number of executives	3	4
Total annualised employee equivalent (AEE) (ii)	2.22	2.25

Notes:

(i) The executives are not considered to meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are therefore not reported within the related parties note disclosure (Note 8.4).

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4: RELATED PARTIES

The hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- Jointly Controlled Operation - A member of the Grampians Rural Health Alliance; and
- all health service's and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

The Board of Directors and the Executive Directors of Edenhope District Memorial Hospital are deemed to be KMPs.

Entity	KMPs	Position Title
Edenhope and District Memorial Hospital	Mr K Mills	Chief Executive Officer
Edenhope and District Memorial Hospital	Mr A Saunders	Chief Executive Officer
Edenhope and District Memorial Hospital	Mr A Kealy	Board Member
Edenhope and District Memorial Hospital	Mr D Kennedy	Board Member
Edenhope and District Memorial Hospital	Mrs C McCann	Board Member
Edenhope and District Memorial Hospital	Mrs C Osborn	Board Member
Edenhope and District Memorial Hospital	Mrs A Jones	Board Member
Edenhope and District Memorial Hospital	Mrs J Murdoch	Board Member
Edenhope and District Memorial Hospital	Ms A Hogan	Board Member
Edenhope and District Memorial Hospital	Mr P Sabien	Board Member
Edenhope and District Memorial Hospital	Dr Abhishek Verma	Board Member
Edenhope and District Memorial Hospital	Dr Ajai Verma	Board Member

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

COMPENSATION	2019 $	2018 $
Short term employee benefits	202,040	181,203
Post-employment benefits	16,542	14,635
Other long-term benefits	6,520	3,862
Termination benefits	0	0
Share based payments	0	0
Total	**225,102**	**199,700**

KMPs are also reported in Note 8.2 Responsible Persons.

Significant transactions with government-related entities

Edenhope and District Memorial Hospital received funding from the Department of Health and Human Services of $6,934,438 (2018: $6,934,438).

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

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

The Standing Directions of the Minister for Finance require Edenhope and District Memorial Hospital to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.
Edenhope and District Memorial Hospital has received a transitional exemption from the State's centralised banking arrangements and will transfer the balance of existing term deposits when they next expire. The last of the remaining term deposits will mature in August 2019.

Note 8.4: RELATED PARTIES (Continued)

Transactions with key management personnel and other related parties

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

Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

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

Mrs M Mills is the wife of the former Chief Executive Officer who was employed at Edenhope and District Memorial Hospital as an administration clerk on an arms length basis.

Note 8.5: REMUNERATION OF AUDITORS

	2019	2018
Victorian Auditor-General's Office	**$**	**$**
Audit of financial statement	12,000	12,000
	12,000	12,000

Note 8.6: 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.

Note 8.7: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest 2019 %	Ownership Interest 2018 %
Grampians Rural Health Alliance	Information Systems	4.16	3.86

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

Summarised Balance Sheet:	**2019**	**2018**
Current Assets	**$**	**$**
Cash and Cash Equivalents	95,566	135,371
Receivables	9,965	10,772
Prepayments	12,094	6,851
Total Current Assets	**117,625**	**152,994**
Non Current Assets		
Property Plant and Equipment	334,304	271,656
Total Non Current Assets	**334,304**	**271,656**
Total Assets	**451,929**	**424,650**
Current Liabilities		
Payables	33,626	21,162
Total Current Liabilities	**33,626**	**21,162**
Total Liabilities	**33,626**	**21,162**
Share of Joint Venture Net Assets	**418,303**	**403,488**

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

Summarised Operating Statement:		
Revenues		
Operating Income	258,543	230,178
Capital Income	5,326	33,264
Total Revenue	**263,869**	**263,442**
Expenses		
Information Technology and Administrative Expenses	244,135	210,201
Capital Expense	32,989	16,923
Total Expenses	**277,124**	**227,124**
Profit	**(13,255)**	**36,318**

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.

Investments in joint operations
In respect of any interest in joint operations, Edenhope & 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.

NOTE 8.8: ECONOMIC DEPENDENCY

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

The financial statements have been prepared on a going concern basis. The State Government and the Department of Health and Human Services have confirmed financial support to settle Edenhope and District Memorial Hospital's financial obligations when they fall due for a period up to September 2020.

NOTE 8.9: AASBs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2019, 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. Edenhope and District Memorial Hospital has not and does not intend to adopt these standards early.

Topic	Key Requirements	Effective date	Impact on financial statements
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. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	01-Jan-19	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. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects are commenced.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	01-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions. The impact on reporting capital funding has potential to result in material change, however this is not able to be quantified prior to receipt of capital grants and commencement of projects.
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.	01-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. There is no material impact from implementation of this standard due to the lack of existing operating leases.

NOTE 8.9: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (Continued)

AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	01-Jan-19	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed. No material impact during the period applicable under the election.
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective	01-Jan-19	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. Impact is not able to be quantified until such time as capital grants are received and projects commence.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	01-Jan-20	The standard is not expected to have a significant impact on the public sector. No material impact is expected.

NOTE 8.9: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (Continued)

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.

The following accounting pronouncements are also issued but not effective for the 2018‑18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Edenhope and District Memorial Hospital

Opinion	I have audited the financial report of Edenhope and District Memorial Hospital (the health service) which comprises the: • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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Auditor's responsibilities for the audit of the financial report

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

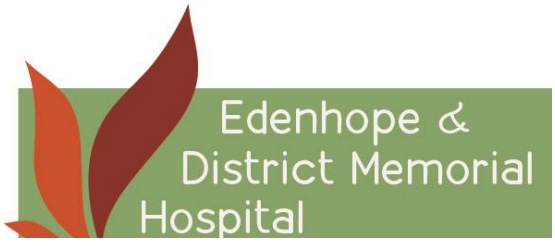
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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

MELBOURNE
13 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria



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